

OPTIONS PAPER FOR ESTABLISHMENT OF A SOCIAL FORUM

Proposal by the Energy Community Secretariat

1. BACKGROUND

At its meeting on 28th June 2007, the PHLG agreed with the substance of the Memorandum of Understanding on Social Issues in the context of the Energy Community (the Memorandum). Following this and expressing its content with the substance as well, the Ministerial Council of the Energy Community took a decision that the Memorandum of Understanding on Social Issues in the context of the Energy Community shall be open for signatures as from October 2007 (Conclusion 10, 29th June 2007).

The Memorandum envisages assessment of a need for a social forum for consideration of the social impacts of energy market reforms (item 9). Therefore, the PHLG tasked the Secretariat to produce an options paper for the establishment of a forum in charge of addressing social issues (Conclusion 9, 5th PHLG Meeting, 28th June 2007).

It is on this ground that the Energy Community Secretariat has developed this Options Paper for establishment of a Social Forum. The presented information below intends to identify a proposal for:

- Content of the discussions within the Social Dimension of the Energy Community;
- Possible format for these discussions.

2. CONTENT OF DISCUSSIONS WITHIN THE SOCIAL DIMENSION OF THE ENERGY COMMUNITY

The scope of possible discussions within the social dimension of the Energy Community shall be derived on the ground of the Treaty establishing the Energy Community (the Treaty) and the Memorandum of Understanding on Social Issues (the Memorandum).

Based on this, four main areas shall be explicitly outlined as content for discussions:

- the social dimension and the improvement of working conditions linked to the implementation of the energy acquis;
- the management of change;

- the social dialogue and the involvement of social partners in the Gas and Electricity sectors;
- the public service obligations.

Social dimension linked to the implementation of the Energy Community Treaty

Both the Treaty and the Memorandum make concrete reference to the social aspects linked to the implementation of the energy acquis.

Thus, the Memorandum in its Preamble notes that there is “need to help enterprises and workers to anticipate, adapt and positively manage the socio-economic changes which may arise from the implementation of the Treaty establishing the Energy Community”. Further it states “the importance and the contribution of social dialogue at all levels in order to anticipate and manage the social consequences that derive from implementation of the Treaty establishing the Energy Community”. This approach is respectively confirmed in its item 1 (Scope of the Memorandum) as well as in other of its texts.

The Treaty also makes concrete references to the social aspects of development of the Energy Community in its Preamble, noting the desire of the Parties “to promote high levels of gas and electricity provision to all citizens based on public service obligations and to achieve economic and social progress and a high level of employment ...”. Further, Article 2.1 identifies that one of the goals of the Energy Community shall be to provide “stable and continuous energy supply that is essential for economic development and social stability”. Last, Article 6 enacts that each signatory in consultation with social partners should discuss the approach how to further address the issues within the social dimension. Key references in this aspect can be also found in some key legislative acts, constituting part of the acquis under the Treaty or the existing social "acquis communautaire".

Management of change

In this prospect particular attention should be given to anticipating and to managing the social consequences arising from the implementation of the Treaty establishing the Energy Community.

Social dialogue and social partners

The envisaged social forum should be a preferred tool devoted to address social issues by promoting social dialogue and involving social partners at all level, in relation to the monitoring of the social effects of the implementation of the Energy Community and its.

Public service obligations

The Public Service Obligations are another area, which shall be considered as key topic for discussions within the context of the Social Dimension of the Energy Community. It has been developed in concrete terms both in the Memorandum (Item 2) and in the Treaty (Articles 31 – 33). However, further to the basic formulations in the Memorandum and the Treaty, both the Electricity and the Gas Directives make not only explicit

references to the issue of Public Service Obligations, but develop concrete requirements in this direction (Article 3).

Thus, these the topics of the social aspects linked to the implementation of the energy acquis and the public service obligations constitute extensive background for discussions in the content of the Social Dimension of the Energy Community.

3. OPTIONS

As mentioned before, the Memorandum indicates the need to discuss options in relation to the establishment of a forum to address social issues. The Memorandum does not specify any concrete formal status of these events, thus leaving the issue to be reflected by the will of the Signatories. Formally, this provides open flexibility to the process of specification of a social forum¹. On this ground, it is hereby proposed that two practical approaches are considered for the format of discussions on the Social Dimension of the Energy Community:

- Option A: Building on the existing Electricity and Gas Fora;
- Option B: Development of a separate Platform on Social Issues.

The two options are not presented in order of preference and are considered at the same level at this stage.

OPTION A: DISCUSSIONS ON SOCIAL ISSUES LINKED TO THE ELECTRICITY AND GAS FORA

Substantial experience has been built up in terms of organization and management of both the Electricity and Gas Fora (although the establishment of the Gas Forum was recently formalized, the gas related events in the form of the so called Mini Gas Fora have paved the way in this direction).

Therefore the connection of the social dimension to the two Fora shall not represent substantial formality.

Considering the numerous items usually treated at the two fora, and considering the large participation, the social issues should be covered in a separate part of the agenda, for instance during a dedicated day or half-day, before or after the fora, where the participation will be extended to the social partners. In practical terms, under this option, it is proposed to have such a social day or half-day once every two meetings of each Forum and to alternate between electricity and gas.

¹ It is noted however that the Treaty explicitly lists the Fora it establishes (Article 63-66) as its institutions. Further, it specifies that the Fora are only two (Article 63). Therefore, a Social Forum in the content of the Memorandum shall not be considered as a Forum in the context of the Treaty.

Format, place and pace of discussions on the Social Dimension

First semester: social event organized in the context of the Athens Forum.

Second semester: social event organized in the context of the Maribor Forum.

In addition, preparatory working groups could be organized in Vienna during the year.

Chairmanship

The European Commission, chairing both Fora, shall chair also the discussions on the Social Dimension (Article 64 of the Treaty). However, the chairmanship and organization of preparatory working groups could be entrusted to representatives of the Contracting parties or to representatives of the Participants on a voluntary basis.

Composition and functioning

The representation should cover the governments, as well as the organizations of employees and employers as well as any other bodies on national level, which are considered appropriate in accordance with the discussed topics. The European social dialogue committees related to the Energy sector should be present and participate in the meetings.

Estimated yearly costs and financing possibilities

Under such option, as indicated above, the organizational costs shall in general follow the average costs for organization of each of the Electricity and Gas Fora meetings. However, some increase of these needs to be envisaged as to cover:

- The potentially increased number of participants - the Memorandum envisages explicit involvement of the governments and of the social partners at national level, as well as the involvement and participation of “various actors” (item 3); the increase of the costs shall be result of necessity for appropriate meeting facilities, as well as other operational costs (coffee breaks, additional meeting space, copying reimbursements of experts, etc.);
- Although not explicitly envisaged at this stage, reimbursement of participants might be raised.

The draft budget of the Energy Community for 2008-2009 would need to be adapted to reflect this option.

Impact on the Secretariat's staff

From organizational point of view, the approach of incorporating the discussions on the Social Dimension shall hardly increase the involvement of the Secretariat's staff for the preparation of the relevant Electricity or Gas Forum meeting. From point of view of substance, potential increased involvement of the Secretariat shall depend on the tasks referred to it.

Certainly, doing its monitoring activity under Article 67 of the Treaty, the Secretariat shall develop also areas, concerning the Social Dimension (e.g. Articles 3 of the Electricity and Gas Directives).

Aside the monitoring process, some new tasks are proposed:

- Support to the Contracting Parties for implementing strategies to deal with the wider social dimension on the ground of an approach, proposed by the European Commission;
- Support to the Contracting Parties for the introduction of mechanisms for information and consultation of the social partners for the monitoring of the implementation of the Treaty and its effects;
- Organization of training.

Currently, it is assumed that this support might be dealt with by the existing staff members.

Further, activities shall be performed by the Secretariat upon concrete mandate. In that case, their performance with the current staff shall be discussed on the ground of the substance of the task and the relevant necessary competence.

OPTION B: DEVELOPMENT OF A SEPARATE PLATFORM ON SOCIAL ISSUES

This option allows discussions in the context of the energy sector as a whole and not only from the perspective of the electricity or the gas dimension. Thus, the focus on the social aspects shall be on broader basis. Further, sufficient time frame for discussions shall be envisaged.

Format and place

Under such an approach, the optimal approach towards the format of a social forum may be summarized as follows:

- it shall be clearly differentiated from the Fora as regulated by the Treaty and respectively shall not be legally formalized;
- it shall take the frame of different type of events in the context of the Memorandum, which shall depend on the objective needs;
- the naming of these events might differ as to reflect their scope, level of participation etc.
- it will be composed of representatives from social partners acting in the energy sector.

One central event of a conference type per year with a broader participation, on the basis described in option A, as a platform for discussions shall be envisaged.

Further, smaller events shall be considered to the extent necessary. These shall be expert level events, which target social issues in the content of the Memorandum, when appropriate (e.g. different training schemes, workshops etc.).

Vienna could be considered as a place, where these events shall normally take place.

Chairmanship

The chairmanship shall be on a rotation basis, following the Presidency of the Energy Community on the date of the relevant event. The Secretariat and the European Commission shall support the Chair. Alternatively, the Commission could be invited to assume (co-)chairmanship of the forum.

Estimated yearly costs and financing possibilities

As for Option A, the budget of the Energy Community for 2008 – 2009 should reflect the estimated costs.

Under the assumption that Vienna will be the targeted place for organizing the socially related events, costs might be substantially cut by using the Secretariat's premises for all the events but the yearly central event. For matter of convenience and/or because of optimal financial approach, such formats can be also organizationally linked to other events.

Impact on the Secretariat's staff

From organizational point of view, the approach of organizing a separate platform on Social Issues would increase the involvement of the Secretariat's staff only in a limited manner.

From point of view of substance, potential increased involvement of the Secretariat shall depend on the tasks referred to it along the lines elaborated above.

4. CONCLUSION

The Memorandum provides substantial room for flexibility when discussing the approach towards discussing the Social Dimension of the Energy Community. This possible flexibility should be used at its maximum, which will give variable options for the Signatories to target concrete issues in this direction.

On this ground, PHLG is kindly requested to discuss and agree on a suitable approach.

**ABSTRACT FROM THE CONCLUSIONS OF THE 6TH PHLG MEETING (17.10.2007),
RELATED TO THE ISSUE**

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28. The Secretariat presented to the PHLG its proposals concerning the development of a forum addressing social issues. Two major options were presented in this aspect from different perspectives – a) Building on the existing Electricity and Gas Fora and b) Development of a separate Platform on Social Issues.

29. The PHLG, taking note of the proposal and upon relevant discussions, favored Option b) as indicated above, bearing in mind that meetings might be organized next to other Energy Community events.