

**SIXTY-FOURTH SESSION OF THE ECONOMIC COMMISSION
FOR EUROPE**

Palais des Nations, Room XIX

30 March 2011, 10:00-13:00

**Item 3: The role of regional integration and cooperation for promoting
sustainable development in the ECE region**

(b) Energy cooperation

Issues Note

The Commission is responsible for making strategic decisions on the UNECE Programme of Work and also provides a forum for policy dialogue on the economic developments in the region. Hence, the Biennial Session of the Commission provides an opportunity for its member States and the UNECE's other intergovernmental partners to provide their strategic vision of how the effectiveness of the organization could be enhanced.

The objective of the discussion under agenda item 3 "The role of regional integration and cooperation for promoting sustainable development in the ECE region", Sub-item on Energy Co-operation, is to discuss how to best shape the energy sector which is clearly at the interface of economic and environmental sustainability and security.

In this perspective, the following ways to address energy cooperation can be highlighted:

1. Upstream resource management requires regional cooperation, particularly for the natural gas, electricity and water that crosses international boundaries, but also for energy commodities that are more easily stored, transported and traded globally.
2. Energy networks are the instrument for effective cooperation in the ECE region and its sub-regions. The requirements for their efficiency, effectiveness and security in serving all consumers are extreme. Improving them through investments and terms of access is a constant challenge that must be given appropriate attention at all times.
3. All energy carriers have uncertainties associated with them as do the energy markets. Measured energy diversification is one way to manage the consequences of these uncertainties. The opportunity for diversification is enhanced by technological innovation and industrial development. We have witnessed this recently through the efforts to make renewable energy sources competitive. Both innovation and industrial development is enhanced through regional cooperation, not only for resource management and networks as mentioned above, but also in the form of exchange of knowledge, experience and best practices in public policies. Pressures to achieve appropriate

- diversification of energy sources while retaining energy as an affordable commodity are high.
4. Reduced pollution, including reduced emission of green house gases has and will improve the quality of life in the region, reduce the global costs of adapting to climate change and meet popular demands.
 5. All of the above will be strongly supported by improved energy efficiency along the full energy chain from the source of primary energy through to the services that energy provides the consumers.

These issues are appropriately addressed under the three headings:

- energy networks,
- energy diversification and
- energy efficiency

Within this context, UNECE works for regional integration and cooperation on the production, transformation, transport, transit, and uses of energy that enable secure, affordable, and sustainable development. UNECE is committed to outreach on specific activities, in particular on energy efficiency and renewable energy, at the global level through the other UN Regional Commissions and within the UN-Energy context.

The two-panel session will be introduced by keynote interventions of representatives from national, regional and global stakeholders. These presenters are expected to provide in a very concise form their broad view on trends and policies of the future energy cooperation in the UNECE region.

The first panel will discuss issues related to improving energy networks in the ECE region. It will explore major elements of extension and interconnection, the challenges of infrastructure financing, including through public-private partnerships (PPPs), the establishment, management and financing of power plants producing electricity in a transboundary context, and the development of a regulatory framework and compliance with access rules and security norms;

The second panel will address ways of promoting energy efficiency development from source to service, including through resource efficient policies, market formation, harmonization of norms and technology transfers. Energy efficiency investments are important in various sectors such as energy production, conversion, transport and distribution, housing, public buildings and industry. Reduction of their cost through efficient financing is essential. The panel will also address diversification of energy sources. Key challenges in this direction are innovation in the field of new technologies, the development of new mechanisms of investment financing and pricing policies, along with fiscal, regulatory and contractual measures for the exploitation and use of renewable and other sources of energy.

In view of the above, the following will be the core areas addressed, which hopefully will lead to concrete suggestions on how the UNECE can contribute to tackling them and promoting sustainable energy development of the region:

- a) What is the best approach to optimize upstream resources in the region, particularly with respect to fuels production and management, power generation and water management?
 - b) What are the main policies and instruments for improving energy networks?
 - c) What is the future of high-voltage networks to strengthen energy security?
 - d) How can bottlenecks be overcome in financing energy projects?
 - e) What are key strategies, policies and regulations to be promoted for the diversification of energy sources?
 - f) How can Member States best cooperate through the UNECE to achieve these means?
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