

**ENERGY CHARTER
SECRETARIAT**

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Brussels, 15 June 2004

Related documents: CC 269, CC 271, CC 273, CC 274, CC 276, CC 278, RD 1 (ECC of 15 06 2004), RD 3 (ECC of 15 06 2004)

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Reports submitted to the 14th Meeting of the Energy Charter Conference held on 15 June 2004

- [*The Conference took note* of the oral report by the Secretary General on Energy Charter Draft Protocol on Transit.]

The Conference Chairman welcomed the fact that there was a renewed prospect to move forward, and concluded that the Charter Conference should resume negotiations on the Transit Protocol. In practical terms, the Chairman said that this would mean a resumption of bilateral consultations between the European Union and the Russian Federation, which could take place in late September or early October. The basis for these consultations would be the draft text that was tabled in December 2003, and the Chairman emphasised that the consultations should concentrate only on the three outstanding issues (Regional Economic Integration clause, the so-called “Right of First Refusal”, and the issue of transit tariffs). The Chairman underlined the objective and the expectation to complete the negotiations within a reasonable timeframe.

- [*The Conference took note* of the presentation on the status of the Review of the Energy Charter Treaty circulated as Room Document 3.]

The Chairman of the Ad-Hoc Group on the Review Process, Dr Pieter Boot, made a presentation on the status of the review, based on the positions of delegations expressed in their replies to a questionnaire circulated by Dr Boot, and also in their contributions to the first meeting of the Ad Hoc Group, which took place on 26 March 2004.

The Conference Chairman concluded by thanking Dr Boot for a comprehensive and well structured presentation, and looked forward to receiving his final report in September. The Conference Chairman said that, after receiving the final report, he would consult with

Keywords: Transit Protocol, Energy Charter Review, Spending Targets, Ratification Progress

Dr Boot regarding the draft conclusions that should be considered at the December meeting of the Charter Conference. He would also look to the Secretariat for indications on how the draft conclusions could be implemented, while underlining that the Conference would retain the overall responsibility for monitoring and ensuring implementation of the review conclusions.

- [***The Conference took note*** of the report submitted by the Chairman of the Investment Group circulated as document CC 271.]

The Conference Chairman welcomed the introduction of in-depth investment climate and market structure reviews, and thanked the Armenian authorities for being the first to volunteer for a review in this new format. The Chairman also commended the workshop that took place in May 2004 on the ‘Best Practices Guidelines on Restructuring and Privatisation’.

- [***The Conference took note*** of the report submitted by the Chairman of the Trade Group circulated as document CC 273.]

With regard to the discussions in the Trade Group on enhanced cooperation in the electricity sector, the Conference Chairman observed that no consensus has emerged at this stage on the question of negotiating a legal instrument on this issue. The Conference Chairman supported the approach proposed by the Chairman of the Trade Group to develop a dialogue on the market reforms conducive to market integration and trade in electricity (*this is laid out in ‘step one’ of the proposal made by the Chairman of the Trade Group in CC 273*). With regard to notifications, the Conference Chairman again invited signatory states that have yet to accede to the WTO to comply fully with their legal obligations under the Energy Charter Treaty.

- [***The Conference took note*** the report submitted by the Chairman of the Transit Group circulated as document CC 274.]

The Chairman of the Transit Group said that the focus of the Group’s activities would for the moment be concentrated on four areas: a) domestic gas transit/transport legislation; b) transit tariffs, including underlying methodologies; c) practices for access to transit/transport networks, including third party access; and d) obstacles to the construction of new transport facilities.

- [***The Conference took note*** the report submitted by the Chairman of the Working Group on Energy Efficiency and Related Environmental Aspects circulated as Room Document 1.]

The meeting of the PEEREA Group in June 2004 took place in Prague, at the invitation of the Czech Government. The Working Group had heard an update from Bulgaria on implementation of the recommendations of a 2001 PEEREA in-depth review, along with presentations from representatives of Belarus, Ireland and Slovenia, discussed a report on Carbon Trading and Energy Efficiency, and hosted a panel discussion on Best Practices for Cogeneration and District Heating. The Conference Chairman concluded by thanking the Czech authorities for their hospitality in hosting the meeting of the Working Group, and by welcoming the strong interest from member states in the work of the Group.

- [***The Conference took note*** of the Secretary General’s report on the development of the Secretariat’s contacts with non member-countries and relevant international organizations during the first half of 2004.]

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The Conference Chairman welcomed the progress reported by the Secretary General in the development of the Secretariat's relations with non-signatories. In relation to observership, the Chairman said that it will be important for the Conference to have clear rules on what this status means, and considered that this should be a topic for future discussion. The Chairman urged those countries that have yet to complete their ratification of the Treaty to take active steps towards this objective.

- [The Conference *took note* of the Indicative Information on Spending Targets for the 2005 Budget as presented in document CC 276.]

[...] the Conference Chairman recalled the request made at the previous Conference meeting for the Secretariat to provide a preliminary outline of the spending targets for the 2005 budget. The Chairman underlined that this was an information item, and that consideration and approval of the 2005 budget would take place according to the usual procedures in the second half of the year. The Secretary General presented the indicative information on spending targets for 2005 (circulated as CC 276); the targets are based on a continuation of the present resource level and activity, with flexibility in two areas under 'Professional and Special Services' (budget sub-items 'consultants' and 'invited experts'). A detailed draft proposal for the 2005 budget will be presented in line with the normal procedure to the meeting of the Budget Committee in September, and for decision of the Energy Charter Conference in December 2004.