
A. BACKGROUND AND APPROACH

The proposed information has been developed by the Energy Community Secretariat and reflects the status as on 20.05.2009.

The elaboration in this aspect represents an abstract of the Work Programme of the Energy Community for the period 2008 – 2009 (the Work Programme), as adopted by the Ministerial Council (Conclusion 5, 18.12.2007), where all tasks envisaged within the cited period are listed and developed in more details.

The text follows the structure of the Work Programme and respectively the sequence of the priority areas as described in it.

The information below is presented with the understanding that for some of the tasks – due to their scope - the implementation period shall continue afterwards.

The performance information is indicated immediately after each task. It reflects the work being done, following the agendas and the tasks of the relevant PHLG and MC meetings.
B. TASKS AND RELEVANT NEXT STEPS

I. ACTIVITIES OF GENERAL NATURE TOWARDS IMPLEMENTATION OF THE TREATY

1. Review of the Implementation of the Treaty (I.1)

PERFORMANCE FOR ITEM I.1

a) Official implementation report was prepared and submitted to the PHLG for its meeting on 17.03.2009 focusing on the implementation of Regulation 1775/2005 on the conditions for access to the natural gas transmission networks. The prepared implementation report for the PHLG meeting covers all aspects of the Regulation.

b) Official implementation report on the steps of implementation of Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investment and Directive 2004/67/EC concerning measures to safeguard security of gas supply, which must be implemented before 31.12.2009, was also presented on the occasion of the 12th PHLG meeting (17.03.09).

c) Further to the reporting as above, the implementation process was actively supported by the Secretariat via missions on the spot and operational consultations with all Contracting Parties. Particular attention was paid to the development of the legislation in the area of gas. However, intensive analytical work and support was also performed in the area of electricity.

Concrete support by the Secretariat in developing primary and secondary legislation and in developing market rules was provided to most of the Contracting Parties. This was organized via:

- Discussions with the relevant stakeholders on the spot;
- Analysis of draft legislation and market rules as prepared by the Contracting Parties;
- the Market Development in the Contracting Parties is subject to a separate report for the Ministerial Council meeting in June 2009.

2. Assistance to the Observers in the process of integration in the Energy Community (I.5)

PERFORMANCE

a) The Secretariat has provided operationally information and administrative support to all Observer countries, which have so requested.
b) The Secretariat participated in the meetings, organized within the first half of 2009 by the European Commission, for negotiations with Moldova and Ukraine.

c) A concluding negotiations’ event with Moldova under the leadership of the European Commission as mandated by the Ministerial Council of the Energy Community, took place on 29.04.2009 in Kishinev.

3. Development of Plans for bringing the Contracting Parties’ Network Energy Sectors in line with the Generally Applicable Standards of the European Community (I.6)

**PERFORMANCE**

Following the intensive work in 2008 on the topic and the guidance of PHLG, the Secretariat organized a workshop on the issue in February 2009.

The workshop (19-20.02.2009, Vienna) indicated substantial attendance and focused on the following:

- Display the procedures and best practices applied by the EU Member States;
- Presentation of typical problems observed in practice by the industry (Gas and Electricity);
- Presentation of the recent experience in the “new” EU Member States;
- Discussions on the observed experience, existing obstacles and potential remedies (by the Contracting Parties);
- Definition of future activities.

4. Analysis and development of a concept for institutional correspondence in relation to the implementation of the acquis under the Treaty – Article 24 (I.8)

**PERFORMANCE**

Following previous discussions, including at the Workshop on the implementation of the Treaty (10-11.04.2008) and during the 8th PHLG meeting in June 2008, the Secretariat elaborated a Draft Decision on the adaptation of the acquis communautaire on electricity and gas to the institutional design of the Energy Community, which was reviewed by PHLG in September 2008. On this ground, the European Commission was invited to consider next steps as this is within its competence in accordance with Article 79 of the Treaty.
5. Dispute settlement mechanism (I.9)

PERFORMANCE

Following the adoption of the Procedural Act on the Rules of Procedure for Dispute Settlement under the Treaty by the Ministerial Council of the Energy Community in June 2008, the Secretariat currently works on four pending disputes brought to its attention by complaints. They all concern the electricity sector. The work undertaken consists in in-depth factual and legal analyses, but also in mediating between the market operator and the Contracting Party concerned. This involves meetings on the spot with the relevant stakeholders.

In one case concerning the electricity sector in the former Yugoslav Republic of Macedonia, the Secretariat initiated the formal preliminary procedure by sending an Opening Letter. Another case concerning customs register fees on electricity imports into Bosnia and Herzegovina was closed in early 2009 after the authorities changed their practice in compliance with the request of the Secretariat.

Further, in general terms, the Secretariat continuously provides information to Parties and private operators on legal questions in general as well as on the Energy Community dispute settlement system.

II. ELECTRICITY

1. Monitoring activities in relation to the implementation of the acquis (II.1)

PERFORMANCE

a) Following their request, the Secretariat undertook concrete missions in all Contracting Parties within the first half of 2009 aiming at:

- monitoring and reviewing the proper implementation of the acquis;
- support provided to the Contracting Parties on development of primary and secondary legislation along the requirements of the Treaty.

b) Furthermore, the Secretariat assessed and commented draft acts of primary and secondary legislation in electricity prepared by several Contracting Parties,
as to support their efforts in developing a legal framework in line with the Treaty requirements.

c) The findings and outcomes of the monitoring process will be reflected in the implementation reports submitted to PHLG and MC.

2. Review of state of play and support to the Contracting Parties in the process of development and integration of the electricity market (II.2).

PERFORMANCE

a) The Secretariat targeted operationally these issues on a regular basis – thus, the topic is covered in all Implementation Reports, as presented at the PHLG meetings (March 2009; envisaged for June 2009 as well). Particular report is envisaged for the Ministerial Council meeting in June 2009.

b) In addition to the Electricity Directive (2003/54/EC), monitoring of the cross-border trade compliance and implementation of the Regulation (EC) 1228/2003 was performed during the missions, main obstacles and required measures in this direction were discussed as well.

c) Characteristic questions that require attention and priority steps were indicated and targeted by the Secretariat together with the Contracting Parties operationally and during the Contracting Party missions. All market related issues are discussed in each of the Contracting Parties separately.

d) In addition, within the first half of 2009, the regional approach was a key target. This is mostly linked to the establishment of the Coordinated Auction Office CAO), where the Secretariat plays operationally coordination role, supporting the work of the CAO Implementation Group of ECRB and the one of SETSO.

Concrete activities, performed by the Secretariat in this aspect, were related to the following:

- Development of a proposal for Terms of Reference for establishing a Project Team for the CAO;

- Operational communication with the government of Montenegro for the physical establishment of the CAO;

- Organization of a coordination meeting of the CEOs of the TSOs/ISOs from the region together with the Donors’ Community as to

g) The Secretariat is in a process of finalization within the first half of 2009 some studies in relation to the electricity market development. These studies cover some of the most pressing issues, namely cross border trade of electricity and regional balancing. First results of the studies focusing on cross border trade of
electricity have been presented to the 14th Athens Forum in May 2009, final results are expected for June 2009. The study on regional balancing (BETSEE) which is performed in strong cooperation with SETSO Task Force is expected to be finalized by the end of 2009 after a testing phase with the involvement of TSOs from the region.

III. GAS

1. Monitoring activities in relation to the implementation of the acquis (III.1)

PERFORMANCE

a) Within the period and following their request, the Secretariat undertook missions in all Contracting Parties. This was one of the tools, via which the Secretariat was permanently reviewing legislation and acts of strategic nature, prepared by some Contracting Parties as to follow its development along the Treaty requirements. Besides, concrete assistance in drafting such legislation was provided. Thus, via the missions, the Secretariat performed concrete monitoring the implementation of the acquis.

b) Further, as till now, the Secretariat analyzed and commented draft primary and secondary legislation, prepared by the Contracting Parties, as to support their efforts in developing a legal framework in line with the Treaty requirements.

c) In case of some Contracting Parties (Bosnia and Herzegovina in particular) some additional efforts were devoted in the first half of 2009, as to assist the Contracting Party better to perform along the Treaty requirements.

2. Review of state of play and support to the Contracting Parties in the process of development and integration of the gas market (III.2).

PERFORMANCE

a) Concrete support in drafting network codes was provided to some Contracting Parties.

b) Particular focus on the implementation of Regulation 1775/2005 was paid via a special workshop (Vienna, 05-06.03.2009). Further, the implementation of the Regulation 1775/2005 was subject to intensive analysis during the missions to the Contracting Parties.

d) Concrete steps towards promoting the Energy Community Gas Ring as a key regional concept in the area of gas have been undertaken – this included not only explicit focus on the issue within the 12th PHLG meeting (17.03.2009), but also
promoting the concept during series of events with the participation of the Secretariat, which took place in the first half of 2009.

Thus, the PHLG noted the proposal of the Secretariat on the cooperation on gas infrastructure investments and the respective proposal to create a Gas Ring Group (replacing the existing Joint Gas Working Group). The PHLG agreed with the proposed approach and requested to be regularly informed on the outcome of the discussions within the group. The focus of the Group shall be:

- To share information on the status of on-going and planned investment projects in gas transmission infrastructure and gas storage facilities;
- To discuss investment options and priorities as regards interconnections – within the overarching concept of Energy Community Ring.

IV. ECRB ACTIVITIES

The main activities of the ECRB in the first half of 2009 follow the ECRB Work Program 2008-2009.

PERFORMANCE

The activities of ECRB are subject of a separate report; it is envisaged that this report shall be presented on an annual basis.

However, it shall be also noted that the ECRB activities were supported actively by the ECRB Section of the Secretariat in the first half of 2009 in the following major areas:

Gas:
- The definition of conditions for the improvement of interconnection, interoperability, transparency and the harmonisation of operational rules for natural gas transportation
- The development of a common regulatory approach for the development of the Energy Community Gas Ring
- Monitoring
- The structure of a future common gas market in the Energy Community.

Electricity:
- Congestion management and transmission capacity allocation
- Regional balancing
- Compatibility of market rules
- Regional wholesale market opening
- Harmonization of licensing regimes
- Regional investment planning
Cross border cooperation of regulators in relation with investment projects of regional dimension

Costumers:

- Customer protection
- Quality of electricity service

Gas distribution and regulated supply

V. ENVIRONMENT

PERFORMANCE

The Secretariat continuously monitors the implementation of the parts of the acquis of which the implementation deadlines have expired, i.e. the Environmental Impact Assessment Directive and the Wild Birds Directive.

As regards the Sulfur in Fuels Directive, the Large Combustion Plants (LCP) Directive and the Directive on Integrated Pollution Prevention and Control (IPPC), the Secretariat took stock of the situation within the Contracting Parties by sending out a questionnaire prepared by the European Commission. The results of this survey as well as challenges in the implementation process were discussed at a Workshop on 24 March 2009 focusing on the LCP and IPPC Directive. The stocktaking will be continued well before the expiry of the implementation deadlines.

The Secretariat also started reviewing compliance with the relevant environmental acquis in specific projects, in particular the permit procedure for large generation projects.

VI. RENEWABLES

PERFORMANCE

Following the principle decision of the Ministerial Council of the Energy Community in December 2008, concrete steps have been undertaken within the first half of 2009.


The objective of the study is to analyse the conditions and modalities for the development of renewable energy resources in the context of the implementation of the New Renewable Directive in the Contracting Parties of the Treaty establishing the Energy Community. The study concerns not only the Contracting
Parties, but also Republic of Moldova, Ukraine and Turkey, as candidates countries to the accession to the Energy Community.

In December 2008, the European Parliament adopted the Climate Change Package which aims to ensure that the EU will achieve its climate targets by 2020: a 20% reduction in greenhouse gas emissions, a 20% improvement in energy efficiency, and a 20% share for renewables in the EU energy mix.

Part of the Package is the New Renewable Directive, in which mandatory national targets have been set up to be achieved by the EU Member States through promoting the use of renewable energy in the electricity, heating and cooling, and transport sectors in order to ensure that by 2020 renewable energy makes up at least 20% of the EU's total energy consumption. The agreement also foresees also that by 2020 renewable energy - biofuels, electricity and hydrogen produced from renewable sources - account for at least 10% of the EU's total fuel consumption in all forms of transport.

In the Directive's recital 35 it is mentioned – “If, by virtue of a decision taken under the Energy Community Treaty to that effect, the contracting parties to that treaty become bound by the relevant provisions of this Directive, the measures of co-operation between Member States foreseen in this Directive will be applicable to them.”

According to the Article 26 of the New Renewable Directive on the promotion of the use of energy from renewable sources, for the EU MS several articles of the Directives 2001/77/EC and 2003/30/EC shall be deleted with effect from 1 April 2010 and both Directives will be repealed with effect of 1 January 2012. These measures calls for appropriate decisions in the framework of the Energy Community Treaty as stipulated in Article 100 to allow amendments of the provisions of the Title II, concerning the acquis for renewables.

The tasks to be performed under the study concern:

- Task 1 – Review the current state of development of renewable energy in each of the Contracting Parties and candidate Contracting Parties;
- Task 2 – Analysis of the impact of the new requirements of the Renewable Directive have for the Contracting Parties and Candidate Contracting Parties considering the available renewable energy potential and the provisions for co-operation among EU Member States and Contracting Parties as foreseen in the New Renewable Directive;
- Task 3 – Calculation of targets to be achieved by 2020, based on the methodology prepared by the European Commission;
- Task 4 – Evaluation of the costs associated with the fulfilment of the mandatory targets referred to under Task 3, assessment of the investment opportunities, the associated employment possibilities, GHG savings and reduction in fossil fuel consumption.

The Study has been contracted with a consortium led by IPA Energy + Water Economics (UK) including EPU-NTUA (Greece) and it is envisaged that the study shall be completed by the end of 2009.

2. Workshop on RES (29-30 April 2009, Vienna)
The Secretariat – together with USAID and Hellenic Aid – organized a Workshop on RES targeting at “Greening the Energy Community”. The workshop focused on the presentation of the new EU Renewable Energy Directive, including its implications for the Contracting Parties and Observers, the systems of the Guarantees of Origin, the challenges and methods for wind integration into the grids as well as the Stocktaking Report developed by IRG/CRES.

The audience comprised officials from Ministries, Energy Agencies, Regulators, and Transmission System Operators from the Contracting Parties, Observers and representatives of donors’ community, and the feedback from roughly 50 participants has been highly positive. The workshop addressed well the diverse opportunities in promoting renewable energies, including the linkage for enhanced security of supply, job creation and sustainable development.

3. Steps towards institutionalizing the activities on promoting the Renewable Energy

The Secretariat developed its proposal on the establishment of Renewable Energy Task Force and presented it for discussions during the 12th PHLG meeting (17.03.2009, Vienna). The PHLG agreed that it is submitted to the Ministerial Council for the adoption in June 2009.

The proposal envisages establishment of RETF as an expert team that will assess the impact of the new directive on the promotion of the use of energy from renewable sources in the Contracting Parties and candidate Contracting Parties of the Energy Community. Thus, procedurally, the RE TF will investigate and propose to the PHLG the modalities for a possible further adoption by the Ministerial Council of the new Renewable directive within the Energy Community Treaty.

RE TF is expected to build on the existing knowledge, legal and institutional framework in the renewable energy already in place in the region covered by the Treaty in order to facilitate the Energy Community to act in accordance with its Article 35. Furthermore, the Task Force shall use as additional information the one provided via a special study on the impact and modalities for further adoption in the Energy Community Treaty.

VII. COMPETITION

PERFORMANCE

The Secretariat continuously monitors the implementation of the competition acquis, focusing not only on the substance of the laws on competition and State aid, but also on procedural efficiency and case law in the energy sectors. To this end, the Secretariat engages in an active dialogue with competition authorities in all Contracting Parties. Monitoring and assistance activities will continue in the second half of 2009.
On 18 March 2008, the 1st ECS Competition Workshop with some 80 participants focused on the relation between sector energy law and general competition law and the challenges of applying them by the competent institutions. One of the key objectives of the Workshop was to better involve competition authorities in the regulation of the energy sectors and to enhance their cooperation with the national regulatory authorities.

VIII. SECURITY OF SUPPLY

PERFORMANCE

In this relation, the Secretariat followed the conclusions of the PHLG and the MC – particularly those taken in 2008 with explicit focus on the Procedural Act on the Establishment of a Security of Supply Coordination Group.

In concrete terms, within the first half of 2009, the following summarizes the key activities:

Substantial amount of analytical work was done by the Secretariat in the context of the gas crisis in January 2009.

At the 12th PHLG meeting (17.03.2009), the steps undertaken by the Contracting Parties so far along the Roadmaps for implementation of Directives 2005/89/EC and Directive 2004/67/EC were discussed in the context of a report, prepared by the Secretariat. It was recalled that – considering that the deadline for implementation is end of 2009 - the implementation of the two directives requires special attention.

At the cited PHLG meeting, a List of Representative Organizations, proposed by the European Commission in line with Article 2(4) of the Procedural Act on the Establishment of a Security of Supply Coordination Group, was also agreed. Further, the preparation of the first meeting of the Security of Supply Coordination group is ongoing.

IX. ENERGY EFFICIENCY

PERFORMANCE

Within the period, two meetings of the Energy Efficiency Task Force were organized. In practical terms, this allowed finalization of its work along the Work Programme of the Task Force.

At the 6th Task Force meeting on 5 May 2009, the acting Chair presented the results in the realization of the Task Force’s work Programme and concluded that this was accomplished and went beyond the requirements; this refers to the
preparation of the Energy Efficiency Action Plan by each Contracting Party, based on the model prepared as part of the work programme.

Regarding the three end-use Directives (energy services energy performance in buildings and energy labeling) the Task Force expressed the opinion that it is feasible to include these in the Acquis enforceable under the Treaty establishing the Energy Community, through a relevant Decision of the Ministerial Council, with the time frame for implementation as proposed in the respective Directives.

Based on the members’ progress report, additional technical assistance for the finalization and implementation was offered by the GTZ thought its new regional programme Open Regional Fund – Energy; this offers also a capacity building and institutional strengthening component for the implementation of the Plans.

Additional focus within the period was the training. In this aspect a training workshop was organized on 5-6 May 2009 in Vienna, devoted to energy efficiency in buildings and the National Energy Efficiency Plans. The Workshop was organised jointly by the Energy Community and the SYNENERGY programme (funded by USAID and Hellenic Aid).

The workshop was organized as to support the efforts of the Contracting Parties and Observers to the Treaty establishing the Energy Community to follow their commitment to develop measures as to foster energy efficiency in accordance with Article 35 of the Treaty. One of these measures is to prepare National Energy Efficiency Action Plans (NEEAPs), in accordance with the Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services, with a focus of setting energy saving targets and developing programmes to achieve these.

The workshop’s objectives were:

- To discuss the approach for the preparation of the building sector in the NEEAP and present the achievements to date.
- To present information on residential energy efficiency experience and results, and its implications on utility bill affordability, in the Energy Community and other transition countries.

X. INVESTMENTS

PERFORMANCE

On the ground of the list of priority infrastructure projects, as adopted by the Ministerial Council in December 2007, the Secretariat continued monitoring the development of the projects via regular information, collected from the Contracting Parties, as well as public information sources and the donors’ community reports.

An investment conference was organized in Sarajevo with the common efforts of the Energy Community and the EBRD. It attracted participation of approximately 150 participants, representing private investors and International Financial
Institutions, national energy utilities, governments, regulators, Transmission System Operators, donors.

The highest political level participation was one of the marks of the event.

The Secretariat worked with the Steering Committee of the Infrastructure Projects Facility and the Contracting Parties to propose solid infrastructure projects for the technical assistance offered under the IPA Investment Project Facility; In its second session, on 20 March 2009, the Committee approved that the Environmental Impact Assessment Study for the 400 kV Overhead transmission line between the former Yugoslav Republic of Macedonia (the beneficiary of IPA funds) and Serbia will be prepared under the Facility’s financing; a second project. Two more projects regarding renewable energy, one in Bosnia and Herzegovina (a hydro power plant) and one in Serbia (a biomass boilerhouse are also proposed for technical assistance under the projects reserve list.

XI. SOCIAL DIMENSION

PERFORMANCE

The Assistance to the Contracting Parties by ECS for the implementation of Article 3 of the Electricity and Gas Directives are permanent subject of discussions within the overall implementation of the two directives. Further, they are targeted by the ECRB and its Customer Working Group.

Following the outcome of the 1st Social Forum (18-19 November 2008 in Tirana), the Secretariat is in a process of preparation of a Social Workshop (scheduled for 16th June 2009 in Vienna). It is envisaged that the workshop will be attended by the relevant stakeholders, including the government representatives from energy and social ministries, social partners, energy companies and regulatory authorities, donors, etc. This will be give the Contracting Parties the opportunity to report on the progress made in general with the social issues in the context of the energy reforms, as well as with the preparation of the Social Action Plans.

It is planned that the outcome of the workshop will be reported at the PHLG meeting in June 2009.

Following invitation by the Secretariat, Mrs. Meglena Kuneva, EU Commissioner for Consumer Affairs, visited its premises on 15.05.2009 and delivered a lecture on the topic ‘MAKING ENERGY MARKETS WORK FOR CONSUMERS”.
XII. REGIONAL AND CROSS-BORDER ISSUES

PERFORMANCE

1. The Secretariat continued its work in relation to the Effective implementation of Regulations 1228/2003/EC and 1775/2005/EC.

On 5 – 6 March 2009, the Secretariat organized a workshop on the implementation of Regulation 1775. The workshop focused on practical issues, concerning this regulation, which should have been implemented by the end of 2008.

Further, at the 12th PHLG meeting, the Secretariat presented its report, outlining the current situation and the outstanding issues for each of the Contracting Parties concerning the implementation of Regulation 1775. The link between the proper implementation of Regulation 1775/2005 and the implementation of Directive 2003/55/EC was underlined.

2. Establishment of a Coordinated Auction Office in the SEE region was also a particular focus of attention within the first half of 2009.

The Secretariat was successful in the process of moving towards completion of the signature of the Memorandum on the establishment of the CAO (open for signature in December 2008) – further to the initial six signatures, five more TSOs/ISOs joined the Memorandum within the period.

Besides, the Secretariat was mandated and developed the basis for establishment of an Expert Team to work in concrete terms on the CAO – in this relation, the Secretariat proposed draft Terms of Reference for the structure and the work of the team with the clear understanding that the decisions in this aspect are within the competences of the TSOs/ISOs.

Further, the Secretariat organized operational discussions on the topic with the Donors as to facilitate their support to the project. In addition to the operational communication, a separate meeting took place on 30.03.2009 in Sarajevo.

In addition, the Secretariat organized a special meeting on highest TSO/ISO level on 11.05.2009 with the participation of the Donors’ Community, where the key focus is the establishment of the Expert Team and outline of the next steps in concrete terms.

In parallel, the Secretariat is operationally managing the studies, launched by the Energy Community, related to the CAO I and focusing on both legal, technical and financial requirements for establishing a Coordinated Auction Office for cross border capacities in the Region. First results from these studies have been presented by the consultants to the 14th Athens Forum in May 2009. The final reports for these studies are expected to be received in June 2009. Furthermore a
workshop dedicated to the studies results will take place on 10th June 2009 in Athens.

XIII. CROSS – CUTTING ACTIVITIES

PERFORMANCE

Achievements out of the cross-cutting activities being supportive function to all other areas of work are in first line linked to the areas of event management, website administration and its maintenance, establishment of internal working procedures and others.

1. As regards event management in the first half of 2009, the Secretariat so far has supported the organization of some 20 events; 10 events are still planned by the end of June 2009.

The Secretariat has been providing at all stages support of both administrative and substance nature, in majority of the events experts act as speakers on behalf of the Energy Community Secretariat. Intense cooperation concerning particularly, but not exclusively, PHLG and MC meetings preparation has been ongoing with the Presidency in Office (Bosnia and Herzegovina in the first half of 2009) and with the European Commission as Vice-Presidency and along its competences under Article 4 of the Treaty.

Thus, within the period the Secretariat continued its overall administrative support to the other Energy Community institutions. In practical terms, substantial amount of events of different nature were organized without problems, which have influenced on substance the proper conduction of these events.

2. The area of the work within the event administration has undergone further improvement in terms of process in the first half of 2009. Major achievements are noted as the procedures relevant for the administration of the events are concerned (e-registration) as well as web based access to the meetings’ related documents. Further development of the website platform – the so called Members Area – shall be subject to development to assure the cross boarder communication at any and all topics related to the work of the Energy Community and its established institutions and work groups.

4. Based on the requirements of the Work Program of the Energy Community and its relevant institutions (like ECRB) the work on studies launched in 2008 (see annex 1) as well as one new study (RES), launched in April 2009. The overall support to the related areas of work and institutions was provided by the Legal

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1 Please, see attachment.
Counsel of the Energy Community Secretariat and the Administrative and Finance Unit.

5. The Secretariat and its general functions of administration and legal actively supported work of the Budget Committee establishment on 30 January 2008. In the first half of 2009 in total two meetings of the Budget Committee are envisaged.

C. OUTLINE OF KEY TASKS FOR THE SECOND HALF OF 2009

Within the second half of 2009 the Work Programme of the Energy Community shall be further observed. Thus, the following tasks shall be focus of attention:

I. ACTIVITIES OF GENERAL NATURE TOWARDS IMPLEMENTATION OF THE TREATY

1. Monitoring of the proper implementation of the requirements of the Treaty shall continue. In parallel, in its enforcement activities, the Secretariat will continue identifying key barriers and focus on assisting Contracting Parties in overcoming them.

2. At the same time, the Secretariat will fulfill the functions assigned to it in the dispute settlement procedure, acting upon complaint and on its own motion. The Secretariat will strive to conclude the currently pending cases within the first half of 2009.

3. Particular attention shall be paid to development and implementation of a common concept of energy statistics, which are – among others – crucial for investments. In this relation, common activities with IEA are being already under consideration – the Secretariat shall actively focus on the preparation of the first statistical workshop at the end of October 2009.

4. Technical assistance to the Observers under the guidance of the European Commission shall continue.

II. ELECTRICITY

1. In addition to the ongoing monitoring functions, concerning the relevant acquis, concrete attention shall be paid to the process of implementation of Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investments.
2. The operational support to the Contracting Parties in their efforts for drafting the primary and secondary legislation, as well as for development and integration of electricity markets, shall continue intensively.

3. Along with activities of the ECRB, monitoring and assistance in integration of the electricity market will continue, mainly with respect to development of coordinated capacity allocation and regional balancing markets, development of coherent regulation and enforcement of regulatory practices on regional level and implementation of the Regulation 1228/2003 on national level in all Contracting Parties.

4. Monitoring of the compliance with the relevant Acquis in some of the Observer countries (Moldova and Ukraine) will commence in line with the undertaken commitments related to the process of their accession to the Energy Community.

III. GAS

1. In addition to the ongoing monitoring functions, concerning the relevant acquis, concrete attention shall be paid to the preparation for implementation of Directive 2005/67/EC concerning measures to safeguard security of natural gas supply. In addition, the support to the Contracting Parties in the implementation of Regulation 1775 shall continue.

2. Concrete steps on promoting regional projects in the gas sector (in particular the Energy Community Gas Ring) shall be considered.

3. The operational support to the Contracting Parties in their efforts for drafting the primary and secondary legislation, as well as for development and integration of gas markets, shall continue intensively.

IV. OIL

Concrete activities towards the implementation of a clear concept regarding the inclusion of the oil dimension into the Treaty shall be implemented in line with the Decision of the Ministerial Council in December 2008.

The key focus of attention in the second half of 2009 in this relation shall be:

- development of clear concept on the approach towards the Oil Dimension of the Energy Community;

- analytical work on finding out the current status quo in the Contracting Parties and the Observers;

- Preparation of the first Oil Forum and follow-up activities along its conclusions.
IV. ECRB ACTIVITIES

These will develop according to the ECRB Programme. The Secretariat shall continue providing organizational and substance support (the latter under the guidance of the ECRB President and Vice-President).

V. ENVIRONMENT

The Secretariat will continue monitoring the implementation of the Environmental Impact Assessment and Wild Birds Directive, focusing both on the legal framework in place and on specific projects. Besides, the focus will be on preparing the timely implementation of the Sulphur in Fuels and the Large Combustion Plants (LCP) Directives.

VI. RENEWABLES

ECS shall continue the technical support to the Contracting Parties in their efforts for realization of the Plans to implement:


A key focus of activities shall be related to the successful completion of the Study on the potential implementation of the new RES Directive, due to come to end in November 2009.

In parallel, the Secretariat shall support the work of RES TF, due to be established in June 2009 (a proposal for this has been already made).

VII. COMPETITION

The Secretariat will continue monitoring the implementation of the competition acquis, focusing both on the legal framework in place and on specific cases. The focus will be on State aid, where the implementation of the acquis is not sufficiently advanced.

VIII. SECURITY OF SUPPLY

1. ECS shall support the work of the Security of Supply Coordination Group, established in December 2008.
2. Technical assistance to the Contracting Parties in their efforts for the implementation of Directives 2004/67/EC and 2005/89/EC shall be provided – taking into consideration the role and envisaged support of the Security of Supply Group.

**IX. ENERGY EFFICIENCY**

In case the mandate of the Energy Efficiency Task Force is extended, this will prepare a new Work Programme; the Secretariat shall continue providing guidance for the realization of the new work programme as well as operational support to its work along its mandate. The Secretariat will continue working with the Donors’ Community, in order to streamline their assistance and find the synergies between all the programmes on going or planned.

**X. INVESTMENTS**

The Secretariat shall focus on updating the status of development of the projects along the list, agreed by the Ministerial Council. The relevant information will be presented at the Ministerial Council meeting in December 2009. Additional projects may be added, that made progress, to replace those that are lagging behind.

**XI. SOCIAL DIMENSION**

The work of the Secretariat in this relation shall follow the conclusions of the Social Workshop (scheduled for 16.06.2009) and the second Social Forum (13-14 October 2009).

**XII. REGIONAL AND CROSS-BORDER ISSUES**

1. The Secretariat shall further focus on operational steps as to support the establishment of CAO.

2. Monitoring of the implementation of the Regulation 1775/2005, including even more concrete help – if requested - shall be enhanced in order to provide for the possibility to the Contracting Parties to catch up the delay.

**XIII. CROSS CUTTING ACTIVITIES**

The Secretariat shall continue performing in due time its obligations, related to administrative support and organization of the events along the Event Calendar of the Energy Community.

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<th>Contract value (excl. VAT)</th>
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<td>1 Study on the Improvement of Interconnection, Interoperability, Transparency and Harmonisation of Operational Rules for Natural Gas Transportation in the Energy Community</td>
<td>ENERGY MARKETS PARTNERS LLP 37 BARNARDS HILL, MARLOW BUCKINGHAMSHIRE, SL7 2NX UNITED KINGDOM</td>
<td>74,200.00</td>
<td>14.8.2008</td>
<td>finalised</td>
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<td>2 A Study on Tariff Methodologies and Impact on Prices and Energy Consumption Patterns in the Energy Community</td>
<td>IPA ENERGT + WATER ECONOMICS ENGBURGH SCOTLAND</td>
<td>73,575.00</td>
<td>21.8.2008</td>
<td>finalised</td>
</tr>
<tr>
<td>3 Prototype for a Service platform for the Regional Balancing Market (&quot;BETSEE&quot;) including training, trial run and platform hosting</td>
<td>Elektroenergetski Koordinacioni Centar Vojvode Slope 412 11040 Belgrade</td>
<td>28,900.00</td>
<td>20.10.2008</td>
<td>ongoing; est. finalisation by the end of 2009</td>
</tr>
<tr>
<td>4 Study on the Identification of Legal Obstacles to the Establishment and Operation of and the Participation in a Coordinated Auction Office in South Eastern Europe</td>
<td>Kelemenis &amp; Co 5 Tsakalof Street Athens 106 73</td>
<td>74,870.00</td>
<td>28.11.2008</td>
<td>upon finalisation; est. by the mid of 2009</td>
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<td>5 Study for the final development and establishment of a Coordinated Congestion Management in SEE</td>
<td>Consetec Consulting fuer Energiewirtschaft und -technik GmbH Gruener Weg 1 D-52070 Aachen AND APCS Power Cleaning and Settlement AG Alserbachstrasse 14-16 A-1090 Wien</td>
<td>119,625.00</td>
<td>28.11.2008</td>
<td>upon finalisation; est. by the mid of 2009</td>
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