ENERGY CHARTER SECRETARIAT

CCDEC 2024

24 NOT

Brussels, 3 December 2024

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CC 825

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Chair of the Strategy and Implementation Group

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 Chair of the Strategy and Implementation Group.

Keywords: Report, Chair, Strategy and Implementation Group

REPORT BY THE CHAIR OF THE STRATEGY AND IMPLEMENTATION GROUP

This report provides an overview of the Strategy and Implementation Group's activities in 2024. The Energy Charter Conference is invited to take note of this report at its 35th meeting on 3 December 2024.

1. In 2023, the Energy Charter Conference (Conference) reorganised its subsidiary bodies with a view to increasing work efficiency (CCDEC 202312). Consequently, the former Strategy Group was dissolved, with its functions being transferred to the newly renamed "Strategy and Implementation Group", previously known as the "Implementation Group".

2. The Chair of the Strategy and Implementation Group for the year 2024 was Ms. Klara Rakhmetova of Kazakhstan.

Meetings

3. In 2024, the Strategy and Implementation Group convened three meetings, held on 23 April, 3 July and 24 September. All meetings were conducted via videoconference and were open only to the Members of the Conference.

4. In 2024, the Strategy and Implementation Group's discussions primarily centred around (i) strategic topics such as the modernisation of the Energy Charter Treaty (ECT), the withdrawal of certain Contracting Parties, and the challenges confronting both the ECT and the Energy Charter Secretariat (Secretariat); (ii) the Review under Article 34(7) of the ECT (2024 Review); (iii) the withdrawal of the Depositary from the ECT and the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA); and (iv) matters related to energy investment, transit, security, and energy efficiency, among other relevant strategic, implementation and institutional issues.

Strategic Issues

5. The delegations shared their perspectives on the challenges currently facing the ECT and the Secretariat, particularly in light of the efforts to modernise the ECT and the recent withdrawals of some Contracting Parties from the ECT. Additionally, the Strategy and Implementation Group discussed the preparation for the 35th meeting of the Conference scheduled to consider the decisions on the modernisation of the ECT.

2024 Review

6. Article 34(7) of the ECT provides that:

> "*In 1999 and thereafter at intervals (of not more than five years) to be determined by the Charter Conference, the Charter Conference shall thoroughly review the functions provided for in this Treaty in the light of the extent to which the provisions of the Treaty and Protocols have been implemented*".

7. Following the dissolution of the Strategy Group, the matters related to the periodic reviews

under Article 34(7) of the ECT were included in the Terms of Reference of the Strategy and Implementation Group.

8. Strategy and Implementation Group conducted the 2024 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 perspectives of Contracting Parties were collected based on the questionnaire prepared by the Secretariat with input from the Contracting Parties and confirmed by the Strategy and Implementation Group. Based on the responses received from the Contracting Parties, the Secretariat prepared the draft Report of the Review under ECT Article 34(7) and the draft Conclusions of the Review under ECT Article 34(7). Following the endorsement of the Strategy and Implementation Group, the Report of the Review under ECT Article 34(7) and the draft Conclusions of the Review under ECT Article 34(7) were submitted for consideration at the 35th meeting of the Conference.

Withdrawal of the Depositary from the ECT and the PEEREA

9. The Portuguese Republic has notified the Contracting Parties that it will relinquish its functions of the Depositary under Article 49 of the ECT following the effective date of its withdrawal on 2 February 2025. In light of this, the Strategy and Implementation Group discussed the implications of the Portuguese Republic's withdrawal as the Depositary from both the ECT and the PEEREA, as well as the necessary steps and measures to ensure a timely replacement of the Depositary under both legal instruments. The Modernisation Group subsequently developed the measures for replacing the Depositary under the ECT, while the Strategy and Implementation Group focused on the corresponding measures for the PEEREA.

Energy Investment Risk Assessment (EIRA)

10. In 2024, in line with the previous Conference decision (CCDEC 202203), the Strategy and Implementation Group requested the Secretariat to develop the EIRA 2024 report.

11. The EIRA 2024 report contains profiles of four countries: Bosnia and Herzegovina, Nigeria, Rwanda, and VietNam. The number of country profiles 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.

12. The EIRA 2024 report will be launched on 4 December 2024, during the second day of the 35th Energy Charter Conference.

Transit and Energy Security

13. The discussions on transit and energy security topics continued in 2024, and the Secretariat 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 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

14. The Secretariat continued raising awareness to promote energy efficiency, climate neutrality and sustainable development, in line with the Paris Agreement objectives, as mandated by the Strategy and Implementation Group.

15. In 2024, the Secretariat participated in the 29th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (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 efficiency issues. Notably, on 12 November 2024, the Secretariat 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.

16. Moreover, on 15 November 2024, the Secretariat 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 the International Renewable Energy Agency (IRENA). On 16 November 2024, the Secretariat attended a ministerial meeting on circular economy co-hosted by the COP29 Presidency, the United Nations Environment Programme, and the Economic Cooperation Organization (ECO). Besides these activities, the Secretariat also participated in an executive discussion hosted by the Global Biofuels Alliance and a panel discussion organised by the World Green Economy Organization (WGEO).

Other Issues

17. Among other issues, the Strategy and Implementation Group discussed the observer status of the CIS Electric Power Council to the Conference. In line with the previous decisions to withdraw the observer status of the Russian Federation (CCDEC 202212) and the IAP membership of the CIS Electric Power Council (CCDEC 202304), provided that non-Russian/non-Belarusian members of the CIS Electric Power Council are allowed to remain as individual IAP members, the Strategy and Implementation Group recommended the Conference to withdraw the observer status of the CIS Electric Power Council. The Conference took the respective decision on 14 October 2024 (CCDEC 202407). The non-Russian and non-Belarusian members of the CIS Electric Power Council may may choose to retain individual membership in the IAP.

18. The Strategy and Implementation Group also discussed the matter of appointment of the new Secretary-General.