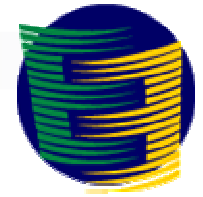




**ENERGY EXPORT INFRASTRUCTURE
PROJECTS USING THE FRAMEWORK OF THE
ENERGY CHARTER TREATY**

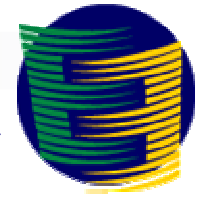
**Thea KHITARISHVILI
Energy Charter Secretariat**



Structure

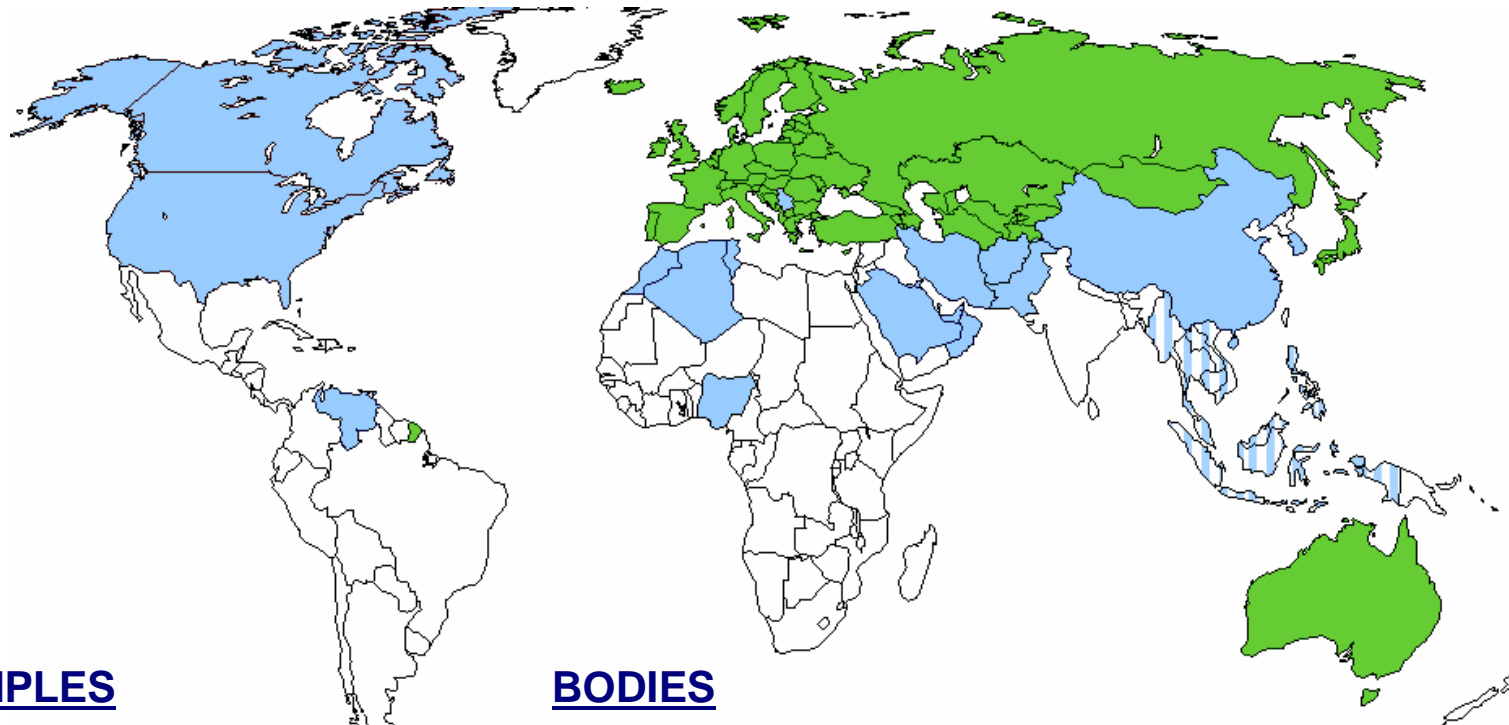
- Energy Charter Treaty
 - Constituency
 - Principles
 - Bodies
- Infrastructure Projects
 - Baku Tbilisi Ceyhan
 - South Caucasus Gas Pipeline
- Model Agreements
 - Host Government
 - Inter Governmental Agreement
- Way Forward

THE ENERGY CHARTER TREATY



1994 - Signature

1998 - In Force



PRINCIPLES

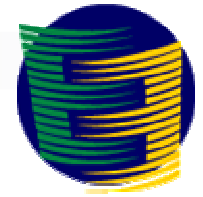
- Investment Protection
- Energy Trade based on WTO Rules
- Freedom of Transit
- Energy Efficiency
- Dispute Settlement

BODIES

- Energy Charter Conference
- Energy Charter Secretariat
- Energy Charter Groups (Trade & Transit Investment / Energy Efficiency)
- Industry Advisory Panel
- Legal Task Force

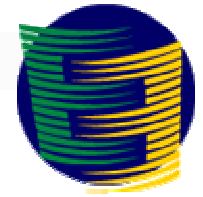
■ signatory

■ observer



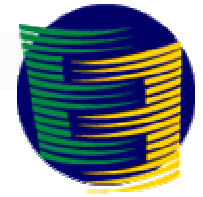
Energy Charter Treaty Principles

- Promotion and protection of energy investments
 - non-discrimination (MFN / NT)
- Enhancing energy trade
 - WTO rules
- Facilitation of transit
 - freedom of transit
 - non-discrimination
- Energy Efficiency
- Dispute settlement rules



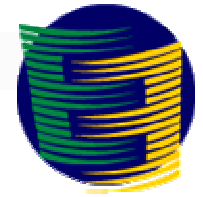
Investment Protection

- Investment Promotion and Protection
 - Creation of favorable investment climate based on openness, consistency and non-discrimination
- Access to resources
 - National sovereignty over natural resources
 - Rules on exploration and production to be publicly available, transparency and non-discrimination
- Investment protection
- Risk mitigation



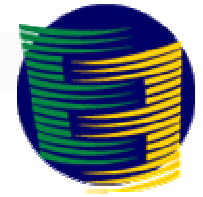
Energy Trade and Transit

- Energy trade based on WTO rules
 - Extending to those not yet members of WTO
- Facilitate energy transit based on non-discriminatory and transparent rules
 - Non-discrimination over origin, destination, ownership or pricing
 - No impediment to the creation of new capacity
 - Security of established transit flows
 - Non-interruption of transit flows until dispute is settled



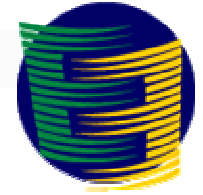
Dispute Settlement

- Dispute settlement mechanisms under the Treaty
 - Disputes between parties to the Treaty
 - Disputes between investors and host governments
 - Transit disputes
 - Trade disputes
 - Competition and environmental disputes
- Use of the dispute settlement mechanisms
 - 14 cases as of February 2007



Energy Charter Treaty Bodies

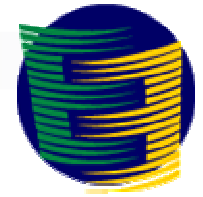
- Dialogue (producer, consumer and transit states)
 - Energy Charter Conference
 - Group on Investment
 - Group on Trade and Transit
 - Energy Efficiency and Related Environmental Aspects
 - Policy events
- Dialogue between governments and industry
 - Industry Advisory Panel
 - Legal Task Force



Infrastructure Projects (Baku Tbilisi Ceyhan / South Caucasus Pipeline)



Source: Caspian Energy Development and Export

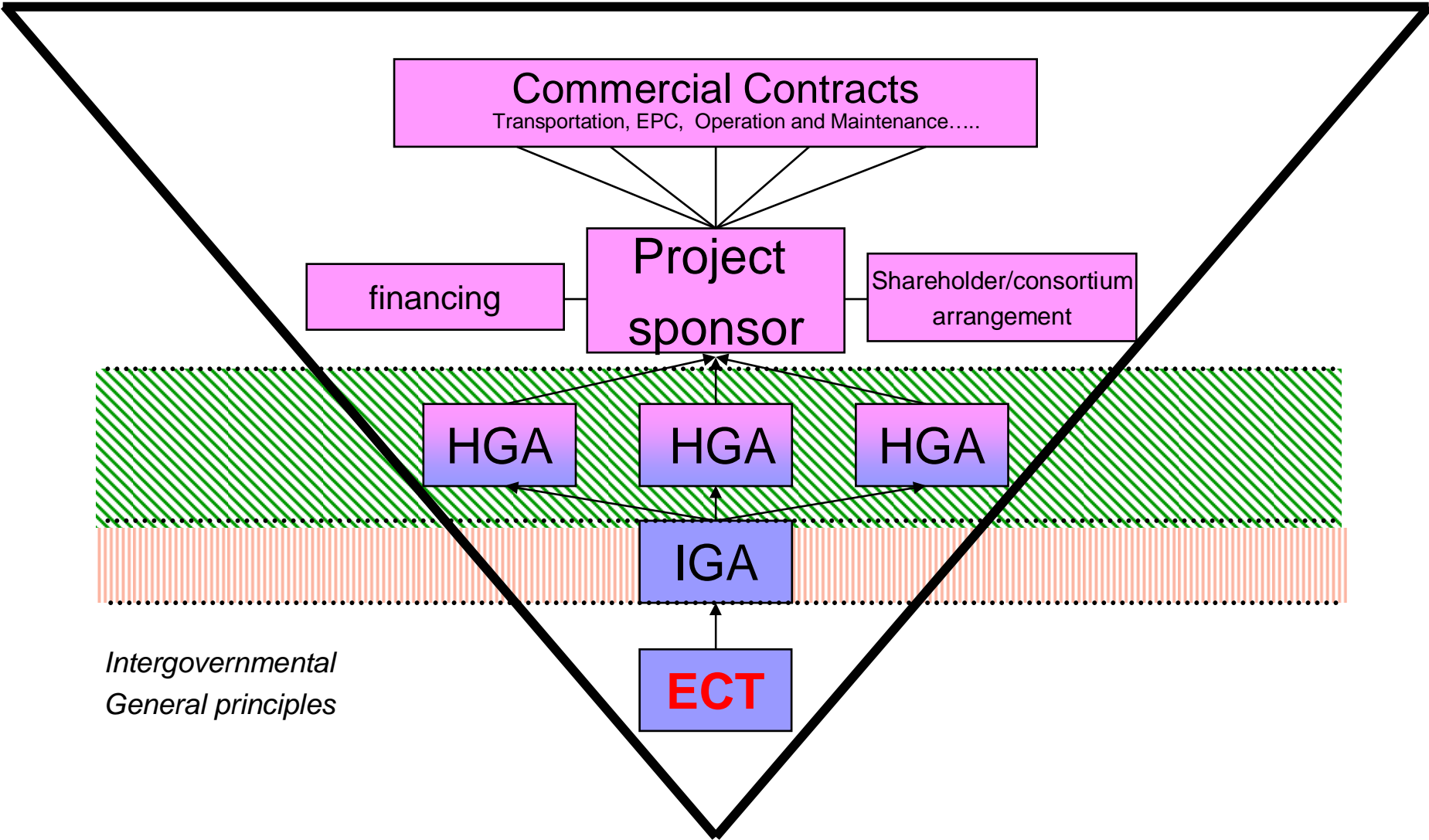
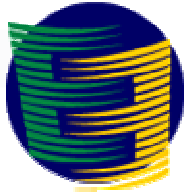


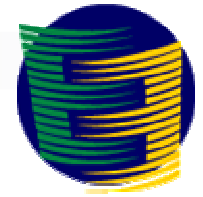
Model Agreements

- A legal framework for the government-investor relationship
 - Intergovernmental Agreement – international treaty
 - Host Government Agreement – investor/State agreement
 - [Project Agreements – outside scope of Secretariat's work]

- A work in progress: developments after the 1st Edition
 - First Edition – December 2003
 - Second Edition – to be submitted to Charter Conference in 2007

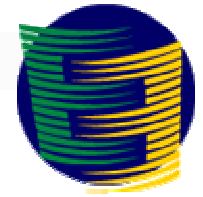
Contractual Structure of a Project





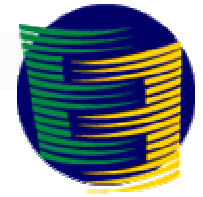
Key Provisions - IGA

- Entry into force
- Cooperation and free flow of energy
- Environmental and safety standards
- Taxes
- Responsibility
- Dispute settlement
- Termination



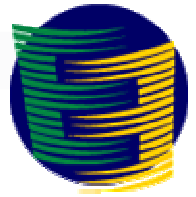
Key Provisions - HGA

- Authority
- Insurance
- Land Rights
- Personnel
- Labour standards/Training/Technology transfer
- Liability
- Change of law
- Expropriation



Way Forward

- Cooperation within the framework of ECT
- Maximize the use of expertise in the region
 - Establishment of a task force
- Development of model agreements for HVDC interconnections/cross border lines
- Commitment to sustainable and secure regional power trade based on the ECT
- Preparation of a regional ministerial forum



Thank You

www.encharter.org

Energy Charter Secretariat

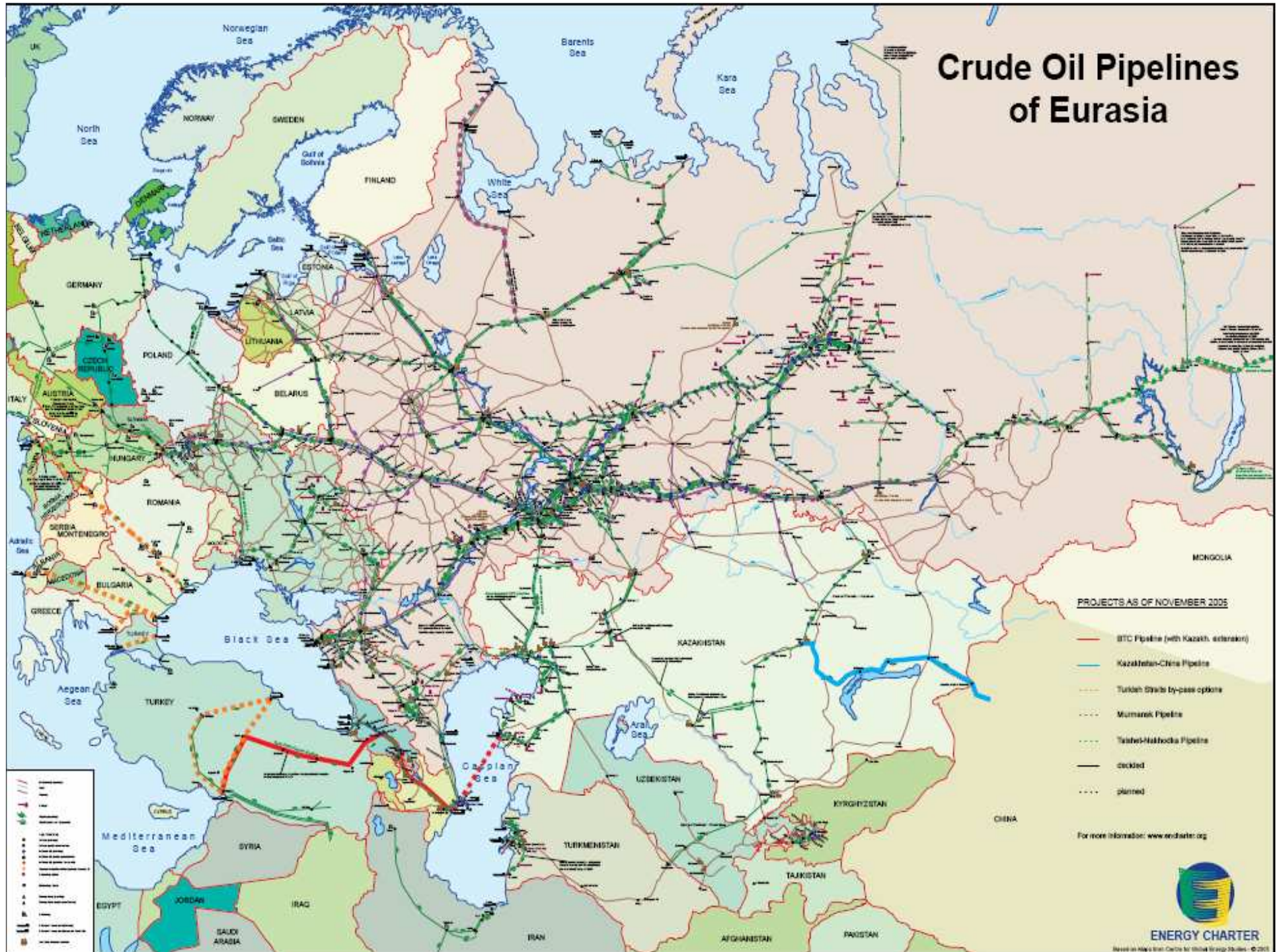
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Reserve slides

Crude Oil Pipelines of Eurasia



Investor-State Dispute Settlement

