ENERGY CHARTER SECRETARIAT

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Related documents:

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Acting Secretary-General on the Activities in 2024

The Energy Charter Conference at the Statutory Session of its 35th Meeting held on 3 December 2024 took note of the attached Report by the Acting Secretary-General on the Activities in 2024.

Keywords: Report, Energy Charter Secretariat, Secretary-General, Acting Secretary-General

REPORT BY THE ACTING SECRETARY-GENERAL ON THE ACTIVITIES IN 2024

The present report is prepared pursuant to Article 35(3) of the Energy Charter Treaty (ECT) to provide the Energy Charter Conference (Conference) with an overview of the activities undertaken by the Energy Charter Secretariat (Secretariat) in 2024. The Conference will be invited to take note of the report at its 35th Meeting on 3 December 2024.

I. Introduction

1. The Secretariat expresses its appreciation to the Hashemite Kingdom of Jordan for undertaking the role of the Chairmanship of the Conference for two consecutive years.

2. The Secretariat is grateful to all delegates involved in the Subsidiary Groups of the Conference, particularly the delegates who spent time and effort to act as Chairs: the Chair of the Strategy and Implementation Group, Ms Klara Rakhmetova (Kazakhstan); the Chair of the Budget Committee, Mr Christian Bühlmann (Switzerland), and the acting Chair of the Modernisation Group, Mr. Felix Imhof (Switzerland) whose input was vital to achieving the objectives of the Conference and advancing the evolution of the ECT.

II. Modernisation of the ECT

3. The Secretariat provided legal support and conference services to the Conference, the Modernisation Group and the Contracting Parties, facilitating the successful conclusion of the discussions on the modernisation of the ECT at the Modernisation Group in September.

4. With the Secretariat's support, the Modernisation Group completed the draft Conference decisions on the modernisation of the ECT during its meetings from 26 August to 2 September 2024. The Modernisation Group reached a consensus on all procedural matters related to the proposed adoption and approval of the respective decisions by the Conference, as well as developed recommendations for the Conference to ensure a timely replacement of the ECT's Depositary following the Portuguese Republic's withdrawal effective on 2 February 2025.

5. Additionally, the Secretariat assisted in preparing the texts of the decisions on the modernisation of the ECT in English, French, German, Russian, and Spanish.

6. The Secretariat also engaged in various external events to keep stakeholders informed of the negotiation outcomes and the Agreement in Principle reached in 2022. For example, at the invitation of the Hungarian Arbitration Association, the Acting Secretary General will attend as a keynote speaker in an international conference dedicated to the ECT entitled "The Energy Charter Treaty at a Crossroads" in November 2024, where the substance of the Agreement in Principle and its role in energy transition are expected to be discussed among the participants. Further engagements are referred to in section IV below.

III. Management and Administration of the Secretariat

7. In 2024, the Staff Regulations and Rules (Staff Manual) were amended in alignment with the new operational requirements of the Secretariat following its restructuring (CCDEC 202403). The amendments reflected the pressing need to reinstate the proper functioning of the staff bodies, in particular of the Advisory Board (to allow staff to have recourse to a properly functioning, independent and impartial internal redress mechanism) and the institution of staff consultations on matters affecting staff (to give staff voice in matters affecting their professional interests). The proposed amendments were duly consulted with all staff of the Secretariat to meet the necessary procedural requirements, with the Acting Secretary-General holding in-person meetings with all staff to explain the rationale for the amendments.

8. In 2024, the Secretariat performed its administrative and financial support functions with respect to the implementation of the Budget 2024 (CCDEC 202408) and of the Programme of Work 2024 (CCDEC 202406), including daily administrative and financial operations, human resource management, collection of the national contributions towards the Secretariat's budget, and revision of Budget 2024-2025 and Programme of Work 2024-2025.

9. The implementation and revision of the Budget 2024-2025 and the Programme of Work 2024-2025 have proven to be particularly challenging, with some withdrawals from the ECT being notified in 2024 and some becoming effective within this year.

10. The Secretariat continued its efforts to save and optimise 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.

IV. Engagement with the Members and Observers of the Conference

11. The Acting Secretary-General engaged extensively with Members of the Conference to reaffirm the Secretariat's commitment to cooperation in the area of energy and update them on the latest developments within the Secretariat. In this context, the Acting Secretary-General has held bilateral meetings with 31 diplomatic representations of Contracting Parties and is continuing these meetings.

12. In March 2024, the Acting Secretary-General participated as a speaker at the 9th Annual Conference on Investment Treaties of the Organisation for Economic Co-operation and Development (OECD), entitled "Supporting the Global Energy Transition—Methods to align investment treaties with the Paris Agreement and the Net Zero", at the invitation of the OECD, which is an Observer to the Conference.

13. The Acting Secretary-General participated as a panellist in a session on investment treaties and energy investment choices, during which she referred to the ECT's modernisation process.

14. Moreover, in June 2024, the Acting Secretary General was invited to participate in the Baku Energy Forum. On the margins of the Forum, the Acting Secretary General met with key members of the Energy Charter constituency, including the Hon'ble Minister of Foreign Affairs and Trade of Hungary, the Deputy Minister of Energy of the Republic of Azerbaijan

and the Director General of the International Renewable Energy Agency (IRENA), which is an Observer of the Conference.

15. In July 2024, the Secretariat also met with the CEO of the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) and Deputy Energy Minister of the Republic of Azerbaijan, H.E. Mr. Elnur Soltanov, at the Embassy of Azerbaijan. The parties discussed the significance of the COP taking place for the first time in the Caucasus region, the priorities of COP29, and the role the modernised ECT can play in facilitating energy transition.

16. In November 2024, the Acting Secretary General attended the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) in Baku. Notably, on 12 November 2024, the Acting Secretary General attended the Ministerial Dialogue on "Scaling Up Investment for Tripling Renewables and Doubling Energy Efficiency", co-hosted by the COP29 Presidency of the Republic of Azerbaijan and the COP28 Presidency of the United Arab Emirates. The event was opened by remarks from H.E. Parviz Shahbazov, Minister of Energy of the Republic of Azerbaijan, and Mr. Fatih Birol, the Executive Director of the International Energy Agency (IEA), which is also an Observer of the Conference. The Rt. Hon. Ed Milliband MP, Secretary of State for Energy Security and Net-Zero of the United Kingdom, H.E. Alparslan Bayraktar, the Minister of Energy and Natural Resouces of the Republic of Türkiye, H.E. Tinne Van der Straeten, Minister of Energy of the Kingdom of Belgium, H.E. Sebastian Ioan Burduja, Minister of Energy of Romania, and H.E. Vladimir Malinov, Minister of Energy of the Republic of Bulgaria, also spoke at the event, as well as Ms. Odile Renaud-Basso, President of the European Bank for Reconstruction and Development (EBRD), another Observer to the Conference.

17. On 15 November 2024, the Acting Secretary General participated in a high-level Ministerial Dialogue on the Energy Transition Investment Forum for Central Asia at COP29, co-hosted by the COP29 Presidency of Azerbaijan and IRENA. The Acting Secretary General highlighted the significance of the ongoing amendments to the ECT for scaling up private financing in cross-border energy activities, energy storage systems, and sustainable energy sources, as well as for assisting countries in reducing emissions in key sectors and removing CO_2 to balance difficult-to-avoid emissions.

18. On 16 November 2024, the Acting Secretary General participated in the Ministerial Meeting on Circular Economy "Empowering interregional partnerships for circular economy transition: towards a climate resilient and sustainable future via resource-efficiency" co-hosted by the COP29 Presidency of the Republic of Azerbaijan, the United Nations Environment Programme, and the Economic Cooperation Organization (ECO). The Secretariat highlighted in its intervention the need for robust policy measures to build an energy sector that is both sustainable and aligned with circular economy principles.

V. Support to the Conference, its Chairmanship and Subsidiary Bodies, the Management Committee, and Consultative Bodies

Conference

19. The Secretariat provided legal support and conference services to the Conference. The Secretariat facilitated procedural aspects of the Conference's decision-making processes and

organised the Ad Hoc Meeting of the Conference on 13 February and the 35th Meeting on 3-4 December 2024.

20. Significant time and human resources were devoted to preparing for the 35th Meeting of the Conference—the first in-person annual meeting since 2019—to accommodate both in-person and virtual participation. This effort was aimed at maximising attendance and enabling the successful adoption and approval of several key Conference decisions, particularly those concerning the modernisation of the ECT.

Chairmanship

21. The Secretariat worked closely with the Chairmanship of the Conference, the Hashemite Kingdom of Jordan, to ensure the seamless running of all the decision-making processes by the Conference and the organisation of the 35th Meeting Conference.

Subsidiary Bodies

22. In 2023, the Conference undertook a restructuring of the subsidiary bodies with a view to increasing work efficiency (CCDEC 202312). As a result, (i) the Working Group on Governance Issues was dissolved, having successfully achieved its mandate; (ii) the Strategy Group was dissolved, and its activities were transferred to the Implementation Group; and (iii) the Implementation Group was renamed as "Strategy and Implementation Group".

23. Therefore, in 2024, the Conference included the following subsidiary bodies:
    - Budget Committee;
    - Strategy and Implementation Group;
    - Modernisation Group; and
    - Legal Advisory Committee.

24. The Secretariat accordingly provided all the relevant substantive, procedural and logistical support to the subsidiary bodies and their Chairpersons. In particular, the Secretariat assisted in holding the following meetings:
    - Strategy and Implementation Group: 23 April, 3 July and 24 September;
    - Budget Committee: 15 January (ad hoc), 25 April, 1 October, 26 November (ad hoc);
    - Modernisation Group: 26 August-2 September.

25. All of the above meetings were held virtually.

Management Committee

26. In accordance with Rule 11 of the Confernence's Rules of Procedure, the Secretariat provided support in organising three meetings of the Management Committee in 2024: on 16 April, on 16 July and 2 October.

International Energy Charter Industry Advisory Panel (IAP)

27. In 2024, the membership of the IAP remained stable, with 62 members from energy companies, international associations, intergovernmental institutions and individuals spanning 31 countries, operating in exploration, production, generation, transmission, distribution, finance, equipment, services, technology and consultancy.

28. The IAP, with the support of the Secretariat, will hold its 47th Session on 4 December 2024 on the theme "Role of the Modernised Energy Charter Treaty in Accelerating the Clean Energy Transition" in light of the IAP's position welcoming the modernisation of the ECT as well as its aim to set the pathway of future discourse on this topic.

VI. Implementation of the ECT

Review under Article 34(7) of the ECT

29. A key achievement of 2024 was the conclusion of the periodic review under Article 34(7) of the ECT (Review) based on the principles of (i) necessity and importance, (ii) fairness and effectiveness of the process, and (iii) accountability and transparency and efficient delivery of expected results or outputs. The Secretariat undertook the task of preparing the Review report based on which the Strategy and Implementation Group made the conclusions. The Report reflected the views offered by the Contracting Parties to the ECT through a questionnaire and was thoroughly discussed and finalised by the Strategy and Implementation Group. The Conference was invited to approve the conclusions of the Review through document CC 822. The implementation of the conclusions will require further decisions by the Conference through the Secretariat's Programme of Work for each year and on the basis of available resources, both human and financial.

Investment

30. In 2024, the Secretariat also produced the seventh edition of its flagship publication, the Energy Investment Risk Assessment, containing profiles of four countries: Bosnia and Herzegovina, Nigeria, Rwanda, and VietNam. The activity was conducted under the purview of the Strategy and Implementation Group, which was provided with updates by the Secretariat at the working group meetings. The number of country profiles in 2024 was substantially reduced after taking into account the available human resources, the need to guarantee the quality of the country profiles that have become more research and time-intensive with the methodology adopted in 2022, work-load management within the Secretariat, and given the delay in receiving government responses. The launch of the EIRA 2024 report is on 4 December 2024, during the second day of the 35th Meeting of the Conference.

31. The Secretariat also made progress in implementing its joint EIRA report with the Islamic Development Bank. In 2024, following a competitive recruitment process, the Secretariat invited a fellow to commence work on this project. The preparation of this report, including the fellowship, is financed by a voluntary contribution from the Islamic Development Bank. It is expected that the report will be concluded in 2025.

Transit and Energy Security

32. The Secretariat also advanced discussions on transit and energy security topics in 2024 and drafted its concept paper (IMPL 117) on developing universal electricity transit methodology. This ongoing project includes conducting a detailed technical and economic analysis of the electricity transit calculation model developed and adapted to the operating conditions of the Unified Power System of Central Asia. It aims to identify barriers to its implementation in the region and determine key legal and administrative issues by reviewing the national legislation of a number of ECT Contracting Parties on electricity transit, including third-party access and tariffs, review of existing legal clauses and terms and

conditions on electricity transmission as well as examples of national regulations enabling technological advancements.

Energy Efficiency

33. The Secretariat continued raising awareness to promote energy efficiency, climate neutrality and sustainable development.

34. In this context, in 2024, the Secretariat participated in COP29 in Baku, Azerbaijan, to intensify engagement with other international organisations, as well as Members and Observers of the Conference, and to inform key stakeholders of the ECT's approach to energy and climate issues. Notably, the Secretariat participated in an executive discussion hosted by the Global Biofuels Alliance on the topic "Enable action to mobilise 7x investment to scale biofuels for accelerating energy transition". The discussion explored synergies among different actors, including development banks, industry representatives, and international organisations, in addressing the key challenges and opportunities for the development and deployment of biofuels.[1] This was followed by a bilateral meeting between the Global Biofuels Alliance Secretariat and the Energy Charter Secretariat to discuss potential partnerships on the future activities of the two organisations. Moreover, on 15 November 2024, the Energy Charter Secretariat participated in a panel discussion on "Modernizing Infrastructure for a Green Future: Transitioning from Fossil Fuels to Renewable Energy Systems" organised by the World Green Economy Organization (WGEO).

Dispute Prevention and Management

35. The Secretariat engaged in addressing inquiries related to dispute prevention and management. It provided ongoing support by maintaining and offering inquirers access to the *travaux préparatoires* - the preparatory materials of the ECT. Additionally, the Secretariat assisted inquirers in navigating these resources. The Secretariat also maintained a dedicated website on the ECT.

[1] The Global Biofuels Alliance was launched on 9 September 2023, on the sidelines of last year's G20 Summit. Its membership includes 25 countries and 12 international organisations, including the World Bank and the Asian Development Bank, the International Energy Agency, the International Energy Forum, and the International Renewable Energy Agency.