

**ENERGY CHARTER  
SECRETARIAT**

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CCDEC 2022

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Brussels, 22 November 2022

Related documents: CC 774
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject: Report by the Chair of the Implementation Group**

The Energy Charter Conference at its 33<sup>rd</sup> Statutory Meeting held on 22 November 2022 **took note** of the attached Report by the Chair of the Implementation Group.

## REPORT BY THE CHAIR OF THE IMPLEMENTATION GROUP

*This report provides an overview of the activities of the Implementation Group in 2022.*

The Implementation Group convened three times in 2022, on 22 February, 24 May, and 22 September. Considering travel restrictions in different parts of the world and budgetary and logistical implications, all meetings were held by videoconference. The discussions at the Implementation Group in 2022 were dedicated to areas relating to investments in the energy sector, transit and energy security, and energy efficiency.

Implementation Group meetings were chaired by Ms Klara Rakhmentova (Kazakhstan). In 2022, the Implementation Group had two Vice-Chairs: Mr Johan Vetlesen (Norway) and Mr Aziz Khamidov (Uzbekistan).

### **Energy Investment Risk Assessment (EIRA) (Activity B22 of the Programme of Work (PoW))**

1. In 2022, in line with previous Energy Charter Conference (the “Conference”) decisions, the Implementation Group continued its work on the EIRA's scope, methodology and the corresponding questionnaire update.

2. On 22 February 2022, the Implementation Group provided comments on IMPL 107 (New updates to the EIRA scope, methodology and questionnaire). On 11 April 2022, it approved by correspondence the updated EIRA scope methodology and questionnaire (IMPL 110) and agreed to put it forward for approval by the Conference by correspondence (CC 741). The updated EIRA scope, methodology and questionnaire for future editions were approved on 2 May 2022 by the Conference (CCDEC 202203 INV). The Secretariat was requested to develop and publish the annual EIRA reports in 2022-2024 using the updated EIRA scope and methodology.

3. Since the scope of EIRA has increased substantially, at the Secretariat's request, the Implementation Group agreed to limit the number of participating countries, comprised of Members and Observers to the Conference, to twenty in 2022. The geographical reach of EIRA spans countries in Africa, Asia, the Americas, and Europe. Seventeen countries participating this year were also assessed in EIRA 2021, while one country returned to the assessment from 2020. Apart from these, two countries are taking part in EIRA for the first time. Pursuant to the new scope, EIRA 2022 now includes the participating countries' information on environmental protection, human rights and gender, as well as counties' efforts in achieving the clean energy transition.

4. Compared to EIRA 2021, more information on investment trends in the participating countries is available in EIRA 2022. This year, EIRA features a table of key metrics on area, population, GDP per capita, total energy supply, net energy imports, the share of renewables in final energy consumption, and total CO<sub>2</sub> emissions. It also includes information from Orbis Crossborder Investment<sup>1</sup> on energy projects, and deals completed between 2015-2022 in the

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<sup>1</sup> Orbis Crossborder Investment is a data analysis tool developed by Bureau Van Dijk, which is a Moody's Analytics Company. It looks at globalization via projects and deals, and delivers information on the companies behind these investments – both listed and private. It tracks information daily, and monitors announced, completed

participating countries. The profile of each country reflects the strengths and areas for improvement. The implementation status of the recommendations provided to governments through EIRA between 2018 and 2022 is available for recurrent participants. There is, naturally, no status of recommendations page for the countries participating in EIRA for the first time in 2022.

5. The fifth edition of the EIRA report will be launched on 23 November 2022, during the Conference in Ulaanbaatar, Mongolia. More than 100 contributors have been involved in the development of the publication, all on a pro bono basis.

### **Managing Investor Grievances in the Renewable Energy Sector** (Activity B23 of the PoW)

6. As part of Activity B23 (Dispute Prevention and Management) of the PoW, the Secretariat prepared jointly with the World Bank a paper regarding the management of investor grievances in the renewable energy sector. It examines political risks in renewable energy, the profile of different types of disputes and conflicts in renewable energy projects between investors and the host country, and existing tools for managing those conflicts.

7. At the last meeting of the Implementation Group on 22 September 2022, the Secretariat presented the revised version of the joint paper and the Implementation Group requested delegations to provide comments and to take note of it by correspondence by 30 October 2022. After no comments were received by 30 October 2022 and the Implementation Group took note of the revised version of the joint paper, the Secretariat proceeded to the publication of the final version of the joint paper online.

### **Transit and Energy Security** (Activity B21 of the PoW)

8. The Implementation Group continued discussions of transit and the recently added energy security topics in 2022. It addressed and reviewed the scoping paper, prepared by the Secretariat at the Group's request, on legal and regulatory environment for hydrogen in the Energy Charter Treaty (ECT) constituency and beyond. The paper also takes into account comments received from delegations by 30 October 2022. This work will continue in 2023 with a more tailor-made focus on transit, based on the proposals of the Contracting Parties and the modernised ECT.

### **Energy Efficiency** (Activity B24 of the PoW)

9. In 2022, the Implementation Group continued its discussion on energy efficiency-related topics. On 22 February, the Secretariat provided an update on the In-Depth Review of the Energy Efficiency Policy of the Republic of Uzbekistan and informed the delegates regarding the start of the preparation of the In-Depth Review of the Energy Efficiency Policy of Mongolia.

10. On 24 May, the Implementation Group discussed the report, "Role of the Energy

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and cancelled/withdrawn projects and deals. There is information available on details of the investor, aquirer or target companies including financial data, their structures, project size estimates, project financials, job creation, motives, incentives, sources of finance, comments, rationale, contacts and links to other relevant projects/deals.

Charter Treaty in Achieving Clean Energy Transition While Ensuring Energy Security” (IMPL 102). The Secretariat also updated the delegates on the progress with the implementation of the In-Depth Reviews of Uzbekistan and Mongolia.

11. On 22 September, the Implementation Group took note of the update on In-Depth Review of the Energy Efficiency Policy of Mongolia. The Secretariat presented its view on how using some findings from IMPL 102 to produce a new document, tentatively entitled "The Negotiations Explained: The Modernisation of the Energy Charter Treaty". The proposed document is intended to be a useful tool for all Contracting Parties to facilitate the process for ratification, and to obtain the national, political level decision to accept and adhere to the modernised ECT.

12. The Secretariat continued raising awareness to promote energy efficiency, climate neutrality and sustainable development, in line with the Paris Agreement objectives, during its internal events and other events organised by international and donor organisations.

### **Cooperation for Restoring the Ukrainian Energy Infrastructure (Activity C33 of the PoW)**

13. On 22 September, the Implementation Group took note of the update on the activities of the Task Force, established as a part of Activity “Cooperation for Restoring the Ukrainian Energy Infrastructure”. Despite being created as recently as 1 August 2022, the Task Force has already produced a number of important deliverables which were commended by the Implementation Group, as follows:

- development and regular update of the “Ukrainian Energy Sector Evaluation and Damage Assessment” reports;
- development and regular update of the Coordination Matrix of activities related to the restoration of the Ukrainian energy infrastructure;
- establishing and regularly conducting Coordination Meetings with the participation of the representatives from the Ukrainian Ministries, foreign governments, international organisations, NGOs and think-tanks. The Coordination Meetings aim to have efficient coordination of all current and future activities related to the restoration of the Ukrainian energy infrastructure;
- development and regular update of “Report on Key Legislative Changes Addressing the Negative Impact of the War and the Energy Crisis Related to the Damaged Energy Infrastructure In Ukraine”;
- conducting webinar, “Legal Tool For Protection Of Ukrainian Energy Companies From Russian Military Hostilities”; and
- contribution to the development of the Ukraine Recovery Plan and providing recommendations to the Government of Ukraine on the post war recovery and synchronization of energy strategies.