

**ENERGY CHARTER  
SECRETARIAT**

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CCDEC 2010

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Brussels, 24 November 2010

Related documents: CC 403, CC 403 Rev., CC 407
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject: Secretariat's Work Programme for 2011**

[The Energy Charter Conference at its 21<sup>st</sup> Meeting held on 24<sup>th</sup> November 2010] *adopted* the Secretariat's Work Programme for 2011, as proposed in document CC 403 (*Annex*).

Keywords: Secretariat's Work Programme

**Energy Charter Secretariat's Work Programme for 2011**  
**as adopted by the Energy Charter Conference**  
at its 21<sup>st</sup> Meeting on 24<sup>th</sup> November 2010

In the framework of the modernisation process, the Secretariat will focus its activities for 2011 on core tasks. In order to deal with the consequences of a "hard landing" in 2012, when excess reserve funds will most likely run out, the Secretariat will consider efficiency savings that can be applied in 2012, should member states decide to keep their contributions at the same level. This will include a prioritisation of activities under existing mandates and new activities following from the Roadmap for the modernisation of the Energy Charter Process.

## **DETAILED ACTIVITY SCHEDULE**

### **1. PRIVATE OFFICE** *(84 staff months)*

The Private Office, led by the Secretary General, will continue to take responsibility for the overall direction and operational coordination of the Secretariat's work, taking the lead in particular with regard to contacts with member and observer governments, for ratification and relations with non-signatories, and with activities aimed at raising public awareness about the Treaty. It is also responsible for the translation of Energy Charter documents from and into Russian.

The Private Office, led by the Secretary General, will be responsible for:

- Assisting the Conference and its subsidiary bodies in following up to the Review conducted in accordance with Article 34(7) ECT in 2009;
- Contacts with member and observer governments and with relevant international organisations and institutions in order to promote the implementation of the Energy Charter Treaty and its related instruments;
- Contacts with member countries that have yet to complete the ratification of the Charter's legal instruments with the aim of facilitating the ratification process, as well as consultations at the political level with non-member countries wishing to become more closely involved in the Energy Charter process;
- Raising public awareness about the Treaty through public relations activities and through an active external information policy, including the maintenance of the Energy Charter website, dissemination of the Energy Charter newsletter, and the dissemination of printed and electronic materials produced by the Secretariat;
- Preparation of the 22nd Meeting of the Energy Charter Conference;
- Advice and organisational support for the Conference Chairman and Vice-Chairmen.

In addition to the above, the Private office is responsible for the coordination, monitoring and quality control of all work relating to the translation of Energy Charter documents from and into Russian and to releasing documents in the public domain.

**2. STRATEGIC DEVELOPMENT**  
(31 staff months)

<b>2.1</b>	<b>Support to the Energy Charter Strategy Group</b>	
	<i>Output:</i> Support the work of the Strategy Group and its chairperson through analytical work, coordination activities and policy advice in line with the Group's mandate	<i>Timing:</i> During 2011 until the meeting of the Conference Ongoing
	<i>Contact person:</i> <u>Steivan Defilla</u>	<i>Estimated staff-months:</i> 12 months

At its 20<sup>th</sup> Meeting in Rome, the Energy Charter Conference established the Strategy Group as the Standing Group, followed by a decision on Terms of Reference and Membership in the Group in March 2010 (CC 389). The Group was given a broad mandate as a forum for discussion on policy and strategic issues, and tasked to promote the Energy Charter Process and its modernization, to advise the Conference on strategic policy directions and horizontal issues. In particular, the Group will be available to implement Area F of the Road Map for the Modernization of the Energy Charter Process, which envisages an active use of the Charter as a Policy Forum to discuss issues related to interdependence and energy security. The Group will also participate in the process of consultations over possible enhanced legal frameworks for energy cooperation and follow up on the Rome Statement of December 2009 (Message 847 Rev.2). The Secretariat will support the Strategy Group in implementing these tasks.

One of the core tasks of the Strategy Group in 2011 will be to monitor the implementation of the Road Map for the Modernization of the Energy Charter Process and to implement those tasks contained therein that are directly attributed to the Strategy Group. Furthermore, the Group will continue to discuss horizontal issues, accession activities, relations with other international organisations and non-signatories, advise on strategic policy direction, encourage synergies among existing subsidiary bodies of the Energy Charter and give broad orientations on the Secretariat's Programme of Work.

The Secretariat will provide organisational and substantive support to the work of the Group. This will include analysis, expert advice, policy and discussion papers as requested by the member states.

<b>2.2</b>	<b>Ratification of the Treaty / Trade Amendment / PEEREA</b>	
(i)	<i>Outputs:</i> Support to Signatory States in their ratification process of the Treaty and related documents	<i>Timing:</i> Ongoing
(ii)	More ratifications of the Trade Amendment	Ongoing
	<i>Contact person:</i> <u>Steivan Defilla</u>	<i>Estimated staff-months:</i> 4 months

The Secretariat will continue to provide technical advice and support to those Signatories that have not yet completed their national ratification procedures for the Treaty, the Trade Amendment and/or the PEEREA, and to inform the debate within the countries concerned on the implications of ratification and the application of the Treaty and related documents.

To increase the impact of the Trade Amendment, further ratifications by the ECT CPs will be fostered, especially by those countries that remain outside the WTO.

<b>2.3</b>	<b>Accession to the Treaty / Trade Amendment / PEEREA by new members</b>	
	<i>Outputs:</i> Support to the preparatory stage for accession of new member countries to the Treaty and related documents	<i>Timing:</i> Ongoing
	<i>Contact person:</i> <u>Patrice Dreiski</u>	<i>Estimated staff-months:</i> 5 months

Signatories to the 1991 Energy Charter that wish to accede to the Treaty must prepare reports on the compliance of their national legislation with the provisions of the Treaty, a report on the investment climate and exceptions to national treatment and a report on energy efficiency. The Secretariat will continue to support countries in this process.

This process will be assisted where possible by nationals of the acceding country working with the Secretariat in the framework of the secondment programme.

<b>2.4</b>	<b>Response to Interest and Requests from Non-member Countries</b>	
	<i>Outputs:</i> Response to interest and request for information from non-member countries Policy Paper	<i>Timing:</i> Ongoing  Q1 2011
	<i>Contact person:</i> <u>Patrice Dreiski</u>	<i>Estimated staff-months:</i> 10 months

As requested in Area A of the Road Map for the Modernization of the Energy Charter Process, the Secretariat will work on an integrated Energy Charter Policy on Expansion, Outreach and Consolidation, under the guidance of the Strategy Group and for approval by the Conference. The Policy will contain clearly determined targets for activities related to expansion, outreach and consolidation, an inventory of tools for the promotion of new accessions and a clear vision on the complementary role of the Energy Charter in its relations to other organisations.

Meanwhile, the Secretariat will continue to respond to interest and requests for information from non-member countries and develop mutual exchanges and co-operation with key countries. The guidance given by the Review of 2004 under the Article 34(7) ECT remains valuable for this undertaking, which states that the Energy Charter has a natural focus on the evolving Eurasian energy market, and also the Mediterranean, the Middle East and Asia, and should seek to build a broad constituency, encompassing the producer, consumer and transit states in key energy markets.

In 2011, the Secretariat will continue to maintain contacts at the political level with China, India and the ASEAN countries. In the Mediterranean and the Middle East, the Secretariat intends to build upon already established ties, including those with the countries of North Africa.

### 3. CROSS-CUTTING ACTIVITIES

(8 staff months)

<b>3.1</b>	<b>Annual Policy Conference</b>	
	<i>Output:</i> High-level policy conference	<i>Timing:</i> Q2 2011
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 4 months

In 2011 the Secretariat will organise the Annual Policy Conference focused on a key issue for the ECT constituency. As in 2009 and 2010, this conference will be held in late spring to ensure a better balance of activities across the year. The conference will again be organised in close cooperation with other relevant organisations and will be open to the Energy Charter member and key non-member countries, as well as other international organisations and private sector participants.

<b>3.2</b>	<b>Support to the Industry Advisory Panel [ECT Articles 9(3), 6(2), PEEREA Article 3(6)]</b>	
(i)	<i>Output:</i> Assistance to the meetings of the IAP	<i>Timing:</i> Three meetings in 2011
(ii)	Ensuring the interaction with the Conference and its subsidiary bodies	As needed
(iii)	Development of best practices	Ongoing
(iv)	IAP expansion	Ongoing
	<i>Contact person:</i> <u>Sedat Çal</u>	<i>Estimated staff-months:</i> 4 months

The Nineteenth Conference approved the extension of the Industry Advisory Panel (IAP) mandate for another four years as an effective instrument of the Charter Process that strengthens the relationship between the Energy Charter constituency and the energy industry. The Secretariat will continue providing support to the IAP through addressing energy-sector-specific challenges by holding three meetings in 2011. The content of the meetings and scope of areas to be discussed shall be decided by the IAP in cooperation with the Secretariat and taking into account requests by the Charter constituency.

The Industry Advisory Panel has held sixteen meetings since its establishment in 2005, making views and advice from the energy business available to the Energy Charter process, with a specific focus on risk mitigation and improvement of the business climate. The IAP has been an effective and useful instrument to strengthen the communication between the Energy Charter constituency and the energy industry. The IAP has enabled an interactive relationship between developments, perspectives and realities of the energy sector with the regulatory framework and policy makers. This indeed ensures a smooth flow of visions and experiences between these two major energy sector stakeholders. Learning from the problems and obstacles faced by industry, policy makers become more acquainted with the real scope of issues and get the chance to tackle them more effectively.

To encourage greater coverage in IAP activities of all key areas of the ECT along the entire energy value chain, the Secretariat will assist the IAP with possible enlargement to include new members. The Secretariat will seek specialised consultations with IAP members on different energy sub-sector levels (oil and gas, electricity, energy sector transparency, energy efficiency,

investment barriers and disputes, etc.), with the results of any such consultations reported back to the Panel and the Energy Charter constituency.

The views and experiences of companies and enterprises on investment issues are central to the Charter process. Discussion of new barriers to cross-border investment flows in the energy sector will be discussed by the IAP, and the views of the industry along with recommendations will be brought to the attention of the Investment Group and the State Party Conference. Furthermore, in line with the policy of increasing the diversity of members in the Panel emphasis will be placed upon conducting more activities on energy efficiency, with an increased number of meetings devoted to energy efficiency and by employing a more dynamic approach to this end.

#### 4. INVESTMENT

(35 staff months, 2 consultancy months)

<b>4.1</b>	<b>Reports on Investment Climate and Market Structure (ICMS)</b> [ECT Articles 9, 10]	
(i) (ii)	<i>Output:</i> Follow-up ICMS Report In-depth ICMS Report	<i>Timing:</i> Q2 2011 Q4 2011
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 19 months

The in-depth and follow-up country reports on Investment Climate and Market Structure (ICMS) have proven to be a useful tool for the assessment of the implementation of the Energy Charter Treaty. The review of the ICMS reports has been a very successful activity since 2001. The reports deal with complex issues of the investment conditions in member countries, the assessment of legal frameworks, energy sector restructuring and development plans. The in-depth reports have been complemented by follow-up reports every three to five years involving the peer review process envisaged in the Energy Charter process.

The review process will include monitoring, through follow-up reports, of compliance by member countries with the policy recommendations adopted by the Charter Conference in respect of earlier ICMS reports. This procedure will give member countries an opportunity to share their experiences in implementing policy recommendations and to discuss recent developments.

<b>4.2</b>	<b>Improving Entry Conditions for Foreign Investors</b> [ECT Articles 10(3), (5), (9)]	
	<i>Output:</i> Update the Blue Book and reduction in the number of remaining exceptions to non – discriminatory treatment	<i>Timing:</i> Ongoing
	<i>Contact person:</i> <u>Zafar Samadov</u>	<i>Estimated staff-months:</i> 6 months

The Secretariat will continue to maintain the “Blue Book” (i.e. non-conforming measures of Contracting Parties/Signatories in the pre-establishment phase of an investment) as a means to enhance transparency concerning existing country specific exceptions to the principle of non-discrimination with an overall aim of reducing the exceptions which in turn will improve entry conditions for foreign investors.

This activity also aims to give greater prominence to commitments of the Contracting Parties/Signatories not to introduce new non-conforming measures (“standstill clause”), and to provide for full transparency concerning existing country-specific exceptions of various types. Furthermore, the Secretariat will pursue the existing monitoring mechanism with respect to individual non-conforming measures notified by Contracting Parties/Signatories.

#### **4.3** | **Improving Energy Sector Transparency in the ECT Constituency – Conditions for Mutual Investment along the Energy Value Chain**

(i)	<i>Output:</i> Presentations from business associations and companies, national authorities on enhancing international standards on transparency	<i>Timing:</i> Q2 / Q4 2011
(ii)	Political support, promotion of transparency at multilateral fora and workshops	As required
<i>Contact person:</i> <u>Dario Chello</u>		<i>Estimated staff-months:</i> 1 month

Transparency is an essential condition for the efficient functioning of energy markets. Transparent regulatory procedures are indispensable to ensure a level playing field for national and foreign investors. Transparency gives more equal access to the market and more levelled chance to benefit from market opportunities; it also facilitates appropriate market entry. The Investment Group will continue to provide a policy platform for exchanging experiences on enhancing transparency policies related to investment framework and activities in the energy sector.

In 2010, the IG and the IAP exchanged experiences and concluded to provide support to the Extractive Industries Transparency Initiative (EITI) that actively promotes transparency in the energy sector of the ECT constituency. It should be noted that the primary responsibility for implementing the EITI should remain with participating governments themselves. The IG in close consultation with the IAP and other international institutions will continue work on promoting transparency in the energy sector and especially in respect of improved transparency in investment activities.

#### **4.4 | Review of ECT Implementation in Selected Areas and Risk Mitigation** *[ECT Article 2]*

	<i>Output:</i> Occasional papers and presentations to the Investment Group	<i>Timing:</i> Q2 / Q4 2011
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 6 months

To evaluate the risk mitigation at the international and national levels, the responses of governments and commercial actors to uncertainties of the emerging oil and gas markets, the Investment Group will continue exchange of information related to risk reduction dialog.

In this context, the Secretariat will prepare occasional papers on selected investment-related issues (relevant topics upon request from the member countries), and will continue to invite representatives of relevant bodies (energy companies, financial and judicial institutions, academia and international organisations) to make presentations on investment-related activities. In addition, new public awards on the ECT' based arbitration cases, new developments in respect of the international arbitration institutions will be reported to the members. Furthermore, effectiveness in implementation of the Treaty' provisions regarding investment promotion and protection is one of the most important functions of the Charter Process and the most valued feature in inducing energy investments, and exploring possible complementarities in investment protection may need to be elaborated further to raise awareness on improved investment climate.

#### **4.5 | Improving Conditions for Increased Investment in Low-carbon Economy in the ECT Constituency**

(i)	<i>Output:</i> Preparation of papers and presentations for promotion of low-carbon investments and conditions required thereof under the Charter process, possibly also via workshops	<i>Timing:</i> Q2 / Q4 2011
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 3 months 2 consultancy-months

With ever increasing concerns over global warming and climate changes, it recently has become a pressing issue to tackle these concerns, and this puts high in the agenda as how to ensure promotion of low-carbon policies. Investing in low-carbon economy emerges as one major target in a shift towards carbon free and energy efficient applications. The effectiveness of Treaty's investment provisions will need to be checked against the pressing needs for improved investment flows into low-carbon economy.

The Road Map for the Modernization of the Energy Charter Process notes that the interaction between the states' climate change policies and the ECT investment regime merits further analysis. As requested in output 2 of the Road Map's Area D, the Secretariat will assist member states in elaborating an assessment of the provisions of the ECT's provisions with regard to the subject of climate change and promotion of low-carbon investments, taking into account relevant assessments from other international organizations. Possible issues to be considered are access to technology and removal of barriers to low carbon investments as well as available avenues for providing legal protection.

## 5. CROSS-BORDER ENERGY FLOWS; TRADE AND TRANSIT

(64 staff-months, 6 consultancy months)

5.1	<b>Activities related to the Transit Protocol</b>	
	<i>Output:</i> Support to the finalisation of the draft Transit Protocol	<i>Timing:</i> Ongoing
	<i>Contact person:</i> <u>Steivan Defilla</u>	<i>Estimated staff-months:</i> 14 months

The Transit Protocol remains the most ambitious and advanced project to expand the legally binding regime of the Energy Charter Treaty in the specific area of energy transit. In view of growing cross-border trade and the growing importance of secure and reliable transit, there is a clear need for common rules to enable and facilitate energy transit as a means to ensure energy security and to facilitate energy trade. The aim to finalize the Energy Charter Protocol on Transit has been confirmed in Area B of the Road Map for the Modernization of the Energy Charter Process. The Secretariat will continue to support the Conference and the Trade and Transit Group in this endeavour, , addressing the needs of its envisaged constituency and the integration of the Protocol within the system of public international law.

The Secretariat will analyse the impact of the EU Third Energy Package within the context of the draft Transit Protocol, facilitating the ongoing negotiations of the draft Transit Protocol.

5.2	<b>Transparency on Energy Transport Facilities [ECT Article 7(2), 7(7)]</b>	
(i)	<i>Output:</i> Voluntary presentations at meetings of the Trade and Transit Group (made available to public) <ul style="list-style-type: none"> <li>- technical, legal and regulatory aspects of new cross-border pipeline projects</li> <li>- operational features of existing transit and interconnected transportation systems</li> <li>- industry guidelines and practices on operation of interconnected gas transportation systems</li> </ul>	<i>Timing:</i> Ongoing
(ii)	Voluntary presentations on existing congestion management mechanisms (incl. auctions)	Ongoing
(iii)	Instruments based on the ECT for crisis prevention	Ongoing
(iv)	Analysis of applicable rules related to the role of the Conciliator under the ECT Article 7(7)	Q3/Q4 2011
(v)	Reports on transit tariffs for oil and gas, including different systems for management of congestion	Q3/Q4 2011
	<i>Contact person:</i> <u>Florian Encke</u>	<i>Estimated staff-months:</i> 10 months 3 consultancy-months

Transparency and operational reliability of cross-border oil and gas transportation systems remains an area where the Energy Charter can make a useful contribution. The Secretariat will further analyse the core issues pertinent to the transparent and reliable operation of interconnected fixed energy transportation systems, based on Article 7(2) of the ECT and related principles included in the draft Transit Protocol.

The existing Transparency Initiative focusing on technical, legal and regulatory aspects of new cross border energy infrastructure will be complemented by addressing the operational features of existing transit and interconnected transportation systems as well as best practice of operational industry guidelines and practices.

To increase the transparency and practical use of Article 7(7) ECT as requested in Area C on Emergency Response of the Road Map for the Modernization of the Energy Charter Process, the Secretariat will work on an analysis of applicable rules related to the role of the Conciliator for discussion in the Trade and Transit Group and possible further follow-up.

A review of existing congestion management mechanisms (including auctions) within the Energy Charter constituency will be addressed within this context.

The Secretariat will provide further analysis of existing and possible mechanisms of crisis prevention within the context of the ECT.

In 2006 the Secretariat published the studies on oil and gas transit tariffs. Considering the interest of the ECT member states to the reports and events over the past years, illustrating the importance of transparency of the Transit Tariffs and access conditions to the transit infrastructure, the Secretariat proposes to update these reports.

<b>5.3</b>	<b>Implementation of the Trade Amendment</b>	
	<p><i>Output:</i></p> <p>(i) Review of changes in trade regime of ECT CPs, including relevant notifications under expanded trade regime in accordance with the Trade Amendment</p> <p>(ii) Update the Roster of panellists</p> <p>(iii) Publication of the new version of the Treaty text incorporating the changes due to the Trade Amendment</p> <p>(iv) Fostering/preparation of the discussion on bound tariff regime</p> <p>(v) Report examining implications of free trade agreements and customs unions on energy trade</p>	<p><i>Timing:</i></p> <p>Q2 2011</p> <p>Q2 2011</p> <p>Q4 2011</p> <p>Q4 2011</p> <p>Q4 2011</p>
	<p><i>Contact person:</i></p> <p><u>Yulia Selivanova</u></p>	<p><i>Estimated staff-months:</i></p> <p>6 months</p> <p>3 consultancy months</p>

The priority in the Energy Charter trade regime in 2011 is to create an implementation system for the Trade Amendment. It is proposed to conduct a review of changes in trade regime of ECT CPs, this includes an update of notifications under the expanded trade regime of the ECT after entrance into force of the Trade Amendment. The roster of panellists should be updated. It is proposed to compile and publish the new version of the Treaty text incorporating the changes due to the Trade Amendment.

The discussion should be re-opened on the replacement of “soft law” provisions of the ECT on tariffs by bound tariff regime with the aim to adopt the respective Conference decision. The Secretariat will organise a special meeting of trade experts.

Considering the increased formation of free trade agreements and customs unions both among the ECT members and globally, the interest was expressed in an analysis of effects such agreements have on trade in energy materials and products and related equipment as well as

conditions of related transportation. The proposed report would elaborate to what extent energy trade has been affected by existing FTAs and customs unions as well as examine the implications under existing trade rules.

<b>5.4</b>	<b>Trade in Clean/Environmentally Friendly Energy Technologies and Equipment</b> <i>[ECT Articles 8, 19(1)(d), 19(1)(g), 29]</i>	
(i)	<i>Output:</i> Report and case studies on policies and trade measures aimed at promotion of clean energy, study of barriers to trade in such technologies.	<i>Timing:</i> Q1/2/4 2011
(ii)	Workshop on trade in clean energy technologies (based on outcome of discussion of the TTG in October 2010)	Q1/2 2011
	<i>Contact person:</i> <u>Yulia Selivanova</u>	<i>Estimated staff-months:</i> 10 months

The Secretariat proposes to continue its work on promotion of trade and technological transfer in the energy sector. In line with discussions in TTG and Strategy Group, it is proposed to focus on implementation of trade provisions of the ECT with emphasis on trade in clean energy technologies. This could include both discussion of policies aimed at development of such technologies in the ECT members states and identifying barriers to trade in such goods and technologies. Presentations of government representatives and private sector will be encouraged. Sharing of experiences and best practices as well new initiatives on capacity building in this area could be carried out.

<b>5.5</b>	<b>Regional Energy Cooperation</b> <i>[ECT Articles 3, 4, 7, 10]</i>	
(i)	<i>Output:</i> Continuing the work with the Task Force on Regional Electricity Cooperation within the Central Asian republics and with selected South Asian countries.	<i>Timing:</i> Q2/4 2011
(ii)	Continuing the work with the East Asian countries (Mongolia, Russia, Japan, China, and Korea) on maximizing their potential for regional cooperation.	Q3 2011
(iii)	Promoting the principles of the Energy Charter for developing international energy networks and corridors in the West Mediterranean.	Q2 2011
	<i>Contact person:</i> <u>Thea Khitarishvili</u>	<i>Estimated staff-months:</i> 14 months

The Secretariat will continue its work on promoting regional energy cooperation, focusing on: a) maximizing the use of the Energy Charter principles; b) sharing the knowledge on best practices; and c) promoting a dialogue between regional economies on energy policies, sector developments and market reforms. The Secretariat's activities related to the regional energy cooperation will include:

- i) The Secretariat will continue to support the Task Force on Regional Electricity Cooperation within the Central Asian countries and with selected South Asian countries (the Task Force), which was established at a meeting in Bishkek in April 2007. The Task

Force meetings focus on sharing knowledge on best practices within the Energy Charter constituency, updating member delegates on latest developments within the Central and South Asian countries and making maximum use of the Energy Charter/implementing the Energy Charter provisions. In 2011 The Secretariat will organise the following meetings: a) a meeting of the Task Force in Central Asia (spring 2011) and b) a Ministerial (the Task Force countries) meeting in South Asia, preferably in Pakistan (autumn 2011).

- a) The Task Force meetings will continue discussions and practical activities on the further development in the Secretariat’s Legal Affairs Unit of Electricity Model Agreements (EMAs) relating to the inter-operability of electricity systems and markets (Market and System Inter-Operability Agreement or IMA). In addition to the well established agenda for the Task Force, the meeting will consider opening the floor for discussions on renewable energy sources, aiming at identifying the potential for improving cooperation.
- b) The Ministerial meeting of the Task Force member countries will aim at reviewing the work done by the Task Force and its pertinence to this region and ongoing regional projects and will be organised in view of advancing/facilitating Pakistan’s and Afghanistan’s Accession to the Energy Charter Treaty.
- ii) The Secretariat will continue its work related to enhancing the cooperation in the North Eastern part of the Energy Charter Constituency and will follow up its work on regional energy cooperation in East Asia (Mongolia, Russia, Japan, China and Republic of Korea). It will consider organising a follow up meeting (preferably in China), with the aim to identify the potential for a wide-ranging cooperation in energy amongst these countries.
- iii) The Secretariat’s work for 2011 will address the role of a corridor linking ECT countries to the North Africa in the West Mediterranean countries and will target development of an electricity transit corridor.

These activities will be open to participation from all member and observer states and relevant international organisations.

<b>5.6</b>	<b>Approval procedures and financing mechanisms for energy transport infrastructure</b> <i>[Title I Energy Charter, Article 7(2) ECT]</i>	
	<i>Output:</i> Strategy paper outlining the scope for international governmental co-operation related to approval procedures and financing mechanisms for energy transport infrastructure	<i>Timing:</i> Ongoing Q4 2011
	<i>Contact person:</i> <u>Steivan Defilla</u>	<i>Estimated staff-months:</i> 10 months

In the Energy Charter of 1991, the signatories pledged to promote the development and interconnection of energy transport infrastructure; and according to Art. 7(2) ECT, Contracting Parties shall encourage relevant entities to co-operate, among other things, in the development and operation of Energy Transport Facilities serving the Areas of more than one Contracting Party. The discussion of President Medvedev’s “Conceptual Approach” in 2009 provoked some initial ideas on how the Charter could make a useful contribution with regard to long-term planning and promotion of energy infrastructure projects. Reference is made to Message 820,

which underlined in the context of the “Promotion of important infrastructure projects” the importance of smooth, coordinated and reliable authorization procedures and possible ways for their facilitation, coordination and acceleration. Another important aspect concerns the availability of adequate models of financing, which is essential for investment decisions and an effective division of labour between the public and the private sector.

The envisaged strategy paper will outline the scope for international governmental co-operation in the context of the Energy Charter related to approval procedures and financing mechanisms for energy transport infrastructure.

**6. ENERGY EFFICIENCY AND RELATED ENVIRONMENTAL ASPECTS**  
(35 staff-months, 4 consultancy months)

<b>6.1</b>	<b>Review Process</b>	
(i)	<i>Output:</i> Two In-depth Reviews of National Energy Efficiency Policies	<i>Timing:</i> Q1/Q4 2011
(ii)	Two Regular Energy Efficiency Reviews	Q1/Q4 2011
(iii)	Two PEEREA WG meetings	Q1/Q4 2011
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 18 months 2 consultancy-months

The country review process will continue to be a core activity in monitoring and facilitating the implementation of the PEEREA. The reviews as well as the Round Table presentations about the latest national developments and events in the area of energy efficiency provide the basis for policy discussions and exchanges of experiences in policy formulation and implementation between the member countries.

The in-depth reviews are the main tool for offering peer guidance to governments in developing and implementing energy efficiency policies. Countries that have completed reviews have indicated that they have been central in the development of national policies. These reviews will continue to be conducted in partnership with selected countries. They have proven to be a useful instrument for the assessment of the implementation of the Energy Charter Treaty. This has been a very successful activity since 2000.

The reviews, which monitor the progress made by participating countries in implementing the PEEREA obligations, should be updated at regular intervals, at least every five years. The Secretariat will assist countries in preparing and presenting their reports. The Secretariat will continue its efforts to ensure an overall balance in the review process between reviews of OECD and non-OECD countries.

In 2011, the Secretariat will consider the scope and structure of reviews to ensure they remain strongly tied to each country's needs. This year will also see the introduction of possible new approaches to reviews, including closer cooperation with the IEA on regular reviews of OECD countries and an indicative schedule of reviews for the non-OECD.

This work item also includes the resources necessary for the technical support to the PEEREA WG and its members.

<b>6.2</b>	<b>International Cooperation for Energy Efficiency</b>	
(i)	<i>Output:</i> Cooperation with IPEEC	<i>Timing:</i> Ongoing
(ii)	Cooperation with other international organisations	Ongoing
	<i>Contact person:</i> <u>Bilyana Chobanova</u>	<i>Estimated staff-months:</i> 7 months

The Energy Charter will continue to work with other international agencies engaged in energy efficiency initiatives to devise a clear plan of different responsibilities, expertise and experience in order to develop an integrated approach to energy efficiency, as requested in Area E of the Road Map for the Modernization of the Energy Charter Process.

In particular, the PEEREA Working Group will continue to serve as a forum for networking and exchange of information with the following organisations: the International Partnership on Energy Efficiency Cooperation (IPEEC), the International Energy Agency (IEA) and the United Nations Economic Commission for Europe (UNECE). Working through the framework of IPEEC, the Energy Charter will take part in the WEACTION initiative (Worldwide Energy Efficiency Action Trough Capacity Building and Training) of the Italian Government as a Co-ordinator of the Policy Assistance Network (PAN), which is established to provide a post WEACTION event support to Participants, many of which are anticipated to be Member States and/or Observer States who may need follow-up assistance and guidance to the most suitable practitioners and resources on energy efficiency governance.

In addition, the ECS will make the developed training materials available to the non-participating Member States from the FSU in an effort to support them in formulating and strengthening their energy efficiency policies and programmes.

It is anticipated that the final report of WEACTION achievements will be presented at the French G20 Summit in November 2011.

6.3	<b>Improving Energy Efficiency in the Building Sector</b>	
(i) (ii)	<i>Output:</i> Draft report Final report Panel Discussion at PEEREA WG meeting	<i>Timing:</i> Q2 2011 Q4 2011
	<i>Contact person:</i> <u>Boris Petkov</u>	<i>Estimated staff-months:</i> 10 months 2 consultancy-month

Pursuant of Article 9 of PEEREA and its Annex, improving energy efficiency in the building sector is an identified area of co-operation between the Contracting Parties and is proposed as a topic for a panel discussion at the PEEREA WG meeting.

In earlier meetings a number of delegates signalled their Governments intention to significantly reduce energy use in buildings as an important element in their climate change strategy, and their approach to securing energy supplies in the future. The minimum energy efficiency requirements in the building standards/codes/norms are one of the mechanisms through which these reductions are to be achieved. The principal building legislation that seeks to control CO2 emissions from buildings is split into four categories: new dwellings; existing dwellings; new non-domestic buildings and existing non-domestic buildings. The Secretariat proposes to stimulate co-operation between the Member Countries through exchanging information about standards, codes, norms and labels for buildings as a vehicle of accelerating the market penetration of best practice levels. Special attention will be paid to on-going policy discussions related to introducing more stringent building regulations with regards to building the Homes for the future, which should be more affordable and more sustainable.

Furthermore, an overview of financial incentives developed to improve the access to capital in support of implementation of stringent building codes, regulations and standards will be identified. A large number of financial and fiscal measures to promote energy efficiency in

buildings have historically been or are currently in place throughout the Energy Charter member countries, however, no integrated mapping of these measures or analysis of their effectiveness exists. Best practices and lessons learnt from instruments implementation will be identified and recommendations provided to policy makers in Member States that are considering design and implementation of such instruments. To better understand factors that determine success and failure of financial and fiscal instruments for energy efficiency detailed information will be collected for selected country cases, including the policy and market environment in which the policies operate, the budgets involved, the operating mechanisms of the instruments and to what extent, and why, these instruments were successful in delivering more energy efficiency.

Workshops on specific issues may be held in interested countries/regions, including a focus on practical partnership between developed and transition/developing countries in the implementation of energy efficiency policies and programmes in support of energy efficiency in the building sector.

**7. LEGAL AFFAIRS**  
(25 staff months)

<b>7.1</b>	<b>Standing Responsibilities of Legal Affairs</b>	
(i)	<i>Outputs:</i> Provision of legal advice to the Conference and the Secretariat: - on the interpretation and application of the Energy Charter Treaty - on internal and administrative matters	<i>Timing:</i> As required
(ii)	Relations with the Depository	As required
(iii)	Custody and organisation of the ECT <i>travaux préparatoires</i> , including archiving system	As required
	<i>Contact person:</i> <u>Graham Coop</u>	<i>Estimated staff-months:</i> 11 months

Legal Affairs' essential responsibility is to provide legal advice as requested by the Charter Conference and its subsidiary bodies as well as to all departments of the Secretariat, on issues related to the interpretation and application of the Energy Charter Treaty and related instruments (including the Rules of Procedure of the Charter Conference). These include both substantive issues and procedural issues. It is likely that many of these issues will require significant input from Legal Affairs in the course of 2011.

Legal Affairs also provides legal advice to the Secretariat regarding its daily operations, in particular regarding relations with the host government and in the area of human resources.

The Government of the Netherlands is the Depository of the 1991 European Energy Charter and the Government of Portugal is the Depository of the 1994 ECT and PEEREA. The Secretariat will continue to have regular communications with both Depositories regarding the documents in their custody. Moreover, the Secretariat regularly receives enquiries from member states, law firms and members of the public regarding documents normally in the custody of the Depository of the ECT and PEEREA; from time to time the Depositories receive similar enquiries regarding documents normally in the custody of the Secretariat. The Secretariat will continue to coordinate and apply a joint policy with the Depositories regarding access to such documents.

As member states will recall, Legal Affairs keeps the archives of the Energy Charter process since its inception, and keeps original documents relating to meetings of the negotiating groups as well as internal working documents (documentary *travaux préparatoires*). Legal Affairs also keeps audio recordings of these meetings (audio *travaux préparatoires*) and copies of documents which are kept by the respective Depositories of the original legal instruments (the governments of The Netherlands for the Charter and of Portugal for the Treaty, PEEREA and the Trade Amendment).

In 2008, a budget was allocated to the digitisation of the audio *travaux préparatoires* and other records of the Charter, thus ensuring the conservation of and facilitating access to these important archives. Legal Affairs intends to maintain and improve the archiving system now in place for these *travaux* and other documents, including the development of a summary of the history of negotiation of the various provisions of the ECT.

<b>7.2</b>	<b>Raising Awareness in Relation to the ECT Dispute Settlement Mechanisms</b>	
(i)	<i>Outputs:</i> Responding to enquiries concerning the application and implementation of the ECT	<i>Timing:</i> As required
(ii)	Updating table of disputes brought under Article 26 ECT	As required
	<i>Contact person:</i> <u>Graham Coop</u>	<i>Estimated staff-months:</i> 6 months

In line with the PoW of the previous years and the conclusions of the 2004 Review, Legal Affairs will continue to raise awareness in relation to ECT dispute settlement mechanisms and, more generally, in relation to the Energy Charter process and its legal instruments, the ECT and PEEREA.

Given the growing number of arbitrations brought under Article 26 ECT (the mechanism for settlement of disputes between an Investor and a member state) and the interest raised by such cases, Legal Affairs will continue to update the information available on the website and to inform member states of developments in these cases, as requested.

<b>7.3</b>	<b>Model Agreements</b>	
(i)	<i>Outputs:</i> Development of Terms of Reference for Model Investment Agreement (MIA)	<i>Timing:</i> Throughout 2011
(ii)	Review and update of Electricity Model Agreements (EMAs), including Market and System Inter-Operability Agreement (IMA), and Pipeline Model Agreements (PMAs)	Throughout 2011
(iii)	Continue to raise awareness of Model Agreements (MAs) with international law firms and energy industry	Throughout 2011
	<i>Contact person:</i> <u>Graham Coop</u>	<i>Estimated staff-months:</i> 4 months

At its meeting in Ulaanbaatar, Mongolia in July 2010, the Regional Task Force requested that the Secretariat develop a Model Investment Agreement for use by member states. The Secretariat intends to advance this project and develop the Terms of Reference for Model Investment Agreements (MIA), with the assistance of the pro bono Legal Advisory Task Force (LATF), in 2011, as envisaged in the Road Map for the Modernization of the Energy Charter Process, Area D, output 2.

LA will continue to review and update the Electricity Model Agreements (EMAs) and Pipeline Model Agreements (PMAs) in light of market developments and, as in previous years, will continue to raise awareness of the MAs with relevant energy industry participants and international law firms.

<b>7.4</b>	<b>Explore Enhancement of Arbitration Procedures under Art. 27 ECT</b>	
	<i>Outputs:</i> Report on how the Energy Charter Treaty can contribute to resolving urgent energy disputes through possible streamlined arbitration procedures, with specific text proposals	<i>Timing:</i> Q4 2011
	<i>Contact person:</i> <u>Graham Coop</u>	<i>Estimated staff-months:</i> 4 months

In the course of various meetings during 2010, member state delegations have expressed interest in the development, on the basis of Treaty provisions, of mechanisms to rapidly resolve urgent energy disputes. This objective has been integrated in the Road Map for the Modernization of the Energy Charter Process, more precisely in its Area C. Legal Affairs intends to pursue this project throughout 2011, with extensive recourse to the expertise of the pro bono Legal Advisory Task Force, and with the involvement of the Legal Advisory Committee and other Energy Charter subsidiary bodies.

## **8. ADMINISTRATION AND FINANCE** (66 staff-months)

The main areas of work of Administration and Finance are Budget, Personnel, Financial Administration, Information Technology and Support Services; specific activities are as follows:

- Budget: preparation of draft Budgets, financial control of expenditure, collection of outstanding contributions and preparation of documents for the Budget Committee;
- Personnel: recruitment and appointment procedures and all other issues related to the implementation of the Secretariat's Staff policies and rules;
- Financial Administration: administration and control of all commitments, payroll and expenditure; preparation of annual Financial Statements and assistance in the Audit procedure;
- Information Technology: maintenance and upgrading of all communication and other technical facilities of the Secretariat, ensuring the functioning of all IT systems, developing and maintaining the public and restricted areas of the organisation's website;
- Administration and Support Services: various activities, notably office management, document dissemination procedures and support for all Energy Charter meetings.

## ACTIVITIES FINANCED BY VOLUNTARY CONTRIBUTIONS

<b>5.7</b>	<b>Physical Security of Energy Infrastructure</b> <i>[ECT Article 7, Energy Charter – Title I]</i>	
	<i>Outputs:</i> Report on physical security of energy infrastructure	<i>Timing:</i> Q4 2011
	<i>Contact person:</i> <u>Steivan Defilla</u>	<i>Estimated staff-months:</i> 6 months

As an additional activity based on ECT Article 7.5 on “securing established flows” as well as the Energy Charter (Title I – chapeau: “enhance safety”) the Secretariat could support and organise expert advice on issues related to physical security of energy transport infrastructure, by drawing on member states’ knowledge and experience. This would include discussing existing practices within the context of the state’s responsibility to maintain public order and/or project-specific security measures.

<b>5.8</b>	<b>Regional Electricity Markets in Countries in Transition</b>	
	<i>Outputs:</i> Paper and expert meeting	<i>Timing:</i> Q3 2011
	<i>Contact person:</i> <u>Steivan Defilla</u>	<i>Estimated staff-months:</i> 6 months

Several countries in transition are adapting their electricity markets to the design of countries / regions with open electricity markets, also with a view of a later regional integration.

The Secretariat will compile the experience of electricity market reform and market design in countries in transition in a paper, which will serve as a basis for an expert meeting to discuss the lessons to be learned from such experiences and to discuss the potential relevance and further variations of Model Market and System Inter-Operability Agreement (IMA).

<b>5.9</b>	<b>Energy specific commitments in completed WTO accessions</b>	
	<i>Outputs:</i> Report on energy specific commitments in completed WTO accessions	<i>Timing:</i> Q2 2011
	<i>Contact person:</i> <u>Steivan Defilla</u>	<i>Estimated staff-months:</i> 4 months

The analysis of energy specific commitments that have been made during WTO accessions is an element of interest for Energy Charter countries, especially those that are still in the process of WTO accession. The report will give an overview of these commitments and highlight similarities and differences between countries.

## SUMMARY OF STAFF MONTH CALCULATIONS

## CORE BUDGET

	<i>Activity</i>	<i>Staff months<sup>1</sup> (core budget)</i>
<b>1.</b>	<b>Private Office</b>	<b>84</b>
<b>2.</b>	<b>Strategic development</b>	<b>31</b>
	2.1 Support to the Energy Charter Strategy Group	12
	2.2 Ratification of the Treaty / TA / PEEREA	4
	2.3 Accession to the Treaty / TA / PEEREA by new members	5
	2.4 Response to interest and request from non-member countries	10
<b>3.</b>	<b>Cross-Cutting Activities</b>	<b>8</b>
	3.1 Annual Policy Conference	4
	3.2 Support to the Industry Advisory Panel	4
<b>4.</b>	<b>Investment</b>	<b>35</b>
	4.1 Reports on Investment and Market Structure	19
	4.2 Improving Entry Conditions for Foreign Investors	6
	4.3 Improving Energy Sector Transparency in the ECT Constituency – Conditions for Mutual Investment along the Energy Value Chain	1
	4.4 Review of ECT Implementation in Selected Areas and Risk Mitigation	6
	4.5 Improving Conditions for Increased Investment in Low-carbon Economy in the ECT Constituency	3
<b>5.</b>	<b>Cross-border energy flows; Trade and Transit</b>	<b>64</b>
	5.1 Activities related to the Transit Protocol	14
	5.2 Transparency on Energy Transport Facilities	10
	5.3 Implementation of the Trade Amendment	6
	5.4 Trade in Clean/Environmentally Friendly Energy Technologies and Equipment	10
	5.5 Regional Energy Cooperation	14
	5.6 Approval procedures and financing mechanisms for energy transport infrastructure	10
<b>6.</b>	<b>Energy Efficiency and Related Environmental Aspects</b>	<b>35</b>

<sup>1</sup> This calculation corresponds to the Establishment Table of 28 staff (28 x 12 = 336), plus 12 months of secondees' time.

	<i>Activity</i>	<i>Staff months<sup>1</sup> (core budget)</i>
	6.1 Review Process	18
	6.2 International Cooperation for Energy Efficiency	7
	6.3 Improving Energy Efficiency in the Building Sector	10
<b>7.</b>	<b>Legal Affairs</b>	<b>25</b>
	7.1 Standing responsibilities of Legal Affairs	11
	7.2 Raising Awareness in relation to the ECT Dispute Settlement Mechanisms	6
	7.3 Model Agreements	4
	7.4 Explore Enhancement of Arbitration Procedures under Art.27 ECT	4
<b>8.</b>	<b>Administration &amp; Finance</b>	<b>66</b>
	<b>TOTAL</b>	<b>348</b>