



Energy Academy Europe

**Executive Training Programme for
Young Energy Leaders:**

**Rising to the Energy Security Challenges of Tomorrow
by Applying Effective Investment Protection Strategies Today**

Energy Charter Secretariat

Brussels

28 – 30 October 2013



The Young Energy Leaders during a session at the European Parliament in Brussels

Following on from the first edition of the Executive Training Programme held in May 2013, the Energy Charter Secretariat, through the newly created Knowledge Center, organized yet another successful three-day-long event at the end of October 2013. The second edition of the training program focused on core issues and challenges related to the protection and promotion of investment in the international energy sector. The thirty-seven participants who took part in the training were likewise given the chance to explore how investment strategies are intertwined with energy security goals. The program was designed specifically for the younger generation of energy professionals. It aimed to assist them to better understand differing approaches to energy security while exposing them to the use of legal instruments guaranteeing efficient investment protection, the practice of intergovernmental negotiations, industry methods, and other relevant approaches.

The Program attracted participants from across the wider-Energy Charter constituency, bringing together professionals from over twenty countries, including EU states, Afghanistan, Georgia, Jordan, Kazakhstan, Montenegro, Morocco, Oman, Pakistan, Russia, Turkey and Uzbekistan. More than twenty speakers of international calibre from government, industry, academia as well as the Energy Charter Secretariat addressed the training program,

engaging participants in three days of highly interactive learning sessions. Training programmes for young energy professionals include dynamic learning streaming modules and an interactive, hands-on simulation exercise. In October, participants engaged in an interactive dispute settlement simulation during which they had the chance to take part in a model game mimicking investor-state arbitration proceedings.

The Knowledge Centre, established under the auspices of the Energy Charter Secretariat at the beginning of 2013, aims to share the rich array of experience accumulated within the Energy Charter with all interested stakeholders. The Centre also promotes the role of the Energy Charter in global energy governance – the training programs being a central instrument in the development of these objectives. In this respect completion of the program allowed participants to strengthen their capacity in dealing with many of the present day energy challenges at the policy level and improve energy strategy. In addition, young energy professionals participating in the training developed the relevant know-how needed to enhance energy security while promoting an innovative and sustainable approach for the future of global energy.

In this leaflet, we summarise some of the core topics that were addressed during the program and share with the reader other useful dynamics emerging from these action packed three days.

DAY 1

Discussions during the morning session of day one of the training program focused on the topic of 'The challenges of achieving balanced and sustainable approaches towards energy security in a rapidly changing global landscape'. The session was opened through an invigorating lecture by Zhikai (Victor) Gao, Director of China National Association of International Studies & Executive Director of the Beijing Private Equity Association in Beijing; and was further evaluated by Amb. William Ramsay, former Deputy Executive Director of the IEA in Paris.

The session was chaired by Dr. Marat Terterov, Research Fellow, Energy Charter Knowledge Centre, and there were further interventions by:

- Wim Groenendijk, Vice-President International and Regulatory Affairs, N.V. Nederlandse Gasunie, Groningen
- Amb. Jan-Meinte Postma, Energy Charter Special Envoy



Training Programme participants attend the first Knowledge Stream at the Energy Charter Secretariat.

Some of the key areas discussed during the session included:

- Reflections and insights on the energy security benchmarks in the context of rapid changes in global energy;
- Different views of energy security: is there a new consumer-supplier dialogue?
- A focus on China's potential role as a key stakeholder in the international energy markets and the associated global implications;
- Insights on the presence of Chinese energy companies on the world stage and their impact on investment trends in global energy markets;
- Energy security perspectives from the industry and investments in energy infrastructure in the European neighbourhood;
- An outlook for global LNG and the implications for European security of supply.



From left to right: Marat Terterov, Amb. Jan-Meinte Postma, Amb. Urban Rusnák, Amb. William Ramsay, Wim Groenendijk, Zhikai (Victor) Gao.

After a participant-speaker networking lunch, the young energy professionals witnessed a second key note presentation which turned to the topic of: 'Investment protection in energy between private and public enforcement'.

This was delivered by Dr. Dirk Buschle, Legal Counsel and Deputy Director of the Energy Community Secretariat in Vienna. In the lively panel which followed, discussion focused on:

- Dispute settlement options in the framework of international energy law;
- The EU Third Energy Package as 'state of the art' energy legislation;
- The extension of the internal energy market to third countries;
- Is the Third Energy Package the 'Microsoft' of international energy legislation sequences, or is it full of 'bugs'?
- Debating the relevance of EU internal market legislation for third countries;
- Case studies comparing private and public enforcement of investment protection;
- How well protected are energy investors?
- Impact on investor confidence and market predictability;
- Arbitration trends in the framework of the Energy Charter Treaty (ECT);
- A discussion on implications given the trends of arbitration under the ECT;
- Can the ECT help mitigate cases of market failures?

Dr. Matteo Barra, Investment Expert, Energy Charter Secretariat, chaired the session, which also included profound interventions by:

- Ana Stanic, Centre for Energy, Mining, Petroleum Law and Policy at the University of Dundee and E&A Law Ltd., London
- Prof. Adnan Amkhan, MENA Chambers, former-Head of Legal Department at the Energy Charter Secretariat
- Steivan Defilla, Director, Energy Charter Secretariat

The afternoon session of the first day was dedicated to the simulation game. Participants were briefed on the game scenario for an investor-state arbitral proceeding and were presented with the context and key facts relating to the dispute to be settled.



Participants actively engaged with speakers on the topics discussed during the Knowledge Streams.

Participants were told that the end-game was to conduct a Hearing stage of the arbitration process and to deliver a Dispositive as part of the Arbitral Award. Trainees were allocated the roles of Investor, State, and Arbitral Tribunal and discussed objectives and strategies.

The marathon first day of the training program proceeded into the evening, where all program participants were treated to a gala dinner, during which Amb. William Ramsay recounted about his role during the negotiations of the Energy Charter Treaty some two decades ago. Amb. Ramsay also reflected on an illustrious four decade-long career in international energy diplomacy, resource economics and geopolitics, whilst speaking off the record and recalling career high water marks and challenges alike.



Participants taking part in the simulation game and discussing strategies in delegations.

DAY 2

On the morning of the second day of the training program, Dr. Alexander Naumov, Macro Economist at BP, delivered the opening lecture in the third Knowledge Stream entitled 'Promoting growth and economic development by optimising relations between sovereign states and investors in the global energy sector'. The session was chaired by Howard Chase, Director of



Participants attending the Training Programme's morning Knowledge Stream at the European Parliament, in a joint session with the member of the Energy Charter's Industry Advisory Panel.

Government Affairs at Dow Europe and Chairman of the Energy Charter Industry Advisory Panel, and took place at the European Parliament under the auspices of Mr. Eduard Kukan, MEP and Mr. Rafał Trzaskowski, MEP. More than 80 persons (comprising of young energy professionals, Energy Charter Secretariat and Energy Charter Industry Advisory Panel member company representatives) participated in the morning session, which also included stimulating presentations by:

- César Ortiz Sotelo, Deputy-Director of International Department, GDF Suez, Paris
- Filippo Gamba, Director for Strategy and Development at Counterpoint & Senior Advisor at Global Resources Corporation, London
- Amb. William Ramsay, former Deputy-Executive Director, IEA, Paris

Speakers and audience discussed and debated:

- Energy security and the role of markets;
- BP world energy outlook;
- Market structure and foreign investors in the global energy sector;
- Investment strategies from leading players;
- Practical considerations of fiscal and financial due diligence;
- Risk and risk management: what are the main challenges involved?
- National champions, access to reserves and foreign investors: where do the real challenges and opportunities lie?
- When states overtake markets to become investors: an objective impact assessment.

After a networking coffee break, during which training programme's participants had the chance to meet and discuss with members of the Industry Advisory Panel, Dr. Andrei Belyi, Associate Professor at the Institute of Government and Politics of the University of Tartu in Estonia, opened the fourth Knowledge Stream, which was entitled 'Working towards an effective regulatory environment in order to stimulate investments in global energy: case experience from upstream and downstream markets'. The session was jointly chaired by Howard Chase and Marat Terterov. This Knowledge Stream also included presentations by:

- Ana Stanic, Centre for Energy, Mining, Petroleum Law and Policy at the University of Dundee and E&A Law Ltd. London
- Dr. Rafael Leal-Arcas, Reader in Law, Queen Mary University of London
- Alejandro Carballo Leyda, Legal Counsel, Energy Charter Secretariat, Brussels
- Zhikai (Victor) Gao, Director of China National Association of International Studies & Executive Director of the Beijing Private Equity Association, Beijing

A highly interactive panel session with audience participation ensued, focusing on discussion points such as:

- Reassessing the investor protection focus from the upstream side, to mid-stream and downstream markets;
- Investment protection instruments in consideration of energy infrastructure projects;
- Creating an effective investment environment in transnational gas pipelines;
- Interlinking global energy governance, investments and investment protections;
- Multilateral investment protection frameworks and their application;
- Do ECT member countries attract greater investment volumes?
- Movement towards new patterns in regulatory risk in developed market economies?



From left to right: Dr. Rafael Leal-Arcas, Dr. Andrei Belyi, Zhikai (Victor) Gao, Marat Terterov, Alejandro Carballo Leyda, Ana Stanic.

The busy morning session was followed by a networking lunch with guest speakers:

- George Hamilton, Vice President, Dow Olympic Operations, The Dow Chemical Company
- Jeffery Piper, International Relations and Enlargements, European Commission, DG Energy



From left to right: Amb. William Ramsay, George Hamilton, Amb. Urban Rusnák.

After a truly tumultuous day at the European Parliament, participants were escorted to the Energy Charter Secretariat premises. Here and throughout the rest of the afternoon, they completed the final round of the hearing of the investor-state arbitral proceedings. The final stages of the simulation included:

- Pleadings by the parties
- Hearing of witnesses and experts
- Final conclusions by the parties.

The supervisory board included:

- Steivan Defilla, Director, Energy Charter Secretariat, Brussels
- Alejandro Carballo Leyda, Legal Counsel, Energy Charter Secretariat, Brussels
- Dr. Matteo Barra, Investment Expert, Energy Charter Secretariat, Brussels
- Leonard Hawkes, Solicitor, DBB Law, Brussels
- Prof. Adnan Amkhan, MENA Chambers, former-Head of Legal Department at Energy Charter Secretariat

Participants were then invited to take part in a team building dinner, during which they had the pleasure of experiencing Belgian traditional cuisine accompanied by live balalaika music.

DAY 3

The morning of the final and third day of the training program commenced with some 'reflections' from the previous two days of speaker-participant dialogue, providing opportunity for feedback from all participants. Discussion and debate were led by:

- Dr. Marat Terterov, Research Fellow, Energy Charter Knowledge Centre, Brussels
- Patrice Dreiski, Senior Expert for Expansion and Outreach, Energy Charter Secretariat
- Ana Stanic, Centre for Energy, Mining, Petroleum Law and Policy at the University of Dundee and E&A Law Ltd., London
- Alejandro Carballo Leyda, Legal Counsel, Energy Charter Secretariat, Brussels

The morning continued with a panel debate on 'Energy security, investments and risk assessment: what to do when markets fail and governance institutions falter', with an opening address by Aad van Bohemen, Manager International Affairs, Energy Academy Europe, Groningen. The session was chaired by Amb. Vladimir Rakhmanin, Deputy Secretary General, Energy Charter Secretariat and included contributions by:

- Dr. Andrei Belyi, Associate Professor at the Institute of Government and Politics of the University of Tartu, Estonia
- Filippo Gamba, Director for Strategy and Development at Counterpoint & Senior Advisor at Global Resources Corporation, London
- Dr. Rafael Leal-Arcas, Reader in Law, Queen Mary University of London
- Zhikai (Victor) Gao, Director of China National Association of International Studies & Executive Director of the Beijing Private Equity Association, Beijing

The discussion focused on:

- Which countries succeed in attracting investment into their energy sectors and why;
- Are resource-rich countries always in an advantageous position?
- What hope for countries with weak governance structures?
- Addressing governance failure in practice;
- Is there a link between fragmented energy governance, investment and investment risk?
- What role do new technologies play in stabilising markets?
- A final word on energy security in the global context.

After a networking lunch, participants concluded the simulation game. The final phase of the mock hearing in the investor-state arbitral proceeding included:

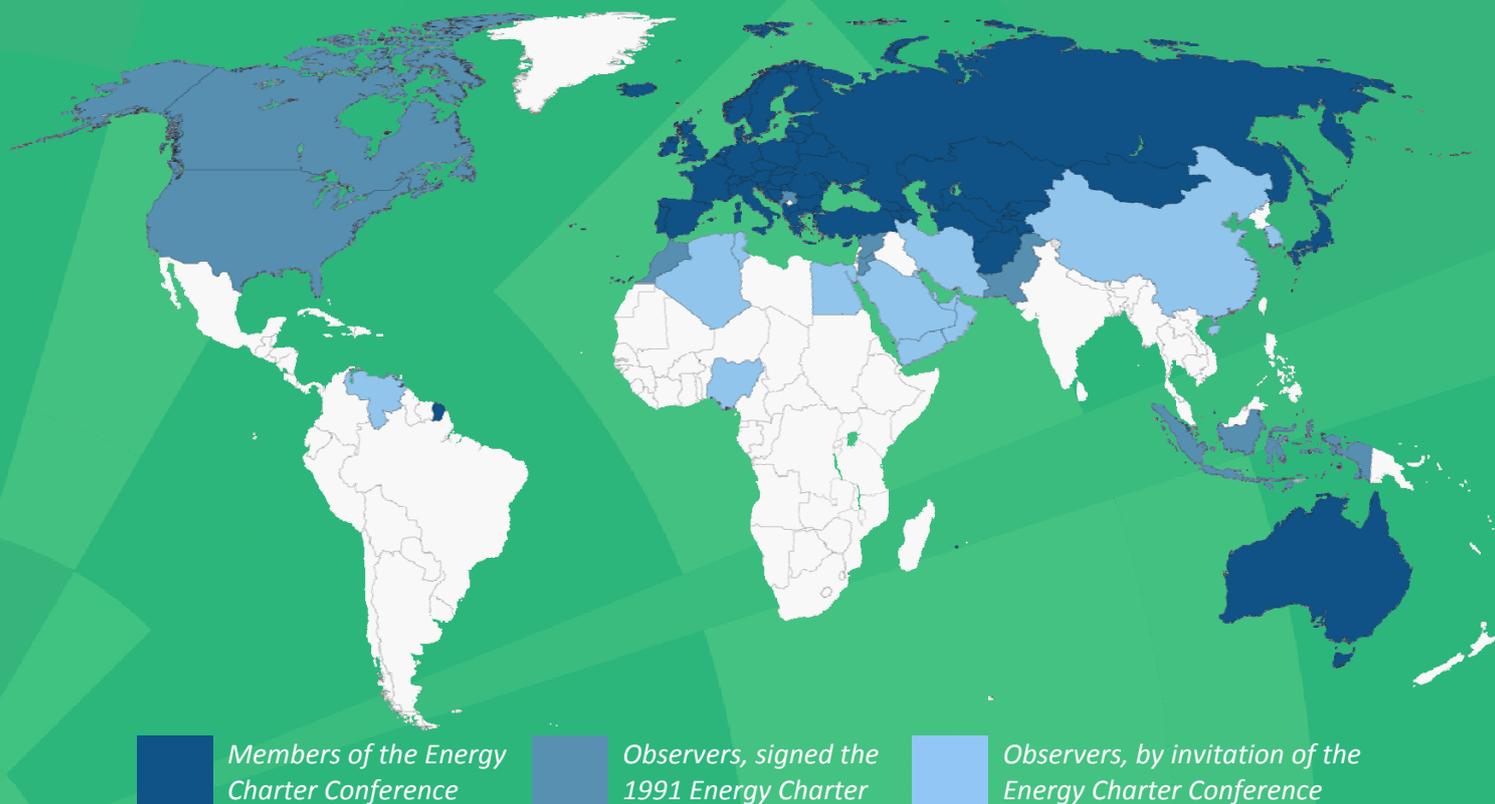
- Final award (dispositive and reasoning) by the arbitral tribunal
- Press statements and media briefings
- Q&A and feedback from participants
- Evaluation of the group seminar



Training Programme participants attending the closing ceremony.

A closing ceremony at the Energy Charter Secretariat followed, where Secretary General Rusnák awarded Energy Charter Knowledge Centre Certificates of Excellence to all participants.

THE ENERGY CHARTER



Energy Charter

The Energy Charter is a political declaration signed in 1991. Though not legally binding, it embodies the key principles underpinning international energy cooperation. This document is the founding block of the Energy Charter Process.

Energy Charter Treaty

The 1994 Energy Charter Treaty was developed on the basis of the Energy Charter and is a legally binding multilateral agreement. The Treaty entered into force in 1998 and currently counts 54 members.

Energy Charter Conference

The Energy Charter Conference is the formal name of the organisation created by the Energy Charter Treaty. For practical purposes, informally the organisation is usually referred to as the Energy Charter. The Conference is the governing and decision-making body of the Energy Charter Process.

Energy Charter Process

Based on the Treaty, the Energy Charter Process is an international policy forum for exchanging best practices and cooperating with interested third parties. This is a unifying term for all Charter-related activities.

Energy Charter Secretariat

The Secretariat supports the work of the Energy Charter Conference and its subsidiary bodies.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.



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