

## ENERGY COMMUNITY BUDGET 2012-2013

### I. INTRODUCTION

#### 1. GENERAL CONSIDERATIONS

This Budget Proposal for the period 2012-2013 corresponds to the third bi-annual budgetary period of the Energy Community. It is established following the experience and the budget implementation so far.

Pursuant to Articles 74 and 88 of the Treaty establishing the Energy Community (the "Treaty"), the Ministerial Council shall – upon proposal by the European Commission - adopt by unanimity the bi-annual budget of the Energy Community by Procedural Act. The budget proposal follows the requirements of the *Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection* as adopted by the Ministerial Council of the Energy Community (Procedural Act N° 2006/03-MC-EnC of 17 November 2006) (thereinafter "Budgetary Procedures") and in particular of Article 25 therein.

It is noted that the *contribution* of the European Union to the Budget of the Energy Community is subject to approval of the EU Budget by the EU Budgetary Authority on annual basis.

The experience so far indicates that the budgetary frame has always envisaged sufficient financial means for performing the Work Program for the relevant period. Within the current budgetary period 2010-2011 the Energy Community has continued to produce intensive work towards implementation of the *acquis* under the Treaty in all specified areas (energy, renewables, environment, energy efficiency, security of supply and competition). Concrete activities in the areas of the social dimension of the Energy Community and oil stocks were undertaken. Besides, new measures were outlined – particularly concerning statistics. The market development within the Energy Community was permanently in the focus of attention as a key priority, as well as the promotion of investments.

#### 2. KEY CHARACTERISTICS OF BUDGET 2012-2013 IN COMPARISON TO BUDGET 2010-2011

With the enlargement to Ukraine and Moldova, the EU contribution to the budget of the Energy Community will go down to 94,54% of the total budget. This will correspond to EUR 3.053.642 in 2012 and to 3.159.716 in 2013.

The proposed overall budget for 2012-2013 is below the level of the budget of the previous period 2010 – 2011. This is a result of the planned rationalization and optimization of the expenditures following the experience acquired on budget implementation and takes into account austerity efforts made at EU and national levels.

A reallocation of funds is being proposed within the Budget, which is justified by two main factors:

- The enlargement of the Energy Community;
- The scope of its Work Programme.

Both factors have direct impact on the proposal for increasing of the Secretariat's staff. Details on the justification of the increase of the staff are presented under the relevant items for Human Resources' expenditures for each of the years within the budgetary period.

#### 2.1. The budgetary proposal and the **enlargement** of the Energy Community

The Energy Community has been enlarged to Moldova and Ukraine<sup>1</sup>. The proposed Budget 2012-2013 does not include specific elements linked with the new Contracting Parties, but reflects the increased work load resulting from their accession.

In parallel, there are further developments envisaged in the context of enlargement, concerning Energy Community observers, which shall also affect – although on a limited level – the budget.

#### 2.2. The budgetary proposal and the **scope of the Work Programme**

Some major new activities are foreseen within the budgetary period as follows:

- The **adoption by the Energy Community of new pieces of EU acquis**. In 2011, the Energy Community is expected to adopt EU legislation in the areas of oil stocks, renewables and directives and regulations under the 3<sup>rd</sup> internal energy market package. In addition, the implementation of acquis in the area of statistics may be considered. This will require to intensify the work within task forces, the assistance to the Contracting Parties and the organization of additional events, among other measures.

- Promotion of the **regional cooperation** along a commonly agreed Regional Energy Strategy. This will focus on issues such as market rules development, risk management, generation capacity

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<sup>1</sup> Moldova is a member since 01.05.2010 and Ukraine since 01.02.2011.

developments, institutional framework improvement etc. The work in the context of the Coordinated Auction Office shall also get concrete format in addition to the preparatory steps so far.

- Strengthening the work in the area **of infrastructure investments**. This concerns both more extensive steps for promoting existing priority projects, but also working on the development of new projects of regional value. In addition, cooperation with the business will be intensified in the context of the Business Advisory Panel.

- Particular emphasis shall be placed on the timely implementation of the acquis on **environment**. Within the period the Contracting Parties shall be actively preparing the full implementation of some of the acquis elements (the Large Combustion Plants Directive 2001/80/EC with an implementation deadline 31.12.2017), which present substantial difficulties of different nature and thus will require timely addressing of the topic.

In parallel, the work on the implementation of the **already adopted acquis** and the respective monitoring process shall continue. So far, this is related to energy, competition, environment, renewables, security of supply and energy efficiency, as foreseen in the Treaty and complemented by decisions of the Ministerial Council of the Energy Community. It should be recalled that, for instance, for **energy efficiency** the deadline for the relevant implementation is the end of 2011, which presupposes extensive work on substance also within the budgetary period in question.

Considering the state of play of the market development, the role of **the regulatory authorities and their work in the framework of the Energy Community Regulatory Board (ECRB)** shall be increased. The strengthening of the role and powers of the regulators under the Third Package shall have an impact in the institutional meetings and in the research work of this institution, and shall be reflected in the ECRB Work Programme.

In **summary**, compared with the previous budgetary period, the proposed Budget for 2012-2013:

- Implies a reduction compared to the previous biannual Budget (-4% and -1% compared with the 2011 total budget);
- Covers a wider scope of activities;
- Will imply no change in the activities of the Energy Community institutions (same number of meetings);
- Will allow for an increase in the number of workshops organized by the Secretariat;
- Will imply a slight increase in the Secretariat's staff (two (2) in 2012 and one (1) in 2013).

## II. BUDGETARY STRUCTURE AND GENERAL CHARACTERISTICS

For ease of comparison, the budgetary structure remains unchanged, compared to the previous budgets 2008-2009 and 2010-2011 with the exception of the Budget Line "Human Resources", where expenditures related to secondees and trainees at the Secretariat, have been included.

Explanations given under this section are applicable both for 2012 and 2013.

### 1. BUDGET LINES – GENERAL OUTLINE AND DESCRIPTION

The budget is structured within the following four major budget lines:

- Human Resources,
- Travel Expenses,
- Office Expenses and
- Other Costs and Services.

Each of these budget lines contains budgetary positions<sup>2</sup>, which are specified in accordance with the applicable accounting standards and which match the activities of the Energy Community; these are used for accounting purposes.

#### 1.1. Human Resources

The organizational structure of the Secretariat for years 2012 and 2013 is the basis of the proposal. The total amount related to the Human Resources Budget Line results from the following considerations:

- In 2012 and 2013, the salary levels for the staff members of the Secretariat is indexed in 2%, compared with previous year, to reflect changes in the economic environment;
- The envisaged increase of the staff, as justified in the explanations for year 2012 and 2013;
- The fact that the salaries are calculated on the ground of the all inclusive monthly remuneration for the individual staff members<sup>3</sup>;

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<sup>2</sup> The term "budget line" or "budget lines" are used in the context of the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection, adopted with Procedural Act 2006/03 of the Ministerial Council of the Energy Community on 17th November 2006.

- The budget for secondment and internship is included within this budget line.<sup>4</sup> Secondment, which was used so far as a form of strengthening the administrative capacity of the Contracting Parties, will be also used to complement the Secretariat's team with specific technical expertise from EU Member States. Internship aims at disseminating the knowledge about the Energy Community. The financial assumptions remain unchanged, compared to the previous budgetary period, and are based on profile of the experts and duration of the contracts. The proposed budget envisages funds under the assumption for 18 man/months per annum for secondment (4000 Euros remuneration per month). Funds for internships are envisaged under the assumption of 12 man/months per annum at the rate of 1400 Euros per month;
- The accident insurance funds are also included within this budget line. The principle assumption in this aspect is related to providing respective insurance coverage for the cases of accident that might result in the invalidity of the staff members. The insurance covers both staff on payroll as well as seconded staff.

## 1.2. Travel Expenses

The budget line reflects the provisions made for the travel expenses of the officials of the Secretariat. It covers mainly expenses related to missions to the Contracting Parties for the review of the implementation of the obligations under the Treaty, since this support to the Contracting Parties on the spot in the process of implementing the Energy Community aquis has proved to be a very efficient tool. Moreover, the normal work of the Energy Community requires frequent travels linked to the organization and participation of the staff in the institutional meetings. Besides, the indicated figure also envisages funds for participation of the staff in other events (like conferences etc.), expert missions of different nature etc. Finally, it reflects also the planned increase in the Secretariat's staff and therefore the increased number of the travels.

The budget for travel expenses corresponds to two types of expenditures:

- Costs for flights and accidentals and

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<sup>3</sup> In practical terms, the all inclusive monthly remuneration approach means that the staff members cover from their salaries all side expenditures (inter alia health, pension, accommodation etc. expenditures during their stay in office, as well as the personal travel to their home countries for them and the members of their family, school taxes for their children etc.).

<sup>4</sup> For previous budgets, these expenses were included under the budget line "Other costs and services", which was criticized by the auditor in its reports for years 2008 and 2009.

- Daily Subsistence Allowance (DSA)<sup>5</sup>.

### 1.3. Office Expenses

This budget line includes the following main budgetary positions:

- Rent: Following the rent contract signed on 2.10.2008 with the owner of the premises where the Secretariat is located, the monthly rent, at the time of the contract, was fixed in 12,200 EUR, increased in an amount of 1,030 EUR/month, to cover air conditioning extra costs. The contribution of the Austrian Federal Ministry for Economics and Labour covers the main rent, up to an amount of 12,200 EUR. The proposed budget provides for the funds necessary to cover the air conditioning extra costs, which may be indexed under point 3.3. of the rent contract.

- Office equipment: This budgetary position reflects the gradual increase of the Secretariat's staff as well as the necessity to maintain the equipment (particularly the IT and related office furniture) up-to-date to provide maximum security of the working environment, processes and of the processed data. This budget line is composed of the following budget accounts: hardware, software, office equipment and low value assets. The budgeting of the overall expenditure for 2012 follows the IT plan, which estimates the exchange of hardware (staff IT equipment –laptops, printers, and servers in the IT administration area) and corresponding software. It also comprises licenses for the functioning of existing software required for the Energy Community website and for the internal accounting program for the management of the Energy Community accounts.

- Consumables: This budget line comprises the following accounts: fringe benefits, repairs and maintenance, office related daily cleaning by third party, running costs and electricity costs for the premises. It also covers office supplies for the everyday work of the Secretariat (including the ECRB section) and (partially) for (a) the organization of institutional meetings; (b) the work of task forces, and (c) the organization of workshops and other meetings.

- Other Services. The envisaged budget under the budgetary position “**Other services**” reflects the necessary funds for carriers and transport by third parties, postal fees, other operating expenses, fixe and mobile telephone, fax, internet and other means of communications.

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<sup>5</sup> The Energy Community Secretariat follows the DSA as published at the EuropeAid Cooperation Office applied also by other international organizations funded by EU  
([http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm))

#### 1.4. Other Costs and Services

This budget line is composed of the following major budgetary positions:

- Advertising, communications and representation: It covers the work performed within the area of public relations, like publications by Energy Community Secretariat (i.e. publishing of new editions of the Legal Framework Books, Implementation Reports etc.), advertising required either for the purposes of the procurement and/or within the personnel search as well as costs of representation.
- Studies, Research and Consulting: Experience has showed that the technical support from studies is a very useful tool for achieving the Energy Community objectives. The research and consulting shall follow the areas of work as outlined in the Work Program 2012-2013 of the Energy Community. Concerning in particular the activities of ECRB, the needs for consultancy support have been estimated in € 200.000 per annum. The studies are expected to provide tailor made expertise activities of the ECRB in the field of electricity, gas and customer related regulatory aspects in line with the ECRB Work Programs 2012 and 2013.
- Costs of outsourced services (IT, payroll etc.): This budget line corresponds to the performance of activities and tasks related to the IT administration (outsourced activity to an external company), technical maintenance of the website of the Energy Community (in both administrative and external users areas), as well as the possible lease contracts for goods (like printing machine) as well as for the maintenance of the existing IT solutions within the area of administration, accounting and human resources (data basis for accounting and human resources).
- Costs of Audit, Legal and Financial Advice: The proposal follows the experience in the financial year 2010, when external accounting support was required for account maintenance and update on both technical and content side. This budget line includes funds for the payroll accounting services provided by the external competent companies. Slightly increased fees of the audit of the annual accounts as well as related advice are also taken into consideration.
- Financial services: it covers bank and transaction related fees within the area of payment.
- Costs of Events: This budget line covers the expenses related to the organization of all regular and ad hoc events, as follows: renting of premises and equipment, catering, travel expenses for speakers, etc,
- Refunding: It covers the travel expenses related to the participation of representatives of the Contracting Parties in the institutional meetings, workshops and events organized by the Energy Community, following the rules applicable on reimbursement. Only transportation and accommodation expenses are covered and only within certain limits.



- Training (Internal and External). This budget positions covers the expenses related to (a) the training of the members of the Secretariat staff (training fees); (b) organization of team building exercises for the Secretariat staff (e.g. in form of "retreat") and (c) grants to representatives of the Contracting Parties for participation in educational events (e.g. participation representatives of national regulatory authorities at the Florence School of Regulation).

## 2. INSTITUTIONAL SPLIT OF THE BUDGET

Under Article 74 of the Energy Community Treaty: "The budget shall cover the operational expenses of the Energy Community necessary for the functioning of its institutions. The expenditure of each institution shall be set out in a different part of the budget".

The budget lines "Human Resources", "Travel Expenses" and "Office Expenses" correspond to the operation of the Energy Community Secretariat. Under the Energy Community Treaty, the Secretariat is the only institution with a permanent administration. Within the Secretariat, a separate section provides administrative support to the work of the Energy Community Regulatory Board.

The budget line "Other Costs and Services" corresponds to expenses of all institutions under the Energy Community Treaty and covers in particular the costs of organization of events and of participation of representatives of the Contracting Parties, the cost of studies and of outsourced services, among others.

An estimate of the expenditures related to the work of each institution can be made, based on the cost of organization of events and the reimbursement of the travel expenses of representatives from the Contracting Parties in those events.<sup>6</sup>

The table below provides an overview of the budget envisaged for the functioning of the Energy Community Institutions, other than the Secretariat, in the budgetary period 2012-2013.

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<sup>6</sup> The estimate is based in the number of mandatory meetings by institution:

- The Ministerial Council of the Energy Community - once a year ;
- Permanent High Level Group – four times a year;
- Energy Community Regulatory Board – four plenary meetings and sixteen meetings of its Working Groups (the latter to be specified depending on the needs);
- Electricity Forum – once a year;
- Gas Forum – once a year;
- Social Forum – once a year;
- Oil Forum – once a year;



For presentation reasons and estimate is also given for the institutional meetings of other bodies of the Energy Community, as well as for workshops. The figures correspond to the Costs of Events and the budget for Refunding.

<i>(in EUR)</i>	<b>BUDGET 2012</b>	<b>BUDGET 2013</b>
Ministerial Council	15.000	15.300
Permanent High Level Group	50.000	51.000
Energy Community Regulatory Board	150.000	153.000
Electricity Forum	15.000	15.300
Gas Forum	15.000	15.300
Social Forum	15.000	15.300
Oil Forum	15.000	15.300
Budget Committee	10.000	10.200
Security of Supply Group	10.000	10.200
Energy Efficiency Task Force	30.000	30.600
Renewables Task Force	30.000	30.600
Environmental task Force	30.000	30.600
Investment Conference	15.000	15.300
Workshops	70.000	71.400
<b>TOTAL</b>	<b>470.000</b>	<b>479.400</b>

### **III. ENERGY COMMUNITY BUDGET 2012**

#### **1. GENERAL OVERVIEW**

The overall Budget of the Energy Community for year 2012 amounts to EUR 3.230.000. This overall budget contains the following percentage distribution among the budget lines:

- 51.08 % for Human Resources (EUR 1.650.000),
- 7.43 % for Travel Expenses (EUR 240.000),
- 6.75 % for Office expenses (EUR 218.000) and
- 34.74 % for Other Costs and Services, incl. Studies, Research and Consulting (EUR 1.122.000).

#### **2. EXPENDITURES ON HUMAN RESOURCES 2012**

The overall figure under this budget line is EUR 1.650.000, which constitutes an increase by 15 % as compared with 2011 (EUR 1.430.000). This figure is calculated on the ground of the assumption that the overall permanent staff of the Secretariat for 2012 will include 22 employees.

This figure includes funds for Secondment and Traineeship that were previously under "Other costs and Services". Without taking these amounts into consideration the increase is of 8.53%.

Compared to 2011, two new positions (Administrative and Financial Assistant and Environmental Expert) are envisaged as to provide further support for the activities in these areas. These new positions are justified by the scope of the activities of the Energy Community and could not be covered by internal redeployment or outsourcing.

New position of Administrative and Financial Assistant. This member of the staff shall provide overall support within the Administrative and Financial Unit of the Secretariat. In accordance with the organizational structure of 2011, the Secretariat has two administrative assistants: one to the Director and one assistant providing administrative support to the activities of the Secretariat and to the all staff members of the Secretariat under the supervision of the head of financial and administrative unit. Due to the steadily increasing of the Secretariat activities, this resource is scarce for the proper involvement within the cross-cutting activity. Further, this support currently excludes any involvement in the assistance in the area of financial and budgetary issues.

The creation of this new position at the Secretariat is justified as follows:

1. Increased number of tasks within the area of human resources and personnel administration: The overall number of staff has been since the establishment of the Secretariat steadily increasing (number of staff in 2007: 16 and in 2011: 20). Since 2008 the Secretariat has been also promoting the scheme of secondment under which since then in total 3 seconded experts worked for the Secretariat in accordance with the signed contracts (1 in 2008-2009; 1 in 2009; 1 in 2009-2010). In parallel to the scheme of secondment, also internship scheme has been promoted, i.e. since 2008 in total 7 trainees worked for the services of the Secretariat. Within the relevant period of time also new entries (in total 5 vacancies) and departure of ECS staff (3) has to be administered. In conclusion, steadily increasing number of staff and/or changes in staff require increasing personnel management and its administration.
2. Required ongoing support within the area of finance. This support is linked to the number of tasks related to the ongoing and continuous reporting activities (monthly, quarterly and annual reporting) as well as to the special valuation of the financial information based on the accounting data. Also regular support on the preparation of the budget committee meetings (presentation, special evaluation reports...) is part of the activity.
3. Regular involvement within the area of IT management and annual inventarisation process of assets.
4. Administration of official documents (correspondence, studies related information, etc.) and its registration
5. Involvement within the area of event management of the Secretariat: the Secretariat organizes and prepares number of events during a year (between 60 and 80), which absorb resources within the preparatory phase of the event as well as during and after the event (e.g. documentation of materials related to the event; reimbursement of travel expenses, etc.). Recent experience within the event organization showed that involvement of experts in the administrative preparation was required and/or external support.

New position of expert on EU environmental policy and climate change. Implementation of the environmental acquis will constitute one of the key challenges for the Energy Community at present and during the coming years. This concerns, in particular, the implementation of the directives related to emission reduction the implementation deadline for which has not yet expired. In this respect, the Energy Community acquis will function as a driver of modernization of the entire energy

sectors towards more sustainability. The adoption by the Energy Community of further EU provisions related e.g. to climate change combating, is not excluded.

The Ministerial Council in September 2010 acknowledged the importance of the environmental acquis by establishing a permanent Task Force on that issue. The Task Force is supposed to structure, coordinate and lead the implementation of the relevant acquis. Based on the past experience in related areas, it is realistic to expect that the key substantial work in that field will have to be carried out by the Secretariat. The Secretariat currently does not have any environmental expert capable of assisting the Task Force and designing and coordinating the required implementation efforts. Given the importance and difficulty of the tasks both in terms of concepts and - especially after the recent accession of Ukraine – in terms of impact, the employment of an environmental expert with solid experience on the implementation of the relevant rules at EU level will contribute significantly to the achievement of the Energy Community's objectives.

For a description of this budget line, see point 1.1. under part II.

### **3. TRAVEL EXPENSES 2012**

The overall figure under this budget line is EUR 240.000, which constitutes a decrease of about 11% compared with budget 2011 (EUR 270.000). This decrease reflects the trend in the actual utilization of the budget in the most recent period preceding the preparation of the budget for 2012-2013.

Given the preliminary evaluation of the budget for the entire 2010, which shows the actual daily subsistence allowances expenses 2010 at a level of EUR 54.000, the proposed budget of EUR 100.000 should be enough to cover the travel expenses of the Secretariat, taking into account also the additional staff.

For a description of this budget line, see point 1.2. under part II.

### **4. OFFICE EXPENSES 2012**

The proposal takes into consideration the experience so far and the utilization of funds on actual basis in the previous periods, as well as possible adjustments that might arise due to the price increases of the goods and services.

The overall figure under this budget line is EUR 218.000, which constitutes a decrease of 12.8% as compared with the budget of 2011 (EUR 250.000). This decrease results from an effort for savings

on the acquisition of new and renewal of the existing information technology (like PC, laptops and printers) and of relevant equipment for the server room (see also below office equipment and consumables) and takes into account the recent upgrade of IT stock, on one hand, and the increased number of staff, on the other hand.

The budget position **Other Services** (telephone, fax and communications) corresponds to EUR 60.000 and remains at the same level of 2011. Despite the increase in the number of staff, this unchanged figure reflects an effort of cost reduction.

For a description of this budget line, see point 1.3. under part II.

## 5. OTHER COSTS AND SERVICES 2012

The overall figure of EUR 1.132.000 represents a decrease by 21.5% when compared with the budget 2011 (EUR 1.430.000).

An amount of EUR 420,000 is being proposed for **studies, research and consulting**, based on a list of potential studies that, at the time of preparation of this Budget, is only indicative and provisional.<sup>7</sup> The concrete decision on the list of studies will depend on additional analysis.

The budget for the **costs of outsourced services** (IT) proposed at the level of EUR 110.000 represents the same level as in 2011. The proposed level of budget for 2012 takes into consideration the actual level of utilization in 2010 as well as possible price adjustments which might be necessary within the financial year 2012.

The budget of EUR 40.000 for costs of **audit, legal and financial advice** is the same of 2011.

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<sup>7</sup> - Assessment of the energy efficiency potential in transport and industry in the Contracting Parties (estimated value of 200 000 Euros);  
- Implementation of the Large Combustion Plants Directive (estimated value 300 000);  
- Implementation of the new EU Regulation concerning measures to safeguard security of gas supply in the Energy Community (estimated value of 100 000 Euros);  
- Study on Regional Adequacy and Sustainable Development of Electricity Generation (to cover: PER Contracting Party – state of the technology and remaining life span of existing generation capacity, influence of new generation development policies including RES and Energy Efficiency, influence of environmental costs, availability of primary energy sources; Regional perspective - regional generation adequacy and potentials for optimization, influence of the wholesale market on investment in new generation capacities); (Estimated value 350.000 EUR);  
- Study on the Effectiveness of Support Schemes for Renewable Energy and Non-cost Barriers in the Development of RES Projects (to cover: PER CP – existing support schemes - achieved results, cost/benefit and sustainability analysis, non-cost barriers in the development of RES projects); (estimated value 200.000 EUR).

The budget 2012 of EUR 12.000 for the **financial services** represents a decrease by 40% compared with the 2011 budget, and reflects the actual level of utilization in 2010.

The proposed budget for the organization of events (EUR 210.000) and for refunding (EUR 260.000) represent a decrease of 19% and 7%, respectively, compared with the 2011 budget, and reflect the experience and utilization so far.

The proposed budget 2012 of EUR 40.000 for **training** represents a decrease by some 74.3% in comparison with the budget 2011 (EUR 150.000) and is reasoned by the actual experience in the utilization of this budget line in the year 2010.

For a description of this budget line, see point 1.4. under part II.

## **IV. ENERGY COMMUNITY BUDGET 2013**

### **1. GENERAL CHARACTERISTICS**

The overall Budget of the Energy Community for the year 2013 to EUR 3.342.200, out of which the following distribution among the budget lines applies (in EUR):

- 52.36 % for Human Resources Costs (1.750.000),
- 7.33 % for Travel Expenses (244.800),
- 6.65 % for Office expenses (222.360), and
- 33.66 % for Other Costs and Services, incl. Studies, Research and Consulting (1.125.040).

The proposed budget for 2013 represents a 3% growth when compared to the 2012 budget but is still below the 2011 budget despite the increased number of Contracting Parties, increased areas of work and number of staff.

### **2. EXPENDITURES ON HUMAN RESOURCES 2013**

The overall figure under this budget line is EUR 1.750.000. The indicated figure is calculated under the assumption that the staff of the Secretariat for 2013 will be 23 persons. Compared to 2012 (22 staff members), one new energy policy position is envisaged.

Compared with 2012 (EUR 1.650.000) this budget line shows an increase of 6%, which is being proposed in order to reflect increase in salaries for 2013 by 2% (the same as in 2012).

New position of Energy Market Expert. Achieving integrated energy markets is one of the key objectives of the Energy Community process and a correct implementation of the third package will demand additional efforts not only from the Contracting Parties, but in particular from the Secretariat and the ECRB. Particular emphasis in the work of the energy market expert will therefore be the implementation of the third internal energy market package, whose adoption by the Ministerial Council of the Energy Community is planned for 2011. A key focus of the work of the energy market expert will be the role and tasks of the national regulatory authorities, who take center stage within the market design established by the third package. Their success or failure is key for the development of national and regional energy market. The energy market expert, ideally an economist with consolidated experience with the practical implementation of the EU relevant rules, will assist regulatory authorities in fostering their overall independence, in adopting proper tariff and price regulation methodologies as well as in drafting secondary legislation, including market rules



etc, for both electricity and gas. The expert shall also analyze and report on the market development in the Contracting Parties in line with the applicable acquis, thus contributing to the tasks of the Secretariat related to implementation support and monitoring. So far, this kind of analysis is not being covered by any member of the staff.

In 2013 it is expected that concrete implementation results for the third package should be already in place. Hiring an energy market expert, focusing on the work of regulatory authorities and having the relevant expertise and experience, would make an additional and substantial impact in the support to be provided to Contracting Parties in implementing the acquis.

For a description of this budget line, see point 1.1. under part II.

### 3. TRAVEL EXPENSES 2013

The overall figure under this budget line is EUR 244.800. However, compared to the relevant budget for 2011 (EUR 270.000), the funds envisaged for travel expenses for 2013 decreased reflecting an effort on cost reduction and better travel planning.

For a description of this budget line, see point 1.2. under part II.

### 4. OFFICE EXPENSES 2013

The overall figure under this budget line is EUR 222.360. The proposed amount is considered to be sufficient for the slightly increased structure of the Secretariat (i.e. number of staff in 2013 is twenty three as well as one seconded and two trainees).

For a description of this budget line, see point 1.3. under part II.

### 5. OTHER COSTS AND SERVICES 2013

The overall proposed budget under this budget line is EUR 1.125.040.

An amount of EUR 409,000 is being proposed for **studies, research and consulting**, based on a list of potential studies that, at the time of preparation of this Budget, is only indicative and provisional.<sup>8</sup> The concrete decision on the list of studies will depend on additional analysis.

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<sup>8</sup> - Establishment of a network of competition authorities related to the enforcement of competition law in gas sectors (estimated value of 50 000 Euros);  
- Technical assistance to establish energy statistics in the Energy Community compatible with EUROSTAT requirements (estimated value of 200 000 Euros);

For a description of this budget line, see point 1.4. under part II.

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- Study on the Obstacles for Switching the Electricity Supplier in the Energy Community Contracting Parties (to cover: PER CP - unbundling of DSO, eligibility enforcement, supplier support mechanisms and switching rules, balancing / ancillary services, cost-reflectivity / transparency of tariffs, metering / billing / collection, social support schemes, security of supply policy); (estimated value of 150 000 Euros); (Estimated value 350.000 EUR);
  - Study on the Effectiveness of Support Schemes for Renewable Energy and Non-cost Barriers in the Development of RES Projects (to cover: PER CP – existing support schemes - achieved results, cost/benefit and sustainability analysis, non-cost barriers in the development of RES projects); (estimated value 200.000 EUR).

## V. SUMMARY TABLE - BUDGET 2012-2013 - OVERVIEW

	BUDGET 2012 COM	BUDGET 2013 COM
(in EUR)		
Inflation rate factor	1,02	1,02
<b>1. HUMAN RESSOURCES</b>	<b>n=22</b>	<b>n=23</b>
<b>Subtotal Human Resources</b>	<b>1.650.000</b>	<b>1.750.000</b>
<b>2. TRAVEL EXPENSES</b>		
Daily Substance Allowances (DSA)	100.000	102.000
Travel expenses (flights and incidentals)	140.000	142.800
<b>Subtotal Travel Expenses</b>	<b>240.000</b>	<b>244.800</b>
<b>3. OFFICE</b>		
Rent	18.000	18.360
Office Equipment and communications (IT)	50.000	51.000
Consumables	90.000	91.800
Other services (telephone, fax, communications)	60.000	61.200
<b>Subtotal Office</b>	<b>218.000</b>	<b>222.360</b>
<b>4. OTHER COSTS AND SERVICES</b>		
Advertising, communications, representation	30.000	30.600
Studies, research, consulting	420.000	409.000
Costs of outsourced services (IT, payroll)	110.000	112.200
Costs of audit, legal and financial advice	40.000	40.800
Financial services (bank)	12.000	12.240
Costs of events	210.000	214.200
Refunding	260.000	265.200
Training (internal and external)	40.000	40.800
Secondment and Traineeship	-	-
<b>Subtotal Other costs and services</b>	<b>1.122.000</b>	<b>1.125.040</b>
<b>Total</b>	<b>3.230.000</b>	<b>3.342.200</b>

## Attachment 1

### ESTABLISHMENT PLAN OF THE ENERGY COMMUNITY SECRETARIAT FOR THE BUDGETARY PERIOD 2012 – 2013

#### A. YEAR 2012

1. Director
2. Legal Counsel
3. Energy Lawyer – Legal Unit
4. Head of Administrative and Financial Unit
5. Assistant to the Director
6. Administrative Assistant
7. Accounting Officer
8. Logistics Manager and Web Coordinator
9. Administrative and Financial Assistant – **new position**
10. Infrastructure Head of Unit
11. Energy Efficiency and RES Expert – Infrastructure Unit
12. Head of Hydrocarbon Unit
13. Gas Expert –Hydrocarbon Unit
14. Expert on EU environmental policy and climate change – **new position**
15. Oil Expert
16. Head of Electricity Unit
17. Electricity Expert - Electricity Unit
18. Electricity Expert - Electricity Unit
19. ECRB Head of Section
20. ECRB Coordinator
21. ECRB Gas Expert
22. ECRB Electricity Expert

## **B. YEAR 2013**

1. Director
2. Legal Counsel
3. Energy Lawyer – Legal Unit
4. Head of Administrative and Financial Unit
5. Assistant to the Director
6. Administrative Assistant
7. Accounting Officer
8. Logistics Manager and Web Coordinator
9. Administrative and Financial Assistant
10. Infrastructure Head of Unit
11. Energy Efficiency and RES Expert – Infrastructure Unit
12. Head of Hydrocarbon Unit
13. Gas Expert –Hydrocarbon Unit
14. Expert on EU environmental policy and climate change
15. Oil Expert
16. Head of Electricity Unit
17. Electricity Expert - Electricity Unit
18. Electricity Expert - Electricity Unit
19. Energy Market Expert – **new position**
20. ECRB Head of Section
21. ECRB Coordinator
22. ECRB Gas Expert
23. ECRB Electricity Expert

Attachment 2

ANNEX IV - TABLE OF CONTRIBUTIONS  
ENERGY COMMUNITY BUDGET 2012-2013

Parties	Contribution in percentage	Contribution in EUR 2012	Contribution in EUR 2013
European Union	94,54%	3.053.642,00	3.159.715,88
Republic of Albania	0,09%	2.907,00	3.007,98
Bosnia & Herzegovina	0,20%	6.460,00	6.684,40
Republic of Croatia	0,40%	12.920,00	13.368,80
former Yugoslav Republic of Macedonia	0,10%	3.230,00	3.342,20
Moldova	0,10%	3.230,00	3.342,20
Republic of Montenegro	0,04%	1.292,00	1.336,88
Serbia	0,54%	17.442,00	18.047,88
Ukraine	3,92%	126.616,00	131.014,24
United Nations Interim Administration Mission in Kosovo	0,07%	2.261,00	2.339,54
	<b>100,00%</b>	<b>3.230.000,00</b>	<b>3.342.200,00</b>