This Work Programme has been developed to reflect the ongoing activities within the Energy Community and to indicate concrete actions, related to achieving the overall objectives set by the Energy Community Treaty.

This Work Programme shall be considered as continuation of the Work Programme for the period 2008 – 2009, as it is based on the achievements so far. In addition, however, it takes note of the new stage in which the Energy Community is upon four years since the Treaty establishing the Energy Community came into force. The Work Programme is structured according to the following activity areas:

I. REGIONAL ELECTRICITY MARKET ................................................................. 1
II. REGIONAL GAS MARKET ........................................................................... 4
III. COOPERATION OF ENERGY REGULATORS WITHIN ECRB ............... 5
IV. PROMOTING INVESTMENTS IN ENERGY INFRASTRUCTURES............. 8
V. ENVIRONMENT AND ENERGY EFFICIENCY ........................................... 9
VI. SOCIAL DIMENSION .................................................................................. 11
VII. OIL DIMENSION ...................................................................................... 12
VIII. SUPPORT AND CROSS-CUTTING ACTIVITIES..................................... 13

1 The Work Programme has been adopted by the Ministerial Council of the Energy Community on 26.06.2009 at its meeting in Sarajevo (see Ministerial Council Conclusions – item 10).
I. REGIONAL ELECTRICITY MARKET

1. OBJECTIVES AND SCOPE

Objective

The key objective of the activities in this area is to support the developments in the Contracting Parties, concerning the electricity sector, as to achieve:

- Fulfillment of the explicit requirements of the Treaty, in particular the implementation of the electricity related acquis;

- Gradual development of a regional electricity market via establishment of harmonized set of relevant rules in this direction in addition to the development of national markets.

Scope

The activities, related to this priority area, are linked to the implementation of the electricity related acquis, the Treaty requirements related to renewable energy sources and the security of supply aspects of the electricity sector.

The relevant findings shall be the background of further concrete technical assistance by the Secretariat to the Contracting Parties as to help them achieve full implementation of the acquis in line with the Treaty requirements.

In addition, the modalities to update the EU acquis in order to take into account the Third Internal Market Package and the new directive on renewable energy adopted by the EU in 2009 will be examined.

2. ACTIVITIES

2.1. Monitoring and supporting activities

Related to the monitoring activities, the Secretariat will continue the benchmarking on the institutional, legal and regulatory framework in the Contracting Parties in the context of the requirements of the relevant acquis.

In addition to the monitoring and benchmarking of implementation of the Acquis, the Secretariat will focus on technical assistance to the Contracting Parties in the process of development and integration of the electricity market – this will be done mostly, but not exclusively, via support in the development and implementation of relevant market rules. The findings, as well as the undertaken and recommended steps shall be reflected in the relevant implementation reports.
2.2. Activities, related to the setting-up of the Coordinated Auction Office

The work in this direction shall be linked to the operational promotion of the establishment, operation and development of the Coordinated Auction Office. The Secretariat shall support the activities of the relevant TSOs and ISOs.

In cooperation with Transmission System Operators and the Energy Community Regulatory Board (see section 3), the Secretariat shall organize operational review on the undertaken steps, concerning the established plans for concrete activities, and shall present summary information to the PHLG and the Ministerial Council.

2.3. Promotion of Renewable Energy Sources

Achieving concrete results in promoting renewable energy sources shall be the objective of the work in this area. Promotion of renewable energy sources shall have a special attention on the ground of most recent developments in the EU legislation.

The implementation of the individual plans for the implementation of the acquis under the Treaty shall be considered as a key indicator. This concerns the implementation of:

- Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity, produced from renewable energy sources in the internal electricity market and


Further, based on the study realized in 2009 and the related works of the Renewable Energy Task Force (RES TF), a key objective will be to implement the new directive on the promotion of energy from renewable sources adopted in 2009.

In this relation, the following shall be performed:

2.3.1. The Secretariat shall monitor to what extent the Contracting Parties follow the plans as presented to the PHLG in June 2007 (Conclusion 5 of the 5th PHLG meeting, 28th June 2007, Montenegro²). The findings of the Secretariat shall be reported periodically to PHLG and Ministerial Council.

2.3.2. Support the Contracting Parties with respect to the implementation of the EU legislation, including the necessary steps for the implementation of the revised directive adopted in 2009. Operational guidance to the Contracting Parties shall be arranged by the Secretariat on the ground of available EU experience as well as on the ground of outcomes of available studies. Particular training shall be envisaged.

² The PHLG noted that the requirement of Article 20 of the Treaty has been fulfilled. The Ministerial Council adopted the PHLG conclusions during its meeting on 29th June 2007.
2.3.3. The Secretariat shall perform any other tasks as assigned to it, following the outcome of the work of the RES TF.

2.4. Activities, related to Security of Supply

The activities under the Work Programme in the area of Security of Supply shall aim at implementing the relevant acquis and creating optimal conditions for proper functioning of the Security of Supply Coordination Group.

Thus, the following shall be within the key scope of activities in this relation:

2.4.1. Setting-up the Security of Supply Coordination Group in the area of electricity for 2010 – 2011 along the established mandate.

2.4.2. Monitoring activities – the Secretariat shall monitor and report regularly the process of implementation of the relevant acquis and in particular Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investment.

2.4.3. The Secretariat shall continue assisting the Contracting Parties in the review of the Statements on Security of Supply, concerning electricity, in accordance with Article 29 of the Treaty. The findings shall be reflected in the relevant implementation reports for the PHLG and the Ministerial Council once a year.

2.4.4. The Secretariat, together with other competent institutions, shall develop a concept, concerning plans for national emergency measures in the area of electricity on the ground of common approach within 2010. In addition, the Secretariat shall propose a common template for national emergency measures for consideration and adoption by the Security of Supply Coordination Group.

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3 This follows a decision of the Ministerial Council (Conclusion 8, Ministerial Council meeting on 29th June 2007).
II. REGIONAL GAS MARKET

1. OBJECTIVES AND SCOPE

Objective

The key objective of the activities in this area is to support the developments in the Contracting Parties, concerning the electricity sector, as to achieve:

- Fulfillment of the explicit requirements of the Treaty, in particular the implementation of the gas related acquis;
- Gradual development of a regional gas market via establishment of harmonized set of relevant rules in this direction in addition to the development of national markets.

Scope

The activities, related to this priority area, are linked to the implementation of the gas related acquis, the Treaty requirements related to renewable energy sources and the security of supply aspects of the electricity sector.

In addition, the modalities to update the EU acquis in order to take into account the Third Internal Market Package adopted by the EU in 2009 will be examined.

2. ACTIVITIES

2.1. Monitoring and supporting activities

Related to the monitoring activities, the Secretariat will continue the benchmarking on the institutional, legal and regulatory framework in the Contracting Parties in the context of the acquis.

2.2. Market related activities

In addition to the monitoring and benchmarking of implementation of the Acquis, the Secretariat will focus its activities on reviewing the state of play and providing technical assistance to the Contracting Parties in the process of development and integration of the gas market. Thus, the focus will be on support, concerning the development of gas market rules as well as their improvement in a coordinated manner. In the gas area this approach shall be considered as absolutely needed due to the underdeveloped gas markets in comparison to the electricity area.
2.3. Activities, related to Security of Supply

The activities under the Work Programme in the area of Security of Supply shall aim at implementing the relevant acquis and creating optimal conditions for proper functioning of the Security of Supply Coordination Group.

Thus, the following shall be within the key scope of activities in this relation:

2.3.1. Setting-up the Security of Supply Coordination Group in the area of electricity for 2010 – 2011 along the established mandate.

2.3.2. Monitoring activities – the Secretariat shall monitor and report regularly the process of implementation of the relevant acquis and in particular Directive 2004/67/EC concerning measures to safeguard security of natural gas supply and Regulation 1775/2005/EC on conditions of access to the natural gas transmission networks.

2.3.3. The Secretariat shall continue assisting the Contracting Parties in the review of the Statements on Security of Supply, concerning gas, in accordance with Article 29 of the Treaty. The findings shall be reflected in the relevant implementation reports for the PHLG and the Ministerial Council once a year.

2.3.4. Collection of update information to be basis for adequate decision making shall be organized – thus, development within the first quarter of 2010 and maintenance of a register and information mechanism about safeguard measures, undertaken by Parties in case of crisis on the network gas market, shall be considered.

2.3.4. Training activities for governmental officials shall be considered as to identify and cope with open issues on national and regional level and to exchange experience in the area of gas security of supply.

2.3.5. The development of the EU legislation in relation to Security of Supply shall be followed and respectively considered within the Energy Community.

III. COOPERATION OF ENERGY REGULATORS WITHIN ECRB

1. OBJECTIVES

The key objective of the cooperation of energy regulators within the ECRB is to support the harmonized development of regulatory rules in the Energy Community. Streamlining of regulatory measures and providing a stable regulatory market framework remains a key promoter for a number of core objectives of the Treaty – such as market integration, facilitation of investments, competition and security of supply. Within the necessary range of national specificities linked to this, regulatory rules are required to be harmonized to the maximum extent possible on a cross-border basis, if not wanted to
create barriers to trade across borders, to investments and consequently security of supply.

The ECRB also takes the role of a coordination body between the national regulators with a view to exchanging knowledge and developing common best practice solutions for implementing the Treaty in a harmonized way.

2. ACTIVITIES

Within its objectives of facilitating the (development of) harmonized regulatory rules, the ECRB shall continue to focus on three key areas of regulatory responsibilities: gas, electricity and customers.

In this relation ECRB activities shall be performed considering the following overall objectives and priorities to the extent linked to regulatory work:

- Development of competitive national gas and electricity markets;
- Integration of national markets and development of competitive regional markets in electricity and gas, which may involve a significant level of market monitoring;
- Identification and abolishment of barriers for cross border trade and competition;
- Protection of customers and social issues;
- Security of supply;
- Network security and quality of service;
- Renewable energy sources and energy efficiency.

In performing its task the ECRB shall actively coordinate and cooperate with the other institutions set up by the Energy Community Treaty and align its considerations with the overall scope and objectives for the single activity areas of the Energy Community 2010-2011 outline in this Work Programme. Such coordination shall remain of utmost importance given the legal fact that any regulatory activity, both on national and cross-border level, can only start from broader energy policy decisions and build on existing legal powers and framework rules.

Within the framework of the overall responsibilities and objectives, as outlined above, the ECRB work 2010-2011 shall more in detail develop on the areas explained hereinafter (sub-section 2.1 – 2.5). The provided description of work needs to remain indicative to the extent that details and priorities shall remain subject to the decision of the ECRB and regulators’ knowledge about precise market needs and situations.

Having in mind the overall scope of the ECRB work to facilitating and supporting the harmonization of regulatory rules, the work of the ECRB shall also deliver best practice solutions for aligned implementation on national basis.

2.1. Activities related to the setting up of the Coordinated Auction Office

The work of the ECRB with regard to the setting up of the Coordinated Auction Office (CAO) shall be linked to the operational promotion of the establishment, operation and development of the CAO. This will involve all regulatory tasks related to the overall CAO Work Programme highlighted in section 2.
2.2. Activities related to facilitating new investments

The ECRB work in this direction shall identify the role of regulators with regard to facilitating new investments in electricity and natural gas, the measures needed for providing an investment friendly regulatory framework and the improvements necessary in this respect. Regulatory activities in this respect would typically involve:

- Regulatory investment incentives including tariff rules;
- Regulatory involvement in permissions; (harmonized/mutual) licensing;
- Exemptions from regulatory rules for new infrastructure;
- Regulatory role in gasification of the region

2.3. Activities related to customer protection

Building on the expertise developed in the period 2007 - 2009 the ECRB work with regard to customer protection shall identify the possible regulatory instruments and best practice solutions for addressing the social dimension of energy supply. This particular shall involve:

- Customer protection in regulatory rules and other
- Regulatory instruments for addressing vulnerable customers and energy poverty within a competitive market framework, including tariffication.

2.4. Activities related to regional market development

The ECRB work in this direction shall address the role of regulators with regard to integration of national markets and development of competitive regional markets in electricity and gas. The related work shall aim at identification and abolishment of barriers for cross border trade and competition and prepare best practice solutions. Regulatory activities in this respect would typically involve:

- Wholesale market opening;
- Regulatory cooperation on cross-border basis;
- Congestion management and capacity allocation;
- Regional balancing.

2.5. Activities related to safety, energy efficiency, renewables and security of supply

The related ECRB work shall identify the necessary activities of regulators with regards to network safety, energy efficiency, renewables and security of supply. While these topics are typically not part of regulatory responsibilities, they to some extent affect other tasks of regulators and vice versa require the provision of appropriate regulatory measures. The ECRB work shall identify these links, discuss the need for regulatory measures and develop best practice solutions. This would typically involve:
Network safety including network tariffication and cost acknowledgement;
- Access for renewable energy and related network safety, network operation and investment requirements.

IV. PROMOTING INVESTMENTS IN ENERGY INFRASTRUCTURES

1. OBJECTIVES

This Work Programme focuses further on activities, aiming at facilitating the investment process in projects of regional value, emphasizing on explicit scrutiny concerning the barriers and deficiencies in the market reform, as well as regarding the business practices, transparency, fair and equal treatment of investors.

Further, the envisaged activities aim at providing investors up-to-date information on actual needs.

2. ACTIVITIES

2.1. Maintenance of update of the priority infrastructure project list upon guidance of the Ministerial Council

The Secretariat shall maintain up-to-date information on the development of each of the projects, included in an indicative list as discussed by the Ministerial Council. The information shall be made publicly available and shall be respectively disseminated upon consideration by the Ministerial Council once a year.

2.2. Review of existing investment practices in the Contracting Parties from the perspective of the Treaty, identifying barriers and deficiencies in the market reform, as well as business practices, transparency, fair and equal treatment of investors, including good practices for transparent tendering and procurement of new generation capacities.

These findings will be included in a report, with a list of recommendations of legislative, regulatory, policy and institutional perspective, for the 2010 winter meeting of the Ministerial Council.

2.3. Organization of information exchange and training for the Contracting Parties on development and presentation of infrastructure projects, with a focus on different aspects of financing possibilities on the ground of best practices.

2.4. Organization of an Energy Community Investment Conference each year, to discuss progress and review challenges and obstacles in financing and implementing energy infrastructure projects.
2.5. Operational support to the Donors’ Community by the Secretariat upon guidance of its Chair in relation to promotion and development of investments along the guidance by the Ministerial Council.

V. ENVIRONMENT AND ENERGY EFFICIENCY

1. OBJECTIVES

The indicated tasks in this part of the Work Programme are based on the explicit requirements of the Acquis, concerning environment, as envisaged by the Treaty (Article 16) and on the work done so far. The major objectives of the envisaged steps is to continue the process of implementation of the Treaty requirements as envisaged in its Annex II and to develop practical support in the implementation process.

Further, as the improvement of the environment is strongly linked to increased energy efficiency measures, for which at this stage there is no applicable acquis adopted, some concrete tasks in the latter area are also indicated. The basis in this aspect is the outcome of the Energy Efficiency Task Force work so far.

In this relation, the Energy Efficiency Task Force considers that the legislation, which might be included in the list of applicable acquis under the Treaty to the area of Energy Efficiency, concerns:

- Energy Labeling of Domestic Appliances - Directive 92/75/EEC on the indication by labeling and standard product information of the consumption of energy and other resources by household appliances (refrigerators, freezers and their combinations, washing machines, electric tumble driers, combined washer-driers, dishwashers, lamps, air-conditioners and electric ovens.

This is respectively related to the activities envisaged under the Work Programme.

2. ACTIVITIES RELATED TO ENVIRONMENT

In general, the work on environmental issues within the Energy Community has to get substantial impetus. Therefore, in parallel with the concrete activities concerning the implementation of the relevant Acquis, the Work Programme envisages explicitly training of representatives of the Contracting Parties in the area.

2.1. Monitoring activities
The activities in this aspect are related to the following reviews, concerning:


The Secretariat shall report regularly to the PHLG and the Ministerial Council along the implementation reports.

2.2. Preparation for proper and timely implementation of Directive 1999/32/EEC relating to a reduction of the sulphur content of certain liquid fuels

The deadline for implementation of this directive is 31 December 2011 i.e. by the end of the current Work Programme. Therefore, concrete steps for keeping the deadline shall be taken in due time.

In this relation, the Secretariat shall develop a template for the implementation of the Directive and shall present it for consideration at the first PHLG meeting in 2010.

Monitoring of the preparation process on this basis shall be provided and shall be reported at each PHLG and Ministerial Council meetings.

Presentation on current EU experience concerning the implementation of the Directive shall be provided by the end of 2010. Additional training shall be considered.


Although the deadline for implementation of this directive according to Annex II of the Treaty is 31 December 2017, timely initial notification to the Contracting Parties on the challenges, concerning the implementation of the directive, shall be considered.

2.4. Follow-up activities, concerning the assistance to the Contracting Parties in relation to the usage of the Flexible Mechanism under the Kyoto Protocol, shall be targeted on the ground of the achieved results in 2009\(^4\).

3. ACTIVITIES RELATED TO ENERGY EFFICIENCY

3.1. Technical assistance to the Contracting Parties in the process of implementation of the three directives shall be provided by the Secretariat and the EETF. This assistance shall be within the duration of the Work Programme, following the decision of the Ministerial Council for the deadlines for implementation.

3.2. Operational support shall be provided by the Secretariat with the support of the EETF on the implementation of the National Energy Efficiency Action Plans (NEEAP) as adopted. Further, support on development of NEEAP for the period 2011-2014 shall be also planned.

3.3. Training on the key requirements of the three directives, related to energy efficiency, shall be considered.

3.4. Development of raising awareness campaigns shall be considered in line with the concrete concept as elaborated by the Energy Efficiency Task Force.

3.5. Promotion of schemes for financing energy efficiency measures shall be organized by the Secretariat within the first half of 2010 as to provide forum for dissemination of best practices.

VI. SOCIAL DIMENSION

1. OBJECTIVES

The Memorandum of Understanding on Social Issues in the Context of the Energy Community signed on 18th October 2007 recognized the importance of the social dimension and indicated the principles and the context for a social dialogue in the energy sector at both national and regional levels. The first two meetings of the Social Forum have confirmed the necessity and the willingness of all stakeholders to further work in these aspects. The activities described hereafter are aiming at pursuing in this direction, in particular as regards:

- the socio-economic impacts of the energy sector reforms in SEE;
- development of strategies to deal with the social dimension of the energy sector reforms;
- improvement of the dialogue with the social partners;
- the need for better knowledge and understanding of the social aspects within the Contracting Parties.
2. ACTIVITIES

2.1. Monitoring for the implementation of the Social Action Plans shall be provided by the Secretariat once a year. Concrete forms of assistance shall be discussed with the social partners of the relevant Contracting Party along the key findings.

2.2. The Secretariat shall organize annually the Social Forum as a discussion platform in line with the Memorandum of Understanding on Social Issues in the context of the Energy Community. Particular focus shall be paid to the issue of vulnerability, taking note of real time consequences.

2.3. Assistance to the Contracting Parties and monitoring for the implementation of Article 3 of Directive 2003/54 EC and Article 3 of Directive 2003/55 EC shall be provided along the overall monitoring activities, performed by the Secretariat.

2.4. Organization of training sessions on the key requirements of the scope of the social dimension with focus on dissemination of good practices.

VII. OIL DIMENSION

1. OBJECTIVES

The development of the Oil Dimension of the Energy Community is one of the substantial initiatives, approved by the Ministerial Council of the Energy Community in 2008. Outlining efficient and concrete cooperation schemes on regional level among the Contracting Parties and their individual preparation for following concrete EU acquis on national level shall be the key objective of the envisaged activities.

2. ACTIVITIES

2.1. The second and third edition of the yearly Belgrade Oil Forum should serve as an efficient instrument for promoting cooperation in the oil sector along the frame, outlined by the relevant Ministerial Council decisions.

2.2. For the implementation of Title II of the Treaty in relation with the oil sector, the relevant elements of the Acquis Communautaire and their timetable for implementation will be identified and proposed in view of a Ministerial Council decision during the first semester 2010.
VIII. SUPPORT AND CROSS-CUTTING ACTIVITIES

1. OBJECTIVES

The key objective of these activities is to provide:

- sufficient information as a background of relevant decisions by the competent Energy Community institutions as well as to facilitate the necessary steps by the Contracting Parties allowing adequate implementation of the Treaty provisions;

- promotion of competition along the Treaty requirements;

- raising Energy Community awareness;

- necessary administrative and organizational support as to ensure efficient performance of the tasks.

2. ACTIVITIES

2.1. A particular attention is paid to the regular reporting as to reflect the proper implementation of the Treaty. Further to its explicit requirements (e.g. Articles 52, 67), the Ministerial Council also has identified the issue of the monitoring process for following the obligations under the Treaty to be of crucial importance. In this aspect, the relevant analytical work of the legislative framework of the Contracting Parties has been also explicitly envisaged as a follow-up of the already established traditions in this aspect. As a standard approach, the Secretariat shall be ready to target the implementation of the acquis with thematic focus at each meeting of the PHLG and the Ministerial Council.

2.2. The Secretariat shall continue providing technical assistance to the Contracting Parties in their work to prepare or update national primary and secondary energy legislation for compliance with the Treaty, as well as Market Rules (upon request of Contracting Parties).

2.3. In the area of competition in the context of the Treaty, compliance of the institutional legislative framework of the Contracting Parties with Article 18 of the Treaty and its proper implementation shall be targeted. This will include:

- Monitoring activities, concerning the legislative framework of the Contracting Parties in relation to trade of Network Energy, which shall continue focusing on identification of the (non)availability of rules which might prevent, restrict or distort competition, as well as on analysis of the existing rulings on public aids from the perspective of the energy sector;
- Technical assistance as to support the efforts of the Contracting Parties towards enforcement of rules in accordance with the competition acquis under the Treaty;
- A review workshop in relation to competition rules and practical problems on their implementation, which shall be organized by the Secretariat within 2010.

2.4. Clarification on the Dispute Settlement Rules for the competent authorities of the Contracting Parties shall be envisaged. The Secretariat – upon relevant agreement - shall organize presentations for governments, business associations and – to the extent necessary – judiciary institutions.

2.5. As to facilitate the Treaty implementation, the Secretariat shall continue the work for development of a common approach for and utilization of energy statistics for the purposes of the Treaty. On the ground of an agreed unified approach towards collecting needed information as to facilitate effectively the decision making process, concrete training shall be provided. This will allow efficient operation with available data among all Parties. These issues shall be targeted periodically separately for electricity, gas, oil, energy efficiency and renewables. The EU and the IEA experience shall continue to be used as a key background.

2.6. Further, concrete steps towards implementation of the Generally Applicable Standards of the European Community as adopted by the Ministerial Council (Conclusion 2, Annex 1 point 6 – Ministerial Council meeting on 29th June 2007) are planned to continue. This concerns monitoring and operational support on the implementation of the developed national plans for bringing the Contracting Parties’ Network Energy Sectors into line with the Generally Applicable Standards of the European Community and their consequent implementation.

2.7. In relation to the support for mutual recognition of licenses, the Secretariat shall support the needed steps in this direction. An initial report shall be prepared as to reflect the current situation. The report shall be presented to the Ministerial Council with proposals for the necessary measures as to further support the process.

2.8. The Secretariat, under the guidance of the European Commission (being mandated by the Ministerial Council to coordinate the work with the Observers), shall continue to provide technical assistance to the Observer countries as to support them to follow the Treaty requirements. This assistance shall be provided on the ground of the specified key areas of necessary assistance following the main requirements of the Treaty. The findings shall serve for planning and performance of concrete activities.

2.9. As the achievements of the Energy Community on the one side and the requirements of the Treaty as international law need permanent promotion and clarifications, the Secretariat shall target concrete activities, contributing in these directions. This will be done via, inter alia, active links: with the other national and international institutions, with municipalities (e.g. energy efficiency), with the business representatives etc.
2.10. The cross – cutting activities include especially the organization of the meetings of the institutions set under the Treaty and concern the Ministerial Council, the PHLG, the ECRB, the Athens Forum (electricity), the Maribor Forum (gas), the Social Forum and the Oil Forum, as well as other events according to the Energy Community calendar.

Adopted on ........ by the Ministerial Council of the Energy Community.