

**ENERGY CHARTER
SECRETARIAT**

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DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Secretary General on the Activities in 2023

The Energy Charter Conference at its 34th Statutory Meeting held on 20 November 2023 **took note** of the attached Report by the Secretary-General on the activities in 2023.

REPORT BY THE SECRETARY-GENERAL ON THE ACTIVITIES IN 2023

This report (following article 35.3 of the Energy Charter Treaty) provides an overview of the activities undertaken by the Energy Charter Secretariat in 2023.

Introduction

1. I would like to thank the Acting Chairmanship of Jordan for its support and guidance throughout the year, and for kindly agreeing to undertake the Chairmanship for two consecutive years.
2. I thank all those involved with the Subsidiary Groups of the Conference, particularly those delegates who gave their time and effort to act as Chairs: Chair of the Strategy Group - Mr Elshan Abdulazimov (Azerbaijan); Chair of the Implementation Group and the Working Group on Governance Issues - Ms Klara Rakhmetova (Kazakhstan); Chair of the Budget Committee - Mr Christian Bühlmann (Switzerland); Chair of the Modernisation Group – Mr Lukas Stifter (Austria). Their input was vital to achieving the objectives of the Energy Charter Conference and advancing the Energy Charter Process. I thank Mr Rafael Cayuela, Chair of the Industry Advisory Panel (IAP), for his commitment and efficient coordination of the IAP activities.

Restructuring of the Energy Charter Secretariat (Secretariat) and of the Subsidiary Bodies

3. This year was a challenging year for the Secretariat and its management, as it was necessary to restructure the Secretariat as of 1 January 2024, due to a number of Contracting Parties withdrawing from the Energy Charter Treaty (ECT) effective as of December 2023, which has significant impact on the available budget of the Secretariat. I would like to convey my gratitude to all Contracting Parties who have spent considerable time and worked with the Secretariat in order to enable us to continue to operate effectively, albeit at a smaller scale, going forward. I would particularly like to thank the Chairs of the Working Group on Governance Issues and of the Budget Committee, whose support was crucial in approving the new structure, and ensuring that we have a sustainable budget to continue our operations. I am pleased to note that the two Chairs will be jointly receiving the Energy Charter Award, in recognition of their contributions.
4. Reflecting the budget constraints and to improve the efficiency, two of the Subsidiary bodies will be dissolved at the end of 2023. The Working Group on Governance Issues has completed almost all of its mandates which it was tasked with, as the result of the ECT Article 34(7) review of 2019. Again, I thank the Chair of the Working Group for successfully leading the Group to achieve its deliverables. The work of the Strategy Group will be undertaken by the newly renamed Strategy and Implementation Group. I am grateful for the efforts the Chair of the Strategy Group for leading the mandates of the Group to date.

Missions of the Secretary-General and the Deputy Secretary-General

5. In January 2023, the Secretary-General attended the annual meeting of the International Renewable Energy Agency (IRENA) in Abu Dhabi, the United Arab Emirates, and held a number of bilateral meetings at the occasion.
6. In June 2023, the Secretary-General attended the Baku Energy Week in Baku, Azerbaijan and gave a speech.

7. In July 2023, at the invitation of the President of Georgia, the Deputy Secretary-General attended the Tbilisi Women’s International Conference, in Tbilisi, Georgia, where she gave a speech entitled “Energy Transition and the Energy Charter Treaty.”
8. In September 2023, the Deputy Secretary -General gave the opening remarks representing the Secretariat at the roundtable jointly organised by the International Energy Charter Industry Advisory Panel (IAP) and IRENA’s Alliance for Industry Decarbonization, as a side event of the Climate Week NYC 2023 in New York, U.S.A (as referred to under “Industry Advisory Panel” below.)

Modernisation of the Energy Charter Treaty (ECT)

9. The Secretariat continued to provide support to the Modernisation Group (meetings on 17 January - to discuss any questions regarding adoption/approval of the draft Conference decisions on the modernisation of the ECT - and 15 May - to discuss next steps for the adoption of the draft Conference decisions on the modernisation of the ECT, including replacement of some of the dates in those decisions - as well as the steering group (three meetings: 11 January, 26 April and 27 June).
10. The Secretariat updated on the negotiations on the modernisation of the ECT and in particular, on the outcomes of the agreement in principle, in the different international fora: January, in London, at the Annual General Meeting of the Energy Arbitration Club; March, in Paris, at the conference organised during the Paris Arbitration Week; April, in London, at the event organised by the British Institute of International and Comparative Law; June, in Madrid, at the event held by Club Espanol del Arbitraje.
11. On 13 October 2023, at the request of the concerned Contracting Parties, the Secretariat coordinated the finalisation of, and transmitted, a letter to Commissioner Simson of the Directorate-General for Energy of the European Commission, copying other high level European Union (EU) officials, containing an appeal from the Concerned Contracting Parties to expedite the EU’s internal political process for the modernisation of ECT. A copy of the letter was also transmitted to the General Secretariat of the European Council to be distributed to the relevant stakeholders.

Legal Support and Conflict Resolution Centre

12. The Secretariat kept providing legal support on the implementation of the ECT and other legal matters to the Secretariat, the Conference, its subsidiary bodies, and the delegations when requested. The information from the Depository regarding withdrawals from the ECT was communicated to the Contracting Parties and other stakeholders upon receipt.
13. Furthermore, in line with Article 20(3) of the ECT, the Secretariat updated enquiry points of Contracting Parties. Article 20(3) obliges all Contracting Parties to designate one or more enquiry points to which requests for information about the laws, regulations, judicial decisions and administrative rulings of general application, affecting trade and other matters covered by the Treaty, could be addressed.

14. The Secretariat continued to be available for providing neutral, independent legal advice and assistance in dispute resolution under the ECT under the auspices of the Conflict Resolution Centre, as well as providing access to the *travaux préparatoires* of the ECT.

Working Group on Governance Issues activities

15. The Working Group held online two ordinary meetings (20 April and 19 September) and two ad hoc meetings (21 February and 13 June).

16. At the request of Switzerland, on 19 September 2023, the Working Group discussed the matter of reorganisation of the subsidiary groups of the Conference. It was concluded that the Working Group on Governance, having its mandate fulfilled (except with respect to the continuous revisions of the Staff Manual and matters related thereto), will be duly dissolved effective as of 31 December 2023.

17. In 2023, the Working Group continued implementing its mandate by addressing the following topics:

- potential revisions to the Staff Manual. This activity will be subject to further discussions in 2024. However, it will be managed by the Budget Committee together with the Manual on the applicability of the internal regulations and rules to Secretary-General and Deputy Secretary-General.
- additional amendments to the Rules of Procedure of the Conference were discussed and recommended by the Working Group for approval by the Conference. These amendments concern the inclusion of the notion of “acting Chairmanship”, modification of the rules on approval by correspondence, and introducing a provision regarding withdrawal or suspension of observer status by invitation (see decisions of the Conference in CCDECs 202303 and 202308).
- the revised structure of the Secretariat was discussed on 20 April 2023. At the ad hoc meeting on 13 June, the Working Group discussed and finalised the draft structure of the Secretariat applicable as of 2024, which was subsequently approved by the Conference (see CCDEC202310).
- Review in accordance with Article 34(7) of the ECT in 2024 was discussed at the meetings of 20 April and 19 September. Further discussions on the review are to be managed by the newly established Strategy and Implementation Group.

Strategy Group activities

18. The Strategy Group held two meetings in 2023, on 17 April and 18 September. During these meetings, the delegates discussed and recommended for approval by the Conference the following:

- the Chairmanship Handbook, approved by the Conference on 7 May 2023 (see CCDEC 2023 05);
- the document compiling Rights, obligations, roles, benefits and responsibilities of Contracting Parties, Signatories and Observers, approved by the Conference on 7 May 2023 (see CCDEC 2023 06);
- the document describing Roles at the different levels of governance of the organisation: the Conference, the Chairmanship, the Management Committee, the Secretariat and the subsidiary groups, approved by the Conference on 7 May 2023 (see CCDEC 2023 07);

19. Upon request by two delegations at the 33rd Conference meeting, on 17 April, the Strategy Group also held discussion and recommended to the Conference to remove the CIS Electric Power Council from the membership of the International Energy Charter Industry Advisory Panel (IAP); provided, however, that non-Russian/non-Belarusian members of the CIS Electric Power Council will be allowed to remain as individual IAP members if they so wish (CCDEC 2023 04).
20. In both meetings of the Strategy Group in 2023, the Chairmanship presented the priorities and the preparations of the annual Energy Charter Conference.
21. The Strategy Group initiated in its last meeting, a strategic policy discussion focusing on the main challenges of the Energy Charter Process.
22. On 10 October 2023, the Conference approved the dissolution of the Strategy Group, and “to transfer the activities currently undertaken by such group to the Implementation Group”, and to rename the Implementation Group as the “Strategy and Implementation Group,” and for such Group to undertake additional functions previously handled by the Strategy Group, all effect from 1 January 2024 (CCDEC 2023 12).

Industry Advisory Panel

23. The Secretariat continued to support the activities of the International Energy Charter Industry Advisory Panel (IAP), based on its revised Terms of Reference and the renewed mandate up to 2024. IAP consists of 62 members from 31 countries.
24. Secretariat and Mr Rafael Cayuela, the IAP Chair, maintained close cooperation and regular contact throughout the year.
25. With support from the Secretariat, the IAP started its transformation and restructuring process, based on the mid-term strategy adopted on 6 December 2022. The strategy assumes commitment by its members, the geographic expansion of the membership, the introduction of new executive positions, and the provision of a broader range of research and analytical services within and outside various task forces that would be involved in preparing position, and occasional papers.

The joint IAP – Alliance for Industry Decarbonization roundtable, hosted by Eni, took place on 18 September 2022 in New York, USA, as a side event at Climate Week NYC 2023. This hybrid meeting, was attended in person and online by over 120 participants, including the IAP members, representatives of Governments, industry, international organisations, financial institutions, investment companies, research centres, and business associations. The event focused on “Strategies & technological solutions for achieving carbon emissions reduction under the -1.5 C° scenario. The Secretariat, represented by the Deputy Secretary-General, provided opening remarks at the event and expressed support for periodic events of such nature to provide discussion forum for interested stakeholders

Foundations Partnership Network

26. The Energy Charter Conference established a new supporting body called Foundations Partnership Network (FPN) through the Decision CCDEC 2022 18 GEN. The purpose of the FPN is to strengthen analytical and research capacities, enhance the relevant expertise of the ECS, and facilitate its activities in the areas of renewable energy production, transmission and storage, energy efficiency, carbon dioxide reduction and capture, green financing, energy

investment environment and legal stability, and others at the forefront of the clean energy transition process.

Energy Investment Risk Assessment (EIRA)

27. In 2023, in line with the previous Energy Charter Conference (the "Conference") decision, CCDEC 2022 03 INV, the Secretariat developed the EIRA report for 2023.
28. The number of countries that confirmed participation in EIRA was twenty in 2023. The geographical reach of EIRA spans countries in Africa, Asia, the Americas, and Europe. Two countries, the United Arab Emirates and Guatemala, are taking part in EIRA for the first time. In line with the updated scope of EIRA, the 2023 report includes the participating countries' information on environmental protection, human rights and gender, as well as countries' efforts in achieving the clean energy transition. To guarantee the quality of the country profiles that have become more research and time-intensive with the new methodology and due to workload management within the Secretariat, given the delay in receiving government responses, the Secretariat finalised 15 country profiles in 2023. The Secretariat proposed to move the participation of five countries to EIRA 2024.
29. The sixth edition of the EIRA report will be launched on 4 December 2023 in videoconference format. A diverse set of external parties have contributed to the development of the publication, all on a pro bono basis.

Engagement with ECOWAS-AGoSE funded project on EIRA

30. There was no any ECOWAS-AGoSE funded project on EIRA in 2023, and there were no further funds approved or received from ECOWAS for the 2023 extended EIRA profiles for Nigeria, Senegal and Sierra Leone as earlier anticipated. However, engagement with ECOWAS Commission and other individual ECOWAS countries for new projects and funding were explored continuously.

Engagement with other international organisations on EIRA

31. The Secretariat and IRENA started discussions in early 2022 on a joint project concerning EIRA and IRENA's Renewable Readiness Assessment.

Joint World Bank – ECS joint report on dispute prevention in the renewable energy sector

32. The Secretariat, together with the World Bank Group, has completed a joint report entitled “Enabling Foreign Direct Investment in the Renewable Energy Sector Reducing Regulatory Risks and Preventing Investor-State Conflicts” and released it to the public on 14 April 2023. The key findings of the report were presented at the meeting of the Implementation Group on 21 April 2023. Subsequently, the Secretariat developed a project proposal to implement the policy recommendations in pilot countries (Message 2090/23) and presented the proposal at the meeting of the Implementation Group on 29 September 2023. The project would provide technical assistance to participating countries in the form of policy recommendations, helping the countries to establish investor-state conflict prevention tools and mechanisms. The proposal included specific steps, sets of activities, required funding and deliverables to achieve this aim. The proposal and the call for volunteers were published on the International Energy Charter's public website.

Transit and Energy Security

33. The discussions on transit and the recently added energy security topics continued and in year 2023 the Secretariat has continued developing its paper on the legal and regulatory environment surrounding hydrogen in the ECT constituency and beyond. This work was based mainly on the comments received from the Contracting Parties and the new information on the subject matter as appearing on a rolling basis.
34. The Secretariat will continue monitoring developments in the ECT constituency on the energy security and transit aspects, and the Contracting Parties have already confirmed in the course of one of the recent subsidiary group meetings that such work would be welcome.

Energy Efficiency, Climate & Renewable Energy

35. The Secretariat conducted the following activities in 2023 in connection with in-depth reviews of the energy efficiency policies of the Contracting Parties:

- (1) In-Depth Review of the Energy Efficiency Policy of the Republic of Mongolia.

On 21 September 2023, the Secretariat provided an update to the Implementation Group on the In-Depth Review of the Energy Efficiency Policy of Mongolia, including the presentation of the Recommendations of the Report, which were put forward for adoption by the Conference.

- (2) In-Depth Review of the Energy Efficiency Policy of Jordan

In 2023 the Secretariat started the preparation of the In-Depth Review of the Energy Efficiency Policy of Jordan, welcoming a seconded expert from the Ministry of Energy and Mineral Resources of Jordan to the Secretariat for that purpose.

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.

36. The Task Force, established as a part of Activity "**Cooperation for Restoring the Ukrainian Energy Infrastructure**" accomplished the following:

- 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 aimed 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 synchronisation of energy strategies.

The project, supported by the voluntary contribution from the European Union, invited two groups of secondees to the Secretariat from the Ukrainian Government as the members of the Task Force, each group for the duration of six months. With the return of the second group to Ukraine, the project is now completed, having produced deliverables as listed above.

CONsolidation-EXpansion-Outreach (CONEXO) Policy-related activities in 2023

37. The impact of the December 2019 Energy Charter Conference decision to institute a pause on new country accessions to the Energy Charter Treaty (ECT) continued in 2023, which has put the majority of CONEXO activities on hold.
38. In line with CONEXO policy objectives, the Secretariat has reached out to the Organisation of Petroleum Exporting Countries "OPEC", and, in view of exploring potential cooperation, a technical meeting between both organisations was organised in June 2023.
39. The Secretariat also continued cooperation with the Islamic Development Bank (IsDB). It started the preparations for the first joint project between both organisations to develop 5 EIRA profiles for five member countries of the Bank. It should be noted that the IsDB is financing the project through voluntary contribution.

Administrative and other matters

40. In 2023, the Secretariat continued its administrative and financial support functions, covering inter alia implementation of the 2023 budget, including usual and routine daily operations, management of human resources, implementation of the program of work, follow-up on the collection of contributions, as well as revision of the 2023 budget and preparation of the 2024-2025 budget and programme of work.
41. The preparation of the 2024-2025 budget and programme of work has proven to be particularly challenging as a series of Contracting Parties have announced their intention to leave the Energy Charter Treaty. Some of these intention have materialised as official notifications to the Depository by Germany, France, Poland and Luxembourg.
42. During the year, the Secretariat also prepared and organised two regular meetings and three extraordinary meeting of the Budget Committee. In addition to the regular administrative and financial matters, the Secretariat supported the Budget Committee in continuing and concluding the implementation of the decisions of the Conference following the Review based on Article 34(7) of the Energy Charter Treaty in 2019.
43. The Secretariat continued its efforts in saving and optimising the currently available financial and human resources with a view to finding viable solutions to eventually return to a sustainable budget, without relying on draws from the General Reserve Fund.
44. This goal has proven particularly challenging considering the above-mentioned notifications of withdrawal of Contracting Parties, and the Secretariat has proposed and is implementing a new reduced structure in line with the expected available financial resources, while maintaining all its obligations as per the Energy Charter Treaty.

45. The **Knowledge Centre** continued raising visibility and awareness of the International Energy Charter by contributing to capacity-building activities and technical meetings, such as the UNESCAP Expert Working Group on Energy Connectivity and the ECO Expert Group on establishing ECO Regional Electricity Market.

46. From 1 August 2023 until 3 November 2023, the Deputy Secretary-General served as the Acting Secretary-General due to the long term absence of the Secretary-General.

Work and priorities for 2024

47. Several priorities are to be considered for 2024:

- adoption/approval of the draft Conference decisions on the modernisation of the ECT and finalisation modernisation process;
- discussion and definition of the CONEXO policy;
- in relation to the above, lifting of the pause on accession whatever are the modernisation of the Treaty conclusions.

48. In 2024 the Secretariat will also implement the activities as indicated in the Programme of Work.