

**ENERGY CHARTER  
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Brussels, 20 November 2006

Related documents: CC 314, CC 316, CC 317, CC 318, CC 320, CC 321, CC 322, CC 326
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject: Reports submitted to the 17<sup>th</sup> Meeting of the Energy Charter Conference held on 20 November 2006**

- **Implementation of the 2004 Review Conclusions**

[The Conference *took note* of the report on the implementation of the Conclusions of the 2004 Review of the Energy Charter Treaty, as circulated to the Conference as CC 314. The Conference adopted the following conclusions.

- There was no support in the Conference for an additional merger of the Charter's working groups at this stage.
- The delegations had not objected to the idea of an informal ad hoc group to discuss specific policy-related issues; the preparation of the work of this group, its format, and the choice of relevant issues would be left to the Secretary General.
- The Conference endorsed continued efforts to raise the visibility of the Energy Charter and its activities.]

- [*The Conference took note of and discussed* the Secretary's General Report on the Relations with Non-signatory States, as presented in document CC 316.]

The Chairman concluded this agenda point by taking note of the information provide by the delegations of the Russian Federation and of Norway, while encouraging movement towards ratification by all signatories to the Treaty. The discussion on expansion would be taken up by the informal ad hoc group, which would assess the costs and practicalities of different approaches to this issue. With regard to the Treaty itself, the Chairman concluded that it would be prudent to await the results of the EU-Russia discussions

Keywords: Energy Charter Review, IAP, Industry Advisory Panel, Model Agreements, Cross-Border Pipelines, G.E.H. Joosten

before making any formal assessment of ways in which it could be adapted or amended. In the meantime, he urged delegations to make full use of the Treaty as it exists, and to ensure its full implementation.

- [The Conference **took note** of the Communication of the Industry Advisory Panel, as contained in document CC 317. The Conference adopted the following conclusions.
  - The Conference requested the Secretariat to follow up the findings in its activities.
  - The Conference invited the IAP to continue its work, with the assistance of the Secretariat, and resolved to review again the operation of the Panel and its Terms of Reference in two years' time.
  - The Conference accepted the Secretary General's recommendation (also in document CC 317) to include in the composition of the Panel Dr Joosten, the President of Gas Infrastructure Europe.]
- [**The Conference took note** of the oral Report from the Secretariat and from a representative of the Legal Advisory Task Force on Energy Charter's Model Agreements on cross-border pipelines.]

The General Counsel informed the Conference that the Task Force would continue its work and would present the revised draft agreements to the Expert Group on Model Agreements, made up of representatives of member states, in the first half of 2007. A member of the Task Force, Mr Michael Polkinghorne of White & Case LLP, described in more detail the aim to find an appropriate balance between the interests of states and investors in the draft agreements, and the hope that the Conference would be able to endorse the revised Model Agreements at its next meeting in 2007.

A number of delegations welcomed the work undertaken by the Task Force, confirmed that such non-binding instruments had practical value, and encouraged a dialogue with relevant experts from the Russian Federation and the Caspian region when revising the Model Agreements.

- [**The Conference took note** of the report from the Chairman of the Investment Group (circulated as document CC 318).]

The Vice-Chairman highlighted the in-depth reviews of FYROM and of Turkey, the follow-up report on Ukraine, and the initiatives in the Group to provide information on policies to promote more competitive energy markets and to facilitate investment in new energy transport infrastructure. The Vice-Chairman also pointed to the Group's dialogue on risk reduction in the energy sector, and the initiative to reduce the number of exceptions to national treatment in the pre-investment phase, as recorded in the 'Blue Book'.

Following the report, one delegation requested that the Investment Group broaden its work on issues related to access to capital and the investment climate in downstream markets, including EU countries, as well as the issue of technology transfer, and the Chairman suggested that this be taken up under agenda item 14 on the Programme of Work. A second delegation welcomed the Investment Group's initiative to reduce exceptions to national treatment in the pre-investment phase, and urged continued efforts in this direction in 2007.

- [**The Conference took note** of the Report by the Chairman of the Trade & Transit Group, as circulated in document CC 320.]

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The Chairman described the Group's work on implementation of the Treaty's transit provisions, the completion of studies on transit tariffs for natural gas and for oil, and the presentations on new and planned cross-border oil and gas projects. He also mentioned the activities of the Group on promoting reliable international energy transit, on promoting regional electricity cooperation, and on international pricing mechanisms for oil and gas. In concluding, he stressed the importance of ratification of the Trade Amendment by those countries where this remains outstanding.

- [*The Conference took note* of the Report on the activities of the PEEREA Working Group, which was presented by the Secretariat in document CC 321.]

The aim of these activities is to monitor and facilitate the implementation of energy efficiency policies and programmes in member states, and CC 321 focuses in particular on the in-depth Review of Sweden and follow-up reports from Estonia and Moldova in relation to earlier in-depth reviews. Regular reports on energy efficiency policies were presented during the year by FYROM, Kazakhstan, Switzerland, Slovak Republic and Romania. Among the crosscutting issues discussed by the Group, the Secretariat highlighted reports on the evaluation of energy efficiency programmes and measures, on energy efficiency in the transport sector, and also on the potential for renewables on the demand side. Looking ahead to 2007, the Secretariat underlined the importance of the PEEREA contribution to the UN-ECE Environment for Europe Ministerial meeting in Belgrade.

A number of delegations spoke in support of the initiative to use the experience gained through PEEREA activities in a broader context, and to bring this knowledge to the attention of Environment Ministers in Belgrade. The Chairman concluded by welcoming the initiative to promote energy efficiency and the role of PEEREA at the Environment for Europe Ministerial, and encouraged the Working Group to prepare a comprehensive cross-country report for this meeting in order to focus political attention on the benefits that energy efficiency measures can bring to the environment and to energy security.

- [*The Conference took note*] of the Financial Statements and the Auditor's Report for 2005 (as circulated in CC 322) and approved the recommendation of the Budget Committee to discharge the Secretary General from her management and administrative responsibility in respect of the 2005 Budget, in accordance with Article 32(4) of the Financial Rules.