RULES OF PROCEDURE of 16 October 2015 on dispute settlement under the Treaty


The Ministerial Council of the Energy Community,

Having regard to the Treaty Establishing the Energy Community, and in particular Articles 90 to 94 as well as Articles 47(c), 86, 87, 82 and 83 thereof,

Having regard to the proposal by the Secretariat,

Whereas it is of crucial importance that the provisions of the Treaty, including the Decisions adopted thereunder, are properly implemented in the national legal orders of the Parties and correctly applied by their authorities,

Whereas each Party to the Treaty is responsible for the timely implementation and correct application of Energy Community law within its own legal system,

Whereas the Treaty establishes a system of dispute settlement within the Energy Community by decision of the Ministerial Council,

Whereas the procedure leading up to such a decision may be initiated by a Party, the Secretariat or the Regulatory Board,

Whereas the Treaty gives private bodies the right to approach the Secretariat with complaints,

Whereas a Party concerned has the right to make observations in response to the request or complaint,

Whereas the Ministerial Council may decide on the existence of a breach by a Party of its obligations,

Whereas the Ministerial Council may further decide on the existence of a serious and persistent breach and on possible sanctions resulting therefrom,

Whereas the Treaty provisions establish a framework which requires more detailed procedural rules for practical implementation,

Whereas the institutions of the Energy Community shall interpret any term or other concept used in the Energy Community Treaty that is derived from European Community law in conformity with the case-law of the Court of Justice of the European Union, including its General Court,

Upon review as envisaged by Article 47 of this Procedural Act,

Whereas the Ministerial Council already on 29 June 2007 concluded that a formal process at a level below the Ministerial would have to be considered for the issue of non-implementation of Treaty commitments by Parties to the Treaty,

Whereas the European Commission in 2011 demanded “more effective implementation and enforcement” in the Energy Community1; the European Parliament in 2013 requested “adapting [the Energy Community’s] decision-making to future challenges, including by setting up legal control mechanisms to deal with

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Whereas the High Level Reflection Group mandated by the Ministerial Council concluded that “Weak enforcement mechanism constitute one of the major obstacles to implementation of the *acquis communautaire* in the Contracting Parties”⁴ and considered that “a refurbishment of the institutional architecture is necessary, in particular to enable the enforcement of the far-reaching commitments the Parties accepted under the Treaty”⁵,

Whereas the Permanent High Level Group, at its meetings on 15 October 2015 endorsed the present Procedural Act, as amended,

HAS ADOPTED THIS PROCEDURAL ACT:

**Article 1**

**Purpose**

These rules specify the procedure to be followed in cases of failure by a Party (hereinafter “the Party concerned”) to comply with a Treaty obligation or to implement a Decision or Procedural Act addressed to it within the required period (hereinafter “Energy Community law”) as established by Articles 90 to 93 of the Treaty (hereinafter “dispute settlement procedure”, Titles II-IV), as well as a cooperation mechanism between national authorities or courts and the Secretariat in cases concerning the interpretation or application of Energy Community law without prejudice to Article 94 of the Treaty (Title I).

**Title I**

**COOPERATION BETWEEN NATIONAL AUTHORITIES OF THE CONTRACTING PARTIES AND THE SECRETARIAT**

**Article 2**

**Cooperation between national authorities of the Contracting Parties and the Secretariat**

(1) Where a question concerning the interpretation or application of Energy Community law is raised in proceedings before a national authority of a Contracting Party, such authority, upon request of a party to the procedure before it or on its own motion, notifies the Secretariat in writing at the earliest stage possible in the procedure. The Secretariat shall ensure the confidentiality of all information received.

(2) Contracting Parties shall ensure that, where a question concerning the interpretation or application of Energy Community law is raised in proceedings before a national court, such court, upon request of a party to the procedure before it or on its own motion, may notify the Secretariat in writing at the earliest

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⁴ An Energy Community for the Future, p. 19.
⁵ An Energy Community for the Future, p. 19.
stage possible in the procedure. The Secretariat shall ensure the confidentiality of all information received.

(3) Where the coherent interpretation or application of Energy Community law so requires, the Secretariat shall submit its opinion to the national authority or court of the Contracting Party in writing within the timelines set by national procedural rules, but not later than within four weeks. It may consult the Advisory Committee before submitting an opinion. The Secretariat’s opinion must be in conformity with the case-law of the Court of Justice of the European Union.

(4) In its final decision or judgment, the national authority or court of the Contracting Party takes into account of the opinion submitted by the Secretariat.

(5) The Secretariat shall submit to the Ministerial Council an annual report on the application and interpretation of Energy Community law by national authorities of the Contracting Parties.

Title II
PROCEDURES UNDER ARTICLES 90 TO 93

Article 3
Failure to comply

(1) A Party fails to comply with its obligations under the Treaty if any of its measures (actions or omissions) are incompatible with a provision or a principle of Energy Community law.

(2) Failure by a Party to comply with Energy Community law may consist of any measure by the public authorities of the Party (central, regional or local as well as legislative, administrative or judicative), including undertakings within the meaning of Article 19 of the Treaty, to which the measure is attributable.

Article 4
Burden of proof

The burden of proving the allegation of non-compliance by a Party with Energy Community law and to place before the Ministerial Council the information needed to enable it to determine whether the obligation has not been fulfilled shall rest on the initiator of the proceedings. Where, however, the Party invokes an exemption to a rule or general principle of Energy Community law, it is incumbent upon the Party concerned to prove that the requirements for such exemption are fulfilled.

Article 5
Dispute settlement procedures and private disputes

Dispute settlement procedures must relate to a violation by a Party of Energy Community law and may not concern disputes between private parties.
Article 6

Case register

(1) The Secretariat keeps a case register at its premises under the control of the Legal Counsel.

(2) Each dispute settlement procedure case shall be assigned an official case number. Incoming and outgoing documents shall be registered under this number in the case file. If several pending cases concern the same subject matter, they may be consolidated and processed under the same casenumber.

(3) The representatives of the Energy Community institutions and their staff shall not disclose information acquired or exchanged by them pursuant to this Procedural Act and of the kind covered by Energy Community Staff Regulation 3.5. a), unless the present Rules permit such disclosure.

Article 7

Access to the case file

(1) At their request, Parties, Participants and Observers to the Treaty, the complainant as well as private or public bodies with a legitimate interest (hereinafter “interested parties”) shall have access to the case file, subject to an eventual request by complainants to confidential treatment.

(2) In cases of doubt, the Director of the Secretariat shall take a decision on the existence of a legitimate interest of private or public bodies requesting access to the case file.

(3) The Secretariat shall adopt a Procedural Act laying down specific rules on access to the case file.

Article 8

Procedural documents

(1) The language of the procedure is English. Any procedural documents expressed in another language shall be accompanied by a translation into English.

(2) All procedural documents shall bear a date, the case number and the name and the address of the sender.

(3) The original of every procedural document shall be signed by a person authorised to represent the sender by law, by its constitution or by authorisation.

(4) If a procedural document does not comply with the requirements set out in paragraphs 1 to 3, the Secretariat shall prescribe a reasonable period within which the sender is to comply with them.

Article 9

Costs

Costs incurred by all parties to or persons participating in the procedure are not recoverable.

6 Procedural Act 2018/06/ECS-EnC of 10 December 2018 on Rules on access to the case file
Article 10

Time-limits

(1) Unless otherwise indicated, time-limits established by these Rules and time-limits prescribed by the competent institutions shall be binding.

(2) Time-limits shall be prescribed so as to specify the precise date on which the required action is to take place rather than expressing periods in days, weeks, months etc. Where that day is a Saturday, Sunday or an official holiday, the deadline shall be extended until the end of the first following working day.

(3) Time-limits may be extended by the institution that prescribed it upon a reasoned application.

(4) Communication by telefax and email shall be deemed sufficient for the purposes of compliance with the time-limits.

Title III

THE COURSE OF DISPUTE SETTLEMENT PROCEEDINGS

Chapter I - Preliminary Procedure

Article 11

Scope and purpose

(1) When initiating a dispute settlement procedure within the meaning of Article 11, the Secretariat shall carry out the preliminary procedure set out in this Title. A Party or the Regulatory Board shall initiate dispute settlement procedures either by notification to the Secretariat or directly by submitting a reasoned request to the Ministerial Council in accordance with Article 29 below.

(2) The purpose of the preliminary procedure is to establish the factual and legal background of cases of alleged non-compliance, and to give the Party concerned ample opportunity to be heard. In this respect, the preliminary procedure shall enable the Party concerned to comply of its own accord with the requirements of the Treaty or, if appropriate, to justify its position.

(3) Where the Secretariat initiates a dispute settlement procedure on the grounds that a Party has failed to fulfil its obligation to notify measures transposing a Decision addressed to it within the deadline specified in that Decision, the Secretariat shall submit a reasoned request to the Ministerial Council without preliminary procedure.

Article 12

Initiation of a dispute settlement procedure by the Secretariat

(1) A dispute settlement procedure may be initiated by the Secretariat by way of an opening letter in accordance with Article 13 below.
(2) The Secretariat initiates procedures in response to alleged non-compliance arising from either a complaint by a private body, a notification by a Party or by the Regulatory Board or by its own initiative. Within the Secretariat, the Legal Counsel shall coordinate the procedure.

(3) The decision to initiate a dispute settlement procedure shall be made publicly available on the Energy Community website, stating the date of sending out the opening letter, the Party concerned and a brief summary of the subject matter.

**Article 13**

**Opening letter**

(1) If the Secretariat considers that a possible non-compliance of which it has become aware or issues raised in a complaint warrant the opening of a dispute settlement procedure, it addresses an opening letter to the Party concerned, requesting it to submit its observations within a specified time period. This period shall normally be two months.

(2) The Party concerned is requested to adopt a position on the points of fact and of law raised in the opening letter.

**Article 14**

**Reasoned opinion**

(1) In the light of the reply or absence of a reply from the Party concerned, the Secretariat may address a reasoned opinion to that Party. The reasoned opinion must contain a coherent and detailed statement of the reasons which led the Secretariat to conclude that the Party concerned failed to fulfil its obligations under the Treaty.

(2) The reasoned opinion shall call on the Party concerned to comply with the law within a specified time period. This period shall normally be two months.

**Article 15**

**Submission to the Ministerial Council**

In the light of the reply or absence of a reply from the Party concerned, the Secretariat may bring the matter to the attention of the Ministerial Council by way of a reasoned request in accordance with Article 29 below.

**Article 16**

**Request for information**

(1) The Secretariat may, by simple request, require any authority of the Party concerned to provide all necessary information at any stage of the preliminary procedure.

(2) The Secretariat may also request information from other natural or legal persons.
(3) The Secretariat may ask national authorities of Contracting Parties to conduct inspections of undertakings and associations of undertakings in line with the respective authorities’ competences under national law.

**Article 17**

**Interested parties**

(1) Interested parties may submit written observations to the Secretariat at any stage of the preliminary procedure.

(2) Private and public bodies other than Parties, Participants and Observers shall substantiate the required legitimate interest.

(3) Any written observations received shall be immediately forwarded to the Party concerned and shall be attached to the reasoned request referred to the Ministerial Council.

**Article 18**

**Urgency**

(1) In cases of urgency due to the risk of serious and irreparable damage to an objective of the Treaty, the Secretariat may, on the basis of a *prima facie* finding of non-compliance, refer a reasoned request directly to the next possible meeting of the Permanent High Level Group.

(2) The Permanent High Level Group may take appropriate and proportionate interim measures upon request by the Secretariat. The Permanent High Level Group shall review the existence of urgency.

(3) For the application of this article, the Permanent High Level Group shall adopt guidelines determining the criteria for urgency, the procedure for adoption as well as the scope and limits of interim measures.

**Article 19**

**Suspension and discontinuance of the procedure**

(1) The Secretariat may, at any point of the preliminary procedure, decide to suspend or discontinue the procedure, in particular where the Party brings the state of non-compliance with Energy Community law to an end or where it makes credible commitments as to its intention to amend its legislation, administrative or judicial practice. Such decision may also be taken where the Party concerned successfully refutes factual assumptions or convincingly counters the legal arguments made by the initiator.

(2) To achieve the results described in paragraph 1, the Secretariat may enter into informal bilateral discussions with the Party concerned. A short report on the results achieved shall be submitted by the initiator to the Ministerial Council upon closure of the file and be included to the case file.

(3) The Secretariat may reopen the procedure where there has been a material change in any of the facts on which the decision was based, where the Party concerned acts contrary to its commitments or where the decision was based on incomplete, incorrect or misleading information provided by that Party.
Chapter II - The role of private bodies

Article 20
Right to approach the Secretariat

(1) Private bodies may lodge a complaint with the Secretariat against a Party arising from any measure the complainant considers incompatible with Energy Community law.

(2) The notion of private body encompasses all natural and legal persons as well as companies, firms or associations having no legal personality.

Article 21
Subject matter

(1) A complaint has to relate to a failure to comply with Energy Community law by a Party as defined above in Article 3.

(2) A complaint against an EU Member State will be passed on to the European Commission. The Secretariat will inform the complainant and the Permanent High Level Group of the transfer to the European Commission. Such transfer shall be without prejudice to the obligations arising from Title III and IV of the Treaty.

Article 22
Form of the complaint

(1) A complaint shall be made to the Secretariat in writing, by letter, fax or e-mail.

(2) Complainants should send supporting documentary evidence, if available, and copies of relevant correspondence with the national authorities of the Party.

Article 23
Acknowledgment of receipt

(1) Following registration by the Secretariat and assignment of a case number, an acknowledgement will immediately be sent to the complainant.

(2) The complainant shall be asked to indicate whether he/she wishes their complaint to be treated in a confidential or non-confidential manner. The Secretariat will abide by the choice a complainant has made regarding confidentiality, i.e. disclosure of his/her identity, in its communication with the authorities of the Party concerned, other interested parties or the general public. Where a complainant has not indicated his/her choice, the Secretariat shall presume that the complainant has opted for non-confidential treatment.

(3) The Secretariat will keep the complainant informed of the course of the procedure.
**Article 24**

Information of the Party concerned

In its opening letter, the Secretariat shall inform the Party concerned that it is acting on the complaint.

**Article 25**

Request for information

The Secretariat may, by simple request, require the complainant to provide all necessary information at any stage of the preliminary procedure.

**Article 26**

Reaction by the Secretariat

1. If the Secretariat takes the view that the subject matter of the complaint gives rise to a breach of Energy Community law, it shall initiate a preliminary procedure by way of an opening letter within six months upon registration of the complaint, with the aim to either resolve the dispute or to submit a reasoned request to the Ministerial Council.

2. If the Secretariat takes the view that the subject matter of the complaint does not give rise to a breach of Energy Community law, it shall notify the complainant the reasons for not pursuing the case further. The complainant may bring its case to the Permanent High Level Group. The latter may request the Secretariat to initiate a preliminary procedure.

**Article 27**

Withdrawal of the complaint

Withdrawal of the complaint shall not affect the right of the Secretariat to pursue the procedure further.

**Article 28**

Notification by a Party or by the Regulatory Board

Articles 22 to 27 shall apply by analogy to cases where the Secretariat initiates a preliminary procedure upon notification by a Party or the Regulatory Board.
Title IV
PROCEDURE BEFORE THE MINISTERIAL COUNCIL

Chapter I - Breaches by a Party of its obligations (Article 91 of the Treaty)

Article 29
Reasoned request

(1) A reasoned request for a decision of the Ministerial Council pursuant to Article 90 of the Treaty may be submitted by the Secretariat either upon complaint, upon notification by a Party or the Regulatory Board, or on its own initiative. In these cases, the reasoned request shall be preceded by a preliminary procedure in accordance with the provisions laid down in Title III, save as otherwise provided for in these Rules of Procedure.

(2) A reasoned request may also be submitted by a Party or the Regulatory Board directly. In that case, the Party or the Regulatory Board may ask the Secretariat for factual information and legal advice before submitting the reasoned request.

(3) The reasoned request shall be based on concrete factual findings and backed up by sufficient legal analysis. The reasoned request including annexes shall be sent to the Party concerned, to the Presidency and the Vice-Presidency as well as to the President of the Advisory Committee. A copy of the reasoned request shall be sent to the Secretariat in case the latter is not the initiator.

(4) The reasoned request shall contain a proposal for the decision to be taken by the Ministerial Council pursuant to Article 91 of the Treaty.

(5) The reasoned request shall be published on the Energy Community’s website providing for confidentiality of the complainant, where applicable.

Article 30
Scope of the decision

(1) The Ministerial Council decides on the proposal made in the submitted reasoned request. It applies Energy Community law including these Rules.

(2) In its decision, the Ministerial Council shall either establish the existence of a breach by a Party of its obligations arising from Energy Community law according to the proposal or dismiss the request entirely or partially.

Article 31
Reply by the Party concerned

(1) Within two months following receipt of a copy of the reasoned request, the Party concerned may reply in writing to the Secretariat.

(2) The Secretariat shall notify all Parties and Participants, the Regulatory Board, the Advisory Committee
as well as persons and bodies participating in the preliminary procedure of the reasoned request as well as any reply to it. Within two months of this notification, they shall be entitled to submit written observations to the Secretariat. The Regulatory Board and the Secretariat may submit written observations where they are not the initiator of the case.

**Article 32**

**Advisory Committee**

1. Before taking the decision pursuant to Article 91 of the Treaty, the Presidency and the Vice-Presidency shall ask an Advisory Committee for its opinion on the reasoned request, taking into account any reply by the Party concerned. The Ministerial Council shall not be bound by the opinion of the Advisory Committee.

2. The Advisory Committee shall be independent from the authorities of the Parties and the institutions established under the Treaty. It shall be bound by Energy Community law, including these Rules, and in particular Article 94 of the Treaty.

3. The Advisory Committee shall be composed of five members appointed by the Ministerial Council by unanimity for a renewable term of four years, including one member representing the European Union. Members shall be chosen from persons whose independence is beyond doubt and who possess the qualifications required for appointment to the highest judicial offices in the respective Party.

4. The procedure before the Advisory Committee shall not last longer than five months upon being tasked in accordance with paragraph 1 of this Article. Based on the reasoned request and taking into account a reply by the Party concerned as well as the written observations received and after having conducted a public hearing, the Advisory Committee of the Energy Community shall adopt an opinion on the reasoned request.

5. The Advisory Committee shall adopt its opinion by majority of its members. The opinion shall propose to uphold or dismiss the reasoned requests entirely or partially. The President of the Advisory Committee shall forward it to the President of the Permanent High Level Group the Party concerned and the Secretariat within five working days upon its adoption.

6. The Advisory Committee shall adopt its internal rules of procedure. The members of the Advisory Committee shall elect among themselves a President for the period of two years.

7. The members of the Advisory Committee shall be eligible for reimbursement for the costs incurred in performing their tasks, and shall be remunerated in accordance with the applicable Reimbursement Rules.

**Article 33**

**Proceedings of the Permanent High Level Group**

1. The President of the Permanent High Level Group shall circulate the opinion of the Advisory Committee to the members of the Permanent High Level Group. The opinion of the Advisory Committee shall be made publicly available on the Energy Community website not later than three days upon its adoption.

2. At the next meeting after the adoption of the Advisory Committee’s opinion, the Permanent High Level Group shall hear both parties to the dispute as well as the President of the Advisory Committee. The Permanent High Level Group shall include the reasoned request on the agenda of the next meeting of the Ministerial Council. If it agrees with the reasoned request, it may include it as an “A” item on the agenda of the Ministerial Council in line with its Rules of Procedure.
Article 34
Decision by the Ministerial Council

(1) At its meeting, or, as the case may be, by correspondence, the Ministerial Council takes its decision in accordance with Article 30(2).

(2) The decision by the Ministerial Council shall be taken in accordance with the rules laid down in Article 91(1) of the Treaty.

(3) The decision shall be signed by the Presidency. It shall be sent to the Party concerned, the submitted of the reasoned request and the Secretariat. The Advisory Committee’s opinion shall be appended to the Ministerial Council’s decision.

Article 35
Decision in the absence of a reply

Where the Party concerned, after having been duly informed, fails to reply in its defence on time, a decision shall be taken based on the facts submitted in the reasoned request alone.

Article 36
Publication of the decision

The decision taken by the Ministerial Council shall be made publicly available on the website of the Secretariat.

Article 37
Binding nature of the decision

The decision by the Ministerial Council shall be binding on the Parties concerned from the date of its adoption.

Article 38
Consequences of a decision establishing failure to comply

(1) Where the Ministerial Council establishes the existence of a breach of a Party’s obligation pursuant to Article 91 of the Treaty the Party concerned shall take all appropriate measures to rectify the breach and ensure compliance with Energy Community law.

(2) The Secretariat, in accordance with Article 67(b) of the Treaty, shall review the proper implementation by the Party concerned of the decision, and may bring the matter directly before the Ministerial Council on the grounds of a failure to take the necessary measures to comply with the decision.
Chapter II - Serious and persistent breaches (Article 92 of the Treaty)

Article 39
Serious and persistent breach

The Ministerial Council shall establish the existence of a serious and persistent breach by a Party of its obligations under the Treaty taking into account the particularities of each individual case.

Article 40
Request

(1) A Party, the Secretariat or the Regulatory Board may request the Ministerial Council to determine the existence of a serious and persistent breach without a preliminary procedure.
(2) The request may follow up on a prior decision taken by the Ministerial Council under Article 91 of the Treaty or raise a new issue.
(3) The request shall set out the allegations against the Party concerned in factual and legal terms. It shall also contain a proposal as to concrete sanctions to be taken in accordance with Article 92(1) of the Treaty.
(4) The request shall be submitted to the Presidency and the Vice-Presidency at least three months before the respective meeting. A copy shall be submitted to the Secretariat for registration. The request shall not be made public.

Article 41
Decision-making procedure

(1) The Presidency shall, within seven days after receiving it, forward the request to the Party concerned and ask it for a reply to the allegations made in the request.
(2) The Presidency and the Vice-Presidency may ask the Advisory Committee for its written opinion.
(3) The decision by the Ministerial Council on the existence of a serious and persistent breach shall be taken in accordance with Articles 92(1) and 93 of the Treaty.
(4) The decision taken by the Ministerial Council shall be made publicly available on the Secretariat’s website.

Article 42
Measures under Article 92

(1) In the decision establishing the existence of a serious and persistent breach, the Ministerial Council shall determine measures in accordance with Article 92(1) of the Treaty and specify a time-limit.
(2) The obligations of the Party concerned under the Treaty shall in any case continue to be binding on that Party.
(3) The Ministerial Council shall at each subsequent meeting verify that the grounds continue to apply on which the decision establishing the existence of a serious and persistent breach was made and sanctions were imposed.

**Chapter III - Revocation of decisions**

**Article 43**

*Procedural aspects*

(1) The Ministerial Council, in accordance with Articles 91(2) and 92(2), may decide by simple majority to revoke decisions taken under Articles 91(1) and 92(1) respectively. Revocation of a decision may be proposed by any Party.
(2) Before taking the decision to revoke decisions taken under Articles 91(1) or 92(1) of the Treaty, the Ministerial Council shall ask the Secretariat and the Party concerned for their reports on the factual circumstances, as well as a legal opinion by the Advisory Committee based on the two reports.
(3) The Ministerial Council shall give reasons for its decision to revoke a previous decision and shall make the revocation decision publicly available on the Energy Community website.
(4) A revocation shall not affect decisions taken within the domestic legal orders following up the initial decision by the Ministerial Council.

**Title V**

**FINAL PROVISIONS**

**Article 44**

*Amendments to Rules of Procedure of the Ministerial Council*

(1) In Item VII.5. of Procedural Act 2006/01 on Internal Rules of Procedure of the Ministerial Council of the Energy Community, the text after the semicolon is deleted. The semicolon is replaced by a full stop.
(2) In Item VII.6. of Procedural Act 2006/01 on Internal Rules of Procedure of the Ministerial Council of the Energy Community, the last sentence is deleted.

**Article 45**

*Addressees*

This Procedural Act is addressed to and shall be binding on all Parties to the Treaty and institutions set up under the Treaty.
Article 46
Entry into force

(1) This Procedural Act shall enter into force upon adoption.
(2) Cases initiated already before 16 October 2015 shall be dealt with in accordance with the Procedural Act applicable before the amendments adopted on that date.

Article 47
Review

The Rules of Procedure in this Procedural Act shall be reviewed in the light of experience upon proposal by the Secretariat in 2016. The review shall include the approach towards measures under Article 92 of the Treaty and the institutional set up for dispute resolution.

Article 48
Publication

The Director of the Energy Community Secretariat shall make this Procedural Act available to all Parties and institutions under the Treaty within 7 days of its adoption and to the public on the website of the Energy Community.

Done in Tirana on 16 October 2015