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**ECONOMIC COMMISSION FOR EUROPE**

COMMITTEE ON SUSTAINABLE ENERGY  
Twelfth session, 20-21 November 2002

**REPORT**

**I. ATTENDANCE**

1. The twelfth session of the Committee on Sustainable Energy was held on 20 and 21 November 2002 with the participation of 220 representatives from the following member States: Albania, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Israel, Italy, Kyrgyzstan, Latvia, Lithuania, Monaco, Norway, Poland, Republic of Moldova, Romania, Russian Federation, Slovakia, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America, Uzbekistan and Yugoslavia. Representatives of the European Community also participated. Representatives of Australia attended under Article 11 of the Commission's terms of reference.
2. United Nations Environment Programme (UNEP), The International Atomic Energy Agency (IAEA), and the United Nations Framework Convention on Climate Change (UNFCCC) were also represented.
3. The following intergovernmental and non-governmental organizations were in attendance: Black Sea Economic Cooperation (PSEC-PERMISS), CENFuel Europe, Commonwealth of Independent States CIS Interstate Euro-Asia Coal and Metal Community, Electric Power Council of the CIS, European Solid Fuels Association (CECSO), European Wind Energy Association, International Energy Agency (IEA/OECD), IEA Clean Coal Centre (UK), International Network for Sustainable Energy (INFORSE), International Sustainable Energy Organisation (ISEO), Organisation of Oil Exporting Countries (OPEC), World Business Council for Sustainable Development (WBCSD) and World Energy Council (WEC).

## II. OPENING OF THE SESSION

4. The Executive Secretary opened the session by describing key economic and political challenges confronting industry and governments in the energy field. She noted that energy markets in the region were experiencing profound change due to liberalisation and globalisation with rising environmental, health and safety concerns. She observed that the World Summit on Sustainable Development (WSSD) held in Johannesburg reconfirmed world leaders' commitment to promoting the economic, environmental and social dimensions of sustainable development. The Executive Secretary proposed that the Committee reflect this commitment from the World Summit and the Secretary-General's initiative to strengthen the Organisation in its deliberations and programme of work. The Committee also provided an ideal forum for policy dialogue on major issues such as energy security, energy pricing policy reforms and the implications of EU enlargement. This policy dialogue was complemented by work on norms, standards and technical assistance projects focussed on capacity building and investment project development to provide a broad range of modalities for cooperation on sustainable energy issues between UNECE member States. The Director of the Industrial Restructuring, Energy and Enterprise Development Division welcomed delegations noting that the present session would address three issues of greatest concern to member States: energy security in the light of recent developments, reviewing guidelines for energy pricing policy reforms, and the follow up to the World Summit on Sustainable Development. He introduced the Round Table on the Security of Energy Supplies and the key concerns to be addressed by the invited panellists. Additional information is available from [www.unece.org](http://www.unece.org) and [www.johannesburgsummit.org](http://www.johannesburgsummit.org).

## III. ADOPTION OF THE AGENDA (Agenda item 1)

Documentation: ECE/ENERGY/48

5. The agenda was adopted with item 3, Matters arising from the fifty-seventh session of the Commission related to energy activities, considered together with item 11, UNECE programme of work in the field of energy.

## IV. BUREAU OF THE MEETING (Agenda item 2)

6. The elected officers were as follows: Chairman: Mr. Miles Greenbaum (United States of America); Vice-Chairmen: Mr. Bruo Zluwa (Austria); Mr. Michel Hors (France); Mr. Laszlo Molnar (Hungary); Mr. Sergei Mikhailov, represented by alternate Mr. Boris Reoutov (Russian Federation); Mr. Jean-Christophe Füeg (Switzerland); Mr. Trajce Cerepnalkovski (The former Yugoslav Republic of Macedonia).

## V. RE-EVALUATING ENERGY SECURITY IN THE LIGHT OF RECENT DEVELOPMENTS (Agenda item 4)

Documentation: ENERGY/2002/2 and ENERGY/2002/11, Press releases ECE/ENE/02/04 and 05

7. This item was introduced by the Director of the Industrial Restructuring, Energy and Enterprise Development Division who outlined the major themes to be addressed by the Round Table on the Security of Energy Supplies. The Round Table panellists were: HE Mr. Alvaro Silva-Calderon, Secretary General, OPEC; Mr. Robert C. McFarlane, former National Security Adviser

to President Ronald Reagan, Chairman and CEO, Energy and Communication Solutions; Mr. Cristobal Burgos Alonso, Head of Security of Energy Supply, European Commission; Mr. Sergei Balashov, First Deputy to a Board Member, Gazprom; Mr. Togrul Bagirov, Executive Vice President, Moscow International Petroleum Club, on behalf of Russian oil companies including Lukoil; Mr. Ged Davis, Vice-President, Global Business Environment, Shell International Limited; Mr. Benjamin Zycher, Senior Economist, RAND Corp; and Mr. Helmut Warsch, Director, Framatom ANP. Following the presentations by panellists, a series of key issues were reviewed in a general discussion including the OPEC production and export strategy, the European Commission Green Paper on Energy Security and the impact of potential energy supply disruptions on global capital markets.

8. The proceedings of the Round Table have been issued as a United Nations e-Book entitled New Energy Security Threats, a CD-Rom that contains the text of statements and slide presentations delivered during the session, press conference video coverage of selected speakers, an introduction and conclusions to the Round Table session by the Director of the Industrial Restructuring, Energy and Enterprise Development Division. It has been published as UNECE Energy Series No. 19 Sales No. GV.E.03.0.8; ISBN 92-1-101053-5; ISSN 1014-7225. Further information is available from [www.unece.org/SustainableEnergy](http://www.unece.org/SustainableEnergy).

9. After discussion the Committee:

- (i) Took note with appreciation of the presentations and discussion on the concerns of member countries regarding energy security and sustainable energy;
- (ii) Recognized the growing importance of strengthening measures and policies to improve energy security, particularly in the light of new developments and the risks posed by terrorism;
- (iii) Welcomed the need to re-examine energy policies on coal, nuclear power, indigenous energy production, new and renewable energies and environmental measures in the light of the growing concern about energy security;
- (iv) Requested the secretariat to introduce energy security as an aspect of Sustainable Energy Strategies for the Twenty-First Century providing for:
  - a periodic exchange of views on energy security and sustainable energy;
  - an analysis of the reliability of data on energy supplies and industries related to energy security to enhance the transparency and efficiency of energy markets;
  - promote internet-based information exchanges on the subject;
  - continue the assessment of energy security and energy efficiency in the CIS;
 to be undertaken in cooperation with other relevant international organisations.
- (v) Requested the Bureau of the Committee and secretariat to explore extrabudgetary support for this activity with interested government departments and supporting institutions and to report to the next session of the Committee on progress made.

## **VI. GUIDELINES FOR REFORMING ENERGY PRICES AND REMOVING SUBSIDIES TO PROMOTE SUSTAINABLE ENERGY DEVELOPMENT (Agenda item 5)**

Documentation: ENERGY/2002/9; ENERGY/2002/10

10. The secretariat introduced this agenda item with a series of presentations: Price Control in the Power Sector: by Mr. Konstantin Petrov, KEMA Consulting (Netherlands) presented by

Mr. Trevor Morgan; Reforming Energy Prices in Central Eastern European Countries by Laszlo Molnar (Hungary) and Guidelines on Reforming Energy Subsidies: Trevor Morgan, Menecon Consulting (France). These presentations can be viewed and downloaded from [www.unece.org/SustainableEnergy](http://www.unece.org/SustainableEnergy).

11. During the ensuing discussion, delegations provided comments on the draft Guidelines and procedures for further consideration. Drafts of the two guidelines had been extensively revised during the Joint Energy/Environment Task Force on Reforming Energy Prices for Sustainable Development held on 19-20 November 2002. The goal was for the guidelines to be reviewed by the Committee on Sustainable Energy and then considered by the Committee on Environmental Policy so that the two Committees could jointly submit the Guidelines on Reforming Energy Prices and the Guidelines on Removing Subsidies to the forthcoming Ministerial Conference "Environment for Europe" to be held in Kiev in May.

12. The Committee:

- (i) agreed on the Draft Guidelines on (a) Energy Pricing and (b) Removal of Subsidies, as prepared and enhanced by the Task Force on the Environment and Energy;
- (ii) recommended the transmission of the Guidelines, subject to confirmation by the Committee on Environmental Policy, to the Kiev Ministerial Conference "Environment for Europe";
- (iii) agreed on the programme of the Task Force related to future work on the internalisation of external costs;
- (iv) agreed to continue to share the cooperation with the environmental community in this task provided only that UNECE Committee on Environmental Policy would take a leading role and ensure participation and expertise from UNECE west European member States;
- (v) expressed its gratitude to the Czech Government for its willingness to coordinate this programme over the next three years;
- (vi) invited other international organisations working in this field, such as the United Nations Environmental Programme (UNEP); Organisation for Economic Cooperation and Development (OECD); International Energy Agency (IEA); International Atomic Energy Agency (IAEA) to nominate experts to the Task Force.

## **VII. CAPACITY BUILDING AND SPECIAL INITIATIVES IN SUPPORT OF SUSTAINABLE ENERGY DEVELOPMENT** (Agenda item 6)

(a) General overview of initiatives

Documentation: ENERGY/2002/3

13. This agenda item was introduced by the Director of the Industrial Restructuring, Energy and Enterprise Development Division who described the range of activities pursued under the Committee on Sustainable Energy, its related expert groups, task forces and extrabudgetary projects. He noted that the intergovernmental policy dialogue and value added information exchanges offered by UNECE also needed to be translated into action through norms and standards and needed to be implemented. Where implementation was a problem, not from lack of political will but lack of means, then UNECE offered technical assistance focussed on capacity building and investment project promotion. He noted that while other agencies of the United Nations system provided such services, where UNECE had a specific or complementary competence, such assistance was also delivered through the work on sustainable energy. He

pointed out that several of the energy initiatives would be completed in 2003 and needed to be extended, adjusted or terminated especially when considering the programme of work 2003 and for the coming biennium 2004-2005.

14. The Committee welcomed with appreciation the secretariat review of special initiatives in the field of sustainable energy development.

(b) United Nations International Framework Classification for Energy Reserves/Resources

Documentation: ENERGY/GE.3/2002/2

15. This item was introduced by the Mr. Sigurd Heiburg (Norway) Chairman of the Ad Hoc Group of Experts on Energy Reserves/Resources Terminology following extensive work carried out by the Task Force since the last session of the Committee on Sustainable Energy in 2001. He reviewed the composition of the task force and background to the development of the United Nations Framework Classification (UNFC) for solid fuels before describing progress on developing a similar classification system for coal, petroleum and uranium. He noted that the new classification system would be used to prepare the World Energy Council (WEC) triennial Survey of Energy Resources (SER) and set out the follow-up steps needed to complete the new classification system for energy reserves and resources. His report on the progress of the Ad Hoc Group of Experts is available from [www.unece.org/ Sustainable Energy](http://www.unece.org/SustainableEnergy).

16. The Committee:

- (i) took note, with appreciation, of the intensive activities have been carried out by the Ad Hoc Group since the last session of the Committee;
- (ii) congratulated the Ad Hoc Group for having succeeded in extending, in such a short time, the principles of the current UNFC to all energy commodities (oil, natural gas, coal and uranium) by harmonizing it with the SPE/WPC/AAPG<sup>1</sup> classification for hydrocarbons and with the IAEA/NEA Classification for Uranium;
- (iii) adopted the report of the Ad Hoc Group and recommended a one year trial period for acceptance of the new framework classification before publishing a final version;
- (iv) requested the countries and international organisations concerned (IAEA, WEC, OPEC, WPC/SPE, IASB, EFG, national geological surveys) to provide comments on the suitability of the new framework to harmonize the definitions of all energy reserves/resources;
- (v) requested the WEC to apply the new UNFC, for the benefit of the World Energy Resources Survey;
- (vi) recommended that UNECE, in cooperation with others interested from the above-mentioned institutions, organise a seminar in 2003 on the Application of the new Framework Classification to Energy Resources;
- (vii) agreed to carry out case studies on the application of UNFC at the national level. The delegations of Norway, Poland, Romania, Russian Federation and Turkey agreed to carry out these studies by the end of June 2003;

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<sup>1</sup> Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), American Association of Petroleum Geologists (AAPG), International Atomic Energy Agency (IAEA), Nuclear Energy Agency (NEA), International Accounting Standards Bureau (IASB), European Federation of Geologists (EFG), World Energy Council (WEC), Organisation of Oil Exporting Countries (OPEC).

- (viii) agreed to carry out case studies on the application of UNFC on individual deposits covering petroleum, natural gas, coal and uranium. The delegations of Poland, Romania, Russian Federation and Venezuela will designate individual deposits by 31 December 2002 and carry out the studies by the end of June 2003;
  - (ix) decided to hold the next meeting of the Ad Hoc Group of Experts on 30-31 October 2003 with a mandate to consider the case studies and the comments on the suitability of the framework classification;
  - (x) expressed appreciation to the Governments of Turkey, Russian Federation and Norway for hosting seminars in 2002 related to the promotion of the Framework Classification (Ankara, May; Tyumen, September and Stavanger, September);
  - (xi) requested the secretariat to publish the classification approved as a draft by the Ad Hoc Group of Experts, and circulate it among the relevant countries/organisations, as soon as possible;
  - (xii) encouraged initiatives to present and promote the new Classification in relevant fora, including international professional organisations, universities, etc;
  - (xiii) requested the Bureau of the Ad Hoc Group to coordinate activities during the trial period.
- (c) Regional Network for Efficient Use of Energy and Water Resources (RENEUER)

17. This project was introduced by Mr. Zdravko Genchev (Bulgaria) Executive Director, Centre for Energy Efficiency (EnEffect) which serves as the executing agency for RENEUER. He outlined the objective for the project to promote the creation of favourable investment climate and market conditions for the implementation of projects for energy and water efficiency improvement in support of the efforts of the Southeast European countries. He reviewed progress achieved, noting in particular the support provided by the Government of France for the Energy Efficiency Circle meeting on 9-13 September 2002, the US Department of Energy, the European Commission and the US Agency for International Development (USAID) through the Municipal Network for Energy Efficiency (MUNEE) programme implemented through the Alliance to Save Energy. Additional information on the RENEUER project and the [www.reneuer.com](http://www.reneuer.com) and [www.ee-21.net](http://www.ee-21.net).

18. The Committee:

- (i) Welcomed the progress achieved in the RENEUER project and expressed appreciation for the support provided to the project by the USAID and Alliance to Save Energy MUNEE Project, Government of France, UNDP, European Commission and the Government of the Netherlands;
  - (ii) Requested the Energy Efficiency 21 Bureau and the secretariat to discuss support with donor institutions and representatives of participating countries for the RENEUER project and report on progress to Committee on Sustainable Energy in November 2003.
- (d) Blue Corridor: Use of Natural Gas as a Motor Fuel for International Transboundary Goods Traffic

Documentation: ENERGY/2002/4

19. This agenda item was introduced by Mr. Kirill Stepanov, General Director, Vernadsky Foundation who described progress on the two transport corridors identified for the project: Berlin-Rome and Moscow-Berlin. He explained that the Blue Corridor programme had been

presented as one of the 32 sustainable development projects exhibited at the World Summit on Sustainable Development (WSSD) held in Johannesburg. He noted that the first meeting of the UNECE Task Force on the Blue Corridor project, held in Warsaw (Poland) in June 2002, was attended by representatives from 13 UNECE member countries and formulated recommendations for the further implementation of project activities. Further information on the project is available from [www.unece.org](http://www.unece.org) / Sustainable Energy and a description of the Vernadsky Foundation is given on [www.vernadsky.ru](http://www.vernadsky.ru).

20. The Committee:

- (i) Took note of the work done by the Inter-sector Task Force on the assessment of the project;
- (ii) Invited additional interested parties to join the Task Force;
- (iii) Requested the secretariat to report on progress in the implementation of the project at its next session of the Committee.

#### **VIII. WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT: ECE FOLLOW UP IN THE FIELD OF ENERGY (Agenda item 7)**

21. The Director of the Industrial Restructuring, Energy and Enterprise Development Division introduced this item noting that the WSSD had reconfirmed world leaders' commitment to promoting the economic, environmental and social dimensions of sustainable development. He proposed that the Committee reflect this commitment from the World Summit and the Secretary-General's initiative to strengthen the Organisation in its programme of work. He pointed out that during the fifty-eighth session of the Commission in March 2003 a High Level Segment meeting would be held on Sustainable Development in the ECE region including special presentations on sustainable energy development.

22. A special presentation on the follow up to the WSSD was given by Mr. Mark Radka, (UNEP) participant in the Global Network on Energy for Sustainable Development (GNESD). The Network links centres of excellence including the Swedish International Institute for Industrial Environmental Economics (IIIEE), UNEP, RISO National Laboratory (Denmark), Tata Energy Research Institute (TERI) in India, the African Energy Policy Research Network (Kenya), the Bariloche Foundation (Argentina), ENDA Tiers Monde (Senegal), and the Energy Research and Development Centre (EDRC) in South Africa with support from the UNEP Environment Fund, bilateral donors, the Global Environment Facility (GEF) and the United Nations Foundation (UNF). The Network is designed to link existing institutions focused on energy, development and environmental issues was official launched during the World Summit on Sustainable Development. Further information on the Network is available from [www.uneptie.org/energy](http://www.uneptie.org/energy) and [www.gnesd.org/](http://www.gnesd.org/).

23. The Committee:

- (i) Expressed appreciation for the UNECE contribution to the World Summit on Sustainable Development and for the integration of the regional, economic, environmental and social dimensions of WSSD into the Committee's work programme in the field of sustainable energy;
- (ii) Welcomed the cooperation between the UNECE and other United Nations bodies such as (UNEP, UN Framework Convention on Climate Change and the other regional commissions on the follow-up to the Johannesburg Summit;



- (iii) Requested the Bureau to explore with UNEP how UNECE can contribute to the Global Network for Energy and Sustainable Development (GNESD).

## **IX. NETWORKING AND INTERNET APPLICATIONS FOR IMPLEMENTING SUSTAINABLE ENERGY POLICIES** (Agenda item 8)

Documentation: ENERGY/2002/5

24. This agenda item was introduced by the Secretary of the Committee on Sustainable Energy based on an assessment of the use of the Internet applications by the UNECE secretariat for the implementation of the Committee's programme of work. This illustrated how websites were used for value added information exchanges between all participants in UNECE sustainable energy activities and as a method of enhancing the participation of experts in UNECE meetings. The secretariat analysis had been prepared as a contribution from UNECE to the preparatory work of the World Summit on the Information Society (WSIS) to held in Geneva in December 2003. This was followed by a presentation of Mr. Boris Reoutov, Ministry of Industry, Science and Technologies (Russian Federation) on the Virtual Exhibition of Energy Efficient Technologies, Materials and Services maintained by the ministry in Moscow available from [www.energy-exhibition.com](http://www.energy-exhibition.com). Further information for each of the UNECE related websites is available from [www.unece.org](http://www.unece.org) / Sustainable Energy, [www.gascentre.unece.org](http://www.gascentre.unece.org), [www.reneuer.com](http://www.reneuer.com), [www.ee-21.net](http://www.ee-21.net) and [www.munee.org](http://www.munee.org).

25. The Committee:

- (i) Expressed satisfaction with the secretariat assessment of UNECE internet applications in the field of sustainable energy as an input to the preparatory work of the World Summit on the Information Society (WSIS);
- (ii) Requested the secretariat to establish a network of direct links between the UNECE website Sustainable Energy home page and those of the government institutions, international organizations, non-governmental organizations and companies which take part in the Committee's activities.
- (iii) Requested the secretariat to provide for the Internet based dissemination of analyses of the reliability of data on energy supplies and industries related to energy security to enhance the transparency and efficiency of energy markets in cooperation with other relevant international organizations.

## **X. REVIEW OF ACTIVITIES OF SUBSIDIARY BODIES** (Agenda item 9)

- (a) Steering Committee of the Energy Efficiency 21 Project

Documentation: ENERGY/WP.4/2002/4

26. The Chairman of the Energy Efficiency 21 Project, Mr. Bernard Laponche (France) introduced this agenda item with a review of project activities during 2002 and proposals for the continuation of the project during a new three-year phase 2003-2006. In particular the Chairman called for a new phase to promote the development of investment projects using the UNFCCC Kyoto Protocol mechanisms in economies in transition. This would take into account the energy, environmental, financial and social aspects of investment involving all stakeholders concerned.



One of the main work methods would be the use of Energy Efficiency Circles similar to those used for the RENEUER project treating primarily end-use investment financing issues. This approach would help the EE 21 Project provide a durable, continuous and stable strategy for central and eastern European economies in transition. Following his presentation and the ensuing discussion, a special presentation was given on the joint EE 21 Project / European Commission SAVE Programme study 'Enhancing Government Regulatory Energy Measures Impact and Diffusion Speed Appraisal Method' or E-GRIDS project (see also Other Business below).

27. The Committee:

- (i) Noted with satisfaction that the Energy Efficiency 21 Project described in Project Plan for the years 2000-2003 provided UNECE member States with an appropriate region-wide strategy to address their commitments undertaken within the framework of the UNFCCC;
- (ii) Expressed appreciation to the secretariat of the UNFCCC for maintaining close cooperation with the Energy Efficiency 21 Project activities noting the complementary character of this collaboration;
- (iii) Expressed appreciation to the National Coordinators from economies in transition and supporting institutions for their willingness to provide financing, co-financing or in kind contributions for the project and to the UNECE secretariat for project management and assistance member States in the implementation of the project;
- (iv) Welcomed in particular the support and participation of the Government of France, Government of Norway, Government of Italy and European Commission SAVE Programme, United States Department of Energy and the USAID and Alliance to Save Energy MUNEE Project;
- (v) Welcomed the participation of the European Commission SAVE Programme and the Government of Italy in the development of the study 'Enhancing Government Regulatory Energy Measures Impact and Diffusion Speed Appraisal Method' E-GRIDS project and the support provided to the project team;
- (vi) Recommended the application of the E-GRIDS methodology to be used in the participating institutions of the RENEUER network to formulate policy alternatives and to evaluate their impact at national level to provide assistance in the European Union accession process;
- (vii) Requested the Bureau and the secretariat to develop a draft Project Plan for a second phase of the Energy Efficiency 21 Project 2003-2006 and to explore extra-budgetary support with interested governments and supporting institutions and report to the Committee on progress made at its next session.

(b) Working Party on Gas, related Ad Hoc Groups of Experts and Gas Centre

Documentation: ENERGY/WP.3/2002/2, ENERGY/WP.3/GE.1/2002/2;  
ENERGY/WP.3/GE.5/2002/2

28. The secretariat presented the recent developments of the Working Party on Gas, its Ad Hoc Groups of Experts and the Gas Centre. The Committee:

- (i) Took note with appreciation of the work undertaken by the Working Party on Gas and the Gas Centre;
- (ii) Expressed satisfaction with the new orientation and programme of work of the Gas Centre established during 2001 and 2002;
- (iii) Encouraged gas companies to contribute to the Trust Fund of the Gas Centre.

(c) Ad Hoc Group of Experts on Coal and Thermal Power

Documentation: ENERGY/GE.1/2001/2; ENERGY/GE.1/2002/2

29. The Committee took note of the information provided and approved the establishment of the Ad Hoc Group of Experts on Coal in Sustainable Development, for a period of two years, as the successor intergovernmental body to the Ad Hoc Group of Experts on Coal and Thermal Power.

(d) Ad Hoc Group of Experts on Extension of European Electricity Interconnections

Documentation: ENERGY/GE.2/2001/2; ENERGY/GE.2/2002/1; ENERGY/GE.2/2002/2

30. The Committee:

- (i) Took note of the information provided and approved the establishment of the Ad Hoc Group of Experts on Electric Power, for a period of one year, as the successor intergovernmental body to the Ad Hoc Group of Experts on European Electricity Interconnections;
- (ii) Noted that a programme of work would be developed over the coming months by the secretariat in collaboration with the Bureau of the Ad Hoc Group.

**XI. REGIONAL ADVISORY SERVICES, INCLUDING SUB-REGIONAL ACTIVITIES, IN THE FIELD OF ENERGY** (Agenda item 10)

(a) Regional advisory activities

31. The Committee:

- (i) Took note and welcomed with appreciation the Regional Advisory services provided to the Energy Efficiency 21 Project and the project on Energy Efficiency and Energy Security in the CIS.
- (ii) Expressed satisfaction with the Regional Advisory services provided for projects implemented with the World Bank, European Bank for Reconstruction and Development, Global Environment Facility and the United Nations Development Programme.

(b) Project on rational and efficient use of energy and water resources under the auspices of the Special Programme for Economies of Central Asia (SPECA)

32. The Committee took note and welcomed with appreciation the Regional Advisory services provided to the SPECA project "The Efficient Use of Energy and Water Resources in Central Asia".

(c) Current projects under the Southeast European Cooperative Initiative (SECI) related to the interconnection of sub-regional electric power networks

33. The Committee:

- (i) Took note of the work done in the above-mentioned SECI project and expressed a wish to be kept informed of relevant progress;

- (ii) Expressed its appreciation for the support of the US Department of State and the US Agency for International Development (USAID) for the SECI Project Group on the Development of the Interconnection of Electric Power Systems of SECI Countries for Better Integration of the European System.

**XII. MATTERS ARISING FROM THE FIFTY-SEVENTH SESSION OF THE  
COMMISSION RELATED TO ENERGY ACTIVITIES, INCLUDING STRENGTHENING  
THE ORGANIZATION AND UNECE  
PROGRAMME OF WORK IN THE FIELD OF ENERGY**  
(Agenda items 3 and 11)

34. The Director of the Industrial Restructuring, Energy and Enterprise Development Division introduced this item by proposing that the Committee reflect the commitments agreed to during the World Summit on Sustainable Development (WSSD) and the Secretary-General's initiative to strengthen the Organisation in its programme of work. In particular, he pointed out that several key sustainable energy initiatives would be coming to an end during 2003 and needed to be developed further or terminated. Also, he noted that the emphasis of coal and electric power activities could be usefully reoriented to reflect WSSD priorities. After consultation with the bureaus concerned, the Director proposed a new focus for these areas under a reconstituted Ad Hoc Group of Experts on Coal in Sustainable Development, a new Ad Hoc Group of Experts on Electric Power and the development of a new three-year phase for the Energy Efficiency 21 Project 2003-2006. The Committee also considered the prospect of establishing an Ad Hoc Group of Experts on New and Renewable Sources of Energy within its programme of work to begin during the 2004-2005 biennium.

- (a) Programme of work including the work programme of subsidiary bodies

35. The Committee adopted its programme of work including that of its subsidiary bodies as reproduced in Annex I to this report.

- (b) Calendar of meetings

36. The Committee adopted its calendar of meetings including those of its subsidiary bodies as reproduced in Annex II to this report.

**XIII. COOPERATION AND COORDINATION WITH OTHER BODIES**  
(Agenda item 12)

- (a) Principal Subsidiary Bodies of the Commission

37. The Committee welcomed cooperation with the:

- (i) Committee on Environmental Policy on the preparation of Guidelines for reforming energy prices and removing subsidies to promote sustainable energy development (also see agenda item 5);
- (ii) Inland Transport Committee on the Blue Corridor: Use of Natural Gas as a Motor Fuel for International Transboundary Goods Traffic (also see agenda item 6(d));
- (iii) Convention on Long-Range Transboundary Air Pollution with the development of a

proposal submitted for funding to the UN General Assembly Development Account a proposal on Air Quality Management and the Application of Clean Coal Combustion Technologies in Central Asia which was also discussed by the Ad Hoc Group of Experts on Coal and Thermal Power;

- (iv) Timber Committee and the UNF/UNFIP Energy Efficiency Investments for Climate Change Mitigation Project on bio-fuels and bio-pellets production projects with the Vekst Foundation in Oslo, Norway. This cooperation relates to the project 'Capacity Building to Improve Trade Finance and Investment Prospects for the Russian Timber Sector' implemented under the auspices of the Timber Committee;
  - (v) Timber Committee on a 'mini-seminar' on the topic of wood energy in the context of energy and other policies in 2003.
- (b) Other intergovernmental and non-governmental organizations and the business community

#### **XIV. OTHER BUSINESS** (Agenda item 13)

38. The results of the joint UNECE – European Commission study 'Enhancing Government Regulatory Energy Measures Impact and Diffusion Speed Appraisal Method' or E-GRIDS project were presented by the authors and sponsors at a special 'break out session' meeting held on 21 November 2002 in the Palais des Nations. The meeting provided details of the E-GRIDS project also available as a slide presentation from [www.unece.org](http://www.unece.org) / Sustainable Energy and [www.ee-21.net](http://www.ee-21.net).

39. The Committee expressed its appreciation to United Nations Television (UNTV) for the preparation of the video film 'Carbon Trading from Energy Efficiency Investments' shown during the session and delivered for broadcast to Eurovision/EuroNews and CNN World Report.

#### **XV. ADOPTION OF THE REPORT** (Agenda item 14)

40. The Committee agreed that the meeting report be drafted in consultation with members of the Bureau and approved by the Bureau and then circulated to countries.

## ANNEX I

### PROGRAMME OF WORK 2003-2004

#### OVERVIEW & PROGRAMME ACTIVITIES

##### Related programme elements and implementing bodies

(C: Committee; WP.G: Working Party on Gas; EE 21: Steering Committee of the Energy Efficiency 21 Project; GE.C: Ad Hoc Group of Experts on Coal in Sustainable Development; GE.E: Ad Hoc Group of Experts on Electric Power; GE.H: Ad Hoc Group of Experts on the Harmonization of Energy Reserves/Resources Terminology; G.C: Gas Centre)

#### **1. NORMATIVE ACTIVITIES IN THE ENERGY FIELD INCLUDING LABELLING AND CLASSIFICATION SYSTEMS AND RELATED LEGAL AND POLICY FRAMEWORK**

Work to be undertaken: To develop and implement norms and standards, and to harmonize legislation, regulations and policies in the field of energy in order to promote sustainable energy development, such as:

- S follow up on the implementation of the United Nations International Framework Classification for Reserves/Resources: Solid Fuels and Mineral Commodities (C, GE.H);
- S harmonization of terminologies and classification systems for the evaluation and assessment of reserves/resources of energy commodities - petroleum, natural gas, coal and uranium (C, GE.H);
- S preparation and publication of the International Codification System For Low-Rank Coal Utilization (C);
- S development of energy efficiency standards and labelling systems (C, EE 21);
- S harmonization/convergence of norms, practices and policies (C);
- S provision of technical assistance to countries with economies in transition in the regulatory and policy fields (C).

Work methods: To be carried out at annual sessions of the Committee and through Ad Hoc Groups of Experts, Task Forces, conferences, seminars, workshops, special studies and through the Regional Advisory Services.

#### **2. OPENING AND LIBERALIZATION OF ENERGY MARKETS; PRICING POLICIES AND SUPPLY SECURITY**

Work to be undertaken: To assess the major developments and new trends in the restructuring and liberalization of energy markets, inherent challenges and opportunities associated with the opening up of energy markets and to address issues related to the implementation of the regulatory, trading and technical aspects of market liberalization, such as:

- S assessment, monitoring and exchange of experiences regarding the implementation of the EU Gas Directive in EU Member States and, in particular, its extension to other ECE countries (G.C);
- S dialogue with the private sector on the implementation of market liberalization principles and practices (C, G.C);
- S assessment of the security of natural gas supplies (G.C);
- S assessment of overall energy security risks and potential policy responses(C);

- S institutional capacity development and training for the benefit of economies in transition regarding industry restructuring, privatisation, pricing and tariff setting (C, G.C);
- S exchange of views as well as policy-related studies on implications of market liberalization for government objectives, such as, energy security and protection of the environment (C);
- S assessment of prospects for coal and coal-based electricity in liberalized energy markets (C, GE.C);
- S technical advisory missions relating to regulatory matters, industry restructuring and market liberalization (C, G.C).

Work methods: Exchange of information and experiences among member countries at annual sessions of the Committee and its subsidiary bodies, and through Task Forces, seminars, workshops, technical missions and Regional Advisory Services, including preparation of analyses.

### **3. SUSTAINABLE ENERGY STRATEGIES FOR THE TWENTY-FIRST CENTURY**

Work to be undertaken: To promote the development and implementation of strategies and policies to facilitate the transition to a more sustainable energy future and to contribute a regional perspective to global events where issues related to energy sustainability are addressed, such as:

- S development of guidelines for reforming energy pricing and removal of (consumption) subsidies for sustainable energy development (C);
- S review of sustainable energy indicators for monitoring performance (C);
- S regional input to the work and activities of the Commission on Sustainable Development (C);
- S dialogue with the private sector and non-governmental organizations to facilitate transition to a sustainable energy future (C);
- S dissemination of information and provision of technical assistance to countries with economies in transition on sustainable energy issues (C);
- S participation in international efforts to develop bench-marking systems for industrial processes to promote environmentally benign best practices, notably in countries with economies in transition (C);
- S reappraisal of the key energy issues confronting the ECE region and the energy policy responses required to meet the challenges of sustainable energy development as outlined in the Committee's Contribution to CSD-9 "One More Step on the Path to a Sustainable Energy Future" (C)
- S a periodic exchange of views on energy security and sustainable energy including an analysis of the reliability of data on energy supplies and industries related to energy security to enhance the transparency and efficiency of energy markets, an internet based information exchanges on the subject and a continued assessment of energy security and energy efficiency in the CIS, undertaken in co-operation with other relevant international organisations.

Work methods: Through exchanges of experiences at the annual session of the Committee and through Ad Hoc Groups of Experts, Task Forces, conferences, seminars, workshops, special studies and through the Regional Advisory Services.

#### **4. RATIONAL USE OF ENERGY, EFFICIENCY AND CONSERVATION**

Work to be undertaken: To harmonize and develop guidelines and strategies to enhance energy efficiency and conservation, and to develop projects to reduce the energy efficiency gap between actual practice and best technologies, and among ECE countries, in particular between the formerly centrally planned economies and the market economies, such as:

- S development of guidelines for improving energy conservation and efficiency, in particular in countries with economies in transition (C, EE 21);
- S networking and information exchange, including through world wide web (EE 21);
- S development and implementation of energy efficiency demonstration zones in economies in transition (EE 21);
- S institutional capacity building and training activities in business planning, financial engineering and project development (EE 21);
- S assistance in securing financing for energy efficiency projects (EE 21);
- S rational use of energy and water resources in Central Asia under the auspices of the Special Programme for Economies of Central Asia - SPECA (C, EE 21);
- S preparation and publication of Energy Emissions Handbook on CD-ROM (EE 21);
- S exchange of views and technical information on the efficiency of gas equipment and appliances (WP.G).

Work methods: Implemented through national participating institutions, private sector companies, international financial institutions, commercial banks, international organizations, other multi- and bilateral technical assistance programmes, Ad Hoc Groups of Experts and Regional Advisory Services, as well as through meetings, training sessions, workshops, seminars and special studies.

#### **5. ENERGY INFRASTRUCTURE INCLUDING INTERCONNECTION OF ELECTRIC POWER AND GAS NETWORKS**

Work to be undertaken: To encourage the modernization, extension and transboundary interconnection of the energy infrastructure of member countries in order to promote energy trade, economic efficiency and the fuller integration of energy systems in the ECE region, such as:

- S annual reviews of the situation and prospects for European interconnections in the fields of electric power and natural gas (C, WP.G, GE.E);
- S technical assistance and support to develop a regional electricity market and better integration of the electricity networks of countries in Southeast Europe under the auspices of the Southeast European Cooperative Initiative - SECI (GE.E);
- S updates of studies on Underground Gas Storage, Gas Grids and Map of Natural Gas Reserves (WP.G);
- S assessment of the feasibility of developing an international programme to establish a transboundary corridor in the ECE region for freight traffic by natural gas vehicles - NGVs, the ABlue Corridor Project@ (WP.G).

Work methods: Exchange of information and views during annual sessions of the Committee, coordination of activities and joint meetings with sub-regional organizations, and through Ad Hoc Groups of Experts composed of representatives of interested governments, companies and other international organizations as well as through seminars and workshops, including special studies.



## **6. COAL AND THERMAL POWER GENERATION IN THE CONTEXT OF SUSTAINABLE ENERGY DEVELOPMENT**

Work to be undertaken: To provide an overview of the policies and programmes carried out in member States for achieving environmental protection and sustainable development in the coal and thermal power sectors and to promote technical cooperation among member States in applying clean coal technologies and practices throughout the coal-energy chain, such as:

- S periodic assessments of the prospects and outlook for coal and thermal power (C, GE.C);
- S periodic gathering of information and analysis on coal industry restructuring, particularly in countries with economies in transition (C, GE.C);
- S assessment of the opportunities for coal in a competitive energy market (C, GE.C);
- S dissemination of information on the rehabilitation of coal mining sites and more environmentally friendly coal preparation and upgrading processes (GE.C);
- S assessment of the economic and social impacts of restructuring the coal industries and transfer of know-how and best practices to economies in transition (GE.C);
- S evaluation, promotion and dissemination of information on agreed policies and cooperation on clean coal combustion in small and medium-sized boilers (GE.C);
- S dissemination of information on improving the thermal efficiency of large coal-fired power plants and the reduction of environmentally harmful emissions, particularly for the benefit of countries with transitional economies (GE.C).

Work methods: Exchange of information and views at the annual session of the Committee and through the Ad Hoc Group of Experts on Coal in Sustainable Development, seminars, workshops and study tours; and through the preparation of studies, as well as presentation of case studies on successful projects.

ANNEX II  
CALENDER OF MEETINGS OF THE COMMITTEE ON SUSTAINABLE ENERGY  
AND ITS IMPLEMENTING BODIES IN 2003

**COMMITTEE ON SUSTAINABLE ENERGY**

- Committee on Sustainable Energy, thirteenth session, 20-21 November, Geneva
- Ad Hoc Group of Experts on Coal in Sustainable Development, sixth session, 17-18 November, Geneva
- Ad Hoc Group of Experts on Electric Power, sixth session, 19 November, Geneva
- Ad Hoc Group of Experts on Harmonization of Energy/Reserves Resources Terminology, 30-31 October, Geneva
- Task Force on Environment and Energy (reforming energy prices), (date and place to be determined)

**STEERING COMMITTEE OF THE ENERGY EFFICIENCY 21 PROJECT**

- Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation, 25-26 March, Geneva
- Steering Committee of the Energy Efficiency 21 Project, 26-28 May, Geneva
- Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation, 22-23 September, Geneva

**WORKING PARTY ON GAS**

- Executive Board of the Gas Centre, 20 January, Geneva
- Working Party on Gas, thirteenth session, 21-22 January, Geneva
- Ad Hoc Group of Experts on Supply and Use of Gas, fourth session, 23 January, Geneva
- Ad Hoc Group of Experts on Natural Gas Resources, twenty-sixth session, 12-13 June, Geneva
- Eighth "High-level" meeting of the Gas Centre, 13-14 May, Stavanger, Norway
- Task Force on the implementation of the EU Gas Directive (two meetings, dates and places to be determined)
- Task Force on Transport and Tariffs of Gas (GATE 2010) (two meetings, dates and places to be determined)
- Task Force on the Security of Natural Gas Supply (two meetings, dates and places to be determined)
- Gas Centre Database Committee meetings (two meetings, dates and places to be determined)

**CONFERENCES, SYMPOSIA, WORKSHOPS AND STUDY TOURS**

- Fifth Ministerial Conference "Environment For Europe", 21-23 May, Kiev, Ukraine
- Workshop on Regulatory, Industry Restructuring and Market Liberalization, (date and place to be determined), Yugoslavia
- Seminar on the Application of UNFC for Energy Resources in CIS Member States, 24-25 April, Moscow, Russian Federation
- Regional Strategy on Rational and Efficient Use of Energy and Water Resources in Central Asia, 5-6 November 2003, Bishkek, Kyrgyzstan