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COMMITTEE ON SUSTAINABLE ENERGY

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**RESPONSE BY THE COMMITTEE ON SUSTAINABLE ENERGY
TO THE WORK PLAN ON ECE REFORM**

Note by the secretariat

INTRODUCTION

1. On 2 December 2005, the Commission officially adopted the Work Plan on ECE Reform. This Work Plan specifically asks the Committee on Sustainable Energy to (i) streamline its activities and improve cooperation with other relevant institutions, in particular the International Energy Agency (IEA) and the Energy Charter; and (ii) strengthen activities in the fields of energy efficiency, cleaner energy production, energy security and diversification of energy sources, taking into account environmental concerns.
2. The purpose of this document is to provide delegates to this session of the Committee with a set of options/alternatives in a number of work areas to give effect to the recommendations of the Commission. These alternatives relate to the programmes of work in energy security, reserves and resources terminology, coal and electricity, and natural gas. However, these are not intended to be exhaustive. Delegates might wish to consider other changes in the structure, programme of work or methods of work of the Committee's subsidiary bodies. The Terms of Reference for the Committee have also been revised in response to the Work Plan on ECE Reform (Annex I).

3. Committee members will be invited to consider these alternatives and any others proposed by member countries during the upcoming session. The recommendations of the Committee on Sustainable Energy will then be transmitted to the Executive Committee for endorsement. Under the Work Plan on ECE Reform, the Executive Committee, composed of representatives from UNECE member States, has been tasked to approve the set-up, renewal, discontinuance, terms of reference and work plans of groups under the Sectoral Committees, based on the criteria of their relevance to the subprogramme, resource implications, avoidance of duplication and overlap in the ECE activities.

I. ENERGY SECURITY

4. With a view to enhancing dialogue and promoting the possible convergence of views on energy security issues in the UNECE region, the Committee on Sustainable Energy and some of its subsidiary bodies (notably the Working Party on Gas) have addressed issues related to energy security periodically since at least 1998 through high level meetings, which attracted high-level participation including the Secretary-General of the Organization of the Petroleum Exporting Countries (OPEC), the publication of CD-ROMs and the establishment in 2003 of the UNECE Energy Security Forum (ESF) to better engage the private sector, both the energy industries and the financial community on this matter. Over the three-year mandate of the ESF, a number of high-level meetings and expert workshops and seminars were convened and studies prepared, the results of which were disseminated by advanced electronic publishing on the Internet and by United Nations DVD-CD ROM e-Books.

5. Over the last 10 years, the UNECE has played a useful role in the regional and international assessment and exchange of views on energy security. For its part, the Energy Security Forum has been helpful in incorporating the views of the energy industries and the financial community in these discussions. However, with the three-year mandate of the ESF ending in November 2006, and the recommendation by the Commission in the Work Plan on ECE Reform that the Committee strengthen its work programme in the area of energy security, Committee members need to consider how best to proceed on this subject matter in the future.

6. The Committee's decision should be based on the value added the Committee could bring to the assessment of energy security opportunities and risks and to the development of strategies to harness the opportunities and mitigate the risks; the objective and purpose of the Committee's activities in this area; the topics or aspects of energy security that the Committee might want to explore; and the work methods to be used.

7. The objectives could include one or more of the following: enhancing networking; fostering policy dialogue; strengthening the dialogue between governments, industry, the financial community and relevant international organisations; preparing analyses and policy-oriented reports; identifying best practices; providing advice and recommendations; and developing guidelines, norms and standards.

8. The topics that could be examined and discussed, with different degrees of sophistication depending on the work methods chosen, could include the following: (a) data and information sharing and increased transparency (e.g., pre-notification procedures for anticipated/deliberate supply disruptions); (b) infrastructure investment and financing (e.g., identification of cross-

border infrastructure bottlenecks, inventory of proposed/planned projects); (c) legal, regulatory and policy frameworks (e.g., assessment of regulatory and policy frameworks in terms of their adequacy regarding property rights, stability and fairness; peer review of energy policies of selected countries); (d) harmonisation of standards and practices (e.g., fuel product quality and gaseous-liquid fuel filling station standards); (e) research, development and deployment of new technologies (e.g., survey of new emerging technologies to increase efficiency and environmental performance); and (f) investment/transit safeguards and burden sharing (e.g., assessment of non-discriminatory treatment).

9. There is already considerable work underway in many of the areas identified above, not only at the UNECE but also in other international organizations, such as the IEA/OECD, the International Energy Forum (IEF), the Energy Charter and OPEC. Hence, any new activity in this field would have to be complementary to already existing initiatives (e.g., fill gaps) as well as structured to promote stronger multilateral cooperation and lead to greater political endorsement.

10. Among the options that the Committee might wish to consider are the following:

(a) Retention of energy security as a periodic agenda item, annually or biennially, at the annual session of the Committee with the objective of promoting a policy dialogue on various aspects of energy security among member countries. The Committee would select the topic or topics for dialogue beforehand and the subsequent dialogue to take place one or two years later would be based, wherever possible, on ad hoc studies and reports prepared by the secretariat in cooperation with governments, the private sector and other international organizations.

(b) Setting up a new intergovernmental body, the Ad Hoc Group of Experts on Energy Security, to promote a structured, in-depth dialogue on energy security, with advice and recommendations, including follow-up. The Ad Hoc Group of Experts would consist of representatives of governments, energy industries, the international financial community and relevant international organisations. Conclusions, advice and recommendations emanating from the Group of Experts would be presented and discussed at the annual sessions of the Committee. However, the establishment of a new intergovernmental body would require the abandonment of an existing area of work to liberate the staff resources to properly service the Group of Experts. Draft Terms of Reference for such a group are attached (Annex II).

II. RESERVES AND RESOURCES TERMINOLOGY

11. Accurate and consistent methodologies for estimating and reporting fossil energy and mineral reserves and resources are necessary to establish a complete picture of the current and future energy supply base for more effective management of global resources and the economic and social impacts so closely linked with changes in energy and commodities pricing. With the consolidation of international capital and commodities markets, demand is growing for strong, reliable, common and universally applicable standards for estimating and reporting reserves and resources for a range of needs, notably international energy studies, government resources management, industry's business process management and international financial reporting standards. Such standards must also be governed by a transparent process so that they are kept current and remain credible and relevant.

12. As the only existing classification system that can be applied to both fossil energy and mineral resources, the United Nations Framework Classification on Fossil Energy and Mineral Resources (UNFC) offers a strong and elegant solution to the need for one global common code. The UNFC was originally developed in the 1990s by the UNECE and its member States with the goal of creating a simple, user-friendly and uniform system for classifying and reporting reserves and resources of solid fuels and mineral commodities. Following endorsement of the UNFC for solid fuels and minerals by the Economic and Social Council in 1997, the UNFC was extended in 2004 to apply to petroleum and uranium and renamed the UNFC for Fossil Energy and Mineral Resources. Furthermore, ECOSOC in its resolution 2004/233 invited United Nations Member States, international organizations and the UN regional commissions to consider taking appropriate measures for ensuring its worldwide application.

13. In order to encourage UN Member States and international organizations to implement the ECOSOC resolutions, UNECE established the Ad Hoc Group of Experts on Harmonization of Fossil Energy and Mineral Resource Terminology (previously called the Ad Hoc Group of Experts on Supply of Fossil Fuels), which held its first meeting in November 2004. Given the global nature of the ECOSOC resolution and the global implications of the work, the Ad Hoc Group of Experts is now a diverse body consisting of representatives from both UNECE and non-UNECE member governments. International organizations, NGOs, the private sector and professional societies are also important participants and include: IEA, IEF, OPEC, International Accounting Standards Board, Society of Petroleum Engineers, and Combined Reserves International Reporting Standards Committee.

14. In November 2003, the Committee on Sustainable Energy approved the programme of work for the Ad Hoc Group of Experts for a period of two years (ECE/ENERGY/53, para 16(viii)). Under the direction of an active and involved Bureau and membership, the Ad Hoc Group of Experts has made substantial progress in implementing its programme of work through the ongoing development of guidelines and case studies for the application of the UNFC. The Ad Hoc Group of Experts is a temporary body with a sunset clause. The nature of the activity, however, necessitates a long-term governance structure to: (a) ensure that the recommended global terminology for fossil energy and mineral resources is communicated clearly and consistently over time to users, and that users receive assistance in its application as required; (b) clear national and local specifications and guidelines for compliance with the global functional standard and advise on conflicts with specifications and guidelines developed by other national or local entities; (c) approve global specifications and guidelines and recommend changes; and (d) recommend changes to the UNFC when there are strong reasons for doing so. These items are critical to achieve the goal of ECOSOC resolution 2004/233 and to meet the growing demand for one common global code for energy reserves and resources reporting that is both current and relevant locally.

15. In view of the global nature of the activity and the wide range of stakeholders involved and whose future engagement is critical for the success of the initiative, there is a need to change or evolve the body under which the activity is conducted. Among the options the Committee might wish to consider are the following:

- (a) Create a new body, provisionally named the “United Nations Global Centre for Fossil Energy and Mineral Resources” to be located within the UNECE. Draft Terms of Reference for such a Centre are attached (Annex III). The name implies a greater level of

permanence and would signify a stronger commitment by the UN and Member States to implement the ECOSOC resolutions. Under this model, the governments are active participants and take decisions with the strong involvement of other international organizations, the private sector and NGOs. Conversion from an Ad Hoc Group of Experts to a Centre will provide confidence in the UN's commitment and will deliver a strong message that a wide range of participants are welcome in the development, implementation and maintenance of the UNFC. Conversion to a body of a more permanent, as opposed to ad hoc, nature would also strengthen efforts to secure the extrabudgetary funding essential to facilitate global adoption and management of the UNFC.

- (b) Elevate the UNFC to a Working Party within UNECE. The Working Party structure is effective for intergovernmental matters and it could raise the visibility of the UNFC within governments. However, it is not clear whether a UNECE Working Party could accommodate the very active and necessary participation from respected professional societies, international organizations and the private sector, all of which must continue to play key roles if success is to be achieved.
- (c) Retain the status quo and continue as an Ad Hoc Group of Experts within UNECE. This has the advantage of allowing the Ad Hoc Group of Experts to continue its work without disruption; however, the concept of "ad hoc" generally refers to an action or body that has a short life. In this case, the support to international energy studies, government resources management, industry's business process management and international financial reporting standards requires that the standards be reliable over the long-term so that continuous time series are assured. The intent and the name of Ad Hoc Groups of Experts do not communicate that this is assured and may make it more difficult to obtain the required consensus for applying a global common code. Should this option nevertheless be preferred, the Committee would need to approve the Terms of Reference for the Ad Hoc Group of Experts as contained in Annex IV.

III. COAL AND ELECTRICITY

16. No activities have been undertaken in the field of electricity since the last session of the Ad Hoc Group of Experts on Electric Power held in November 2003 due to the lack of regular staff resources devoted to the programme of work on energy. In the area of coal, work has continued but the Ad Hoc Group of Experts on Coal in Sustainable Development has been reorienting and seeking to better align its programme of work to respond to the challenges on the current debate on sustainable development and the environment.

17. As part of this overall reorientation of effort, three new activities have been launched since 2004 in the area of coal. The first was the establishment of an Ad Hoc Group of Experts on Coal Mine Methane to carry out activities related to the development and profitable recovery and use of coal mine methane and abandoned mine methane, with a specific focus on the three pillars of sustainable development: economic, social and environmental. The recovery and use of coal mine methane otherwise emitted mitigates climate change, improves mine safety and productivity, and generates revenues and cost savings. The second was to initiate an extrabudgetary project, financed by a grant from the US Environmental Protection Agency, to facilitate the development of coal mine methane projects in Central and Eastern Europe and EECCA. The third was a UN Development Account project to promote capacity building for air

quality management and the application of clean coal technologies in Central Asia. All three of these initiatives are currently underway and focussed on encouraging cleaner energy production, an area of work identified by the Work Plan on ECE Reform as being in need of strengthening.

18. The Committee may now wish to take this realignment and transformation of the programme of work in coal a step further while, at the same time, exploring opportunities to streamline the programme of work and strengthen activities in the area of cleaner energy production as requested by the Commission in the Work Plan on ECE Reform. Therefore, the Committee might wish to consider combining the work of the Ad Hoc Group of Experts on Electric Power and the Ad Hoc Group of Experts on Coal in Sustainable Development into a group focusing on cleaner electricity production from coal and other fossil fuels. Pursuing such an initiative would also better align the programme of work in these areas with that of other international organizations.

19. Among the options the Committee might wish to consider are the following:

- (a) Combining the work of the Ad Hoc Group of Experts on Electric Power and the Ad Hoc Group of Experts on Coal in Sustainable Development into a group focusing on cleaner electricity production from coal and other fossil fuels (Annex V).
- (b) Continuation of the work programme in coal, including renewing the mandate of the Ad Hoc Group of Experts on Coal in Sustainable Development, while keeping all work on electricity in abeyance for the time being (Annex VI).
- (c) Reviving the programme of work in electricity and renewing the mandate of the Ad Hoc Group of Experts on Electric Power while at the same time discontinuing the work of the Ad Hoc Group of Experts on Coal in Sustainable Development (Annex VII).

IV. NATURAL GAS

20. Work on natural gas is carried out by the Working Party on Gas, its Ad Hoc Group of Experts on the Supply and Use of Gas, and the UNECE Gas Centre. The work is broadly divided into two categories: infrastructure development and regional studies (so-called “hardware” or technical issues), and legislative, economic and policy issues (so-called “software” issues).

21. Historically, issues related to infrastructure development and regional studies were carried out under the auspices of the Working Party on Gas and its Groups of Experts (three Groups which were eventually merged into one) while the Gas Centre covered legislative, economic and policy issues.

22. The Gas Centre was launched in 1994 as a technical cooperation project to assist governments and gas companies in Central and Eastern Europe in their efforts to create more decentralized and market-based gas industries. Over the years, the Gas Centre’s mandate was reoriented in response to the fundamental and profound changes taking place in Europe’s natural gas markets. Today, the Centre has become a pivotal forum for: (a) the exchange of know-how, information and experience (e.g., on the opening up and liberalization of gas markets); (b) promoting dialogue between the gas industries and governments on policy matters (e.g., on policy, legal and regulatory issues and energy security); (c) promoting cooperation and

facilitating the integration of the natural gas industries in Europe through the greater convergence and harmonization of norms and practices (e.g., on the methodology for setting transportation tariffs, rate making and investment criteria).

23. To carry out its programme of work, the Gas Centre depends exclusively on extrabudgetary resources. The funding institutions are 26 major private and state-owned gas companies that contribute to its Trust Fund. Cash contributions to the Trust Fund average about 400,000 Euros per annum. Additional resources are made available by the companies to support specific activities and events.

24. The Working Party on Gas and its Groups of Experts have largely concentrated their work and activities on matters related to natural gas resources, infrastructure and market development (e.g., the Blue Corridor project to promote the use of gaseous motor fuels for freight transportation) as well as undertaking regional studies, such as on underground gas storage, gas grid networks and natural gas reserves/resources. However, because of the significant changes that have affected natural gas markets in recent years, the changing complexion of the natural gas industries and enterprises, the growing importance of natural gas in the fuel mix of UNECE countries, and emerging geopolitical and energy security concerns, the Working Party gradually over time addressed broader policy issues, such as liberalization, regulation and energy security, through the exchange of information and the organization of Roundtables.

25. In this respect, the programme of work of the Working Party on Gas is somewhat of an anomaly when compared to the other subsidiary bodies of the Committee. These other bodies normally address specific and narrower technical topics, avoiding general and more broader energy policy issues.

26. In order to explore all opportunities to implement the Work Plan on ECE Reform, and more specifically to streamline the UNECE programme of work in sustainable energy, the Committee may wish to consider centralizing intergovernmental dialogue on general and broad energy policy issues within the Committee itself. In such a case, the Working Party on Gas would be asked to streamline its own programme of work and focus on specific technical projects and activities related to natural gas resources, infrastructure and market development as well as to undertake technical regional studies. An example is the UNECE Blue Corridor Project, which was specifically cited in the declaration on Global Energy Security of the G-8 Summit Meeting held in St. Petersburg, July 2006.

27. However, it should be noted that the intergovernmental dialogue on policy issues, such as the liberalization of natural gas markets and security of natural gas supplies, is much appreciated by delegates to the Working Party on Gas. Moreover, the Working Party provides the main intergovernmental forum in the UNECE for the discussion of natural gas issues.

28. The Committee might wish to consider the following options:

- (a) Request the Working Party on Gas to streamline its programme of work by focussing on specific technical projects and activities and incorporating the natural gas policy dialogue component directly into the agenda and programme of work of the Committee.

- (b) Maintain the current division of labour, but request the Working Party on Gas to ensure that its programme of work, particularly on legislative, economic and policy issues, is synergetic and complementary to that of the UNECE Gas Centre.

ANNEX I

COMMITTEE ON SUSTAINABLE ENERGY REVISED TERMS OF REFERENCE

DRAFT FOR APPROVAL

1. The Committee on Sustainable Energy is mandated to carry out a programme in the field of sustainable energy development. Energy is essential for economic development and for improving the quality of life. Ensuring sufficient, reliable and environmentally responsible supplies of energy at prices reflecting market levels is a challenge for the countries of the UNECE region and globally. The concept of sustainable energy development is broad and encompasses, inter alia, multi-dimensional criteria concerning all countries of the UNECE region and cuts across the interests of both present and future generations. These criteria include:

- (i) capacity to meet anticipated energy demand;
- (ii) ensuring security of energy supplies;
- (iii) reliance against temporary, localized supply disruptions;
- (iv) compatibility with global reserves/resources, including their effective management;
- (v) progress in energy efficiency and conversion;
- (vi) viability and cost-effectiveness of resource allocation;
- (vii) energy supply costs/technical feasibility;
- (viii) associated health, environmental and climatic hazards;
- (ix) trade considerations, including energy dependence; and
- (x) compliance with generally-shared policy objectives, societal and economic trends and public concerns.

2. Whilst recognising that the overriding goal of the Committee is to facilitate the transition to a more sustainable energy future, the energy sector of the UNECE region is confronted by many challenges, including ensuring security of energy supplies in the short-, medium- and long-term, as well as the creation of conditions for the sustainable production and use of energy, all of which will require the technical, economic and institutional restructuring of the energy sector. Additional and serious challenges to be faced in meeting this goal include: increasingly high and volatile oil prices; the growing demand for energy that will largely be met by fossil fuels, which are finite resources; increasing import dependence in many countries; the significant investments required along the entire energy chain, but particularly for power generation; and the need to protect the environment. It is also noted that accurate and consistent methodologies for estimating and reporting fossil energy and mineral reserves and resources are necessary to establish a complete picture of the current and future energy supply base for more effective management of global resources.

3. In view of the above and the 2005 Work Plan on ECE Reform (E/ECE/1434/Rev.1) whereby the Committee on Sustainable Energy shall strengthen activities in the fields of energy efficiency, cleaner energy production, energy security and diversification of energy sources, taking into account environmental concerns, the mandate of the Committee is therefore:

- (a) to undertake an extensive exchange of information, views and experiences among member States on general energy issues and national objectives with an emphasis on sustainable energy policies;
- (b) to ensure sustained improvements in energy efficiency, in production and use, particularly in countries with economies in transition;
- (c) to develop and implement norms and standards, including labelling and classification systems, for the sustainable production and use of energy;
- (d) to assist in the harmonization of legislation and policies dealing with the exploitation and use of energy, including further strengthening the development and implementation of a global common code for the classification, estimation and reporting of energy reserves and resources (under the UN Framework Classification for Fossil Energy and Mineral Resources (UNFC)) and to facilitate implementation of ECOSOC Resolution 2004/233 inviting the Member States of the United Nations, international organizations and regional commissions to consider taking appropriate measures for ensuring worldwide application of the UNFC;
- (e) to address issues such as the restructuring of the energy sector in the context of sustainable development, including energy reforms in the CEE (Central and Eastern Europe) and EECCA region (Eastern Europe, Caucasus, and Central Asia), integration of energy systems, and new developments affecting energy demand and supply in the short- and medium-term, including policies on energy prices and subsidies;
- (f) to monitor and coordinate the work of its subsidiary bodies (Working Party on Gas, Ad Hoc Group of Experts on Supply and Use of Gas, Gas Centre, Energy Security Forum, Steering Committee of the Energy Efficiency 21 Project, Ad Hoc Group of Experts on Energy Efficiency Investments for Climate Change Mitigation, Ad Hoc Group of Experts on Supply and Use of Gas, Ad Hoc Group of Experts on Coal in Sustainable Development, Ad Hoc Group of Experts on Coal Mine Methane and Ad Hoc Group of Experts on Electric Power or their successor bodies as periodically decided by the Committee and endorsed by the Executive Committee) and where possible to seek opportunities to consolidate and streamline the activities of any/all of these bodies;
- (g) to elaborate on a regular basis a programme of work, subject to annual review and approval by the Executive Committee/Commission, taking into consideration the need for regular cooperation and coordination with other Sectoral Committees of the UNECE, in particular with the Committee on Environmental Policy, the Committee on Inland Transport and the Committee on Timber;
- (h) to promote the implementation of the above mentioned goals by means of enhanced cooperation within the framework of the UNECE and with other United Nations bodies, sub-regional groupings and relevant international organizations, in particular the International Energy Agency and the Energy Charter Secretariat. Such cooperation could take the form of joint activities, Memorandums of Understanding, participation of members of other relevant organizations in the activities of the energy subprogramme and vice versa; and
- (i) to enhance cooperation with the business and private sectors, comprising both the energy industries and the financial community.

ANNEX II

AD HOC GROUP OF EXPERTS ON ENERGY SECURITY DRAFT TERMS OF REFERENCE

1. The Ad Hoc Group of Experts on Energy Security is established for a period of two years by the Committee on Sustainable Energy to provide for an intergovernmental dialogue on the security of energy supplies and energy demand between governmentally appointed experts, complemented by the participation of representatives from the energy producers, international financial sector and relevant international organisations, notably OPEC, IEA/OECD, IEF and Energy Charter.
2. The tasks of the Ad Hoc Group of Experts on Energy Security are:
 - (a) to provide a strengthened and more coordinated multilateral producer-consumer dialogue, at the level of experts, on one or more of the following issues, selected by the Committee and the Group of Experts in consultation with other relevant international organizations:
 - (i) data and information sharing and increased transparency,
 - (ii) infrastructure investment and financing,
 - (iii) legal, regulatory and policy framework,
 - (iv) harmonisation of standards and practices,
 - (v) research, development and deployment of new technologies, and
 - (vi) investment/transit safeguards and burden sharing;
 - (b) to assess the relationship between financial markets, energy investment and energy security and the respective roles of financial institutions, the energy sector and governments in mitigating and sharing energy security risks;
 - (c) to monitor and exchange information on policies and programmes which are likely to have a major impact on the future evolution of the fuel mix in UNECE member States, specifically oil, natural gas, coal, nuclear power and renewable energies, and the implications of the emerging trends for energy security;
 - (d) to identify key crude oil, natural gas, coal and electric power projects critical for the energy security of the UNECE region;
 - (e) to appraise the development of an international energy risk matrix to identify and categorise energy security risks and develop strategies to mitigate these risks;
 - (f) to analyse the mitigation of energy security risks and rising import dependence by some or all of the policy options aimed at: furthering the diversification and flexibility of energy systems, including multiple supply routes; increasing indigenous (domestic) energy supplies; improving energy conservation and efficiency; expanding the fuel mix available to consumers; diversifying energy sources of supply; building-up and maintaining strategic and commercial stocks where warranted; encouraging research and development in greening the fossil fuel energy supply chain; developing and commercializing new and renewable sources of energy; improving the protection and safety of energy infrastructure against possible acts of terrorism; and strengthening international cooperation.

ANNEX III
UNITED NATIONS GLOBAL CENTRE FOR
FOSSIL ENERGY AND MINERAL RESOURCES (UN/CEFEM)
DRAFT TERMS OF REFERENCE

Mandate: The decision of the UNECE Committee on Sustainable Energy, November 2006, and the decision of the UNECE Executive Committee, December 2006, which approved the setting up of the Centre, its terms of reference, and work plan for a period of five years starting in 2007.

Mission Statement

1. UN/CEFEM is the Global Centre for Fossil Energy and Mineral Resources. The Centre provides a responsive, transparent, and accountable governance structure to administer and maintain the UN Framework Classification for Fossil Energy and Mineral Resources (UNFC) in support of the United Nations Economic and Social Council (ECOSOC) resolution 2004/233, which invites the Member States of the United Nations, international organizations and the UN regional commissions to consider taking appropriate measures for ensuring worldwide application of the UNFC.

Activities

2. The Centre, acting within the framework of the policies of the United Nations in the development of norms and standards, will conduct the following activities to achieve its mission:

- (a) Monitor and update the UNFC, as appropriate and necessary, to ensure that the UNFC remains relevant, reliable, credible, applicable, and facilitates comparability;
- (b) Develop the specifications and guidelines to encourage successful implementation of the UNFC; and
- (c) Develop and administer an effective education and outreach programme to promote the application of the UNFC.

3. The Centre shall adopt its own rules of procedure including the establishment and administration of subsidiary bodies to facilitate carrying out its responsibilities.

4. To generate the most effective outcomes in pursuit of its mission, the Centre encourages participation by other UN Member States, intergovernmental organizations, and non-governmental organizations recognized by ECOSOC to participate in the work of the Centre. Additionally, the Centre may extend invitations to observers representing other public and private organizations.

5. The Centre will be serviced by Staff of the UNECE who will assist UN/CEFEM in the accomplishment of its mission and programme of work, within existing resources. Additional services and extrabudgetary funds may be provided by external sources in accordance with United Nations rules.

6. The Centre will report on its achievements and plans on an annual basis to the Committee on Sustainable Energy.

ANNEX IV

AD HOC GROUP OF EXPERTS ON HARMONIZATION OF FOSSIL ENERGY AND MINERAL RESOURCES TERMINOLOGY TERMS OF REFERENCE

(approved by the Ad Hoc Group at its Second Meeting, 9-11 November 2005, and now requiring approval by the Committee)

Background: The Ad Hoc Group of Experts on the Harmonization of Energy Reserves and Resources Terminology was created by the decision of the UNECE Committee on Sustainable Energy at its eleventh session in November 2001 (ECE/ENERGY/47, para.13).

Mandate: The decision of the UNECE Committee on Sustainable Energy, November 2003 (ECE/ENERGY/53/ para. 16(viii)), which requested that the Ad Hoc Group continue its work for a period of two years starting in 2004 and report its achievements and plans yearly.

The objectives of the Ad Hoc Group of Experts are:

- (a) to seek to continue developing the harmonization code of the UN Framework Classification for Fossil Energy and Mineral Resources (UNFC) with the existing commodity definitions, bearing in mind ECOSOC Resolution 2004/233, which encourages Member States of the United Nations, the UN regional commissions and international organizations to consider taking appropriate measures for ensuring worldwide application of the UNFC. It would be appropriate to ensure that the development of a harmonization code be based upon cooperation with recognized industry professional societies by use of the framework facility provided by the UNFC.
- (b) to facilitate the development of the *Specifications* and *Guidelines* to the UNFC, through cooperation with the Society of Petroleum Engineers (SPE) for petroleum and the Combined Reserves International Reporting Standards Committee (CRIRSCO) for coal, uranium and minerals; (ii) in facilitating the development of these Specifications and Guidelines the Ad Hoc Group of Experts recognizes that it is useful that they be tailored to meet, to the extent possible, the needs of applications pertaining to energy studies, resources management functions, corporate business processes and financial standards.
- (c) to encourage the development of education programmes on the UNFC, using in particular industry professional societies capabilities.
- (d) to invite and facilitate development of *case studies* on a *voluntary basis*, using the *developed Specifications and Guidelines*, to fully assess the suitability of applying the UNFC to a comprehensive range of individual deposits of fossil energy and mineral resources. Such case studies would serve to demonstrate the various strengths of the UNFC under diverse applications.
- (e) to seek to strengthen inter-agency cooperation and to cooperate and collaborate with all stakeholders, including other governmental and non-governmental organizations and the business community/private sector and professional associations in order to realize the above objectives. The international organizations include the International Atomic Energy Agency

(IAEA), the International Energy Agency (IEA), the International Energy Forum (IEF), the Organization of Petroleum Exporting Countries (OPEC), the World Petroleum Council (WPC) and the World Energy Council (WEC). The professional associations include the American Association of Petroleum Geologists (AAPG), the Combined Reserves International Reporting Standards Committee (CRIRSCO), the European Federation of Geologists (EFG), the International Accounting Standards Board (IASB), the International Valuation Standards Committee (IVSC) and the Society of Petroleum Engineers (SPE).

ANNEX V

AD HOC GROUP OF EXPERTS ON CLEANER ELECTRICITY PRODUCTION FROM COAL AND OTHER FOSSIL FUELS DRAFT TERMS OF REFERENCE

1. The Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels is established for a period of two years by the Committee on Sustainable Energy to provide for an intergovernmental dialogue on investment and regulation for the promotion of cleaner electricity production between governmentally appointed experts, complemented by the participation of representatives from the electric power industry and other related industries, as well as the international financial sector and relevant international organisations, notably Eurelectric, Interim Energy Community Secretariat, CIS Electric Power Council, Central Asian Coordinating Electric Power Council, Organization of the Petroleum Exporting Countries (OPEC), OECD/IEA, and Energy Charter.
2. The tasks of the Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels are:
 - (a) to provide a forum for the exchange of information and experiences on the following topics:
 - (i) impact of regulation on cleaner electricity production;
 - (ii) competitiveness, investments and operating costs of cleaner electricity production;
 - (iii) contribution of renewable energies;
 - (iv) sustainable nuclear energy;
 - (v) clean coal technologies;
 - (vi) carbon capture and storage; and
 - (vii) “zero” emissions technologies;
 - (b) to assess the relationship between electricity industry regulation and choice of fuel mix with special focus on cleaner electricity production methods;
 - (c) to evaluate policies and measures to reduce the electricity efficiency gap between developed market and emerging market economies in the UNECE region;
 - (d) to appraise the development of a regulatory framework conducive to promoting investment in cleaner electricity production;
 - (e) to assist member States develop norms and standards to integrate new electricity production technologies (e.g., carbon capture and storage) into regulatory structures, including environmental regulations;
 - (f) to analyse short-term and long-term competitiveness, current and expected technological trends for clean-fuel-based electricity production (capital costs, fuel cost and other operational costs, cost of capital / expected rate of return, risk mitigation and management) and security of electricity supplies; and
 - (g) to pay special attention to the transfer of knowledge and experience in the aforementioned areas to UNECE member countries with emerging economies.

ANNEX VI

AD HOC GROUP OF EXPERTS ON COAL IN SUSTAINABLE DEVELOPMENT TERMS OF REFERENCE

(approved November 2003, ECE/ENERGY 53, para 20)

1. The Ad Hoc Group of Experts on Coal in Sustainable Development, the successor intergovernmental body to the Ad Hoc Group of Experts on Coal and Thermal Power, is established for a period of two years by the Committee on Sustainable Energy to carry out, under the Committee's guidance, activities related to coal and its use, with focus on market adaptation of the coal sector as well as on the role for coal in the context of the three pillars of sustainable development: economic, social and environmental.
2. The tasks of the Ad Hoc Group of Experts are:
 - (a) to broadly assess the factors – economic, environmental, social and public acceptance – that will affect coal's future involvement in the energy sector of UNECE member States;
 - (b) to exchange information on the policies and programmes undertaken in the member States for achieving sustainable development and environmental protection in the coal to energy chain;
 - (c) to provide a forum for exchange of information and experience among member States on the ongoing institutional restructuring and market adaptation of the coal sector, with particular emphasis on the economic and social impacts of coal sector restructuring in the transitional economies including facilitating economic regeneration;
 - (d) to promote technical cooperation among member States in applying institutional and environmental improvements, including cleaner coal technologies and practices, at all stages of the coal to energy chain;
 - (e) to monitor and promote ongoing technological innovations that will result in a reduced environmental impact from coal use, including in the area of coal bed and coal mine methane, which would also result in economic benefits and increased safety at the mine site;
 - (f) to explore opportunities for the coal sector, in particular in the transitional economies, to benefit from and work with the Kyoto Mechanisms;
 - (g) to identify any significant new developments affecting coal demand and supply in the member countries;
 - (h) to pay special attention to the transfer of knowledge and experience in the aforementioned areas to member States with economies in transition; and
 - (i) to seek to strengthen inter-agency cooperation and to cooperate and collaborate with all stakeholders, including other governmental and non-governmental organizations and the business community/private sector, in order to realise the above objectives.

ANNEX VII

AD HOC GROUP OF EXPERTS ON ELECTRIC POWER TERMS OF REFERENCE

(approved November 2003, ECE/ENERGY 53, para 21)

1. The Ad Hoc Group of Experts on Electric Power, the successor intergovernmental body to the Ad Hoc Group of Experts on Extension of European Electricity Interconnections, is established for a period of two years to carry out under the Committee's guidance activities related to electric power generation and transmission in the UNECE region with emphasis on three core issues, notably the reliable supply of electricity; competitive and liberalised electricity markets; and, environmental concerns. In order to complement the work programmes of organisations active in the electricity sector in the UNECE region, the key area of focus will be the non-EU accession economies in transition.
2. The tasks of the Ad Hoc Group of Experts are, where applicable within the region of focus identified*:
 - (a) to seek to promote and facilitate the security of supply of electricity hence providing reliable generation, transmission, distribution and delivery of electricity to the end-consumer, and all at economic levels over a continuous period;
 - (b) to promote the smooth transition to liberalized electricity markets and more specifically the creation of a competitive "enlarged" European internal market through focus on application of EU Directives and their extension to non-EU Member States, implementation of tariff reform proposals, necessary technical standard and effective third party access to infrastructure, together with the creation of independent regulatory bodies and transmission system operators;
 - (c) *recognizing that for (b) to succeed a proper regulatory framework is required, hence: to identify* opportunities to provide assistance to address the challenge of implementing the appropriate regulatory framework through capacity building initiatives, exchange of best practices, and dialogue to understand fully what the domestic requirements are in order that the correct framework can be devised;
 - (d) to enhance the level of transmission lines, both within and across national borders and to seek to minimize the barriers to this, notably access to networks and transit across national borders;
 - (e) to facilitate the significant levels of private and foreign investment required in the electricity generating sector, including by (i) supporting implementation of "economic" electricity price levels, and (ii) capacity building initiatives to assist electricity generators to benefit from the Kyoto Protocol Mechanisms;

* It is recognised that very different economic and other circumstances (e.g. approaches to privatization, energy pricing levels, allocation subsidies) exist in the region of focus identified and hence the tasks outlined will not be applicable to all economies.

- (f) to encourage where appropriate the generation of electricity from renewable energy sources, including access to electric power grid systems, and to focus on the key technical, policy and regulatory aspects that need to be addressed to facilitate development of “green” electricity;
- (g) to provide a forum for the exchange of information and experience among UNECE member States on the liberalisation and deregulation of electricity markets, with special attention being paid to member States with economies in transition; and
- (h) to strengthen inter-agency cooperation and collaboration with all stakeholders, including other governmental and non-governmental organizations and the business community/private sector, in order to realise the above objectives.