The Energy Charter Treaty: Unique legally binding multilateral tool for energy cooperation.

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Outline

I. The Energy Charter Declaration and the Energy Charter Treaty

II. New challenges in the energy sector

III. The Energy Charter: Cooperation, Modernization, and Expansion
The Energy Charter
Declaration and Treaty
Energy Charter Process

51 Countries (green) represent:
- Around 40% of global GDP
- Around 40% of global gas production
- Around 25% of global oil production
What is the Energy Charter Process?

1. Energy Charter Treaty
   - Strengthening rule-of-law on energy issues
   - Reducing risk for energy investments and trade
   - Promoting energy efficiency
   - Dispute resolution mechanism

2. Forum
   - Government, industry, other stakeholders
   - Discuss policies, strategies and instruments

3. Series of Activities
   - Evolvement of additional provisions to the existing framework (Trade and Transit, PEERA)
   - To implement framework with the help of subsidiary working groups of the Energy Charter Conference and of the Industry Advisory Panel
Four Pillars of the Energy Charter Treaty

1. Trade
   - Promotes international energy trade through WTO-based guidelines
2. Transit
   - Facilitates cross-border grid-bound energy flows using infrastructure
3. Investments
   - Protects existing investments and endeavours the creation of a favourable investment climate for new investments
4. Energy Efficiency
   - Encourages international cooperation in developing and implementing energy efficiency strategies and policies
Instruments

- adopted and in force
- ongoing negotiations
- model agreements (MA)
New challenges in the energy sector
Global challenges

- Energy security
- Climate change
- Energy efficiency
- Cross-border trade/transit
- Investment/financing
Climate Change vs. GDP Growth

Making global economic growth (e.g. 2%) compatible with the max. temperature increase of +2°C (e.g. 450 ppm CO2) until 2100

Index 2010 = 100

Carbon intensity to diminish to 1/20th of today's level by 2100

NB: Long term sustainable CO2-concentration: max. 350 ppm; pre-industrial concentration: 280 ppm
Energy Demand Increase by 2030

Figure 1.2 • Incremental primary energy demand by fuel and region in the Reference Scenario, 2007-2030

* Includes biomass and waste, wind, geothermal, solar, and tide and wave.

Source: IEA
Increasing Import Dependence

Source: IEA
Investment and Financing

**Figure 1.21** Share of energy investment in GDP by region in the Reference Scenario, 2008-2030

Note: GDP expressed in year-2008 dollars at market exchange rates.

Source: IEA WEO 2010
Investment

Figure 1.20 ● Cumulative investment in energy-supply infrastructure in the Reference Scenario, 2008-2030 (in year-2008 dollars)

Total investment = $25.6 trillion (2008)

Source: IEA
Energy Efficiency Disparities

Yellow to Red: energy intensity
Green to Red: carbon intensity

NB: Only energy related CO2-Emissions shown;
CO2 per capita in total (incl. Land und Forest):

Indonesia: 6.014 t CO2
Brasili: 10.555 t CO2
Russia: 17.495 t CO2
How to address climate change

- Energy efficiency to bring 58% of CO2 savings by 2050 (IEA ETP 2010)
- CCS: 19%, Renewables: 17%, Nuclear: 6%
Energy Charter: Cooperation, Modernization and Expansion
Energy Charter Process

- 51 Signatory Countries (green)
- 24 Observers Countries
- 10 International Organizations as Observers
Promotion of the Energy Charter

- Targeted expansion and consolidation of the Energy Charter Treaty’s geographical scope;
  - Mediterranean Basin,
  - Mashrek
  - Gulf countries
  - Central Asia
  - Asia

- Similar frameworks? ECOWAS - MERCOSUR?
- A complementary role of the Energy Charter in relation to other organizations
A genuine and global Instrument

- Fostering trade of energy across borders and to facilitate transit
- Increasing transparency, predictability and stability of global energy markets
- Promoting and protecting investments
- Contributing to address sustainable development and climate change
- Promoting energy efficiency
- Contributing to overcome emergency situations
Conclusion

- The Energy Charter remains of political actuality and valid as a legal framework
- New challenges in the energy sector are being recognized
- New prospects to consolidate the constituency and to enhance co-operation with outreach partners
- International Energy Cooperation more than ever necessary.
Thank you for your attention

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