

**PROCEDURAL ACT OF  
THE MINISTERIAL COUNCIL OF THE ENERGY COMMUNITY**

**2007/05/MC-EnC: Ministerial Council Decision of 18 December 2007 on the adoption of the Budget of the Energy Community 2008 - 2009**

The Ministerial Council of the Energy Community,

Having regard to the Treaty Establishing the Energy Community, and in particular Articles 74 and 88 thereof,

Having regard to the proposal from the European Commission,

Whereas

1. The Ministerial Council shall adopt the budget of the Energy Community every two years,
2. The budget shall cover the operational expenses of the Energy Community necessary for the functioning of its institutions,
3. Each Party shall contribute to the budget of the Energy Community as set out in Annex IV to the Treaty Establishing the Energy Community,

HAS DECIDED AS FOLLOWS:

**Article 1**

The Energy Community Budget, covering the calendar years 2008-2009, set forth in the ANNEX, is hereby adopted.

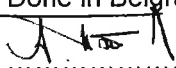
**Article 2**

This decision is addressed to all Parties and institutions under the Treaty Establishing the Energy Community.

**Article 3**

The Director of the Energy Community Secretariat shall make this decision and its ANNEX available to all Parties and institutions under the Treaty Establishing the Energy Community within 7 days after its adoption.

Done in Belgrade, on 18 December 2007

  
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Presidency

For the Ministerial Council

## ANNEX

### Proposal for the bi-annual budget of the Energy Community covering the the calendar years 2008/2009

#### 1. Introduction

Article 88 of the Energy Community Treaty provides that the budget of the Energy Community shall be adopted on the basis of a proposal by the European Commission. The present document constitutes the proposal of the European Commission for the bi-annual budget of the Energy Community for the calendar years 2008/2009.

The present proposal complies with the principles set down in Article 74 of the Energy Community Treaty and with the *Energy Community Procedures for Establishment and Implementation of Budget, Auditing and Inspection* (thereinafter *the Procedure*) adopted in November 2006 by the Ministerial Council of the Energy Community (PA 2006/03).

The present proposal was prepared taking in due consideration the need to ensure the availability of the adequate resources to the Energy Community to fulfill the work-program 2008/2009 as presented at the meeting of the Permanent High Level Group in Vienna on 16 October 2007.

The Director, according to Article 30 of the Procedure, will complete the present proposal with a detailed explanatory memorandum setting out all considerations which have guided the preparation of the budget proposal for the relevant period 2008-2009 before its adoption by the Ministerial Council.

#### Statement of revenues

Considering that there should be no carry over from the budget of one year to the following, the expenses equal the revenues. Therefore, in accordance with Articles 5 and 28 of the Procedure, the Director of the Secretariat will complete the present proposal with the statement of revenues for 2008 and 2009, consisting in the table of contributions foreseen for each Party to the Budgets 2008 and 2009<sup>1</sup>. The total of the contributions of the Parties to the Budget 2008 and 2009 should equal the budget for expenditure 2008 and 2009 as detailed below.

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<sup>1</sup> See Attachment 1

## 2. General Structure of the Energy Community Budget 2008/2009

The budget is structured in four budget lines<sup>2</sup>:

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

Each of these budget lines is subdivided in a number of individual positions.

As required in Article 73 of the Energy Community Treaty, a split of the budget by Institution has also been processed.

In general, operational expenses of the institutions<sup>3</sup> were budgeted taking into consideration and reflecting their envisaged activities within the budget period in question. Based on this, the expenses of the Ministerial Council, the Permanent High Level Group and the two Fora (Electricity and Gas) are composed solely of the costs of conferences and costs of refunding, whereas the operational expenditures of the Secretariat split into the following lines: (1) human resources, (2) travel expenses, (3) office and (4) Other costs and services.

Further, supportive details with regard to the envisaged studies, research and consulting<sup>4</sup> as well as an annual overview of the events within the budget period 2008 – 2009<sup>5</sup> will be attached thereto by the Director of the Secretariat. Finally, an establishment Plan pursuant to Article 29 of the Procedures is indicated in the budget line Human Resources and constitutes a limit for the number of authorized posts for each of the financial years.

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<sup>2</sup> The terms "budget line" or "budget lines" are used as in the context of the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection, adopted with Procedural Act 2006/3 of the Ministerial Council of the Energy Community on 17<sup>th</sup> November 2006. Each of the budget lines is divided into budget positions.

<sup>3</sup> According to the Energy Community Treaty, the Institutions of the Energy Community are: the Ministerial Council, the PHLG, the Gas and Electricity Fora, the Secretariat and the ECRB.

<sup>4</sup> See Attachment 2

<sup>5</sup> See Attachment 3; number of events in 2009 is approximately the same as in 2008;

### 3. Proposal for the year 2008

#### 3.1. General

The overall budget proposal for the year 2008 amounts to 2,548.000 EUR and is composed as follows:

	Budget line	amount (in EUR)	%-age of total amount
1	Human Resources	1,053.474	41,34%
2	Travel Expenses	175.320	6,88%
3	Office	251.000	9,85%
4	Other Costs and Services	1.068.626	41,93%
	<b>Total</b>	<b>2.548.420</b>	<b>100,00%</b>

#### 3.2. Human Resources 2008

Human resources budget line 2008 amounts to EUR 1,053.474, which is 41,34% of the overall budget figure for 2008. The assumption for 2008 is that the overall staff of the Secretariat will be 16 persons (current figure). In terms of salary level, this proposal is a continuation of approved salary levels for the staff members of the Secretariat effective 1 July 2007 (see *relevant Procedural Act of the PHLG of 28 June 2008*)<sup>6</sup> adjusted, however, to reflect the inflation of the home country (Austria)<sup>6</sup>. The proposed salary level 2008 for each staff official represents an all-inclusive monthly remuneration. Finally, a provision for the employer contribution to the accident insurance for all Energy Community staff members has been made. Overall amount envisaged for this expenditure in the year 2008 amounts to EUR 2.640.

#### 3.3. Travel Expenses 2008

This budget line amounts to EUR 175.320 and corresponds to 6.88% of the overall budget proposal for year 2008.

The split of this position into a budget position DSA (Daily Subsistence Allowance being a lump sum approach for covering costs of accommodation, meals, local travel within the place of mission and sundry expenses<sup>7</sup>) and one for travel expenses (costs of flights and incidentals) reflects provisions made for authorized travel made on behalf of the Energy Community by staff members of the Energy Community Secretariat.

It has been assumed that ten (10) officially authorized travels on behalf of the EnC per month might occur, with their average duration of 2 days (equaling to one DSA entitlement). In addition, some further expenditure for two rounds of country missions within 2008 by ECS team has been envisaged (in April

<sup>6</sup> note: by inflation index of 1,01825; most recent average value of the inflation rate of the months January – August 2007 (preliminary actual value) published by Austria Statistic on monthly basis, source: [http://www.statistik.at/web\\_de/static/vpi\\_aktuelle\\_werte\\_022832.pdf](http://www.statistik.at/web_de/static/vpi_aktuelle_werte_022832.pdf)

<sup>7</sup> Recent scale of per diem rates used in the framework of EC-funded external aid contracts, source: [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)

and September 2008). For this purpose, it has been assumed that ten (10) experts provide a technical assistance to the Contracting Parties through a mission lasting 2 working days in total two times in the year 2008. This provision was made to reflect the focus given on technical assistance activity to be provided by the ECS experts to the Contracting Parties as presented in the draft WP 2008-2009 of the Energy Community.

### 3.4. Office expenses 2008

This budget line amounts to EUR 251.000 and corresponds to 9,85% of the overall budget proposal for year 2008.

The fact that rent equals zero reflects that the Austrian Government remains a donor to the Energy Community (as it was for the establishment phase of the interim Energy Community Secretariat) and will continue paying expenses related to the rent for the office premises of the Energy Community Secretariat in Vienna. This budget line contains budget provision for upgrade of ECS IT infrastructure of EUR 64,000.00 in 2008.

### 3.5. Other costs and services 2008

This budget line amounts to EUR 1,068.626 and corresponds to 41,93% (see 4.1. above) of the overall budget proposal for year 2008 and is composed in details as follows:

	<b>Budget positions</b>	<b>amount (in EUR)</b>	<b>%-age of total amount</b>
1	Advertising and communications	30.000	2,81%
2	Studies, Research and Consulting	290.000	27,14%
3	Costs of outsourced services (IT, payroll)	48.000	4,49%
4	Costs of audit, legal and financial advice	31.500	2,95%
5	Financial services (bank)	6.000	0,56%
6	Conference costs	270.000	25,27%
7	Refunding	322.000	30,13%
8	Training and seminars (internal and external)	71.126	6,66%
	<b>Total</b>	<b>1,068.626</b>	<b>100,00%</b>

#### Details of the position: Advertising and Communication (incl. representation) 2008

Overall amount envisaged for expenditure in the relevant budget year 2008 amounts to EUR 30.000. This amount includes some provisions made for the publication of required ECRB information (annual report, information brochure) as well as regular expenditure for up to EUR 500 per month (in total EUR

6.000) has been envisaged for various representation expenditures made on behalf of the EnC by the Secretariat.

**Details of the position: Studies, Research, Consulting 2008**

The overall amount envisaged for activities related to Studies, Research and Consulting in the year 2008 is EUR 290.000, out of which EUR 250.000 are budgeted for the purposes of the ECRB. The remaining amount of EUR 40.000 has been envisaged for possible expenditures of the energy efficiency task force<sup>8</sup>.

**Details of the position: Costs of outsourced services 2008**

This overall estimation of expenditure of EUR 48.000 refers to provisions made for the outsourced IT service provided to the Secretariat by a third party (EUR 20.000 per year) as well as some IT related consultancy required for improvement of IT systems in the amount of EUR 28.000.

**Details of the position: Costs of audit, legal and financial advice 2008**

It is assumed that the required funds for the costs of audit, legal and financial advice in the amount of EUR 31.500 will be required. A provision of EUR 15.000 for audit July – December 2007 is included therein. Further provisions refer to the various likely legal and financial advices to be taken by the Energy Community and its institutions in the year 2008.

**Details of the position: Financial Services 2008**

This position envisages some expenditure necessary for the operation of the bank account of the Energy Community in Austria. The overall amount of funds envisaged is EUR 6.000.

**Details of the position: Conference costs 2008**

The overall amount envisaged for financing the Energy Community related conferences and events in 2008 is EUR 270.000. In the year 2008 more than 30 events might take place. This includes the provision for the meetings necessary for further work of the institutions established under the Treaty (2 meetings of the Ministerial Council (MC), 4 meetings of the Permanent High Level Group (PHLG), 2 Electricity Fora, 2 Gas Fora, 16 meetings of Energy Community Regulatory Board (ECRB) and its Working Groups<sup>9</sup>), as well as the meetings of the Budget Committee (3 times per year), of the (to be established) Energy Efficiency Task Force (5 meetings in 2008), one meeting per year of the Social Forum and of the Investment Conference.

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<sup>8</sup> Under establishment as per presented Concept for establishment of the EE-TF at the 6<sup>th</sup> PHLG meeting

<sup>9</sup> In all cases number of meetings per year; The major assumption is that the ECRB WG meetings shall be back-to back with other events; further, whenever possible, these shall take place in Vienna.

**Details of the position: Refunding 2008<sup>10</sup>**

The overall amount envisaged for reimbursement (refunding) of costs of travel in the year 2008 is EUR 322.000,00. As eligible applicants for the refunding, officially nominated representatives of the Contracting Parties to the Treaty (on one side from the ministries, and on the other side from the regulatory authorities) are considered. Starting 2008, relevant provision for refunding of costs of travel to the relevant meetings within the Energy Community process has been made to increasingly encourage participation of the representatives from the Observers to the Treaty. Therefore, the total number of eligible applicants starting 2008 will be considered to be in principle 11 instead of 7 in 2007 (one from each Contracting Party and one from the relevant Observer countries). Average expenditure of EUR 1.000 has been considered per eligible applicants and is composed of the expenditure for tickets and maximum 2 hotel nights at EUR 120.

**Details of the position: Training and seminars (internal and external) 2008**

Overall amount envisaged for training and seminars in the year 2008 is EUR 71.126, out of which EUR 15.000 amount to ECRB related seminars as per approved ECRB Work Program 2008, EUR 20.000 are envisaged for ECS internal seminars. The remaining amount of ca. EUR 36.000 represents small provision for any other seminars that shall be needed and organized in the year 2008, following the Work Programme 2008-2009 of the Energy Community.

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<sup>10</sup> In accordance with the Rules for Reimbursement within the Energy Community of 31 October 2007

### 3.6. Split of the budget 2008 by Institution and by other events of the Energy Community

Institution	Number of meetings	Total cost for 2008 (in EUR) for organization and refunding
Ministerial Council	2	42 000
PHLG	4	104 000
ECRB and working groups	16	196 000
Electricity Fora	2	62 000
Gas Fora	2	62 000
Energy Efficiency Task Force <sup>11</sup>	5	60 000
Budget Committee <sup>12</sup>	3	36 000
Social Forum	1	15 000
Investment Conference	1	15 000
<b>Total</b>	<b>36</b>	<b>592 000</b>

## 4. Proposal for the year 2009

### 4.1. General

The overall budget proposal for the year 2009 amounts to EUR 2,996.942, composed as follows:

	Budget line	amount in EUR	in %-age
1	Human Resources	1,197.072	39,94
2	Travel Expenses	232.992	7,77
3	Office	212.103	7,08
4	Other Costs and Services	1.354.775	45,21
	<b>Total</b>	<b>2,996.942</b>	<b>100,00%</b>

### 4.2. Human Resources 2009

Human resources budget line 2009 amounts to EUR 1,197.072.00, i.e. 39,94% of the overall budget figure for 2009.

The assumption for 2009 is that the overall staff of the Secretariat will be 18 persons, i.e. increased by two staff members on an expert level compared to 2008. Formally, such an increase will correspond to

<sup>11</sup> Although not an institution in the sense of the Energy Community Treaty, it was considered appropriate to include it in this table

<sup>12</sup> Although not an institution in the sense of the Energy Community Treaty, it was considered appropriate to include it in this table



the Organizational structure of the Energy Community Secretariat as approved by the Ministerial Council in June 2007. Objectively, the necessity of this increase is related to the increased tasks of the staff of the Secretariat as foreseen in the work program of the Energy Community for 2008/2009. The salary levels of the two new staff are based on the salary levels of the employees of the Secretariat.

The salaries for 2009 are a continuation of the salary levels of the year 2008 adjusted to reflect the inflation of the host country (Austria) in the same way as for 2008<sup>13</sup>. Further, a provision for the employer contribution to the accident insurance for all EnC staff members has been made. The overall amount envisaged for this expenditure in the year 2009 amounts to EUR 2,640 and is the same as in 2008.

#### **4.3. Travel Expenses 2009**

This budget line amounts to EUR 232.992 and corresponds to 7,77% of the overall budget proposal for year 2009.

The split of this position into a budget position for DSA and one for travel expenses (costs of flights and incidentals) reflects provisions made for the travel expenses of officials employed by the EnC. It has been assumed that twelve (12) officially authorized travels made on behalf of the Energy Community by staff members of /officials employed by the EnC per month might occur, with their average duration of 2 days (equaling to 1 DSA entitlement by the staff member). This overall figure for the year 2009, totaling EUR 232.992, represents an approximate increase by 25% in comparison with the same budget line in 2008, and includes implicit provisions for technical assistance to be provided by ECS team of experts to the Contracting Parties.<sup>14</sup>

#### **4.4. Office expenses 2009**

This budget line amounts to EUR 212.103 and corresponds to 7,08% of the overall budget proposal for year 2009. The fact that rent equals zero reflects that the Austrian Government remains a donor to the EnC (as it was for the establishment phase of the interim Energy Community Secretariat and also in 2008) and will continue paying expenses for to the rent of the office premises of the of Energy Community Secretariat in Vienna. This budget line is a continuation of the same assumptions made for office expenditures in the year 2008.

#### **4.5. Other costs and services 2009**

This budget line amounts to EUR 1,354.775 and corresponds to 45,21% of the overall budget proposal for year 2009 and is composed in details as follows:

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<sup>13</sup> note: by inflation index of 1,01825; most recent average value of the inflation rate of the months January – August 2007 (preliminary actual value) published by Austria Statistic on monthly basis, source: [http://www.statistik.at/web\\_de/static/vpi\\_aktuelle\\_werte\\_022832.pdf](http://www.statistik.at/web_de/static/vpi_aktuelle_werte_022832.pdf);

<sup>14</sup> Country mission schedule 2009 is missing at the time of preparation of this Explanatory Memorandum.

	<b>Budget position</b>	<b>Amount in EUR</b>	<b>In %-age</b>
1	Advertising and communications	60.000	4,43%
2	Studies, Research and Consulting	450.000	33,22%
3	Costs of outsourced services (IT, payroll)	84.000	6,20%
4	Costs of audit, legal and financial advice	30.000	2,21%
5	Financial services (bank)	12.000	0,89%
6	Conference Costs	260.000	19,19%
7	Refunding	308.000	22,79%
8	Training and seminars (internal and external)	150.000	11,07%
	<b>Total</b>	<b>1,354.775</b>	<b>100,00%</b>

#### **Details of the position: Advertising and Communication 2009**

The overall amount envisaged for expenditure in the relevant budget year 2009 is EUR 60.000. This amount includes provisions made for the publication of required PR(Public Relations) information in relation to the operations of the Energy Community and its institutions as well as for regular expenditure for up to EUR 700 per month (in total EUR 8.400) that has been envisaged for various representation expenditures made on behalf of the EnC by the Secretariat.

#### **Details of the position: Studies, Research, Consulting 2009**

The overall amount envisaged for activities related to Studies, Research and Consulting in the year 2009 is EUR 450.000, out of which EUR 300.000 refer to foreseen studies for the needs of ECRB. The remaining amount of EUR 150.000 has been envisaged for possible studies for the needs of the Secretariat.

#### **Details of the position: Costs of outsourced services 2009**

This overall estimation of expenditure of EUR 84.000 refers to provisions made for the outsourced IT service provided to the Secretariat by a third party (EUR 30.000 per year) as well as some IT related consultancy required for improvement of IT systems in the amount of approx. EUR 50.000.

#### **Details of the position: Costs of audit, legal and financial advice 2009**

It is assumed that the required funds for the costs of audit, legal and financial advice in the amount of EUR 30.000 will be required. A provision of up to EUR 20.000 for audit 2008 is included therein. Further

provisions made refer to the various likely legal and financial advices to be taken by the Energy Community and its institutions in the year 2009.

**Details of the position: Financial Services 2009**

This position envisages some expenditure necessary for the operation of the bank account of the Energy Community in Austria. The overall amount envisaged for the period is EUR 12.000.

**Details of the position: Conference costs 2009**

The overall amount envisaged for the financing of the Energy Community related conferences and event in 2009 is EUR 260.000. In the year 2009 more than 30 events might take place (same as in 2008). This includes the provision for the meetings necessary for further work of the institutions established under the Treaty (2 meetings of MC, 4 meetings of PHLG, 2 Athens Fora, 2 Gas Fora, 16 meetings of ECRB and its Working Groups<sup>15</sup>), and for the meetings of the Budget Committee (3 times per year), of the Energy Efficiency Task Force established in 2008 (3 meetings), one meeting of the Social Forum and of the Investment Conference.

**Details of the position: Refunding 2009**

The overall amount envisaged for reimbursement (refunding) of the costs of travel in the year 2009 is EUR 308.775. A provision for refunding of costs of travel of officially nominated representatives of ministries and regulatory authorities from the Contracting Parties and Observers to the Treaty has been made, which is the same approach used in the year 2008. Again, average expenditure of EUR 1.000 has been considered per eligible applicant and is composed of the expenditures for tickets and max. 2 hotel nights stay at a rate of EUR 120<sup>16</sup>.

**Details of the position: Training and seminars (internal and external) 2009**

The overall amount envisaged for training and seminars in the year 2009 is EUR 150.000. It is an assumption that out of this budget line, some further human resources measures of ECS are going to be funded in 2009 (envisaged approx. EUR 30.000 per year). The remaining amount shall represent further provision for any other seminars that might be needed and organized on an ad hoc basis in the year 2009.

**4.6. Split of the budget 2009 by Institution and by other events of the Energy Community**

Institution	Number of meetings	Total cost for 2009 (in EUR) for organization and
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<sup>15</sup> Please, see Attachment 3

<sup>16</sup> In accordance with the Rules of Reimbursement of the Energy Community (31/10/2007)

		<b>refunding</b>
Ministerial Council	2	42.000
PHLG	4	104.000
ECRB and working groups	16	196.000
Electricity Forum	2	62.000
Gas Fora	2	62.000
Energy Efficiency Task Force <sup>17</sup>	3	36.000
Budget Committee <sup>18</sup>	3	36.000
Social Forum	1	15.000
Investment Conference	1	15.000
<b>Total</b>	<b>34</b>	<b>568.000</b>

<sup>17</sup> Although not an institution in the sense of the Energy Community Treaty, it was considered appropriate to include it in this table

<sup>18</sup> Although not an institution in the sense of the Energy Community Treaty, it was considered appropriate to include it in this table

**Attachment 1**

**Parties Contribution Table  
In accordance with Annex IV of the  
Treaty establishing the Energy Community**

	in %	BUDGET 2008	BUDGET 2009
<i>(in EUR)</i>			
European Community	98,10%	2.500.000	2.940.000
Republic of Albania	0,10%	2.548	2.997
Bosnia and Herzegovina	0,30%	7.645	8.991
Republic of Croatia	0,50%	12.742	14.985
former Yugoslav Republic of Macedonia	0,10%	2.548	2.997
Republic of Montenegro	0,10%	2.548	2.997
Republic of Serbia	0,70%	17.839	20.979
United Nations Interim Administration Mission in Kosovo	0,10%	2.548	2.997
<b>Total</b>	<b>100,00%</b>	<b>2.548.420</b>	<b>2.996.942</b>