

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2011

10 WPR

Brussels, 29 November 2011

Related documents: CC 419 Rev. 2, CC 432 Rev.

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Energy Charter's Work Programme for 2012

[The Energy Charter Conference at its 22nd Meeting held on 29th November 2011] *adopted* the Secretariat's Work Programme for 2012, as proposed in document CC 419 Rev 2 (Annex).



ENERGY CHARTER SECRETARIAT

WORK PROGRAMME 2012

DATED 24 NOVEMBER 2011

DETAILED ACTIVITY SCHEDULE

POLICY AREA A: PROMOTION OF THE ENERGY CHARTER AND THE ENERGY CHARTER TREATY

A.1	Promotion of the Energy Charter, implementation of the ECT	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible:</i> <u>PO</u>	<i>Estimated staff-months:</i> 36 months (*)

(*) This figure includes suppression of one B Post in the Private Office from September 2012.

The Secretary General supported by the Private Office will take the lead in promoting the authority and visibility of the Energy Charter and in drawing attention to the Energy Charter principles and instruments. The value of the Energy Charter Treaty as an international legal framework which mitigates risks affecting the energy sector will be emphasised and promoted. The contribution of the Energy Charter to international energy security will be highlighted. Such initiatives will include contact with the governments of Member and Observer States. The Private Office will also maintain and develop relations with relevant international organisations and institutions including where appropriate political level contact through diplomatic representations in Brussels. The Private Office will work jointly with the Directorates of the Secretariat to facilitate cooperation among the Member States and to ensure implementation of the principles of the Charter, the Treaty and PEEREA.

A.2	Assisting in the follow-up to the Art. 34(7) Review	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible:</i> <u>PO</u>	<i>Estimated staff-months:</i> 7 months

The Private Office will continue to assist the Conference and its subsidiary bodies in following up on the Review conducted in accordance with Article 34 (7) in 2009. In 2012 the third year since that review, there will also be input from the Member States through the Strategy Group in particular on the issues related to the Modernisation of the Energy Charter Process.

A.3	Information policy	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>PO</u></i>	<i>Estimated staff-months:</i> 6 months

The Private Office will continue to conduct an active external information policy in order to raise public awareness of the Treaty. The Energy Charter website is an important external portal complemented by dissemination of the Energy Charter newsletter and by printed and electronic materials produced by the Secretariat. In addition the Private Office will continue to be responsible for the coordination, monitoring and quality control of all work relating to the translation of Energy Charter documents from and into the Russian language.

A.4	Preparation of the Twenty Third Energy Charter Conference meeting	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>PO +DEI+DTT</u></i>	<i>Estimated staff-months:</i> 7 months (i.e.6 months PO, 0.5 DEI, 0.5 DTT)

In accordance with the Treaty the Secretariat is responsible to and reports to the Charter Conference. As is now well established practice, this will take place late in the year 2012 and will deal with the functions set out in Article 34 (3) of the Treaty.

A.5	Annual Report	
	<i>Outputs:</i>	<i>Timing:</i> February / April
	<i>Unit responsible: <u>PO</u></i>	<i>Estimated staff-months:</i> 3 months

As specified in the Road Map for Modernization an Annual Report will be prepared to provide a description of the activities of the Charter process in 2011. The Report will be

produced for two purposes; accountability to Member States, and as a public relations document.

A.6	Outreach and Expansion	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>PO + LA</u></i>	<i>Estimated staff-months:</i> 20 months (i.e. 17 PO and 3 LA)

The Private Office will continue to implement the ECT's Outreach and Expansion Policy. This is of added value for the existing constituency, in view of international developments in energy cooperation, markets and transportation networks, and global trends on the energy market. The activity will focus on global major suppliers and consumers, and also on regions neighbouring the current constituency; such as the Middle East, Asia and North Africa. The ultimate goal of this policy is to expand the ECT's legally binding regime to relevant countries and to strengthen the ECT's global authority.

Effective interaction of the Energy Charter with other international organisations will continue to be monitored as an important demonstration of the openness of the Energy Charter Process. Granting observer status to such organisations will be encouraged wherever appropriate and feasible.

These activities, developed in cooperation with the Directorates of the Secretariat will be broadly spread between:

- a. raising the visibility of the ECT by responding to requests for information by those non-members, who are considering joining the Energy Charter process as observers; developing and making full use of ECS' institutional relationship with observer international and regional organisations or groupings involved in energy security issues,
- b. assisting those observer countries through the various stages of the accession process.

In doing so, efforts will be made to expand the span of the ECT constituency in order to develop it into a global organisation, in line with the globalisation of the energy market. The comparative advantage of the Energy Charter Treaty and its related instruments, as a unique legally binding instrument in the energy field, will be emphasised and promoted.

A.7	Ratification, Consolidation	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: PO+ <u>DTT + Legal Affairs</u></i>	<i>Estimated staff-months:</i> 18 months (i.e. 14 PO, 2 DTT and 2 LA)

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. This will also extend to informing 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 Contracting Parties will be fostered, especially by those countries that remain outside the WTO.

A.8	Annual Policy Conference	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>PO, DEI and DTT</u></i>	<i>Estimated staff-months:</i> 4 Months (i.e. 3 months PO, and 0.5 for each of DTT and DEI)

The Annual Policy Conference for 2011 had been tentatively planned in cooperation with the Union of the Mediterranean. This was in part in furtherance of the targeted expansion and consolidation of the Charter's geographical scope as set out in the Road Map for Modernisation. However given the ongoing and unresolved political events in North Africa it is now most unlikely that this important event will take place in 2011. Nonetheless due to the potential significance of this initiative, the question of such a Policy Conference will be carefully examined early in 2012 by the Secretary General in the light of the then situation. Any Policy Conference will be open to Energy Charter members and key non-Member States, as well as international organisations and private sector participants.

POLICY AREA B: TRANSIT/CROSS-BORDER TRADE

B.1	Activities related to the Transit Protocol [Art. 7 ECT, CC 372, CC 402]	
	<i>Output:</i> Support to the finalisation of the draft Transit Protocol and organisation of 2 TTG meetings Report on common standards for energy transit as reflected in the draft Transit Protocol and their potential role for the facilitation of gas and electricity transit	<i>Timing:</i> Ongoing Q1 and Q 3
	<i>Unit responsible: <u>DTT</u></i>	<i>Estimated staff-months:</i> 8 months (*)

(*) **Subject to voluntary contribution, in the absence of which only 5 staff months will be allocated to this activity in 2012 and the report on common standards for energy transit will be postponed.**

The Secretariat will stand ready to continue to assist the TTG in working towards the finalisation of the draft Transit Protocol as mandated by the Conference (CC 372, CC 402 - Road Map for Modernisation). Options for adaptations to the text of the draft Transit Protocol will be analysed in order to meet current requirements more effectively, to increase its usefulness for promoting concrete energy projects and to ensure its acceptability from the perspective of national and EU legislation.

The Secretariat's report will set out the common standards reflected in the draft Transit Protocol as well as the lessons learnt during its negotiation, so as to make these available in a different geographical context and more universally in terms of the form of energy transited. The focus will be on the question of how this experience may be used to facilitate effective construction and/or operation of future and existing trans-boundary gas and electricity projects, including in the Mediterranean region and in Central Asia.

B.2	Methodology for electricity transit tariffs in transition countries	
	<i>Output:</i> Study analysing electricity interconnections and issues related to electricity transit and transit tariff methodologies in the CIS and selected South Asian countries.	<i>Timing:</i> Q3
	<i>Unit responsible: <u>DTT</u></i>	<i>Estimated staff-months:</i> 2 months + 6 months consultancy

The Secretariat proposes to undertake a study analysing electricity interconnections and issues related to electricity transit and transit tariff methodologies in transition countries. The study will also examine a draft transit tariff methodology, proposed by the executive committee of CIS Power Council. The proposed outcome will take into account national specificities, requirements for implementation of the Energy Charter principles and agreements between CIS countries.

B.3	Regional Electricity Markets in Countries in Transition	
	<i>Outputs:</i> Paper analysing electricity market reforms and market designs in countries in transition	<i>Timing:</i> Q3
	<i>Unit responsible:</i> <u>DTT</u>	<i>Estimated staff-months:</i> 3 months

In 1998 and 2005, the CIS Power Council signed an agreement aimed at adapting their electricity markets to the design of countries or regions with open electricity markets, taking into account the Energy Charter Treaty as well as the EU Directive 2003/54/EC and Regulation 1228/2003.

The Secretariat will compile the experience of electricity market reform and market design in the CIS countries in a paper, to serve as a basis for an expert meeting of the Task Force on Regional Cooperation which will discuss the potential relevance and further adaptation of Model Market and System Inter-Operability Agreement (IMA), for this region.

B.4	Transparency on Energy Transport Facilities [ECT Article 7(2)]	
	<i>Output:</i>	<i>Timing:</i>
(i)	Exchange of information on cross-border infrastructure projects, regulation and operational aspects with regard to interconnected systems	Ongoing
(ii)	Analysis of the role of revenue transparency from transit proceeds for energy security	Q1/Q2
(iii)	Promotion of the updated ECS reports on transit tariffs for oil and gas	Ongoing

<i>Unit responsible: <u>DTT</u></i>	<i>Estimated staff-months: 8 months (*)</i>
-------------------------------------	---

(*) **Subject to voluntary contribution, in the absence of which only 4 staff months will be allocated to this activity in 2012 and the analysis of the role of revenue transparency from transit proceeds will be postponed.**

Transparency and operational reliability of cross-border oil and gas transportation systems continues to be 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) ECT and related principles included in the draft Transit Protocol. The Secretariat will further promote the exchange of information on cross-border infrastructure projects, regulation and operational aspects with regard to interconnected systems.

Voluntary presentations at the Trade and Transit Group on different aspects related to cross-border infrastructure will continue to focus on

- technical, legal and regulatory aspects of new cross-border infrastructure projects
- operational features of existing transit and interconnected transportation systems
- industry guidelines and practices on operation of interconnected gas transportation systems

The Secretariat will facilitate an exchange of information on practices with regard to energy regulation and will promote cooperation among Transmission System Operators.

Following the Public Statement on Supporting the Extractive Industries Transparency Initiative (EITI) and Strengthening Transparency in the Energy Sector of the ECT Constituency adopted by the Energy Charter Conference on 24 November 2010 and a first discussion at the Trade and Transit Group on 8 June 2011 devoted to the possibility of extending the EITI principles to transit of energy, the Secretariat stands ready to work with the EITI on transparency standards for transit operations.

The ECS reports on transit tariffs for oil and gas updated in 2011 will be promoted to the public, in Member States and beyond as part of the Charter's outreach strategy.

B.5	Implementation of the Trade Provisions of the ECT	
	<i>Output:</i>	<i>Timing:</i>
(i)	Continuation of the review of changes in trade regime of ECT CPs in accordance with the Trade Amendment	Q2
(ii)	Discussion on possibility to move to binding import/export tariff regime	Ongoing

<i>Unit responsible: <u>DTT</u></i>	<i>Estimated staff-months:</i> 4 months
-------------------------------------	--

In 2011 the Secretariat commenced the reviews of customs duties regime of ECT members. Based on the conclusions of the Trade Experts meeting 22 September 2011, the Secretariat will finalise the review process, and in particular will address the export duties applied by the ECT members. Based on the information received, the Secretariat will compile a transparency document. The review will aim to provide information with regard to existing trade laws affecting the energy sector in those ECT members that are not yet members of the WTO, in accordance with the transparency and notification requirements under the Trade Amendment.

Discussion has been re-opened in 2011 on the replacement of “soft law” provisions of the ECT on customs duties and charges by binding regime with the aim to adopt the respective Conference decision. Following a special meeting of trade experts organised by the Secretariat on 22 September 2011, addressing the possibility of moving to binding customs duties regime under the ECT, additional work will be needed to move to such regime. Based on the outcome of the review of customs duties regime, the Secretariat will formulate proposals on moving selected items to Annexes EM II and EQ II that will be presented to Trade Experts meeting and subsequently to TTG.

B.6	Review of HS Changes Affecting ECT Annexes EM I and EQ I	
	<i>Output:</i> Review of the possibility to introduce technical changes to Annexes EM and EQ due to evolving changes in the Harmonised System	<i>Timing:</i> Q3
	<i>Unit responsible:</i> <u>DTT</u>	<i>Estimated staff-months:</i> 3 months

During the preparation of the review of ECT members' tariff regimes it became evident that the Harmonised System had evolved since the completion of negotiations on the ECT and the Trade Amendment. The delegations will receive for consideration a paper outlining the developments in the ECT-related commodity nomenclature and possibilities to adapt to these changes.

B.7	Energy Specific Commitments in Completed WTO Accessions	
	<i>Outputs:</i> Report on energy-related commitments in completed WTO accessions	<i>Timing:</i> Q2
	<i>Unit responsible:</i> <u>DTT</u>	<i>Estimated staff-months:</i> 3 months

The analysis of energy specific commitments that have been made during WTO accessions is of relevance for Energy Charter Members, 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. This work will benefit both sets of the ECT Members – those that are in process of accession to the WTO and those that negotiate energy issues with the countries acceding to the WTO.

B.8	Trade in Energy-related Products and Materials and Equipment Between the ECT States Outside WTO and Potential Candidates for Accession to the ECT	
------------	--	--

	<p><i>Outputs:</i></p> <p>Report / case study on existing trade flows between ECT members that are not WTO Members and China</p>	<p><i>Timing:</i></p> <p>Q3</p>
	<p><i>Unit responsible:</i> <u>DTT</u></p>	<p><i>Estimated staff-months:</i></p> <p>4 months (*)</p>

(*) Subject to voluntary contribution, in the absence of which only 1 staff month will be allocated to this activity in 2012 and the finalisation of the report will be postponed.

In order to strengthen the interest of ECT observer countries in possible accession to the ECT, it is critical to show the benefits the Treaty offers in key areas such as trade. Given the interest of the ECT members in strengthening the relationship with China, and furthermore their interest in China's possible accession to the ECT, it is proposed to conduct a study on existing trade flows between China and those ECT members that remain outside the WTO. The aim of the case study is to show the potential benefit from the trade perspective of China's accession to the ECT. China could benefit from trade protection under the Treaty in its relations with those countries where China exports its products (especially energy-related equipment), which are still outside WTO membership.

B.9	Regional Energy Cooperation <i>[ECT Articles 3, 4, 7, 10]</i>	
	<i>Output:</i>	<i>Timing:</i>
(i)	Continuing the work with the Task Force on Regional Electricity Cooperation within the Central Asian republics and with selected South Asian countries.	Ongoing
(ii)	Continuing the work with the East Asian countries (Mongolia, Russia, Japan, China, and Korea) on maximising their potential for regional cooperation.	
(iii)	Promoting the principles of the Energy Charter for developing international energy networks and corridors in the West Mediterranean.	
	<i>Unit responsible: DTT</i>	<i>Estimated staff-months:</i> 12 months (*)

(*) Subject to voluntary contribution and to the availability of a Senior Expert.

The Secretariat will continue its work on promoting regional energy cooperation, focusing on: a) maximising the use of the Energy Charter principles; b) sharing knowledge on best practices; and c) promoting dialogue between regional economies on energy policies, sector developments and market reforms. The Secretariat's activities related to the regional energy cooperation will include continuing 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 of best practices within the Energy Charter constituency, updating Member State delegates on latest developments within the Central and South Asian countries and making maximum use of the Energy Charter. In 2012 the Secretariat proposes to organise the following meetings, subject to availability of funds: a) a meeting of the Task Force in China (spring 2012); b) a meeting in Central or South Asia, and c) a meeting in Northern Africa.

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

Voluntary Contributions Activities

VC B.1	Study on gas market perspectives	
	<i>Output:</i>	<i>Timing:</i>

	Report or Study	To be decided
	<i>Unit responsible: <u>DTI</u></i>	<i>Estimated staff-months:</i> 5 months, subject to voluntary contribution

The financial crisis and economic downturn starting in September 2008 had a profound impact on natural gas demand. Global gas demand fell sharply between 2008 and 2009 and for the first time in decades, electricity demand also decreased.

Global LNG trade volumes however increased in 2009 and 2010 as Qatar started up six 7.8-million-tonne-per-year liquefaction trains. Then, the Fukushima accident occurred in March 2011. In the wake of this nuclear accident, natural gas has become a preferred power generation fuel.

Among the observed effects, inter-fuel competition between coal and gas as well as between pipeline gas and LNG are taking place; the prospects for American LNG imports are significantly reduced due to increasing unconventional gas production in the country, and the effect on gas prices and on the global economy is uncertain. The outlook for the LNG market is therefore as uncertain as ever.

Following the Secretariat's previous studies "Fostering LNG trade" (2008) and "Developments in LNG trade and pricing" (2009), this study will provide insights into the LNG market after the Fukushima accident.

Voluntary Contributions Activities

VC B.2	Construction procedures and durations of energy transport infrastructure <i>[Title I Energy Charter, Article 7(2) ECT]</i>	
	<i>Output:</i> Paper outlining conditions for expeditious planning and construction of energy transport infrastructure and lessons learnt from various parts of the ECT constituency	<i>Timing:</i> To be decided
	<i>Unit responsible: <u>DTI</u></i>	<i>Estimated staff-months:</i> 6 months subject to voluntary contribution

The planning and construction of large energy transport infrastructure takes very different lengths of time depending on the country in which the construction takes place. This report would attempt to analyse lessons learnt from various parts of the ECT constituency as to how approval procedures, financing and construction may be accelerated and would summarise the conditions that need to be in place for expeditious planning and construction of energy transport infrastructure.

Voluntary Contributions Activities

VC B.3	Energy networks and corridors in Africa	
	<p><i>Output:</i></p> <p>Strategy to be developed in a series of meetings comparable to those of the task force for regional cooperation.</p>	<p><i>Timing:</i></p> <p>To be decided</p>
	<p><i>Unit responsible:</i> <u>DTT</u></p>	<p><i>Estimated staff-months:</i></p> <p>6 months subject to voluntary contribution</p>

The G8 Energy Ministers, the European Energy Commissioner and the Energy Ministers of Algeria, Australia, Brazil, China, Egypt, India, Indonesia, Korea, Libya, Mexico, Nigeria, Rwanda, Saudi Arabia, South Africa and Turkey asked the Energy Charter Secretariat together with others to prepare a strategy for the development of energy networks and corridors and to assure transit towards the integration of national energy markets in Africa, while identifying financing mechanisms. In close cooperation with Germany and Austria, who are the two leading EU countries in charge of the EU-Africa dialogue, the Secretariat proposes to address this topic together with the stakeholders concerned in a series of meetings comparable in their format to the ones of the Task force for regional cooperation. Financing is to be assured entirely by the international financial institutions (World Bank, African Development Bank, Asian Development Bank, European Investment Bank, OPEC Fund for International Development) that received the mandate from the G8 together with the Energy Charter. The first step of this activity in 2012 will be to address the corridors linking Europe to Northern Africa.

Voluntary Contributions Activities

VC B.4	Energy networks and corridors in Central and South Asia	
	<p><i>Output:</i></p> <p>Paper analysing the possibilities of natural gas transportation from Central Asia to South Asia</p>	<p><i>Timing:</i></p> <p>To be decided</p>

<i>Unit responsible: <u>DTT</u></i>	<i>Estimated staff-months:</i> 5 months subject to voluntary contribution
-------------------------------------	---

The Secretariat proposes to undertake a study analysing possibilities of natural gas export from Central Asian Republics to selected South Asian Economies. The study will outline the gas supply demand scenarios in South Asia and in particular will examine the natural gas export potential of Uzbekistan to Afghanistan, Pakistan and India.

POLICY AREA C: EMERGENCY RESPONSE

C.1	Prevention of emergency situations and rapid response	
	<i>Outputs:</i> Discussion paper and, possibly, recommendation to the Conference with regard to an Energy Charter mechanism	<i>Timing:</i> Q1
	<i>Unit responsible:</i> <u>DTT</u>	<i>Estimated staff-months:</i> 5 months

In the context of the discussion in the Strategy Group in 2011 on the Modernization of the Energy Charter Process delegations have suggested developing the role of the Energy Charter in early warning, prevention and settlement of disputes, in the context of promoting safe and secure transit, including an emergency situation prevention and response mechanism.

Following an initial discussion in 2011 on the potential mechanisms for early warning, crisis prevention, mediation and dispute settlement, the Secretariat will assist Member States in developing a relevant tool. Progress on this activity is expected to strengthen the authority of the Energy Charter Treaty and its role in ensuring energy security.

C.2	Conciliation in transit disputes [ECT Article 7(7)]	
	<i>Output:</i> Tools for effective conciliation in emergency situations involving energy transit	<i>Timing:</i> Q2/Q3
	<i>Unit responsible:</i> <u>DTT</u>	<i>Estimated staff-months:</i> 5 months

In line with the Road Map for Modernisation and following a discussion on the current state of applicable rules related to the role of the conciliator under Art. 7(7) ECT, the Secretariat will develop tools for effective conciliation in emergency situations involving energy transit. Those could include additional provisions to complement and clarify the role of the conciliator and to strengthen his role in preventing, mitigating or settling disputes.

C.3	Explore Enhancement of Arbitration Procedures under Art. 27 ECT	
	<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
	<i>Unit responsible:</i> <u>LA</u>	<i>Estimated staff-months:</i> 4 months (*)

(*) **The feasibility of this activity depends on the availability of a General Counsel throughout 2012. If this is not the case, then only exploratory work (i.e. 1 staff month) will be done on this activity in 2012.**

In the course of various meetings during 2011, 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 2012, 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.

POLICY AREA D: INVESTMENT PROMOTION AND PROTECTION

D.1	Reports on Investment Climate and Market Structure (ICMS) <i>[ECT Article 10, Article 9]</i>	
(i)	<i>Outputs:</i> Follow-up ICMS Report	<i>Timing:</i> One in Spring 2012
(ii)	In-depth ICMS Report	One in Autumn 2012
	<i>Unit responsible: <u>DEI</u></i>	<i>Estimated staff-months:</i> 18 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 States, 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 States with the policy recommendations adopted by the Charter Conference in respect of earlier ICMS reports. This procedure will give Member States an opportunity to share their experience in implementing policy recommendations and to discuss recent developments.

The Secretariat will prepare one in-depth and one follow-up ICMS report in close cooperation with the Member States. The review process will include monitoring of the ECT implementation and compliance with the policy recommendations adopted by the Charter Conference. This activity will involve peer review process and will allow member countries to share their experience in implementing policy recommendations and presenting recent developments in the energy markets.

D.2 Improving Entry Conditions for Foreign Investors
[ECT Articles 10(3), (5), (9)]

<p><i>Output:</i> Update the Blue Book and reduction in the number of remaining exceptions to non-discriminatory treatment</p>	<p><i>Timing:</i> Ongoing</p>
<p><i>Unit responsible:</i> <u>DEI</u></p>	<p><i>Estimated staff-months:</i> 5 months</p>

The Secretariat maintains 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 the overall aim of reducing the exceptions. This 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.

The Secretariat will pursue the existing monitoring mechanism with respect to individual non-conforming measures notified by Contracting Parties/Signatories. The objective of this activity will be to monitor and limit to the minimum the exceptions, thus improving entry conditions in the making investment phase.

D.3 Improving Energy Sector Transparency in the ECT Constituency – Conditions for Mutual Investments along the Energy Value Chain

<p><i>Output:</i> ToR for “Analysis of mutual exchanges of the business assets within investment activities in the energy sector”</p>	<p><i>Timing:</i> 2012</p>
<p><i>Unit responsible:</i> <u>DEI</u></p>	<p><i>Estimated staff-months:</i> 2 months</p>

Transparency is crucially important as regards energy policies in the making of investments and access to markets – both upstream and downstream. Competitive markets that allow entry of foreign competitors help to reduce vulnerabilities in the energy sector.

The investment reviews of the Secretariat show that ongoing corporate and industrial restructuring and a new wave of privatisation is progressing in some countries of the ECT constituency. The ending of state involvement in the energy sector in the wake of the

financial crisis is creating new investment opportunities for cash-rich companies in developed and developing countries. International statistics confirm increasing number of cross-border Mergers & Acquisitions that are continued to react more quickly to changing economic conditions.

In particular vertical mergers and exchange of business assets among energy companies from different countries are often a particular source of concern on grounds of national security. This is evidenced by the fact that the majority of the exceptions to the principle of non-discriminatory treatment that are registered in the Blue book of the Energy Charter relate to the domain of Registration and Screening.

In accordance with the Road Map for the Modernization of the Energy Charter Process, the Secretariat in cooperation with the Industry Advisory Panel will prepare the Terms of Reference for the “Analysis of mutual exchanges of the business assets within investment activities in the energy sector”. Due to limited resources the analysis itself will be only undertaken in the course of 2013.

D.4	Review of ECT Implementation in Selected Areas and Risk Mitigation <i>[ECT Article 2]</i>	
	<i>Output:</i> Occasional papers and presentations to the Investment Group	<i>Timing:</i> Spring / Autumn Meetings of the Investment Group 2012
	<i>Unit responsible:</i> <u>DEI</u>	<i>Estimated staff-months:</i> 6 months

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

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.

Analysis on expropriation matters will be completed in 2011. The Secretariat will continue to review the ECT implementation in specific areas with a new topic to be indentified in consultation with the delegates of the Investment Group. The Secretariat will facilitate exchange of information related to risk reduction dialogue.

POLICY AREA E: ENERGY EFFICIENCY AND RELATED ENVIRONMENTAL ASPECTS

Member States have indicated that energy efficiency is considered as one of the quickest, greenest, and most cost-effective ways to address energy security, climate change, and to ensure economic growth. Member States have reaffirmed their support for the contribution of the Energy Charter Process to improving energy efficiency within the Treaty constituency. The Secretariat proposes to continue the review process of national energy efficiency policies and support for effective formulation and implementation of energy efficiency policies in member countries, ensuring a balance between OECD and non-OECD countries (*activity E1*).

Member States have requested that activities within the Charter be developed in partnership with other international organisations to ensure constructive synergies and avoidance of overlap. Cooperation with other organisations working on matters related to the work of PEEREA will be developed in a win-win context with a view to maximise the effects of current activities within each organisation. The Secretariat will continue to promote international cooperation on energy efficiency issues; strengthening its relations with IPEEC, the EU, UN ECE, IEA, APEC, EBRD, EIB and others on this issue (*activity E2*). Pursuant to Article 9, the Secretariat proposes to stimulate cooperation between the Member States through the exchange of information on measures that could significantly improve energy efficiency on sectoral and cross-sectoral bases. The Secretariat proposes to stimulate cooperation between the Member States through the exchange of information on existing energy management practices in the public sector and the provision of support in countries where lack of knowledge and capacity exist on local energy efficiency energy planning (*activity E3*). The Secretariat will also undertake a study on energy efficiency in the building sector focusing on standards, codes, norms and labels for buildings and enabling environment and economic instruments for the financing of energy efficiency measures, and establishing principles for encouraging investments in energy efficiency (*activity E4*), taking into account the circumstances of Member States (the latter activity will be based on the availability of voluntary contributions).

E.1	Review Process	
	<p><i>Outputs:</i></p> <ul style="list-style-type: none"> (i) Two In-depth Reviews of National Energy Efficiency Policies (ii) Round table presentations (iii) Two PEEREA WG meetings 	<p><i>Timing:</i></p> <ul style="list-style-type: none"> Spring/Autumn (*) Spring/Autumn Spring/Autumn
	<p><i>Unit responsible:</i> <u>DEI</u></p> <p><i>Estimated staff-months:</i></p> <ul style="list-style-type: none"> 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 on the latest national developments and events in the area of energy efficiency will 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 to the development of national policies. These reviews will continue to be conducted in partnership with selected countries.

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 2012, the Secretariat will consider the scope and structure of reviews to ensure they remain strongly tied to each country's needs. This work item also includes the resources necessary for the technical support to the PEEREA WG and its members.

E.2	International Cooperation for Energy Efficiency	
(i)	<i>Outputs:</i> Cooperation with IPEEC	<i>Timing:</i> Ongoing
(ii)	Cooperation with EU, UN ECE, IEA, APEC, EBRD, EIB, others	
	<i>Unit responsible:</i> <u>DEI</u>	<i>Estimated staff-months:</i> 7 months

Member States have requested that activities within the Charter be developed in partnership with other international organisations to ensure constructive synergies and avoid overlap. Cooperation with other organisations working on matters related to the work of PEEREA will be developed in a win-win context seeking to maximise the effects of current activities within each organisation. The Energy Charter will work with other international agencies engaged in energy efficiency initiatives to develop a clear plan of different responsibilities, expertise and experience in order to develop an integrated approach to energy efficiency.

The Secretariat will continue to promote international cooperation on energy efficiency issues; strengthening its relations, namely with IPEEC (The International Partnership for Energy Efficiency Cooperation), IEA, UNECE and others on this issue.

E.3	Implementing PEEREA at local level	
	<i>Output:</i> Policy support at local level	<i>Timing:</i> 2012
	<i>Unit responsible:</i> <u>DEI</u>	<i>Estimated staff-months:</i> 9 staff months

Although the phrase *'Think Global, Act Local'* was first used in the context of environmental challenges, EU policy makers have wholeheartedly embraced it as an effective policy pathway to engage individuals to reduce their own energy consumption. Acting locally makes it possible to address national, regional and global issues that are difficult to handle without tackling the needs of communities in respect of mobility, industrial sectors, public buildings and agro-industries.

Pursuant to Article 9 of PEEREA and its Annex, improving energy efficiency in municipalities and local communities is an identified area of cooperation between the Member States. In earlier meetings a number of delegates signalled their Governments' intention to support local actions to promote sustainable energy through development and implementation of Sustainable Energy Action Plans (SEAPs) on voluntary basis.

The framework of PEEREA could serve as nurturing grounds for developing and promoting sustainable energy policies and measures at local level in Member States with different levels of development and energy profiles that could have a much wider impact on advancing energy efficiency on a regional or even global scale. Such activities will be carefully devised in view of the risk of diminishing the efficiency of actions taken at local level. Account will also be taken of the constraints and sometimes diverging priorities of developed and developing countries and energy exporting and energy importing countries, landlocked countries and maritime countries, new energy technology producing countries and those who are dependent on technology transfer.

To make the best use of the benefits of energy efficiency, the fastest way forward could be by developing new tools taking the bottom-up approach by forging new collaborative actions between actors at the national and sub-national level, who can propose operational solutions to help in the transformation of behaviour as well as facilitate technological change, under the umbrella of an inclusive multilateral governance framework guaranteeing equity, strategic vision and effective management of the process of implementation of energy efficiency.

The key step in this direction will be to design and promote Sustainable Energy Action Plans as vehicles to realise the changes required to achieve ambitious fossil fuel reduction. The system is a complex one and success is only possible when people, agencies and sectors work together to achieve significant change. Cooperation between local stakeholders and alignment of local, regional and national policies will be sought to enable effective change.

The Secretariat will identify areas of policy support for local authorities particularly in countries in Eastern Europe and Central Asia in the implementation of sustainable energy policy. The Secretariat will work with national policy makers in these countries and local decision makers to promote an integrated approach to energy efficiency and will encourage and support local authorities to develop and implement sustainable local energy policy. Regular exchange of information will be organised among members, disseminating best practices in public sector energy efficiency actions.

While the analysis on this subject will be undertaken by the Secretariat in the framework of this WP 2012, it is anticipated that all external events will be designed and implemented in close cooperation with other organisations and exclusively funded by external sources such as grants and voluntary contributions.

E.4 | Improving Energy Efficiency in the Building Sector

	<i>Outputs:</i>	<i>Timing:</i>
(i)	Draft report	2012
(ii)	Final report Panel Discussion at PEEREA WG meeting	2012
	<i>Unit responsible: <u>DEI</u></i>	<i>Estimated staff-months:</i> 6 months (*)

(*) This activity and the relevant staff months will depend on the availability of a secondee for this particular activity at DEI in 2012.

Pursuant of Article 9 of PEEREA and its Annex, improving energy efficiency in the building sector is an identified area of cooperation between the Contracting Parties and is proposed for 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 cooperation between the Member States through exchanging information about standards, codes, norms and labels for buildings as 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.

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

The Secretariat will undertake a study on energy efficiency in the building sector focusing on standards, codes, norms and labels for buildings as vehicle of accelerating the market penetration of best practice levels. The findings of this study will be presented at a PEEREA working group meeting.

POLICY AREA F: POLICY FORUM, INTERDEPENDENCE, ENERGY SECURITY

F.1 Support to the Energy Charter Strategy Group [CC 366 Rev.1, CC 389]

	<p><i>Output:</i></p> <p>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. This will involve organising two StG meetings.</p>	<p><i>Timing:</i></p> <p>Q1 and Q3</p>
	<p><i>Unit responsible: <u>DTT</u></i></p>	<p><i>Estimated staff-months:</i></p> <p>6 months</p>

At its 20th Meeting in Rome, the Energy Charter Conference established the Strategy Group as a 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.

In 2012, the Group will continue to serve as a tool to facilitate the exchange of information on significant changes in energy policies, global developments affecting the Energy Charter constituency and will discuss horizontal issues, accession activities, relations with other international organisations and non-signatories. It will assist the Conference by advising on strategic policy direction, encouraging synergies among existing subsidiary bodies of the Energy Charter and by giving 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 liaison with representatives of Member and observer states, analysis, expert advice, and policy and discussion papers upon request of the Group.

F.2	Modernisation, enhanced legal frameworks for energy cooperation [CC 389; CC 390 Rev.2; CC402]	
	<i>Outputs:</i>	<i>Timing:</i>
(i)	Analytical work related to the concept of common responsibility of producers, transit and consumer countries to promote global energy security and investment	Q1
(ii)	Analytical and conceptual work aimed at modernizing the Energy Charter Process.	Q2
	<i>Unit responsible: <u>DTI</u></i>	<i>Estimated staff-months:</i> 4 months (*)

*** Subject to voluntary contribution, in the absence of which only 2 staff months will be allocated to this activity in 2012**

In the Rome Statement (CC 390 Rev.2, Annex 6), Member States recognised that the Energy Charter Process must reflect new developments and challenges in international energy markets and respond to broader changes across its constituency. They decided that this could entail consultations, possibly leading to negotiations on the preparation of practical proposals on how the Energy Charter Process could be modernised.

The Strategy Group has been tasked, among other things, to examine possible options for how the Energy Charter Process could be modernised (CC 389). In particular, the Group participates in the process of consultations over possible enhanced legal frameworks for energy cooperation, taking also into account other proposals on future cooperation in the energy field.

The Secretariat stands ready to support the work of the Strategy Group with regard to the Modernisation of the Energy Charter Process. The Secretariat will continue to support the Strategy Group in view of its task under Area F of the Road Map for Modernisation to carry out analytical work to specify the concept of common responsibility and endeavour of producers, transit and consumer countries to promote global energy security and investment, and with regard to possible instruments and actions to improve energy security in collaboration with other international organisations.

Furthermore the Secretariat is prepared to carry out analytical work with regard to new initiatives coming from members or observers concerning international legally binding frameworks for energy co-operation, such as the Draft Convention on Ensuring International Energy Security proposed by the government of the Russian Federation, as part of the discussion on the modernisation of the Energy Charter Process.

F.3	Support to the Industry Advisory Panel
------------	---

	<i>[ECT Articles 9(3), 6(2), PEEREA Article 3(6)]</i>	
	<i>Output:</i>	<i>Timing:</i>
(i)	Assistance to the meetings of the IAP in 2012	<i>3 meetings in 2012 Q1-Q3 and possibly workshops</i>
(ii)	Ensuring the interaction with the Conference and its subsidiary bodies	<i>as needed</i>
(iii)	Development of best practices	<i>Ongoing</i>
(iv)	IAP expansion	<i>Ongoing</i>
	<i>Unit responsible: <u>DEI</u></i>	<i>Estimated staff-months: 4 months</i>

The Industry Advisory Panel (IAP), established in 2005, has since then convened many times generally in Brussels as well as abroad and is considered to be a well-proven instrument of success towards ensuring industry dialogue with the Member States. It allows views and advice from the energy business to be available to the Energy Charter process, with a specific focus on risk mitigation and improvement of the business climate. Over the years the IAP has emerged as an effective tool to strengthen the interaction between the Energy Charter constituency and the energy industry and has received strong support of the Charter Conference since its foundation.

The Secretariat will support the meetings and activities of the Panel and secure the interaction between the ECT constituency and the IAP, in accordance with the Terms of Reference of the IAP adopted by the Conference. Furthermore, the Secretariat will follow discussions at the IAP and help to develop best practices concerning various facets of the energy value chain and in accordance with the interests of the IAP members. Furthermore, special attention will be paid to enhance sectoral and geographical representation base within the IAP.

The dialogue with the industry will be enhanced through regular meetings of the IAP and occasional workshops as needed. Discussion topics will be determined to ensure the active interaction and feedback between the industry and Member States, reflecting generally the interests of both parties respectively. Since 2008 at least one IAP meeting has been held outside of Brussels annually, based on the invitation of IAP members as the host. This has enabled in-depth discussions on host company activities and on the relevant host country developments in the energy sector. The IAP intends to pursue this trend in 2012 as well. The initiative has so far proved to be successful and produced satisfactory results.

	<p><i>Output:</i></p> <p>Assessment of the ECT' provisions with regard to low carbon investments</p>	<p><i>Timing:</i></p> <p>Spring / Autumn Meetings of the Investment and Trade and Transit Groups</p>
	<p><i>Units responsible: <u>DEI + DTT</u></i></p>	<p><i>Estimated staff-months:</i></p> <p>4 Months</p> <p>(i.e. 2 DEI plus 2 DTT)</p> <p>+ 2 consultancy-months</p>

The Road Map for the Modernisation of the Energy Charter Process outlines that the interaction between the Member States' climate change policies and the ECT investment regime merits further analysis, in the context of the promotion of low-carbon foreign investment, of trade and technological transfer with regard to renewable energy materials and products as well as promotion of energy efficiency, clean energy technology and equipment. For the successful development of low-carbon economy, the barriers to trade in low-carbon energy technologies will need to be identified and further reduced, and the ECS contains a toolbox of rules that can be effectively used for this aim.

Future work of the Charter with regard to investment promotion and protection will need to focus on complementing the effectiveness of the relevant ECT provisions in view of major trends affecting investments into the energy sector. The Energy Charter will need to assess the instruments at its disposal in view of their continued ability to promote investments into all parts of the energy chain and to ensure non-discriminatory access to international energy markets.

In the course of 2012, the Secretariat will undertake an assessment of the ECT provisions with regard to low carbon investments. The assessment will be based on the work on this issue undertaken by the Secretariat in 2011 and reported to IG (document IN 94 Rev. 1) and TTG (document TTG 95) and will take into account relevant work of other international organisations in the area of low carbon promotion. The intermediate and final results of the assessment will be reported to the Investment and the Trade and Transit Groups. Depending on the result of this assessment, further steps could be envisaged.

POLICY AREA G: MANAGEMENT, FINANCE AND LEGAL AFFAIRS

G.1	Standing Responsibilities of Legal Affairs	
	<p><i>Outputs:</i></p> <p>(i) Provision of legal advice to the Conference and the Secretariat:</p> <ul style="list-style-type: none"> - on the interpretation and application of the Energy Charter Treaty - on internal and administrative matters <p>(ii) Relations with the Depository</p> <p>(iii) Custody and organisation of the ECT <i>travaux préparatoires</i>, including archiving system</p>	<p><i>Timing:</i></p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
	<p><i>Unit responsible: <u>LA</u></i></p>	<p><i>Estimated staff-months:</i></p> <p>11 months</p>

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 2012.

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.

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.

G.2	Raising Awareness in Relation to the ECT Dispute Settlement Mechanisms	
	<i>Outputs:</i>	<i>Timing:</i>
(i)	Responding to enquiries concerning the application and implementation of the ECT	Ongoing
(ii)	Updating table of disputes brought under Article 26 ECT	Ongoing
	<i>Unit responsible: <u>LA</u></i>	<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.

G.3 Model Agreements		
	<p><i>Outputs:</i></p> <p>(i) Development of Terms of Reference for Model Investment Agreement (MIA)</p> <p>(ii) Review and update of Electricity Model Agreements (EMAs), including Market and System Inter-Operability Agreement (IMA), and Pipeline Model Agreements (PMAs)</p> <p>(iii) Continue to raise awareness of Model Agreements (MAs) with international law firms and energy industry</p>	<p><i>Timing:</i></p> <p>To be decided</p> <p>To be decided</p> <p>To be decided</p>
	<p><i>Unit responsible: <u>LA</u></i></p>	<p><i>Estimated staff-months:</i></p> <p>4 months (*)</p>

(*) **The feasibility of this activity depends on the availability of a General Counsel throughout 2012. If this is not the case, then only exploratory work (i.e. 1 staff month) will be done on this activity in 2012.**

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 2012, as envisaged in the Road Map for the Modernisation 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.

G.4 Budget		
	<p><i>Outputs:</i></p>	<p><i>Timing:</i></p> <p>Ongoing</p>
	<p><i>Unit responsible: <u>AF</u></i></p>	<p><i>Estimated staff-months:</i></p> <p>10 months</p>

Budget: preparation of draft Budgets, financial analysis and control of expenditure, calculation and collection of annual contributions and preparation of documents and support for the Budget Committee. The number of staff months has been increased to allow for further developments and evaluation of different budgetary scenarios.

G.5	Personnel	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>AF</u></i>	<i>Estimated staff-months:</i> 14 months

Personnel: recruitment and appointment procedures, as well as all other issues related to the implementation of the Secretariat's Staff policies and rules. The number of staff months has been decreased reflecting efficiency improvements and the expertise of the staff involved.

G.6	Financial administration	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>AF</u></i>	<i>Estimated staff-months:</i> 12 months

Financial Administration: administration and control of all commitments and general accounting systems, payroll and expenditure; preparation of annual Financial Statements and assistance in the Audit procedure. The number of staff months has been decreased reflecting efficiency improvements. In 2012 more resources may be needed to handle additional administration related to voluntary contributions.

G.7	IT services and website	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>AF</u></i>	<i>Estimated staff-months:</i> 6 months

Information Technology: maintenance and upgrading of all communication and other technical facilities of the Secretariat, ensuring the functioning of all IT systems and day-to-day problem solving, developing and maintaining the public and restricted areas of the organisation's website. In 2012 an evaluation will be conducted to assess the need to upgrade in full or in part the organisation's software.

G.8	Support services	
	<i>Outputs:</i>	<i>Timing:</i> Ongoing
	<i>Unit responsible: <u>AF</u></i>	<i>Estimated staff-months:</i> 12 months

Administration and Support Services: various activities, notably office management, front-of-house management, building management, procurement, including contact and liaison with external suppliers, document dissemination procedures and support for all internal Energy Charter meetings and, in particular, external policy and other events in various countries. The number of staff months has been decreased from 20 to 12 due to the proposed suppression of one C Grade post and a well functioning rotation system at reception. However the ability to handle unforeseen issues in a timely manner will be reduced.

SUMMARY OF STAFF MONTH CALCULATIONS**CORE BUDGET**

	<i>Activity</i>	<i>Unit responsible</i>	<i>Staff months scenario 1¹</i>	<i>Staff months scenario 2²</i>
A	Promotion of the Energy Charter and the Energy Charter Treaty		105	101
	A.1 Promotion of the Energy Charter, implementation of the ECT	PO	40	36
	A.2 Assisting in the follow-up to the Art. 34(7) Review	PO	7	7
	A.3 Information policy	PO	6	6
	A.4 Preparation of the Twenty Third Energy Charter Conference meeting	PO / DTT / DEI	7	7
	A.5 Annual report	PO	3	3
	A.6 Outreach and Expansion	PO / LA	20	20
	A.7 Ratification, Consolidation	PO/DTT / LA	18	18
	A.8 Annual Policy Conference	PO / DTT / DEI	4	4
B	Transit/ cross-border trade		53	37
	B.1 Activities related to the Transit Protocol	DTT	8	5
	B.2 Methodology for electricity transit tariffs in transition countries	DTT	8	2
	B.3 Regional Electricity Markets in Countries in Transition	DTT	3	3
	B.4 Transparency on Energy Transport Facilities	DTT	8	4
	B.5 Implementation of the Trade Provisions of the ECT	DTT	4	4
	B.6 Review of HS Changes Affecting ECT Annexes EM I and EQ I	DTT	3	3

¹ Scenario 1 corresponds to the full Establishment Table of 28 staff (28 x 12 = 336), plus 12 months of secondees' time.

² Scenario 2 corresponds to the Establishment Table taking into account projected staff resources including the suppression of one C post in AF, one B post in PO from Sep 2012, without replacing current and anticipated vacancies arising in 2012, and without secondees.
The average cost of one staff month for each Department is: PO – Euro 11.500; DTT - Euro 11.500; DEI – Euro 12.200; LA – Euro 10.200; AF - Euro 8.800

	B.7 Energy Specific Commitments in Completed WTO Accessions	DTT	3	3
	B.8 Trade in Energy-related Products and Materials and Equipment Between the ECT States Outside WTO and Potential Candidates for Accession to the ECT	DTT	4	1
	B.9 Regional Energy Cooperation	DTT	12	12
C	Emergency response		14	11
	C.1 Prevention of emergency situations and rapid response	DTT	5	5
	C.2 Conciliation in transit disputes	DTT	5	5
	C.3 Explore Enhancement of Arbitration Procedures under Art. 27 ECT	LA	4	1
D	Investment promotion and protection		31	31
	D.1 Reports on Investment Climate and Market Structure	DEI	18	18
	D.2 Improving Entry Conditions for Foreign Investors	DEI	5	5
	D.3 Improving Energy Sector Transparency in the ECT Constituency – Conditions for Mutual Investments along the Energy Value Chain	DEI	2	2
	D.4 Review of ECT Implementation in Selected Areas and Risk Mitigation	DEI	6	6
E	Energy efficiency and related environmental aspects		40	34
	E.1 Review Process	DEI	18	18
	E.2 International Cooperation for Energy Efficiency	DEI	7	7
	E.3 Implementing PEEREA at the local level	DEI	9	9
	E.4 Improving Energy Efficiency in the Building Sector	DEI	6	0
F	Policy Forum, interdependence, energy security		18	16
	F.1 Support to the Energy Charter Strategy Group	DTT	6	6
	F.2 Modernisation, enhanced legal frameworks for energy co-operation	DTT	4	2
	F.3 Support to the Industry Advisory Panel	DEI	4	4

	F.4 Joint activity on low carbon economy in the ECT constituency	DEI/DTT	4	4
G	Management, Finance and Legal Affairs		87	72
	G.1 Standing responsibilities of Legal Affairs	LA	11	11
	G.2 Raising Awareness in relation to the ECT Dispute Settlement Mechanisms	LA	6	6
	G.3 Model Agreements	LA	4	1
	G.4 Budget	AF	8	10
	G.5 Personnel	AF	16	14
	G.6 Financial administration	AF	16	12
	G.7 IT services and website	AF	6	6
	G.8 Support services	AF	20	12
	TOTAL		348	302