REPORT
ON THE IMPLEMENTATION OF
THE ENERGY COMMUNITY TREATY IN RELATION TO
THE GENERALLY APPLICABLE STANDARDS

I. SCOPE AND BACKGROUND OF THE REPORT

This report reflects the Energy Community activities in relation to the implementation of Articles 21 and 22 of the Energy Community Treaty.

The report reflects the monitoring activities of the Secretariat. Further, the PHLG at its 8th meeting in March 2008 asked the Secretariat to report to the Ministerial Council about the status quo of the undertaken steps in this direction (Conclusion 20).

II. LEGAL FRAME

1. According to Article 21 of the Treaty establishing the Energy Community (the Treaty), within one year of the date of its entry into force, the Secretariat shall draw up a list of Generally Applicable Standards of the European Community, related to electricity and gas network systems, which shall be submitted to the Ministerial Council for adoption.

2. Upon their adoption and in accordance with Article 22 of the Treaty, these Generally Applicable Standards will be the basis for the Contracting Parties to develop plans as to bring their Network Energy sectors into line with them.

3. The activities in relation to the Generally Applicable Standards were also reflected accordingly in the Work Programme of the Energy Community for the period 2008 – 2009, which was approved by the Ministerial Council in December 2008 and thus became a formal framework to be followed (Item D.I.2 of the Work Programme).
II. STATUS OF IMPLEMENTATION OF THE TREATY REQUIREMENTS

1. The concrete proposals of the lists of Generally Applicable Standards for both electricity and gas were developed by the Secretariat in due time and presented to the Ministerial Council during its meeting in June 2007.

When developing the draft lists of Generally Applicable Standards of the European Community to be applied by the Contracting Parties (respectively for electricity and gas), the Secretariat took into consideration the fact that these refer to any technical system standard that is applied within the European Community, and is necessary for operating network systems safely and efficiently, including aspects of transmission, cross-border connections, modulation and general technical system security standards.

Therefore, the proposal has been developed mainly taking into consideration:

- the European Community experience (via specialized institutions e.g. the European Committee for Standardization, the European Committee for Electrotechnical Standardization, The Union for Coordination of Transmission of Electricity);

- the key requirements of the major energy acquis in electricity and gas as identified by the Treaty (thus, e.g. the explicit requirements of Article 5 of Directive 2003/54/EC and Article 6 of Directive 2003/55/EC, requesting that Member States shall ensure that technical safety criteria are defined and that technical rules establishing the minimum technical design and operational requirements for the connection are developed and made public. These technical rules shall ensure the interoperability of systems and shall be objective and non-discriminatory).

2. The Ministerial Council, following the opinion of the PHLG, adopted the proposed lists of Generally Applicable Standards at its meeting in June 2007. Thus, the formal requirement of Article 21 of the Treaty has been fulfilled.

3. Further, on the ground of the requirements of Article 22 and as to support the Contracting Parties, the Secretariat presented its proposal for step-by-step approach for development of individual plans to bring their Network Energy sectors into line with the Generally Applicable Standards of the European Community (8th PHLG meeting, March 2008). The aim of the proposal was to streamline the procedure and coordinate the time line within which the implementation of Article 22 of the Treaty shall be achieved in all Contracting Parties.

The step-by-step approach as presented included the following:

- Identification of the standards (from the Generally Applicable Standards List) which are not yet adopted as well as possible deviations of the applied standards with respect to the listed ones;
• Assessment of the terms and conditions for transposition of the identified required standards with respect to the length of the period and the financial and human resources needed; in this assessment, the impact on the security of supply, the impact on the infrastructure (rehabilitation of existing and construction of new one, connection, operation and maintenance aspects, new equipment, spare part stocks, procurement procedures etc), as well as the availability of the resources (financial and administrative) needs to be taken into consideration;

• Based on the outcome of the assessment - development of a national plan for implementation of the Standards under Item 2 having in mind the criteria required to sustain or improve the security of supply, provide for development of appropriate technical framework for investments, hence also for competitive energy markets and comply with the other crucial goals of the Treaty, which should define at least the sequence of adoption of the standards, the duration of conversion period for their application, required human resources and the budgetary requirements.

As a next step, in March 2008 the Secretariat explicitly noted the responsible ministers from the Contracting Parties about the necessity to coordinate internally concrete steps so timely adoption of the Generally Applicable Standards can be assured.

The Treaty envisages that its Article 22 should have been implemented by 01.07.2008, by which date the Contracting Parties should have plans as to bring their Network Energy sectors into line with them.

3. As to further support the efforts of the Contracting Parties, in July 2008 the Secretariat presented to the PHLG members a Template for Development Plan for implementation the Generally Applicable Standards. The purpose of the template is to allow unification of development and presentation of the relevant information.

III. CONCLUSIONS AND NEXT STEPS

1. On the ground of the adopted lists of Generally Applicable Standards and the Template for Development plan for their implementation, the Contracting Parties are expected to undertake concrete steps. PHLG at its 10th meeting in September 2008 decided that the performance shall be reviewed in March 2009 (Conclusion 14).

2. However, the Contracting Parties noted their observations that the implementation process in practical terms represents substantial difficulty, as it requires not only involvement of different institutions on national level, but also substantial amount of time and efforts.

3. As to further promote concrete achievements, the Secretariat shall consider organizing a special workshop on the issue at the beginning of 2009.

4. Besides, the Secretariat reconfirms its readiness for operational support; nonetheless that, as it was already concluded by PHLG, the major efforts in this direction are within the Contracting Parties.