ABOUT THE ENERGY COMMUNITY

The Energy Community initiative aims at extending the EU internal energy market rules to the region of South East Europe. For this purpose the TREATY ESTABLISHING THE ENERGY COMMUNITY was signed on the 25th of October in Athens.

The task of the Energy Community is to organize the relations between the Parties to the Treaty - the main goals are to create a stable and regulatory market framework capable of attracting investment; to create a single regulatory space for trade; to enhance security of supply; to improve the environmental situation and to develop electricity and gas market competition on a broader geographical scale.

The main institutions established or being established to oversee the process are the Ministerial Council, the Permanent High Level Group, the Regulatory Board, the Fora, and the Secretariat. Donors play also an important role given the considerable investment needed in the region.

One of the first initiatives towards the establishment of the Energy Community was taken in 2002 when the European Commission put forward a strategy outlining the principles and the institutional necessities on which the development of the regional electricity market should be based. All South East European countries agreed to adopt European Union legislation and to set up a structure to monitor the operation of the market. These commitments were included in the Memorandum of Understanding on the Regional Electricity Market in South East Europe, signed in Athens in November 2002.

In March 2003, it was decided to extend the approach to gas. The European Commission then prepared the Athens 2003 Memorandum of Understanding which takes into account both the extension to gas and the new electricity and gas directives that were adopted within the European Union in June 2003.

With the 2003 Memorandum, which is a political document, the states of the region stressed the need to move towards a legally binding framework, strong institutions and an oversight body to monitor the operation of the market. This paved the way to the Treaty Establishing the Energy Community, which is the legal framework for achieving the above mentioned tasks. The Treaty is expected to come into force on 1st July 2006.
ABOUT THE ENERGY COMMUNITY SECRETARIAT

BACKGROUND

• The interim Energy Community Secretariat has been established as a non-profit association under Austrian law on 1 April 2005 (see “Vereinsregisterauszug”, Association Number: XV-6861). The Secretariat has been founded on the basis of the so called Grant Contract concluded between Austrian Federal Ministry of Economic Affairs and Labor and the European Commission on 2 March 2005. However, the Secretariat is also one the institutions of the Energy Community Treaty, signed on 25 October 2006 in Athens/Greece.

• The association has been established on project base (implementation period – by the end of 2006) and is financed by the European Commission under the CARDS program (ca. 94%) and partially sponsored by the Republic of Austria (ca. 6%).

• Formally, the Secretariat has started its existence on 1 August 2005 with the first employee nomination done by the BMWA (position of Financial, Legal and Administrative Director). However, its operational activities started on 1st February 2006, when the nomination of the staff has been finalized and the Director of the Secretariat has been appointed.

• The Governing Body of the Secretariat is the Governing Board, which includes:
  - The Federal Minister of Economic Affairs and Labor;
  - The Federal Minister of External Affairs;
  - The Manager of E-CONTROL (the Austrian energy regulator).

• Currently, the Secretariat has a staff of 9 people, who represent seven nationalities – Albanian, Austrian, Bulgarian, Croatian, Romanian, Spanish, Turkish.

KEY TASKS OF THE SECRETARIAT UNDER THE TREATY ESTABLISHING THE ENERGY COMMUNITY

The Secretariat:

• Provides administrative support to the other institutions under the Treaty (the Ministerial Council, the Permanent High Level Group, the Energy Community Regulatory Board, the Fora);

• Reviews the proper implementation by the Parties of their obligations under the Treaty;
• Prepares yearly progress reports on the implementation of the Treaty;

• In coordination and under the guidance of the European Commission, reviews and supports the donors’ activity in the territories of the Parties to the Treaty etc.

**ORGANIZATIONAL STRUCTURE**

(Note – the information in brackets indicates nationality of the relevant member of the staff).