

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2007

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Brussels, 7 December 2007

Related documents: CC 345, CC 347, RD 10 (ECC of 07 12 2007)
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DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Secretariat's Work Programme for 2008

[The Energy Charter Conference at its 18th Meeting held on 7 December 2007] approved the Secretariat's Work Programme for 2008 based on the proposal contained in CC 345 [Annex] and the clarifications made by the Secretariat concerning Ukraine's proposal on underground gas storage issues [as proposed in Room Document 10].

Keywords: Secretariat's Work Programme

Energy Charter Secretariat's Work Programme 2008

as adopted by the Energy Charter Conference
at its 18th Meeting held on 7 December 2007

The activities proposed in the Secretariat's draft Work Programme for 2008 are designed to focus on the areas where, in the Secretariat's judgement, the Charter process can make the most tangible contribution to the promotion of energy security and the realisation of Energy Charter principles in 2008. In making the draft proposal for activities in 2008, the Secretariat has been guided by the need to respond to current developments and challenges on international energy markets, based on the discussion held in 2007 with member states in an Ad Hoc Energy Charter Strategy Group.

The proposal therefore highlights: (under Investment) the conditions for mutual investment along the energy value chain; (under Trade & Transit) the need for additional infrastructure capacity in order to meet future energy demand for energy, and; (under Energy Efficiency) the 'internationalisation' of efforts to improve energy efficiency. There is also a concerted effort (under Cross-Cutting Activities) to promote knowledge-sharing and dissemination of information about the Energy Charter and its activities.

A description of proposed activities in each thematic area is included below, followed by a detailed activity schedule. Each activity is associated, wherever possible, with a defined output, and is also now accompanied by an indication of the relevant contact persons in the Secretariat. These activities have been designed to concentrate on areas where the Charter's legal base and/or constituency provide it with a comparative advantage, and take into account the potential for synergies with the activities of other international organisations.

1. The Private Office

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.

2. Cross-Cutting Activities

Cross-cutting activities are those that involve a coordinated input from across the Secretariat. The main proposal in this regard for 2008 relates to knowledge-sharing and dissemination of information (*activity 2.1*). Seminars and workshops, agreed by the Secretariat with member countries (or groups of countries) on an ad hoc basis, have proved to be a valuable way of disseminating information on specific areas of Energy Charter work, of raising awareness about Charter activities, countering misunderstandings and misinterpretations related to the Charter, and also of getting a broader range of feedback from governments and industry.

Given the positive response, the intention in 2008 is to formalise this exercise and make this facility available to all member and observer countries, subject to requests from the countries concerned and available resources on the Secretariat side. There are three 'modules' on different topics where there is recent Energy Charter output and expertise, and these can be tailored to specific requirements of the requesting party:

- International Pricing Mechanisms for Oil and Gas – this workshop covers the development of international pricing mechanisms in cross-border oil and gas trade, based on the 2007 Secretariat publication on this topic.
- Transit Tariffs for Oil and Gas and Tarification Methodologies – based on two previous publications that are being updated in 2008
- Model Agreements for Cross-Border Pipelines – the intention of this workshop (or series of workshops, depending on the request) is to explain and present these Model Agreements, second editions of which will be considered by the Charter Conference in December 2007, and discuss how they relate to the particular circumstances of specific pipeline projects.

Delegations will be invited to indicate interest in hosting / attending workshops on the above themes in 2008. The Secretariat will then draw up indicative timetable of events for the year, whether in Brussels or hosted by a member and observer state. Requests for additional events or presentations can be accommodated later in the year subject to available resources.

Other cross-cutting activities proposed for 2008 are the annual Policy Conference, which is proposed to take place in spring 2008 on the issue of energy efficiency, and support to the meetings and activities of the Industry Advisory Panel (*activities 2.2-2.3*).

3. Ratification, Accession and Relations with Non-Signatories

The Secretariat will continue to promote ratification of and accession to the Energy Charter Treaty, wherever appropriate, and respond to interest from non-member countries seeking a closer association with the Energy Charter (*activities 3.1-3.3*). In relations with non-signatories, priority will be given to those states having a direct impact upon the energy security of existing member countries. Thus, apart from countries applying to sign the declaration 1991 and being in the process of joining the Energy Charter Treaty, the priority for the Charter should be on the main energy exporters and importers, key energy transit countries, and countries contiguous to the existing constituency in the Mediterranean, Middle East and Asia.

Where possible, the Secretariat will associate observer states with the regular activities of the Energy Charter (as for example in Central and Southern Asia). It is also envisaged to enhance cooperation and exchange of information in Asia at regional level with ASEAN, APEC, and with India and China, as well as strengthen engagement with the Mediterranean region, with provisional agreement to conduct a regional conference on energy investment and infrastructure development.

4. Investment

A main instrument to promote transparency and implementation of the Energy Charter Treaty is the country reviews of the investment climate and market structure (*activity 4.1*). These in-depth reviews deal with complex issues of investment conditions in the energy sector, as well as restructuring of energy markets, privatisation and access to capital. In addition, it is proposed that the reviews of the investment climate and market structure also address possible barriers to investment in supply-side efficiency improvements. With the Secretariat's detailed evaluation, these reports are the basis for a 'peer review' of policy developments in the examined countries. The Secretariat continues to seek a balance in this activity between information on OECD countries and on other Energy Charter member countries.

As part of the review activity, the intention in 2008 is to complete and publish a regional review on investment in the countries of the Caucasus, based on the fact that individual country reviews of Georgia, Armenia and Azerbaijan have been completed in the recent past. In addition to updated country sections, this review would include a chapter, to be discussed in the Investment Group, on regional investment issues and cooperation.

Work will also continue on the improvement of entry conditions for foreign investors in the energy sector (*activity 4.3*). 2008 will see a continuation of the initiative to reduce the number of remaining country-specific exceptions to the principle of non-discrimination in the pre-establishment phase of an investment, as well as the review of ECT implementation in selected areas, on the basis of occasional papers and presentations to the Investment Group (*activity 4.4*).

Alongside these activities related to transparency and implementation of the Treaty, it is proposed to address a new challenge in international energy markets – the conditions for mutual investment along the energy value chain (*activity 4.2*). In the 1990s, the prevailing assumption about investment flows in the Eurasian energy sector was that these would be primarily from capital-rich OECD countries towards resource-rich but (at the time) capital-poor economies in transition. There is still a considerable volume of such investments, but many of the (former) ‘transition’ economies are now capable of mobilising investment capital and – particularly in the case of energy producers – are increasingly interested in investment downstream. So, as the 2006 G8 St Petersburg conclusions noted, it is ‘especially important that companies from energy producing and consuming countries can invest in and acquire upstream and downstream assets internationally in a mutually beneficial way’.

The Energy Charter Treaty applies to both upstream and downstream assets, and companies from participating states receive the same protection, whether investing in production, generation, transmission, distribution or any other economic activity in the energy sector. However, there are still barriers to cross-border investment remain in place, and limitations on foreign investment, whether legal or political, are evident both in some upstream and in some downstream countries, and it is therefore proposed to launch a discussion on the terms and instruments that should govern these interlocking investments along the energy value chain. This discussion should help to clarify the notion of ‘reciprocity’, which has gained some purchase in the political debate. Among other issues, such a debate should seek to resolve the potential tension between the idea of ‘reciprocity’ and the principle of non-discriminatory treatment and a ‘level playing field’ that is enshrined in the Energy Charter Treaty.

5. Trade and Transit

To support transparency in relation to cross-border energy flows across the Energy Charter constituency, the Secretariat will continue to encourage member states to present, on a voluntary basis, the technical, legal and regulatory frameworks for ongoing cross-border oil and gas pipeline projects, along with updated versions of pipeline maps. The Secretariat also plans to update in 2008 the reports on transit tariffs and tariff methodologies in relation to natural gas and to oil. It is envisaged to continue work on major operational issues to enhance security of cross border gas flows, including gas storage issues, and to contribute to transparency of oil flows in cross border pipelines by an illustration of projected oil flows from the Caspian region (*activity 5.1*)

The Secretariat also proposes to continue its efforts to promote regional electricity cooperation in Central and Southern Asia (*activity 5.2*). Countries across this region agreed in 2007 to use the Energy Charter framework as a means to intensify and develop cross-border electricity trade, notably in order to meet growing demand in Pakistan and to support development efforts and broaden access to electricity in Afghanistan. These efforts should continue in 2008, in cooperation with other international organisations (World Bank, Asian Development Bank), i.a. by conducting two regional workshops. One of these events, upon which there have already been contacts with the Tajik authorities, would focus on investment, management and development in the hydro-power sector.

There is an increasing need to facilitate international trade in environmentally friendly and efficient energy goods and services, as well as to promote the development of new technologies for alternative and renewable energies (*activity 5.3*). The aim of this activity will be to identify the most significant barriers to trade in clean energy technologies and equipment, and to transfer of technology, and to report back to member countries on conditions that can encourage such trade / technology transfer in the future. Furthermore, the potential of cooperation on bioenergy technologies development in the Charter framework will be explored.

Following the publication and positive reception of the Energy Charter Secretariat's study on international oil and gas pricing mechanisms in 2007, the Secretariat proposes to continue to contribute to an informed debate on this subject by further studying the subject covered with a focus on the impacts of upstream and downstream energy taxation and subsidies on the pricing of internationally traded oil and gas (*activity 5.4*). The study will look at the interaction of taxation effects along the energy value chain and in between oil and gas, and investigate new developments such as environmental taxes to deal with externalities. It will reflect both the viewpoints of energy consuming and producing countries.

Finally, the Secretariat is ready to continue support to the consultations on the draft Transit Protocol, subject to the decision of the Energy Charter Conference (*activity 5.5*); a priority objective for the Secretariat is to find ways to allow the concepts discussed in the negotiations to be used and applied in practice.

6. Energy Efficiency and Related Environmental Aspects

It is widely recognised that there are major opportunities to avoid greenhouse gas emissions and to increase energy security through improvements in energy efficiency, and also that international cooperation on energy efficiency plays an important role in providing policy momentum, a comparative analytical foundation, capacity development, and access to technologies. The Secretariat's approach is based on the conviction that cooperation to improve energy efficiency will form an increasingly prominent part of efforts to tackle climate change, and that the PEEREA offers a readily available mechanism to promote such cooperation and information exchange.

The Secretariat proposes to continue its country reviews of energy efficiency policies and programmes as a core activity of the PEEREA Working Group. In addition to two in-depth reviews prepared by a review team on the basis of a country visit, it is also envisaged to complete four regular energy efficiency reviews – prepared by participating countries with the assistance of the Secretariat.

Responding to the need to 'internationalise' efforts to improve energy efficiency, the PEEREA activities envisaged for 2008 also include efforts to strengthen institutional

capacity for energy efficiency policy formulation and implementation (*activity 6.2*), an examination of the potential for use of labelling and standards as effective energy efficiency instruments in transition economies (*activity 6.3*), and a focus on the potential for energy efficiency gains in the public sector (*activity 6.4*).

While the activities of the PEEREA Working Group retain their traditional concentration on the demand side, the draft Programme of Work reflects the Secretariat's intention to incorporate other 'efficiency' aspects into the Charter's work. This is evident in activity 4.1 under 'Investment' (issues of investment in supply-side efficiency) and in activity 5.3 (trade in environmentally friendly and efficient energy goods and services)

7. Legal Affairs

A second edition of Model Agreements on Cross-Border Pipelines (to be submitted to the Charter Conference in December 2007 for endorsement) is designed to provide a neutral and non-binding point of reference for negotiations on new cross-border infrastructure. In 2008, Legal Affairs will ensure that the second edition is widely disseminated to host governments, energy investors and the legal community (*see also activity 2.1*) and will provide advice on utilisation of the MAs, through seminars and written material, as requested by member states.

In addition, Legal Affairs will, with the assistance of the LATF, develop and update the agreements in order to meet new needs and to reflect the latest developments in pipeline project agreements. As part of this work, it is proposed (*in support of activity 5.2 on Regional Electricity Cooperation in Central and Southern Asia*) to adapt, with the assistance of the LATF, the MAs to cross-border electricity projects.

The Secretariat will also continue its efforts to ensure the effective and transparent operation of the dispute settlement mechanisms under the Treaty (*activity 7.2*). This activity includes the implementation of the policy on access to the compiled documents relating to the negotiation of the Treaty (the *travaux préparatoires*) that was reviewed by member states in 2007.

8. Administration and Finance

The Administration and Finance section of the Secretariat will continue to be responsible for all issues relating to budget, personnel, financial administration, information technology and support services.

DETAILED ACTIVITY SCHEDULE

The following annex includes a detailed description of all Secretariat activities foreseen under the draft Programme of Work. Each activity is allocated a number of staff months, with the allocation of resources corresponding to the Establishment Table of the Secretariat.

Contact persons for each activity are included, with the relevant Director / Head of Unit underlined in each case.

1. PRIVATE OFFICE

(84 staff months)

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

- ⇒ Overall direction and operational coordination of the Secretariat's work in line with the conclusions of the 2004 Review, decisions of the Energy Charter Conference and this Programme of Work;
- ⇒ Contacts with member and observer governments and with relevant international organisations and institutions in order to promote implementation of the Treaty and its related instruments;
- ⇒ Contacts with member countries that have yet to complete ratification of the Charter's legal instruments, including the Trade Amendment, with the aim of facilitating the ratification process
- ⇒ Consultations at political level with countries wishing to become more closely involved in the Charter process;
- ⇒ Relations with the energy industry and its associations, and with other relevant bodies and organisations dealing with energy issues, including the Industry Advisory Panel;
- ⇒ Raising public awareness about the Treaty through public relations activities and through an active external information policy, including the maintenance of the Energy Charter's web site and the production and dissemination of printed and electronic Energy Charter documents;
- ⇒ Advice and organisational support for the Conference Chairman and Vice-Chairmen.

In addition to the above, 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.

2. CROSS-CUTTING ACTIVITIES¹

(20 staff months)

2.1 Knowledge-Sharing and Dissemination of Information

<i>Outputs:</i> (i) Three seminar/training ‘modules’ on specific areas of Energy Charter expertise, available for presentation and discussion with member and observer countries upon request	<i>Timing:</i> As requested
<i>Contact persons:</i> Ralf Dickel, Dario Chello, Graham Coop	<i>Estimated staff-months:</i> max. 12 months

In 2006-7, the Secretariat has organised a variety of seminars and workshops, agreed with member countries (or groups of countries) on an ad hoc basis, in order to present the results of different activities. These have proved to be a useful way of disseminating information on specific areas of Energy Charter work, of raising awareness about Charter activities, and also of getting a broader range of feedback from governments and industry.

Given the positive response, the intention in 2008 is to formalise this exercise and make this facility available to all member and observer countries, subject to requests from the countries concerned and available resources on the Secretariat side. The ‘modules’ described below can be tailored to specific requirements of the requesting side, and can be implemented by the Secretariat without large incremental costs. The benefit for member countries can be in terms of general training and awareness of international energy issues, but can also (particularly in the case of the Model Agreements) be used to facilitate the design and implementation of particular energy infrastructure projects.

Where possible, the Secretariat will seek to implement such workshops on a regional basis, and information about any workshop will be made available to all member states in advance through an announcement on the Energy Charter web site. The workshops are ‘cross-cutting’ in the sense that although the lead responsibility for each workshop will be taken by a specific Directorate or Unit of the Secretariat, other Directorates and Units will participate as appropriate.

Module 1: International Pricing Mechanisms for Oil and Gas *Contact: Ralf Dickel*

This workshop covers the development of international pricing mechanisms in cross-border oil and gas trade, with the intention to inform the debate on international energy pricing in line with the reference to ‘market-oriented price formation’ in the 1991 Energy Charter Declaration. The workshop is based on the March 2007 publication ‘Putting a Price on Energy: International Pricing Mechanisms for Oil and Gas’.

In designing a programme, it is possible to take up specific historical and/or theoretical aspects of the development of international pricing mechanisms for oil and gas, to focus on different regional issues (the evolution of liquid markets in the US and UK, the continued predominance of long-term contracts for gas supply in continental Europe, LNG trade in the Atlantic basin and Asia-Pacific region), and also to address current issues such as the

¹ For the purposes of staff month allocations, these activities represent 8 months of staff time from the Directorate for Investment and Energy Efficiency, and 8 months from the Directorate for Trade, Transit and Relations with Non-Signatories, as well as 4 months from Legal Affairs (on Model Agreements) and input from the Private Office.

prospects for continued fuel oil price indexation in long-term gas supply contracts, and the correlation between energy markets liquidity, competitiveness and price levels.

Module 2: Transit Tariffs for Oil and Gas and Tarification Methodologies
Contact Ralf Dickel

This workshop is based on two Energy Charter publications, ‘Gas Transit Tariffs in Selected ECT Countries’ (January 2006) and ‘From Wellhead to Market: Oil Pipeline Tariffs and Tariff Methodologies in Selected ECT Countries’ (January 2007). These publications review tariff arrangements for existing and new pipeline systems, and analyse the overall consistency of transit tariffs and tariff methodologies with the provisions and principles of the Energy Charter. It is proposed that these publications will be updated in 2008 (see activity 5.1). These studies are the only ones of their kind to review oil and gas transit tariffs and methodologies across Eurasia as a whole, and this broad international perspective can be of value to ministries, regulatory authorities and transmission system operators.

Module 3: Model Agreements for Cross-Border Pipelines
Contact Graham Coop / Dario Chello

The Model Agreements for Cross-Border Pipelines are to be put forward for endorsement by the Energy Charter Conference in December 2007. These agreements are designed to provide a neutral starting point for the development of a legal structure for new cross-border infrastructure projects. The intention of this workshop (or series of workshops, depending on the request) is to explain and present these complex documents, and also to discuss how they can be adapted and applied to the particular circumstances of specific pipeline projects. Workshops on this topic can also address related ‘risk reduction’ issues related to investment and financing of energy infrastructure projects.

Organisational issues

There are two options for organising workshops, depending on demand and on offers to host meetings in member and observer countries:

- i) Multi-country workshops held at the Secretariat in Brussels, with registration on a ‘first-come-first-served’ basis, and travel and accommodation expenses covered by participants.
- ii) Workshops hosted in a member or observer state, with premises (and – where possible – contributions towards other costs) provided by the hosting entity, and participants responsible for their own travel and accommodation.

Delegations will be invited (by end-January 2008) to indicate interest in hosting / attending workshops on the above themes in 2008. Together with events already in the pipeline, the Secretariat will then draw up indicative timetable for the year. The number of events, and the ability to accommodate additional requests made during the year, will be subject to available resources.

2.2 | Annual Policy Conference

	<i>Output:</i> High-level policy conference	<i>Timing:</i> Spring 2008
	<i>Contact person:</i> Dario Chello	<i>Estimated staff-months</i> 4 months

The intention for the Annual Policy Conference in 2008 is to address the issue of energy efficiency from different perspectives, addressing demand management, energy efficiency on the supply side, and also energy efficiency in the overall context of economic efficiency. It is envisaged to look at the contribution that international cooperation can make to improving efficiency, and therefore to focus in particular on issues such as technology transfer and trade in environmentally friendly equipment and technologies. Preliminary discussions on the joint organisation of such an event have been held with the UN-ECE. In order to have a better balance of Energy Charter activities through the year, the intention is to hold this policy conference in the late spring, rather than in the autumn as has been the practice in recent years.

2.3 | Support to the Industry Advisory Panel

[ECT Articles 9(3), 6(2), PEEREA Article 3(6)]

	<i>Outputs:</i>	<i>Timing:</i>
(i)	Assistance to the meetings of the IAP in 2008	Two meetings foreseen of the full Panel, in Q1, Q3
(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> Dario Chello, Boyko Nitzov	<i>Estimated staff-months</i> 4 months

The Industry Advisory Panel (IAP) has had seven 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 instrument to strengthen the relationship between the Energy Charter constituency and the energy industry.

The Secretariat will support the meetings and activities of the Panel in accordance with the Terms of Reference of the IAP adopted by the Conference, and follow up where appropriate on issues such as access to resources, transportation capacity and markets as well as pre-arbitration investment dispute settlement (alternative dispute settlement, mediation).

To encourage greater coverage in IAP activities of all key areas of the ECT along the entire energy value chain, including demand-side issues and energy efficiency, the Secretariat will strive to assist the IAP in its possible expansion, to include key energy equipment manufacturers and other new members. The Secretariat will seek to hold specialised consultations with IAP members on different energy sub-sector levels (oil and gas, electricity, energy efficiency, etc.), with the results of any such consultations reported back to the Panel as a whole.

3. RATIFICATION, ACCESSION AND RELATIONS WITH NON-SIGNATORIES ²

(24 staff months)

3.1	Ratification of the Treaty / Trade Amendment (TA) / PEEREA	
(i)	<i>Outputs:</i> Support to Signatory States in their ratification process of the Treaty and related documents	<i>Timing:</i> Ongoing
(ii)	Entry into force of the Trade Amendment	Ongoing
	<i>Contact persons:</i> Graham Coop, Yulia Selivanova (TA)	<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.

3.2	Accession to the Treaty / Trade Amendment / PEEREA by new members	
(i)	<i>Output:</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> Pascal Laffont	<i>Estimated staff-months</i> 10 staff-months

Signatories to the 1991 Energy Charter Declaration 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 assist countries in this process; the current signatory states that have expressed an interest in accession are Pakistan, Afghanistan, the Philippines and Serbia. The Secretariat's efforts will focus on assisting Pakistan, Afghanistan, the Philippines and Serbia – and other countries wishing to accede – to participate fully in the Energy Charter process.

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

² Activities under the direct responsibility of the Secretary General

3.3	Expansion / Relations with Non-Signatories	
(i)	<i>Outputs:</i> Response to interest and request for information from non-signatory countries (priority - Mediterranean, Middle East and Asia; main energy exporters and importers, key energy transit countries, and countries contiguous to the existing constituency)	<i>Timing:</i> As necessary
	<i>Contact persons:</i> Dario Chello (Mediterranean), Pascal Laffont (Middle East, Asia)	<i>Estimated staff-months:</i> 10 staff-months

The 2004 Review concluded that the Energy Charter has a natural focus on the evolving Eurasian energy market, including the Mediterranean, the Middle East and Asia, and welcomed the increasing interest from non-signatories in the Charter framework. A strategy in relation to expansion of the Charter was discussed with member states in 2007, with the conclusion that priority should be given to those countries which have a direct impact upon the energy security of existing member countries. Thus should be on the main energy exporters and importers, key energy transit countries, and countries contiguous to the existing constituency. Where possible, the Secretariat should also be guided by the need to facilitate major new energy transportation routes to international markets.

As a matter of policy, the Secretariat endeavours to associate non-signatory observer states in the regular activities of the Energy Charter (see, for example, activity 5.2 – Regional Electricity Cooperation in Central and Southern Asia).

In 2008, the Secretariat proposes three directions of work in Asia. The first is to further develop contacts with ASEAN and its member countries, following the signature by the Philippines of the Energy Charter Declaration and the Energy Charter – ASEAN workshop envisaged in the second half of 2007. A second aspect of information exchange and knowledge-sharing in Asia is the intention to cooperate with the Energy Working Group of the Asia-Pacific Economic Cooperation (APEC). The Secretariat will also involve representatives of China and India in Energy Charter activities wherever feasible, and will look for possibilities to raise awareness about the Treaty with relevant governmental and commercial entities in these countries.

In the Middle East and Mediterranean, the main activity proposed is a workshop on the Trans Mashreq Gas Pipeline project. (known as the Arab Natural Gas Pipeline), which is provisionally foreseen for Damascus in the first half of 2008. The intention is to assess how the instruments of the Energy Charter be used to reduce risks associated with their development, financing, construction and operation of this project.

4. INVESTMENT

(40 staff months)

4.1 Reports on Investment Climate and Market Structure

[ECT Article 10, Article 9]

(i)	<i>Outputs:</i> In-depth ICMS Reports	<i>Timing:</i> Spring 2008, Autumn 2008
(ii)	Follow-up Reports	One to two in both spring and in autumn
<i>Contact persons:</i> Dario Chello, Boyko Nitzov, Sadat Çal		<i>Estimated staff-months</i> 24 months

The in-depth country reports on Investment Climate and Market Structure have proven to be a useful instrument for assessment of the implementation of the Energy Charter Treaty. The reports deal with complex issues of the investment conditions in the energy sector, as well as restructuring of energy markets, privatisation and access to capital. As put forward to the April meeting of the Ad Hoc Energy Charter Strategy Group (Room Document 1 – Energy Efficiency and Investment), it is proposed that the country reports also address issues of supply-side efficiency, and obstacles to investment that could improve the efficiency (or reduce losses) in the generation, production, transmission and distribution of energy. These efforts are complementary to the continued examination of demand-side issues in the PEEREA Working Group (see section 6).

With the Secretariat's detailed evaluation, the ICMS reports are the basis for the 'peer review' of policy developments in the examined countries. Overall, the Secretariat will continue to seek a greater balance in this activity between information on OECD countries and on other Energy Charter member countries (see also activity 4.3).

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 experience in implementing the policy recommendations and to discuss recent developments.

4.2 Risk Reduction Dialogue – Conditions for Mutual Investment along the Energy Value Chain

[ECT Article 2]

(i)	<i>Outputs:</i> Discussion on barriers to investment and the idea of 'reciprocity' in investment conditions across the Energy Charter constituency	<i>Timing:</i> Autumn 2008
<i>Contact persons:</i> Dario Chello, Boyko Nitzov, Sedat Çal, Miharu Kanai		<i>Estimated staff-months</i> 6 months

In the 1990s, the prevailing assumption about investment flows in the Eurasian energy sector was that these would be primarily from capital-rich OECD countries towards resource-rich but (at the time) capital-poor economies in transition. There is still a considerable volume of such investments, but many of the (former) 'transition' economies are now capable of mobilising investment capital and – particularly in the case of energy producers – are increasingly interested in investment downstream. So, as the G8 St Petersburg conclusions noted, it is 'especially important that companies from energy

producing and consuming countries can invest in and acquire upstream and downstream assets internationally in a mutually beneficial way’.

However, the terms governing these interlocking investments along the energy value chain remain a subject for discussion; barriers to cross-border investment remain in place, and limitations on foreign investment, whether legal or political, are evident both in some upstream and in some downstream countries. The notion of ‘reciprocity’ has gained some purchase in the political debate, but it is not clear what this means in practice for investment policies, and whether it is intended as a guiding principle for inter-governmental relations or rather for commercial relations among energy companies.

The Energy Charter Treaty applies along the energy chain; all companies from participating states receive the same protection, whether investing in production, generation, transmission, distribution or any other economic activity in the energy sector. However, there is a potential tension between the idea of ‘reciprocity’ and the principle of non-discriminatory treatment and a ‘level playing field’ that is enshrined in the Treaty.

This activity proposes to provide an overview of barriers to investment across the Energy Charter constituency, as a foundation for a discussion on policies and approaches promoting ‘mutually beneficial’ flows of investment. This activity would draw upon input from the IAP, and could form part of the agenda for the 2008 Policy Conference (see activity 2.2).

4.3 | Improving Entry Conditions for Foreign Investors

[ECT Articles 10(3), (5), (9)]

(i)	<i>Output:</i> Reduction in the number of remaining exceptions to national treatment	<i>Timing:</i> Ongoing
	<i>Contact persons:</i> <u>Dario Chello</u> , Boyko Nitzov, Sedat Çal	<i>Estimated staff-months</i> 6 months

The Secretariat will continue to work on the improvement of entry conditions for foreign investors in the energy sector through a reduction in the number of remaining country-specific exceptions to the principle of non-discrimination in the “Blue Book” (i.e. non-conforming measures of Contracting Parties/Signatories in the pre-establishment phase of an investment).

This activity also aims to give more 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.

4.4 | Review of ECT Implementation in Selected Areas

[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
	<i>Contact persons:</i> <u>Dario Chello</u> , Boyko Nitzov, Sedat Çal	<i>Estimated staff-months</i> 4 months

The Investment Group will continue its exchange of information and assessment related to measures adopted by member countries and other developments in the legal and financial environment that have an impact upon energy related foreign investment. This activity has been recognized by the Group as being an important element in monitoring implementation of the ECT's investment provisions. It supplements the country reports on investment climate and market structure.

In this context, the Secretariat will prepare occasional papers on selected investment-related issues (also, as in the past, on relevant topics that have been requested by member countries), and will continue to invite representatives of relevant bodies (energy companies, financial institutions, academia and international organisations) to make presentations on their investment-related activities in member countries.

5. CROSS-BORDER ENERGY FLOWS: TRADE & TRANSIT (58 staff-months)

5.1	Transparency on Selected New Energy Transport Facilities Conditions and Operational Issues for Reliable Transit	
	<i>Outputs:</i>	<i>Timing:</i>
(i)	Voluntary presentations at meetings of the Trade & Transit Group, made available to the public	Spring / Autumn 2008
(ii)	Updated maps of Eurasian oil and gas pipelines showing planned projects	Spring 2008
(iii)	Illustration of projected oil flows and transport capacity in the Caspian / Black Sea region	Spring 2008
(iv)	Updated reports on transit tariff methodologies for gas / oil in selected Energy Charter countries.	Spring / Autumn 2008
(v)	Report and workshops on operational issues for reliable gas transit, including gas storage	Report + recommendations: Autumn 2008
	<i>Contact persons:</i> <u>Ralf Dickel</u> , Gürbüz Gönül	<i>Estimated staff-months:</i> 18 months

The Secretariat will continue to encourage member states to present, on a voluntary basis, the technical, legal and regulatory frameworks for ongoing cross-border oil and gas pipeline projects and to make the information public. This activity will include publication of an updated version of the Energy Charter maps for existing and ongoing/planned oil and gas pipelines.

Based on the transparency initiative, and following a request from Kazakhstan, the Secretariat proposes to provide illustrations of the oil flow resulting from upstream developments and upcoming pipeline projects in the Caspian Sea/ Black Sea region. This would be done through the development of various scenarios on future oil flows, pipeline capacity, bottlenecks and associated investment needs that will be needed in order to increase export capacity. The underlying methodology will be available for the use of member countries.

An updated version of the 2006 report on gas transit tariffs and underlying methodologies will be published in the first half of the year. Factual updates of the 2007 report on oil transit provisions will also be carried out in cooperation with member countries in the second half of the year. Both of these reports will be available for presentation to member and observer countries (see activity 2.1).

Further to the Scoping Paper (TTG 33) agreed by the Group on Transit and Trade, the Secretariat will continue to address the major operational issues of cross border gas flows. It is envisaged to hold additional expert workshops in cooperation with member countries focusing on technical and operational issues affecting transit flows, including issues related to gas storage.

Incorporating the results of such workshops where already available, a paper will be produced by the Secretariat taking stock of the practices in member countries regarding operational practices associated with transit and other cross-border gas flows (including

Easee-gas harmonization work³). A concluding report will be submitted for discussion, which may include suggestions on principles for reliable operation of cross-border gas transport facilities across the entire Energy Charter constituency.

5.2 Regional Electricity Cooperation in Central and Southern Asia

[ECT Articles 3, 4, 7, 10]

(i)	<i>Outputs:</i> Analytical paper by the Secretariat on the relation between regional electricity cooperation and sector reform and investment climate.	<i>Timing:</i> Q3 2008
(ii)	Task force of experts across the Caspian region and Central Asia for knowledge-sharing on best practice for reform of electricity markets and promotion of regional trade	Ongoing
(iii)	One/two regional workshops in Central Asia (one in Tajikistan) on cross-border cooperation which include hydro based systems and on the development of the Model Agreements for electricity interconnections.	Q1 / 3 2008
<i>Contact persons:</i> Ralf Dickel, Thea Khitarishvili		<i>Estimated staff-months</i> 14 months

At a meeting in Bishkek in April 2007, representatives of Central Asian states, Afghanistan and Pakistan agreed to use the Energy Charter framework as a means to intensify and develop cross-border electricity trade. As follow-up to this ‘Bishkek Declaration’, a meeting took place in November 2007 in Kabul, organised with financial support from the Government of Norway, in order to discuss in more detail the role of the Energy Charter and its instruments (notably the Model Agreements) in supporting new regional electricity infrastructure (in particular the CASA-1000 project⁴) and to exchange experience with hydro-based electricity cooperation.

These meetings established the basis for a network of experts, aiming at knowledge-sharing related to the best practices for electricity markets reform and for promotion of regional electricity trade which will be supported by the Secretariat. Given the status of the development of the electricity sector in these regions, it is important to highlight policies that can promote investment and reliable supply of electricity on a national basis and remove obstacles to cross-border trade.

The Secretariat will produce an analytical paper to highlight the experience of sequencing of possible reform steps to commercialise the sector, the need and the instruments to achieve an economically sustainable electricity sector and its relation with electricity trade and electricity cooperation between neighbouring countries with a view to create a shared electricity market. This will be done in cooperation with experts from the countries concerned, and will be discussed at further regional events in cooperation with interested member or observer Governments.

³ EASEE-gas: The European Association for the Streamlining of Energy Exchange was set up in 2002 to develop and promote the simplification and streamlining of both the physical transfer and the trading of gas across Europe.

⁴ This project is for the construction of a transmission line to export about 1000 MW of electricity from Tajikistan and Kyrgyz Republic to Pakistan via Afghanistan (with a possibility to off-load some electricity in Afghanistan).

These activities will be open to participation from member and observer states and conducted in close cooperation with the World Bank, the Asian Development Bank, CIS Electric Power Council and other stakeholders.

5.3 | Transfer of Technologies and Trade in Clean/Environmentally Friendly Energy Technologies and Equipment

[ECT Articles 8, 19(1)(d), 19(1)(g), 29]

<p>(i)</p> <p>(ii)</p> <p>(iii)</p> <p>(iv)</p>	<p><i>Outputs:</i></p> <p>Report on trade conditions for the clean/environmentally friendly energy technologies and equipment</p> <p>Continuation of case studies on transfer of technology in the energy sector</p> <p>Creation of a taskforce of experts across ECT constituency involved in the bioenergy technologies development and deployment.</p> <p>Workshop aiming at evaluating potential of countries in ECT constituency to increase bioenergy technology development and discussing promotion of regional trade in bioenergy, especially biofuels.</p>	<p><i>Timing:</i></p> <p>Autumn 2008</p> <p>Ongoing</p> <p>Ongoing</p> <p>Autumn 2008</p>
	<p><i>Contact persons:</i></p> <p><u>Ralf Dickel</u>, Yulia Selivanova</p>	<p><i>Estimated staff-months:</i></p> <p>10 months</p>

The World Trade Organisation’s Doha Development Agenda includes, in paragraph 31(iii), “negotiations on the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.” The question of defining environmental goods remains under discussion. WTO members have suggested that “the discussion could be helped if case studies and the results of other work elsewhere in other intergovernmental organizations could be used.”

These negotiations have a significant impact for ECT members, energy importers or exporters alike. With the entrance into force of the Trade Amendment, the Energy Charter’s provisions will cover trade in energy-related equipment. Further to the report of 2007 on general issues related to access to technology and technology transfer, it is proposed to address the conditions of trade in clean energy technologies and equipment, and to continue the 2007 work on cooperation in the development of bioenergy technologies.

The proposed work will explore which clean energy technologies/equipment represent a trade interest for the ECT member states, and further assess what are the barriers, both tariff and non-tariff, for export/import of such technologies/equipment. It is envisaged to present a report addressing conditions of trade in clean energy technologies/equipment for the meeting of the Trade and Transit Group in autumn 2008.

In relation to technology transfer, activities in 2008 will focus on specific obstacles to technology transfer in the energy sector, with reference to case studies from member countries, and how these obstacles can be removed.

Based on the areas of interest shown by member states in 2007 (notably at the bioenergy technology meeting in Chisinau in May), the Secretariat proposes to create a taskforce of experts across ECT constituency on bioenergy technologies development and deployment as a pilot initiative in promoting technology cooperation. A workshop with participation of the experts will identify priority areas/projects/ technologies where cooperation among interested member countries is possible. It will also evaluate the trade aspects in bioenergy

field, as there are projects in the ECT constituency aimed exclusively at exporting their output.

5.4	International Pricing Mechanisms for Oil and Gas; Follow-up Work <i>[ECT Article 3, 19(1) (b), 21, PEEREA Article 3(2)(a)]</i>	
(i)	<i>Output:</i> Study on effects of the taxation and subsidies along the energy supply chain on pricing of internationally traded oil and gas	<i>Timing:</i> Autumn 2008
	<i>Contact persons:</i> <u>Ralf Dickel</u> , Miharu Kanai, Yulia Selivanova	<i>Estimated staff-months</i> 8 months 2 – 3 months of consultancy

Alongside dissemination of information on the existing report (see activity 2.1), the Secretariat proposes to continue and deepen its work on issues surrounding the oil and gas pricing mechanisms. The intention is to focus on the impacts of upstream and downstream energy taxation and subsidies on the pricing of internationally traded oil and gas along the energy value chain. As far as internationally traded oil and gas are concerned, a number of taxes are imposed by both consuming and producing country governments.

On the producing country side, the taxation starts in the upstream at the wellhead, where taxes, levies and royalties are used as a tool for rent taking regime between the host country and investors. Export taxes may be imposed upon in some cases. Consuming countries tax energy commodities in the downstream market, mainly driven by government revenue requirements. In some countries energy subsidies, which have the opposite effects, are in place. In addition, environmental taxes now are discussed and imposed as a way to deal with environmental issues as externalities to the economy. Positive effects on CO₂ emissions and energy efficiency are expected from the higher energy prices through environment taxes.

The Secretariat's study will look into at the interaction of taxation effects along the energy supply chain on pricing of internationally traded oil and gas, on and in between oil and gas, investigate new developments such as environmental taxes to deal with externalities. It will reflect both the viewpoints of energy consuming and producing countries. The Secretariat will seek the input and cooperation of member governments and through the IAP of industry.

5.5	Activities related to the Transit Protocol	
(i)	<i>Output:</i> Support to the multilateral consultations on the draft Transit Protocol.	<i>Timing:</i> Ongoing
	<i>Contact persons:</i> <u>Ralf Dickel</u> , Gürbüz Gönül	<i>Estimated staff-months:</i> Provisional allocation - 8 months

This activity depends on the decision by the Energy Charter Conference on the proposal to hold multilateral consultations on the draft Protocol in the Trade and Transit Group. The final allocation of resources between this item and other activities on Trade and Transit will be adjusted in line with the scope of the Conference decision.

6. ENERGY EFFICIENCY AND RELATED ENVIRONMENTAL ASPECTS

(36 staff-months)

As described above, the overall priority is to contribute to the ‘internationalisation’ of the energy efficiency agenda and to the development of a consensus on how to enhance international cooperation in this area. With the kind support of the Government of Bulgaria, it is envisaged that the spring 2008 meeting of the PEEREA Working Group will be held in Sofia, Bulgaria, along with a Conference (jointly organised with the Bulgarian authorities) on Energy Efficiency and Renewable Energy.

6.1 Review Process

	<i>Outputs:</i>	<i>Timing:</i>
(i)	Two In-depth Reviews of National Energy Efficiency Policies	Spring / Autumn
(ii)	Four Regular Energy Efficiency Reviews	2 Spring / 2 Autumn
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 17 months 2 consultancy-month

Monitoring and facilitating the implementation of PEEREA remains the main objective of the Group, and the country review process developed in this respect will continue to be a core activity. The reviews as well as the Round Table presentations about 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. These reviews will continue to be conducted in partnership with selected countries.

The regular reviews, which monitor the progress made by participating countries in implementing the PEEREA obligations, should be updated at regular intervals. 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.

The information and insights gained from the review process will be part of the Secretariat’s input as partner in the next phase of the EU-supported ODYSSEE – MURE project. This initiative is intended to provide a monitoring tool for energy efficiency trend, evaluation of energy efficiency policies and quantitative assessment of improvements⁵.

⁵ <http://www.odyssee-indicators.org/>

6.2 Institutional Capacity for Energy Efficiency Policy Formulation and Implementation

(i)	<i>Outputs:</i> Final draft of the report	<i>Timing:</i> Autumn 2008
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 9 months 1.5 consultancy-month

The international political momentum for improvements in energy efficiency can deliver the expected results only if adequate institutional frameworks are in place to support policy development and implementation. This implies a strengthening of institutional capacity at international, national and local level. This element of the PEEREA was underlined in the conclusions of a Conference on ‘Delivering Energy Efficiency’, co-organised by the Energy Charter Secretariat and the Romanian Ministry of Economy and Finance, which took place in Bucharest on 23 May 2007.

To support this process, a report taking into account previous work of the Secretariat in this area will analyse different institutional approaches related to the development and implementation of energy efficiency legislation, policies and measures. The report will address the importance of the institutional settings in addressing barriers to energy efficiency and will identify successful practices in various PEEREA countries. Furthermore the report and a panel debate within the PEEREA Group will support the exchange of experience and facilitate cooperation among the energy efficiency institutions of different member countries.

6.3 Energy Performance Standards and Labelling Schemes

(i)	<i>Outputs:</i> First draft of the report	<i>Timing:</i> Autumn 2008
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 7 months 2.5 consultancy-month

Energy performance standards and labelling schemes for energy-using appliances and equipment have proved to be an important instrument for improving energy efficiency in many EU and OECD countries, which have established comprehensive legal and regulatory frameworks in this field. Important progress on labelling and introduction of minimum performance standards has been noted in many transition economies as well.

The newly-proposed study will address several aspects which affect the possible use of labelling and standards as effective energy efficiency instruments by transition economies. Such issues include technical and economic circumstances of the national markets, aspects related to transfer of technology, the awareness associated with such energy efficiency measures and the institutional capacity needed to develop it. On one hand transition economies may need to adapt standards and labelling schemes to national conditions, on the other hand they may need to incorporate some preconditions for using such instruments in the ongoing economic reforms.

There are also possibilities for international cooperation in this area. The Secretariat should cooperate with other international organisations which have expertise in this area, notably the IEA. These aspects will be in the focus of the new study, supported also by a panel discussion in the PEEREA Group and other consultations with member states as necessary.

6.4 | Energy Efficiency in the Public Sector

(i)	<i>Outputs:</i> Final draft of the report	<i>Timing:</i> Autumn 2008
	<i>Contact person:</i> <u>Dario Chello</u>	<i>Estimated staff-months:</i> 3 months

There is a strong potential for energy efficiency improvements in the public sector where governments and other public authorities have a direct responsibility. Measures in this sector can serve as benchmarks for other sectors and procurement schemes can support the use of innovative technologies and advanced energy management practices.

In 2007 the Secretariat started an analysis of national approaches to improving energy efficiency in the public sector with a view to identify best practices. The final report will reflect the input provided by the panellists and participants in the PEEREA Group and will be available in autumn 2008.

7. LEGAL AFFAIRS

(26 staff-months)

7.1 Model Agreements on Cross-Border Pipelines (MAs)

	<i>Outputs:</i>	<i>Timing:</i>
(i)	Dissemination and advice on utilisation of MAs	throughout 2008
(ii)	Developing and updating the second editions of the MAs	as required
(iii)	Adapting the MAs to cross-border electricity projects	H1 2008
	<i>Contact person:</i> Graham Coop, Clarisse Ribeiro	<i>Estimated staff-months:</i> 10 months

The Legal Affairs Unit has developed, with the assistance of the Legal Advisory Task Force on Model Agreements ("LATF"), a second edition of the Model Agreements on Cross-Border Pipelines ("MAs"). It is envisaged that this second edition, following review by the Expert Group on Model Agreements (consisting of legal experts from member state governments), will be presented for consideration to the 2007 Energy Charter Conference.

In 2008, Legal Affairs will ensure that the second edition is widely disseminated to host governments, energy investors and the legal community (see also activity 2.1) and will provide advice on utilisation of the MAs, through seminars and written material, as requested by member states.

In addition, Legal Affairs will, with the assistance of the LATF, develop and update the agreements in order to meet new needs and to reflect the latest developments in pipeline project agreements. As part of this work, it is proposed (in support of activity 5.2 on Regional Electricity Cooperation in Central and Southern Asia and in line with the 'Kabul Declaration' adopted at a meeting in Afghanistan in November 2007) to adapt, with the assistance of the LATF, the MAs to cross-border electricity projects.

7.2 Raising Awareness in relation to the ECT Dispute Settlement Mechanisms

	<i>Outputs:</i>	<i>Timing:</i>
(i)	Responding to enquiries concerning the interpretation and application of the ECT	as required
(ii)	Custody and organisation of the ECT Travaux Préparatoires, including archiving system	as required
(iii)	Presentation of the explanatory materials, analysis and background to the Treaty	H1 2008
	<i>Contact person:</i> Graham Coop, Clarisse Ribeiro	<i>Estimated staff-months:</i> 8 months

The 2004 Review Conclusions requested that the Secretariat "should raise awareness about the possibilities for dispute settlement applicable under the Treaty, and should facilitate the provision of information, where appropriate, on the use of these mechanisms."

As a consequence of the growing level of interest in the Energy Charter Treaty, the Secretariat receives an increasing number of enquiries concerning the application of the Treaty, mainly from external lawyers and other members of the public. Policy on access to information has been discussed with the Ad Hoc Energy Charter Strategy Group in 2007.

With regard to the *travaux préparatoires*, Legal Affairs maintains 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. It also has copies of documents which are kept by the respective Depositories of the original legal instruments (the governments of The Netherlands for the Charter Declaration and of Portugal for the Treaty, PEEREA and the Trade Amendment). Legal Affairs will review the current archiving system with a view to making it more effective in terms of facilitating research and introducing electronic filing of negotiation documents.

There is now a significant volume of information that can serve as an aid to comprehension of the Treaty, whether in the *travaux* or in explanatory material, such as the ‘Reader’s Guide’, produced by the Secretariat. This information is not, however, readily accessible or presented in a particularly user-friendly way (the Treaty and explanatory materials, for example, are available online only as separate .pdf documents, and therefore cross-referencing is difficult; information on the negotiating history of the Treaty is only accessible by visiting the Secretariat). The proposal for 2008 is therefore to review this material and to present the Treaty provisions – along with selected background and explanatory information – on an article-by-article basis on the Energy Charter web site. This would not claim to offer any authoritative interpretation of ECT provisions, but it would act as a useful resource for anyone interested to understand how the Treaty functions.

7.3 Standing responsibilities of Legal Affairs

(i)	<i>Outputs:</i> Provision of legal advice to the Conference and the Secretariat: <ul style="list-style-type: none"> - 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
<i>Contact person:</i> Graham Coop, Clarisse Ribeiro		<i>Estimated staff-months:</i> 8 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). This category includes 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 2008.

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, and also acts to liaise with the Government of Portugal, which is the Depository of the Energy Charter Treaty and the PEEREA. As far as the Secretariat can foresee, these permanent responsibilities should not exceed the staff months allocated to them for 2008.

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 web site;
- ⇒ Administration and Support Services: various activities, notably office management, document dissemination procedures and support for all ECS meetings, including external workshops and seminars.

ANNEX I – SUMMARY OF STAFF MONTH CALCULATIONS

	<i>Activity</i>	<i>Staff Months</i>
1	Private Office	84
2	Cross-Cutting Activities	20
	2.1 Knowledge-sharing and dissemination of information	12
	2.2 Annual Policy Conference	4
	2.3 Support to the Industry Advisory Panel	4
3	Ratification, Accession, Relations with Non-Signatories	24
	3.1 Ratification of the Treaty / TA / PEEREA	4
	3.2 Accession to the Treaty / TA / PEEREA by new members	10
	3.3 Expansion / Relations with non-Signatories	10
4	Investment	40
	4.1 Reports on Investment and Market Structure	24
	4.2 Risk Reduction Dialogue – Conditions for Mutual Investment along the Energy Value Chain	6
	4.3 Improving Entry Conditions for Foreign Investors	6
	4.4 Review of ECT Implementation in Selected Areas	4
5	Trade & Transit	58
	5.1 Transparency on Selected New Energy Transport Facilities: Conditions and Operational Issues for Reliable Transit	18
	5.2 Regional Electricity Cooperation in Central and Southern Asia	14
	5.3 Transfer of Technologies and Trade in Clean / Environmentally Friendly Energy Technologies and Equipment	10
	5.4 International Pricing Mechanisms for Oil and Gas: Follow-up Work	8
	5.5 Activities related to the Transit Protocol	8
6	Energy Efficiency and Related Environmental Aspects	36
	6.1 Review Process	17
	6.2 Institutional Capacity for Energy Efficiency Policy Formulation and Implementation	9
	6.3 Energy Efficiency Standards and Labelling Schemes	7
	6.4 Energy Efficiency in the Public Sector	3
7	Legal Affairs	26
	7.1 Model Agreements	10
	7.2 Raising Awareness in relation to the ECT Dispute Settlement Mechanisms	8
	7.3 Standing Responsibilities of Legal Affairs	8
8	Administration & Finance	66
	TOTAL	354

This calculation corresponds to the Establishment Table of 28 staff (28 x 12 = 336), plus 18 months of secondees' time