

**REPORT  
OF THE DIRECTOR OF THE ENERGY COMMUNITY SECRETARIAT  
TO THE MINISTERIAL COUNCIL OF THE ENERGY COMMUNITY  
ON THE EXECUTION OF THE ENERGY COMMUNITY BUDGET 2011  
PURSUANT TO  
ARTICLE 75 OF THE TREATY  
ESTABLISHING THE ENERGY COMMUNITY**

## LIST OF CONTENTS

1. INTRODUCTION .....	3
2. ESTABLISHING THE INITIAL BUDGET 2011 AND BUDGETARY PROCEDURE .....	5
3. AMENDING THE BUDGET 2011.....	6
4. BUDGET 2011 - IMPLEMENTATION OVERVIEW .....	7
5. CARRY OVER FROM 2011 INTO 2012 (LEGAL COMMITMENTS) .....	9
6. REVENUE 2011 .....	10
7. RECOVERY PROCEDURE OF NON-USED BUDGET APPROPRIATIONS 2011 .....	10
8. AUDIT 2011 .....	12
9. CONCLUSION AND OUTLOOK .....	13
ATTACHMENTS .....	14
Attachment 1: List of Rules and Procedures of Relevance for the implementation of the Energy Community Budget, status as of May 2012 .....	14
Attachment 2: Energy Community Events 2011 – Annual Overview .....	16
Attachment 3: Energy Community Contracting Parties/Observer Missions 2011 – Overview.....	17
Attachment 4: Studies 2011 Overview – status of implementation as of 3 May, 2012.....	18
Attachment 5: Budget Repayments 2007-2011 in comparison .....	19

## 1. INTRODUCTION

In the year 2011 the Secretariat of the Energy Community continued its vigorous efforts towards implementation of the budget in accordance with the principle of the sound financial management.

The budget's main contribution came from the European Union, represented by the Commission, and amounted to EUR 3,312,400 (98% of the overall budget). This budget was sufficient to perform the activities specified in the Energy Community ("EnC"; "the Community") Work Program.

The main areas of activities of the Secretariat in the process of budget implementation are to:

- secure the resources for Energy Community policies, on the basis of an effective financial planning;
- manage the budgetary framework;
- implement the budget in compliance with the applicable regulatory framework;
- draw up the annual accounts of the Energy Community;
- report on the budget implementation on monthly and quarterly basis towards the Budget Committee and annually to the Ministerial Council;
- progress towards the granting of a Discharge Decision by the Ministerial Council and coordinate the discharge procedure;

In the context of its/these activities, the Secretariat's main achievements in the area of budget implementation in 2011 were as follows:

- The Secretariat continued the effective management of the available financial resources for the implementation of the activities under the Energy Community Treaty and the established Work Program 2011;
- It contributed to the finalization of the Commission's budget proposal for the budgetary period 2012-2013;
- It reported on regular basis on the budget execution of the ongoing year; the produced reports were issued on monthly, quarterly and annual basis;
- It managed VAT refunds and other (minor) recovery amounts;
- It organized the Budget Committee meetings and contributed to its preparation on substance (four meetings in 2011);
- At the beginning of 2011, the annual accounts of the Energy Community ('financial statements') for 2010 were drawn up, audited and reported to the Budget Committee as well as to the Ministerial Council; the overall results of the audited year-end accounts resulted in an *unqualified auditors opinion* and discharge decision of the Director;
- In the context of the finalized audit, best efforts to follow-up of auditors recommendations were made;
- As a consequence of these recommendations, Accounting Guidelines - representing methods, measurement systems and procedures consistently followed by the management of the Energy Community for presenting disclosures in consistent and comparable way - were adopted by the Budget Committee on 24 October 2011;
- The Secretariat contributed to the preparation of the budget 2011 amendment decision adopted by the Ministerial Council on 6 October 2011;
- It carried out inventory of Energy Community assets within the applicable rules and framework;
- In the context of the financial management of funds, the Secretariat managed several procurement procedures in line with the applicable Procurement Law of the domicile country, both in the area of energy policy and general administration of services;
- The work on improvement of the relevant financial and legal framework within the area of management and administration continued, with the objective of responding to the

requirements of the Staff Regulations of the Energy Community on one side and to the operational requirements of the Secretariat on the other side.

## Legal basis

Article 75 of the Treaty establishing the Energy Community ("the Treaty") stipulates that the Director of the Secretariat shall report on annual basis to the Ministerial Council on the execution of the budget.

Article 38 of the *Procedures for the Establishment and Implementation of Budget, Auditing and Inspection* ("*Budgetary Procedures*") stipulates further that an annual activity report of the Director shall be accompanied by the report on financial and management information during the year.

The purpose of this report is to present a synthesis of the budgetary and financial management of appropriations for the period ending 31 December 2011.

The analysis follows the International Public Sector Accounting Standard (IPSAS) 24 issued by the International Public Sector Accounting Standards Board (IPSASB) in December 2006. In accordance with the rule, the comparison of the budget and actual implementation shall be presented, for each heading (budget line) separately, on the basis of both the original and the final budget amounts. Changes approved by the Director and/or Budget Committee to revise the original budget and the actual implemented amounts shall be also explained.

## Content of the 2011 report

The report presents, as in the past, in details the expenditure and revenue side of the budget of the Energy Community. It also provides *information on (...) received donations and their usage*<sup>1</sup>, as expressed in Article 15 of the *Procedures for the Establishment and Implementation of Budget, Auditing and Inspection*.

The report analyses the year at budgetary level including

- A summary of the budgetary procedure 2011, explaining how the appropriations for 2011 arrived;
- A description of the main adjustments to this budget during the financial year and reasons for these adjustments, leading to final appropriations of the year;
- An overview of the implementation of expenditure in 2011;
- An assessment of the evolutions of the outstanding commitments at the end of the financial year and
- a summary information on the revenue 2011.

The implementation data is based on the final and audited actual results for the financial year 2011<sup>2</sup>.

Amounts are presented in *EURO*, after rounding.

<sup>1</sup> Extract from Art 15(2) of the *Procedures for the Establishment and Implementation of Budget, Auditing and Inspection* (Ref.:2006/03/MC-EnC) of 17 November 2006

<sup>2</sup> See Auditor's Report on the Financial Statements as of 31 December 2011 dated 1 March 2012

## 2. Establishing the initial budget 2011 and budgetary procedure

Budget 2011 of the Energy Community is part of the biannual budget 2010-2011 approved by the Ministerial Council on the proposal of the European Commission<sup>3</sup> at its meeting on 26 June 2009 in Sarajevo. At the end, the initial budget for 2011 was set at EUR 3,380,000, i.e. 4% higher than 2010 budget. As a result of the amendment decision, the final budget for 2011 amounted to EUR 3,427,000.

The budget of the relevant year was established in correspondence with the strategic planning of activities within the overall objectives of the Treaty establishing the Energy Community ("EnC") for the same period. Those activities are laid down in the corresponding EnC Work Program that was part of the budget proposal as required under Article 25 of the *Budgetary Procedures*.

As far as the structure of the budget is concerned, Title V of the *Budgetary Procedures* defines the principle relevant for it. Following the initially established structure, the distribution of the budget funds is allocated to four major categories of expenditures of the Energy Community, the so called "*budget lines*", subdivided into the subordinated lines, called *budget positions*. Operational expenditures necessary for the functioning of its institutions are laid down in different parts of the budget.

The budget of the year came in the form of Contracting Parties' contributions adopted by the Ministerial Council following the table of contributions as annexed to the Treaty. Overview of the approved budget 2010-2011 with an indication of the percentage of subtotals in the overall budget is presented below:

	%age presentation of Subtotals			
	BUDGET 2010	INITIAL BUDGET 2011	FINAL BUDGET 2011	
(in EUR)				
<b>1. HUMAN RESSOURCES</b>				
Subtotal Human Ressources	1.320.000	1.430.000	1.430.000	40,6%
<b>2. TRAVEL EXPENSES</b>				
Subtotal Travel Expenses	250.000	270.000	270.000	7,7%
<b>3. OFFICE</b>				
Subtotal Office	250.000	250.000	277.000	7,7%
<b>4. OTHER COSTS AND SERVICES</b>				
Advertising and communications (incl. representation)	50.000	50.000	50.000	3,5%
Studies, research and consulting	450.000	450.000	450.000	31,5%
Costs of outsourced services (IT etc.)	110.000	110.000	110.000	7,7%
Costs of audit, legal and financial advice	40.000	40.000	40.000	2,8%
Financial services (bank)	20.000	20.000	20.000	1,4%
Conference costs	260.000	260.000	260.000	18,2%
Refunding	280.000	280.000	300.000	19,6%
Training and seminars (internal and external)	150.000	150.000	150.000	10,5%
Seconded and Trainees	70.000	70.000	70.000	4,9%
<b>Subtotal Other costs and services of Total</b>	<b>1.430.000</b>	<b>1.430.000</b>	<b>1.450.000</b>	<b>44,0%</b>
<b>Total</b>	<b>3.250.000</b>	<b>3.380.000</b>	<b>3.427.000</b>	

remark:

cursive percentages are calculated ratio of the Subtotal

n = number of staff members

Table 1: Energy Community Budget 2010-2011: Overview (Source: ECS intern)

<sup>3</sup> Article 88 of the Treaty establishing the Energy Community

### 3. Amending the budget 2011

At the Budget Committee meeting on 22 March 2011, representatives from the European Commission suggested an amendment of the 2011 Energy Community budget in order to reflect interests and other income of the previous years from 2007 until 2010<sup>4</sup>. Following these discussions, respective amendment decision ("the Decision") of the Ministerial Council in accordance with the prescribed procedure in Article 26 of the *Budgetary Procedures* was taken on 6 October 2011<sup>5</sup>.

Secretariat presented its proposal on the technical implementation of the decision at the Budget Committee meeting on 24 October 2011 that was in general accepted. Following this, relevant Director's decision on the technical amendment of 2011 budget was adopted on 21 December 2011<sup>6</sup>. In accordance with the above mentioned Director's decision amendment of expenditures in budget line 3. *Office*, budget position PI 330: *Consumables* and in budget line 4. *Other Costs, Services*, budget position PI 470: *Refunding* was made (see table 2).

The increase on the revenue side was balanced through the increase on the expenditure side by the same amount of EUR 47.000. The amount contains the actual amounts of interest from the years 2007, 2008, 2009 and 2010 and an estimate of EUR 10.000 for the interest income for 2011<sup>7</sup>.

	Description	Ref.	Impact on Budget Line / Budget Position	Initial Budget of the Budget Position	Amendment Amount	Final Budget of the Budget Position	Reason
1	Ministerial Council Decision on the amendment of the Procedural Act No. PA/2009/01/MC-EnG on the Energy Community Budget2010-2011	PA_2011_01_MC-EnC	3. OFFICE PI 330: CONSUMABLES	90.000	27.000	117.000	Justified though potential need of funds in this budget line
2	Ministerial Council Decision on the amendment of the Procedural Act No. PA/2009/01/MC-EnG on the Energy Community Budget2010-2011	PA_2011_01_MC-EnC	4. OTHER COSTS, SERVICES PI 470: REFUNDING	280.000	20.000	300.000	Justified though potential need of funds in this budget line

Table 2: *Energy Community Budget 2011 – Technical Amendment*

The amendment of the budget 2011 resulted in an increase from the initially planned EUR 3.380.000 to EUR 3.427.000.

<sup>4</sup> See item 14 of the Minutes of the 11<sup>th</sup> Budget Committee of 22 March 2011

<sup>5</sup> See MC-2011\_PA\_2011-01-MC-EnC\_On the amendment of the Energy Community Budget 2011 under <http://www.energy-community.org/pls/portal/docs/1146184.PDF>

<sup>6</sup> See ECS-2011\_PA\_2011-05-ECS-EnC\_21-12-2011\_On the implementation of the MC Decision of 6 October 2011

<sup>7</sup> Actual interest income 2011 amounts to EUR 10.909 (see Auditor's Report 2011);

## 4. Budget 2011 - Implementation Overview

This section gives an overview in % of the implementation to the budget during the financial year 2011 and briefly comments on the utilization of the 2011 budget appropriations in comparison to the actual amounts. The execution of the 2011 budget, with the difference between actual execution<sup>8</sup> and the amended budget are presented in the table 3 below. This presentation is made both at the level of the budget line as well as of each budget positions within budget lines.

	Initial Budget 2011	Budget Amendment 2011	Final Budget 2011	Actual 2011 [in EUR]	Variance Final Budget vs. Actual [in EUR]	Budget 2011 Utilisation [in %]	Legal Commitments 2011	Actual 2011 incl. Commitments 2011	Budget 2011 Utilisation, incl. Legal Commitments [in %]
	1	2	3 = 1+2	4	5 = 3-4	6	7	8 = 4+7	
<b>1. HUMAN RESOURCES</b>									
Salary Costs	1.424.400		1.424.400	1.424.400	0	100%		1.424.400	100%
Others (accident insurance)	5.600		5.600	3.634	1.966	65%		3.634	65%
<b>Subtotal Human Resources</b>	<b>1.430.000</b>		<b>1.430.000</b>	<b>1.428.034</b>	<b>1.966</b>	<b>100%</b>		<b>1.428.034</b>	<b>100%</b>
<b>2. TRAVEL EXPENSES</b>									
Daily Subsistence Allowance	105.000		105.000	64.617	40.383	62%		64.617	62%
Travel Expenses (Staff)	165.000		165.000	131.708	33.292	80%		131.708	80%
<b>Subtotal Travel Expenses</b>	<b>270.000</b>		<b>270.000</b>	<b>196.325</b>	<b>73.675</b>	<b>73%</b>		<b>196.325</b>	<b>73%</b>
<b>3. OFFICE</b>									
Office rent	20.000		20.000	13.075	6.925	65%		13.075	65%
Office, equipment and communications (IT)	80.000		80.000	66.364	13.636	83%	6.000	72.364	90%
Consumables	90.000	27.000	117.000	84.696	32.304	72%		84.696	72%
Other Services (Telephone, Fax, Communications)	60.000		60.000	40.274	19.726	67%		40.274	67%
<b>Subtotal Office</b>	<b>250.000</b>	<b>27.000</b>	<b>277.000</b>	<b>204.406</b>	<b>72.594</b>	<b>74%</b>	<b>6.000</b>	<b>210.406</b>	<b>76%</b>
<b>4. OTHER COSTS, SERVICES</b>									
Advertising, communications and representation	50.000		50.000	28.685	21.315	57%		28.685	57%
Studies, research and consulting	450.000		450.000	835	449.165	0%	380.699	381.534	85%
Costs of outsourced services (IT, payroll, etc.)	110.000		110.000	65.725	44.275	60%	6.000	71.725	65%
Costs of audit, legal and financial advice	40.000		40.000	23.312	16.688	58%		23.312	58%
Financial services	20.000		20.000	11.275	8.725	56%		11.275	56%
Costs of events	280.000		280.000	137.747	142.253	53%		137.747	53%
Refunding		20.000	20.000	283.227	16.773	94%		283.227	94%
Training (internal and external)	150.000		150.000	71.411	78.589	48%	3.199	74.610	50%
Secondment and traineeship	70.000		70.000	49.200	20.800	70%		49.200	70%
<b>Subtotal Other costs, services</b>	<b>1.430.000</b>	<b>20.000</b>	<b>1.450.000</b>	<b>671.417</b>	<b>778.583</b>	<b>46%</b>	<b>389.898</b>	<b>1.061.315</b>	<b>73%</b>
<b>TOTAL EXPENSES</b>	<b>3.380.000</b>	<b>47.000</b>	<b>3.427.000</b>	<b>2.500.182</b>	<b>926.818</b>	<b>73%</b>	<b>395.898</b>	<b>2.896.080</b>	<b>85%</b>

Table 3: Budget Report 2011 (see also Auditor's Report 2011)

Utilization of budget appropriations in 2011 is presented in comparison with the previous periods of budget implementation as well as in comparison with the budget 2012.

<sup>8</sup> The actual figures include legal commitments of the year 2010

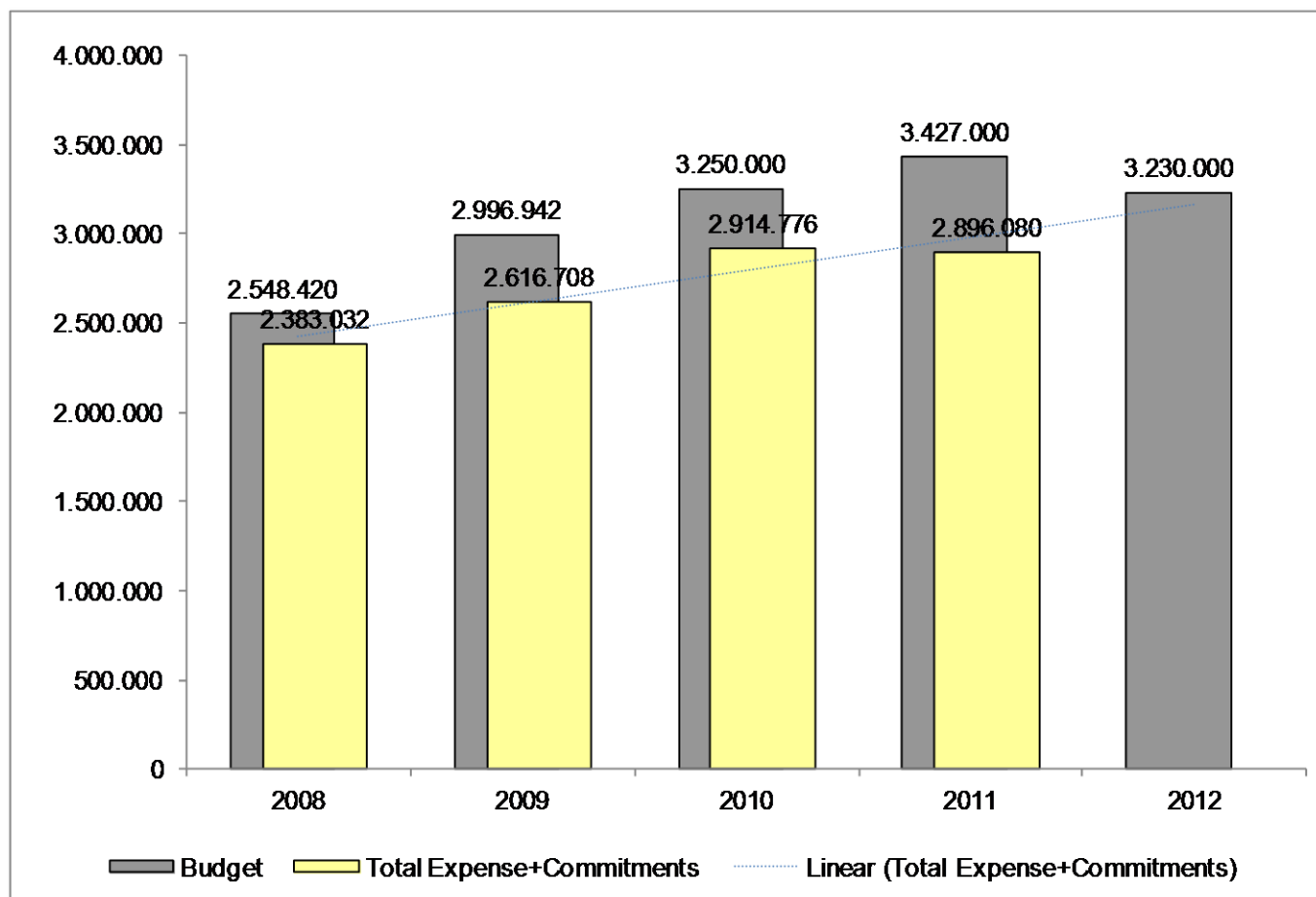


Chart: Energy Community Budget 2010 in comparison [source: ECS intern]

### Narration note on the expenses 2011

The implementation of the budget line 1 *Human Resources* amounted to EUR 1,428,034, i.e. to 100% of the budget appropriations.

The budget for *Travel Expenses* amounted to EUR 270,000 and was utilized in 73% (i.e. EUR 196,325). Included therein actual expenditure for position *Daily Subsistence Allowance* amounted to EUR 64,617 and EUR 131,708 for *Travel Expenses* (tickets, accommodation and others). These expenditures are related to the authorized travels on behalf of the Energy Community by its staff (visits to the Contracting Parties<sup>9</sup>, implementation missions, technical assistance, participation at various conferences etc).

The budget for *Office* expenditures amounted to EUR 277,000, and was utilized in the amount of EUR 210,406, i.e. 76%. Within this budget line the expenditure for *Office Rent* amounted to EUR 13,075, for the *Office, Equipment and communications* (IT) amounted to EUR 72,364, for the budget position *Consumables* amounted to EUR 84,693 and for the budget position *Other Services* (telephone, fax, communications) to EUR 40,274.

The implementation of *Other Costs, Services* (budget line 4) amounted to EUR 1,061,315, i.e. to 73% of the budget appropriations. Expenditure for the respective budget positions included therein was utilized at the levels as shown in the table 3. All of the positions were under-utilized in 2011. The most not used funds were derived from the following positions: 1) *Costs of events* (EUR 122,253 remained unspent), 2) *Trainings* (under-spending EUR 78,589), 3) *Costs of outsourced services* (under-spending EUR 44,275).

<sup>9</sup> See attachment 3 of this Report

All in all, in 2011 an amount of EUR 530,920 remained unspent (details see below under 7.).

## 5. Carry over from 2011 into 2012 (legal commitments)

In 2011, legal commitments amounting to EUR 395,898 were considered in the year-end accounts. Implementation of these commitments will continue in 2012. A summary table (with its status as of 3 May 2012) is presented below:

*status: 3 May 2012*

Budget Line/ Budget Position	Description	Appropriations 2011 carried over to 2012	Open for implementation in 2012
PI 111	<b>Human Resources</b>	-	-
PI 210, PI 220	<b>Travel Expenses</b>	-	-
	<b>Office</b>	<b>6.000</b>	<b>6.000</b>
PI 310	Office rent	-	-
PI 320	Office equipment	6.000	6.000
PI 330	Consumables	-	-
PI 340	Other Services	-	-
	<b>Other Costs, Services</b>	<b>389.898</b>	<b>113.907</b>
PI 410	Advertising & communication	-	-
PI 420	Studies, research and consulting	380.699	107.907
PI 430	Costs of outsourced services	6.000	6.000
PI 440	Costs of Audit, Legal and Financial Advice	-	-
PI 450	Financial services	-	-
PI 460	Conference costs	-	-
PI 470	Refunding	-	-
PI 480	Training and seminar costs	3.199	-
PI 490	Secondment and traineeship	-	-
	<b>TOTAL</b>	<b>395.898</b>	<b>119.907</b>

Table 4: Budget appropriations 2011 carried over into 2012: Overview [source: ECS]

## 6. Revenue 2011

This section of the report refers to the requirement of Article 15(2) of the *Budgetary Procedures* and provides information on the revenue as presented also in the *Statement of Financial Performance for the period 1 January – 31 December 2011* (see in the *Auditor's Report on the Financial Statements as of 31 December 2011*).

In 2011, the Energy Community received its funds from the following sources:

- Parties Contributions	EUR 3,380,000
- Donations of the Republic of Austria	EUR 154,871
- Finance revenue	EUR 10,909
- Other revenue	EUR 1,258

**Budget Appropriations 2011** in the amount of EUR 3,380,000 result from the financial responsibility of the Parties to the Treaty under Article 2 of the *Budgetary Procedures*. Further to those, in 2011 **Republic of Austria** contributed to the office rent expenses in the amount of EUR 154,871<sup>10</sup>. This contribution is derived from the lease agreement between the Energy Community and the Republic of Austria regarding Secretariat's premises.

**Other revenue** in the amount of EUR 1,258 comes from refunding of travel expenses to the Energy Community experts by various organizations/institutions.

Finally, in 2011, the funds paid to the Energy Community borne an interest of EUR 10,909 (**finance revenue**).

## 7. Recovery procedure of non-used budget appropriations 2011

In 2011, the liabilities of the Energy Community resulting from not spent budget 2010 appropriations were repaid to the Parties of the Treaty, i.e. some 10% of the total budget 2010 amounting to EUR 335.294. For comparison reasons repayments in the previous years were as follows: in 2007: EUR 118,549<sup>11</sup>; in 2008: EUR 195,136<sup>12</sup>; 2009: EUR 384,074<sup>13</sup>. The procedure of repayment followed the principles agreed at the meetings of the Budget Committee (see item 13 of the Minutes of the 6<sup>th</sup> meeting of the Budget Committee) on 28 September 2009.

As far as not used budget appropriations for 2011 are concerned, for the first time the repayment amounts shall include all types of unused revenue (i.e. repayment of interest and other income also from previous years 2007-2010). This is based on a principle decision of the Budget Committee at its meeting on 22 March 2011<sup>14</sup>. At a request of the Energy Community Secretariat the methodology of calculation was reconfirmed by its external audit company, E&Y, and presented in its expert opinion of 17 April 2012.

**It is auditor's recommendation to keep the amount of repayment according to budget report equal to the amount shown in the balance sheet for the periods ending 31 December and to avoid any reconciliation of the amounts between the statements.**

Based on the above, repayments amounts 2011 calculated in accordance with Annex IV of the Treaty are presented as follows:

<sup>10</sup> See also EnC Auditors' Report 2010 and Statement of Financial Performance for the period 1 Jan – 31 Dec 2010 [position 1.b)]

<sup>11</sup> 9.53% of the budget 2009;

<sup>12</sup> 7.66% of the budget 2010;

<sup>13</sup> See attachment 5

<sup>14</sup> See item 14 of the Minutes of the 11<sup>th</sup> Meeting of the Budget Committee

Parties	Contribution in %	Contributions 2011 in EUR	Not used appropriations 2011
European Union	98,00%	3.312.400,00	520.301,75
Republic of Albania	0,10%	3.380,00	530,92
Bosnia and Herzegovina	0,30%	10.140,00	1.592,76
Republic of Croatia	0,50%	16.900,00	2.654,60
former Yugoslav Republic of Macedonia	0,10%	3.380,00	530,92
Republic of Moldova	0,10%	3.380,00	530,92
Montenegro	0,10%	3.380,00	530,92
Republic of Serbia	0,70%	23.660,00	3.716,44
UNMIK	0,10%	3.380,00	530,92
	<b>100,00%</b>	<b>3.380.000,00</b>	<b>530.920,15</b>

Table 5: Recovery of non-used appropriations within the utilization of the Energy Community budget 2011

## 8. Audit 2011

In March 2012 the designated external audit company<sup>15</sup> finalized the audit of the financial statements of the Energy Community for the period ending 31 December 2011. The audit scope included the review of the annual accounts of the Energy Community as well as of the internal control systems relevant for the implementation of the budget.

The key statements of the external auditors at 31 December 2011 are the following:

- "Financial statements present fairly, in all material respects, the financial position of the entity as of 31 December 2011 and of its financial performance and its cash flows for the financial year from 1 January 1, 2011 to December 31, 2011 in accordance with the International Public Sector Accounting Standards (IPSAS)"<sup>16</sup>
- During audit nothing has been noted by the external audit company, which caused doubt about the fair presentation of financial statements or adequate use of financial means;
- The rules and regulations as issued by the competent authorities were observed;

The audit of the financial statements as of 31 December 2011 delivered 2 recommendations presented in the *Management Letter* addressed to the Director, which shall be followed and finalized at the latest by the commencement date of the next financial year audit.

As a final result, statement of assurance has been issued by the audit company, which is the sound basis for the proposal of the decision on the discharge of the Director from his management and administrative responsibility for the financial year 2011.

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<sup>15</sup> In accordance with Article 80 of the Budgetary Procedures

<sup>16</sup> See Auditor's Report (page 5)

## **9. Conclusion and outlook**

In 2011, the operations followed the successful establishment of the Energy Community as an international organization mid 2007. Financial resources provided by the Parties to the Treaty allowed successful implementation of the Work Programs of the Energy Community within this period.

While the internal control structures created within the previous periods have been successfully implemented, in terms of organization of compliance more needs to be done to ensure controls are working effectively in practice. In particular, further efforts are needed to ensure that all staff members are aware of their responsibilities as regards internal control. Recommendations of the external audit company shall be also considered accordingly.

The internal control system will continue to be monitored and strengthened where necessary as to keep the effectiveness of utilization of the Energy Community budget and thus to create financial conditions for achieving the Energy Community objectives.

Thus, on the ground of the rule of law and concrete planning, it is expected that the implementation of the Energy Community budget shall be efficient tool to achieve the Energy Community objectives.

## ATTACHMENTS

### **Attachment 1: List of Rules and Procedures of Relevance for the implementation of the Energy Community Budget, status as of May 2012**

1. Procedural Act No.2006/03 of 17 November 2006 on Adoption of Energy Community Procedures for Establishment and Implementation of Budget, Auditing and Inspection;
2. Staff Regulations of the Energy Community; MC Decision of amendment of the Staff Regulations of 18 December 2009;
3. Rules for Reimbursement within the Energy Community of 15 February 2010;
4. Procedural Act 2008/01/ECS of 16 January 2008 on the Adoption of the Accounting Rules and Methods of the Energy Community;
5. Procedural Act 2008/02/ECS of 21 July 2008 on the appointment of a Steering Committee of the Energy Community Secretariat for ECRB related studies, research and consultancy services financed from the Energy Community Budget;
6. Procedural Act 2008/06/ECS of 10 September 2008 on Transfer of Appropriations within the Budget of the Energy Community;
7. Procedural Act 2008/07/ECS of 08 December 2008 on Energy Community Property Inventories;
8. Internal Note of the Director of the Energy Community Secretariat of 24 February 2010 (Ref.: *Note\_sne\_03\_Bookings\_24-02-2010*) concerning accounting aspects and relevant bookings;
9. Procedural Act 2010/02/ECS-EnC of 09 March 2010 on the adoption of Internal Management Rules of the Energy Community Secretariat on Personnel Administration.
10. Procedural Act 2011/01/ECS of 15 February 2011 on the Appointment of a Steering Committee for ECRB;
11. Internal Note of the Director of the Energy Community Secretariat (Ref.: *Note\_sne\_07\_04-05-2011*) on certain aspects of administrative and budgetary matters;
12. Internal Note of the Director of the Energy Community Secretariat on certain issues on procurement of 20 May 2011 (Ref.: *Note\_sne\_08\_20-05-2011*);
13. Procedural Act 2011/02/ECS of 04 May 2011 on the Assignment of a Deputy Director;
14. Procedural Act 2011/03/ECS of 23 November 2011 on the Rules for Seconded, Interns and Locally Recruited Persons;
15. Procedural Act 2011/04/ECS of 21 December 2011 on the Appointment of an internal Selection Committee for Interns and Seconded;
16. Procedural Act 2011/05/ECS of 21 December 2011 on the implementation of the Ministry Council decision of 6 October 2011 on the amendment of 2011 budget;
17. Procedural Act 2012/01/ECS of 04 January 2012 on the Adoption of the Rules for Reimbursement within the Energy Community;
18. Procedural Act 2012/02/ECS of 11 January 2012 on the Adoption of the Financial Management Rules of the Energy Community;



## Attachment 2: Energy Community Events 2011 – Annual Overview

No	Date	Name of the Event
1	18 Jan	ECRB Customer Working Group
2	03 Feb	ECRB Gas Working Group
3	08 Feb	ECRB Electricity Working Group
4	09 Feb	SEE CAO Implementation Group Meeting
5	09 Feb	SEE Coordinated Auction Office Implementation Group Meeting
6	16 Feb	Energy Community Regulatory Board
7	24 - 25 Feb	The 4th Energy Community Statistical Workshop
8	01 Mar	Workshop on the findings of the emergency oil stock study
9	15 Mar	5th Renewable Energy Task Force
10	16 Mar	11th Energy Efficiency Task Force meeting
11	17 Mar	Workshop on the Implementation of the Energy Efficiency Directives in Practice
12	22 Mar	Budget Committee
13	22 Mar	Workshop on State Aid
14	23 Mar	19th Permanent High Level Group
15	24 Mar	2nd Joint ECRB and PHLG meeting on Wholesale Market Opening
16	14 Apr	ECRB Customer Working Group
17	18 Apr	Workshop WMO Study - Open Issues and High Level Simulation of Possible Market Setup
18	19 Apr	ECRB Electricity Working Group
19	04 May	ECRB Gas Working Group
20	24 May	1st Environmental Task Force
21	25 May	Conference Energy Community investment challenges: fighting climate change
22	26 - 27 May	20th Permanent High Level Group
23	26 May	3rd Joint ECRB and PHLG meeting on the Third Package
24	16 Jun	12th Energy Efficiency Task Force meeting
25	21 Jun	Energy Community Regulatory Board
26	27 Jun	6th Renewable Energy Task Force
27	28 Jun	Budget Committee
28	29 Jun	21st Permanent High Level Group
29	11 Jul	Workshop on Social Issues
30	08 Sep	ECRB Customer Working Group
31	14 Sep	ECRB Electricity Working Group
32	21 - 22 Sep	6th Gas Forum
33	21 Sep	ECRB Gas Working Group
34	04 Oct	4th Social Forum
35	05 Oct	22nd Permanent High Level Group
36	06 Oct	9th Ministerial Council
37	14 Oct	4th Joint ECRB and PHLG meeting on the Gas Ring
38	18 Oct	Energy Community Regulatory Board
39	20 Oct	2nd Environmental Task Force
40	24 Oct	Budget Committee
41	27 - 28 Oct	3rd Oil Forum
42	02 Nov	ECRB Electricity Working Group
43	03 Nov	Workshop on Market Monitoring
44	09 Nov	The 5th Energy Community Statistics Workshop on Transparency of Energy Prices
45	10 Nov	Workshop on smart metering
46	11 Nov	ECRB Customer Working Group
47	15 Nov	ECRB Gas Working Group
48	16 Nov	Workshop on Gas Market Models
49	30 Nov	13th Energy Efficiency Task Force meeting
50	06 Dec	7th Renewable Energy Task Force
51	12 Dec	1st Regional Energy Strategy Task Force Meeting
52	13 Dec	Budget Committee
53	13 Dec	Donors Coordination Meeting
54	13 Dec	Gas Ring Coordination Meeting
55	14 Dec	23rd Permanent High Level Group
56	15 Dec	Energy Community Regulatory Board

### Attachment 3: Energy Community Contracting Parties/Observer Missions 2011 – Overview<sup>17</sup>

	Electricity	Gas	Energy efficiency	Oil	ECRB	Legal
Republic of Albania	1-3.06; 13-15.07		1-3.06	13-15.04; 16.11		30.05-2.06; 13-15.07; 01.11
Bosnia & Herzegovina	8-10.02		12-13.06; 9-10.11			
Republic of Croatia	29-30.08	06-07.04; 29-30.08; 05-07.10				29-30.08
former Yugoslav Republic of Macedonia						6-8.06; 2-4.10
Republic of Moldova	4-6.10; 2.12	4-6.10; 2.12	2-6.10	3-6.10		9-10.06; 16.11; 2.12
Montenegro	1.12			10-12.07	7-10.02;	10-12.07; 21.10
Republic of Serbia	1.7	23-25.02	13.10; 18.10	28.10	23-25.02	23-24.02; 17-18.05; 25-27.05; 1.07
UNMIK	12.10				1-2.06	12.10
Ukraine	29.05-1.06	1.12	29.05-1.06; 5-7.07		20-22.04	16-19.03
Armenia	28.10					
Georgia			25.10			

<sup>17</sup> Details of the trips are available upon request

## Attachment 4: Studies 2011 Overview – status of implementation as of 3 May, 2012

Description	Responsible	Reference to the Austrian Public Procurement Law	Consultant	Date of Contract	Contract value in EUR (excl. VAT)	Status	Notes
Energy Efficiency in Buildings in the Contracting Parties of the Energy Community	ECS	open procedure (§§ 25(2), 27 of the Public Procurement Law	ENSI Energy Saving International AS Trondheimsveien 4364, 0962 Oslo, Norway	19-May-2011	192.615,00	finalised; Internal Note note/01/ko/29-02-2012	All deliverables (interim and final report) submitted in due time after consultation process with the stakeholders and Secretariat; Final results discussed and presented at the EE TF meeting early March 2012; Payment of last invoice done
Calculations of revised 2020 RES targets for the Contracting Parties of the Energy Community	ECS	Direct Award Procedure	IPA Energy + Water Economics 1st Floor, 1101 Wigmore Street London W1U 1QU, UK	8-Jun-2011	24.200,00	finalised; Internal Note/01/gcr/27-03-2012	Final Report as of December 2011 discussed at the PHLG and TF meetings early 2012; approved and consequently administrative and financial obligations finalised. Payment of 1st invoice done;
Development of Best Practice Recommendations for Smart Meters Rollout in the Energy Community	ECRB	restricted procedure without prior public notice as laid down in §25(4) of the Austrian Public Procurement Law	IKEMA Netherlands	1-Jul-2011	93.244,00	finalised; Note to the File/ngr/21-03-2012	Overall approval of the Steering Committee; payment of last invoice outstanding
Recommendations for Quality of Service Data Collection, Reporting and Auditing in the Energy Community	ECRB	restricted procedure without prior public notice as laid down in §25(4) of the Austrian Public Procurement Law	Institute Hrvoje Pozar in Zagreb	1-Jul-2011	41.640,00	finalised; Note to the File/ngr/26-04-2012	Final Report was submitted by the EIHP on 17 March 2012; payment of last invoice outstanding
Recommendation for funding investments in the Energy Community Gas Ring	ECRB	restricted procedure without prior public notice as laid down in §25(4) of the Austrian Public Procurement Law	Energy Markets Insights Limited	23-Aug-2011	29.000,00	finalised; Note to the File/ngr/24-01-2012	Overall approval of the results of the Steering Committee in Jan 2012; payment of last invoice done;
<b>TOTAL 2011</b>					<b>380.699,00</b>		

## Attachment 5: Budget Repayments 2007-2011 in comparison

<i>(in EUR) Budget years</i>	2007	2008	2009	2010	2011
Repayment of unused appropriations	118.549	195.136	384.074	335.224	530.920
Budget of the year	1.244.100	2.548.420	2.996.942	3.250.000	3.427.000
Unused appropriations in % of the budget	10%	8%	13%	10%	15%

