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COMMITTEE ON SUSTAINABLE ENERGY
Fourteenth session, 27-30 June 2005

REPORT

I. ATTENDANCE

1. The fourteenth session of the Committee on Sustainable Energy was held from 27 to 30 June 2005 with the participation of 220 representatives from the following UNECE member States: Albania, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Greece, Hungary, Italy, Kazakhstan, Kyrgyzstan, Norway, Poland, Republic of Moldova, Romania, Russian Federation, Serbia and Montenegro, Slovakia, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America and Uzbekistan. Representatives of the European Community also participated.
2. Representatives of: India, Islamic Republic of Iran, Saudi Arabia and Syrian Arab Republic attended under Article 11 of the Commission's Terms of Reference.
3. The United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Framework Convention on Climate Change (UNFCCC), United Nations Office for Project Services (UNOPS), International Labour Organization (ILO) and the International Atomic Energy Agency (IAEA) were also represented.
4. The following intergovernmental and non-governmental organizations were in attendance: Alliance to Save Energy (ASE), Black Sea Region Energy Cooperation (BASCREC), Black Sea Economic Cooperation (BSEC), Council of European Energy Regulators (CEER), Energy Charter Secretariat, European Bank for Reconstruction and Development (EBRD), EUROGAS, EUROHEAT, International Association of Oil and Gas Producers (OGP), International Energy Agency (IEA/OECD), International Energy Forum (IEF), North Atlantic Treaty Organisation (NATO), United Nations Foundation (UNF), and World Energy Council (WEC).

Note: all documentation and presentations delivered at the meeting are available on the UNECE website at: <http://www.unece.org/ie/se/com.html>

II. OPENING OF THE SESSION

5. The Director of the UNECE Industrial Restructuring, Energy and Enterprise Development Division (IREEDD) opened the session by describing the key issues facing the Commission. He noted that the Executive Secretary, Ms Brigita Schmögnerová would be leaving the UNECE at the beginning of September 2005 and that as yet her successor had not been selected. He then advised the meeting that at the beginning of 2005 a comprehensive review and report on the state of the UNECE had been commissioned. The team of external evaluators had been tasked to produce an analysis and recommendations on the role, mandate and functions of the UNECE. Their official report, to be tabled in the first half of July, would be discussed by member States and become the basis for decision-making regarding the introduction of changes to the UNECE and its programme of work. It was noted that the evaluators' review of the programme of work on energy was mixed, but overall the programme on sustainable energy was recommended for continuation. The Director finally invited the Committee to consider its programme of work and special activities in the field of sustainable energy during its session.

III. ADOPTION OF THE AGENDA (Agenda item 1)

Documentation: ECE/ENERGY/64

6. The agenda was adopted.

IV. BUREAU OF THE MEETING (Agenda item 2)

7. The elected officers were as follows: Chairman: Mr. Laszlo Molnar (Hungary); Vice-Chairpersons: Mr. Renaud Abord-de-Chatillon (France); Mr. Sergei Mikhailov (not present during the session) and alternate Mr. Victor Shakhin (not present during the session) (Russian Federation); Mr. Jean-Christophe Füg (Switzerland); Mr. Trajce Cerepnalkovski (The former Yugoslav Republic of Macedonia); Mr. Nick Otter (United Kingdom) and Ms. Barbara McKee (not present during the session) (United States of America).

V. MATTERS ARISING FROM THE SIXTIETH SESSION OF THE COMMISSION RELATED TO ENERGY ACTIVITIES (Agenda item 3)

Documentation: ENERGY/2005/1

8. This agenda item was introduced by the Acting Deputy Executive Secretary of the UNECE, who drew attention to a number of recommendations adopted by the Commission during its last annual session held in February 2005. The first of these was with respect to recommendations from the Group of Experts on the Programme of Work regarding new programme planning processes. The Commission has asked all Principal Subsidiary Bodies (PSBs) to put in place a biennial evaluation of their programmes of work. In summary, the Committee is now requested to evaluate once every two years all of its programmes, including

those of its subsidiary bodies. The main aim of this is to determine whether the set objectives and targets for the programme of work have been met by the end of each biennium. Furthermore, this evaluation must be results-based and linked to the new programme performance report that is now mandatory for the secretariat to undertake for each biennium. Currently, the Committee and its extended Bureau periodically review the programme of work as well as modify and approve the terms of reference of its Ad Hoc Groups of Experts. However, in the future, a more structured approach will be required linked to results-based evaluation criteria and indicators. This evaluation can be conducted either at the end of the biennium or at the start of the next, hence the Committee is now required to undertake an evaluation in the first quarter of 2006 for the current 2004-2005 biennium. Attention was then drawn to the biennial programme plan for 2008-2009, which for all sub-programmes needs to be drawn up by December 2005. The meeting was advised that the Commission now wished all member States to offer feedback on the proposed sub-programme plans, which for energy is sub-programme 5, via the Bureau of the respective PSBs.

9. The secretariat then briefed the meeting on the matters arising from the sixtieth session of the Commission as outlined in the paper prepared for the meeting on this issue (document ENERGY/2005/1).

10. The Committee:

- (i) Took note with appreciation of the presentations on this issue;
- (ii) Further noted the requirement that a first draft of the biennial programme plan 2008-2009 will need to be drawn up for the subprogramme 5 on Sustainable Energy by December 2005; and
- (iii) Further noted the requirement for a biennial evaluation of its programme of work.

VI. STABILIZATION OF THE EUROPEAN ENERGY MARKET WITH FOCUS ON SOUTH-EAST EUROPE AND DEVELOPMENT OF THE SOUTH-EAST EUROPEAN REGIONAL ENERGY MARKET (Agenda item 4)

11. With the Energy Community in South East Europe (ECSEE), which will have as members Austria, Greece, Hungary, Italy and Slovenia, together with Albania, Bosnia and Herzegovina, Bulgaria, Croatia, The former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro, Turkey and Kosovo (pursuant to UN Security Council Resolution 1244 (1999)), facing a wide range of opportunities and challenges with respect to the Energy Community Treaty, this issue is of particular concern to the Committee. A special event was therefore held during the opening session of the Committee to facilitate a debate on, amongst other issues, the integration of energy systems and markets in this region including market design and operation.

12. The event was opened with a keynote address from the Deputy Minister for Fuel and Energy, Ukraine on “Energy Security in the Wider Europe: New Challenges and Opportunities”. It was noted that Ukraine wishes to join the ECSEE, acquiring first observer status and later becoming a party.

13. The discussions highlighted that the ECSEE is a key to the region's stabilisation and development. The prospective establishment of the ECSEE simultaneously satisfies political and economic goals: from the political standpoint enhanced cooperation among the countries in this region will foster the conditions for peace, stability and growth; the economic objective is the establishment of an integrated market in natural gas and electricity, based on common solidarity. The region suffers from a number of key deficiencies, including: lack of energy sources, inadequate infrastructure for transporting energy, disruption of electricity supply, absence of competition, and serious environmental problems. It is anticipated that the legally binding ECSEE Treaty will be signed in October 2005 during the ECSEE Bulgarian Presidency, with ratification to follow as soon as possible thereafter. The ECSEE aims to bring relevant national legislation of the member countries in line with EU energy legislation at the earliest achievable date.

14. It was apparent there were a number of opportunities for the Committee on Sustainable Energy to cooperate in the region in facilitating establishment of the South East European Energy Market. This includes in the area of mitigating the environmental aspects of the energy community and both the Stability Pact and the European Commission DG TREN have expressly approached the UNECE IREEDD to work with them on this issue.

15. Further details on the presentations delivered during this special session are available on the UNECE website at: <http://www.unece.org/ie/se/pp/27june.html>

16. The Committee:

- (i) Took note with appreciation of the presentations and discussions on stabilization of the European energy market with special focus on South East Europe and development of the South East European Regional Energy Market;
- (ii) Recognized that there were a number of opportunities for the Committee on Sustainable Energy to cooperate in facilitating the establishment of the South East European Energy Market including work on environmental issues; and
- (iii) Further noted that both the Stability Pact and the European Commission DG TREN have expressly approached the UNECE to work with them in South East Europe on the issue of mitigating environmental aspects with respect to the energy sector.

VII. ENERGY SECURITY FORUM: EMERGING ENERGY SECURITY RISKS, RISK MITIGATION AND ENERGY SECURITY IN THE CASPIAN SEA REGION (Agenda item 5)

17. The energy import dependence of most UNECE member countries will continue to rise in the foreseeable future, particularly for oil and natural gas, increasing their vulnerability to emerging energy security risks. As new energy security threats emerge amid the continuing volatility of rising oil prices, the countries of the Caspian Sea region are of growing interest to energy importing countries and energy industries in the UNECE region. The Caspian Sea region may be one of the few options left to policy makers seeking to ensure the energy security of UNECE member countries. The region is very rich in oil and natural gas, however production

and exports currently only account for 2 per cent of world production. Additionally, the region has a large potential for increasing exports given adequate investments and export agreements.

18. To meet these challenging developments, the Committee on Sustainable Energy and the UNECE Energy Security Forum decided to convene a High-level Meeting on “Energy Security in the Caspian Sea Region” on 28 June in order to consider the role of this region in enhancing global energy security. Further details on this High-level Meeting are available at: <http://www.unece.org/ie/se/ensec.html>

19. The intent of the High-level meeting was to highlight:

- How **countries of the Caspian Sea** region can contribute to the mitigation of global energy security risks;
- How the **international energy community** could help in the development of the oil and gas potential of the Caspian Sea region and how these resources can be brought to world markets; and
- How **international trade and cooperation** through the UNECE can contribute to enhancing the stability of the global energy market and energy security risk mitigation.

20. The meeting commenced with presentations from high-level representatives of countries of the Caspian Sea region who delivered national policy statements that served to reflect the role of the Caspian Sea region in the global context. This was followed by presentations and a constructive debate on energy security risks between senior executives of the energy industries and the financial community and the audience.

21. During the meeting, the Special Envoy of the President of the Russian Federation on International Energy Cooperation invited the Energy Security Forum to contribute to the discussions on global energy security issues in preparation for the next G-8 Summit meeting to be hosted by the Russian Federation in 2006.

22. The Representatives of Azerbaijan, Islamic Republic of Iran, Kazakhstan, Russian Federation and Turkey prepared and signed a Joint Statement on Global Energy Security and the Caspian Sea Region. The full text of this Joint Statement is given in Annex I.

23. After discussion, the Energy Security Forum:

- (i) Expressed its appreciation to the high level representatives of governments, the energy industries and financial community for the presentations and contributions to the dialogue and debate during the 2005 annual session of the Energy Security Forum;
- (ii) Accepted with appreciation the invitation of the representative of the Russian Federation for the Energy Security Forum to cooperate closely in analysing and making recommendations on global energy security issues in relation to the next meeting of the G-8 to be held in the Russian Federation in 2006;
- (iii) Welcomed the Statement on Global Energy Security and the Caspian Sea Region issued by the representatives of Azerbaijan, Islamic Republic of Iran, Kazakhstan, Russian Federation and Turkey that, *inter alia*, referred to the future development of international cooperation on energy security with UNECE member States, the Committee on

- Sustainable Energy and the Energy Security Forum;
- (iv) Welcomed, in particular, the commitment of the countries in the Caspian Sea region in their Statement to work with the Energy Security Forum to:
 - (a) prepare a study on emerging energy security risks and risk mitigation in a global context, including the potential contribution of increased energy exports of the Caspian Sea Region to provide greater diversity of energy supply sources to UNECE member States; and
 - (b) convene a seminar to examine energy transport corridors, new infrastructure, transmission systems and investment requirements for increased energy exports from the Caspian Sea Region including conclusions and recommendations on enhanced energy trade and international cooperation;
 - (v) Accepted the invitation of the NATO Forum on Energy Security Technology to cooperate in the development of the NATO Forum session to be held in Prague in November 2005;
 - (vi) Expressed appreciation to the International Energy Forum (IEF) Secretariat for addressing the Energy Security Forum, whilst noting that the ESF will work with the IEF on international cooperation in the energy security field;
 - (vii) Decided to consider the implementation of these activities and possible topics for the next High-Level Meeting including Libya, Iraq or Eurasian energy cooperation during the next meeting of the Executive Board of the Energy Security Forum; and
 - (viii) Decided to report on ESF activities, in particular on global energy security and the Caspian Sea region, at the next session of the Committee on Sustainable Energy.

**VIII. SPECIAL SESSION ON THE IMPLEMENTATION OF THE KYOTO
PROTOCOL, ENERGY EFFICIENCY AND CLIMATE CHANGE MITIGATION**
(Agenda item 6)

24. The United Nations Framework Convention on Climate Change (UNFCCC) sets the overall framework for intergovernmental efforts to tackle the challenge posed by climate change. The 1997 Kyoto Protocol shares the Convention's objective, principles and institutions. In order to reduce greenhouse gas (GHG) emissions and to develop adequate energy policy reforms, the national institutional framework for the Kyoto Protocol flexible mechanisms, notably Joint Implementation (JI), Clean Development Mechanism (CDM) and Emission Trading (ET), needs to be developed and put in place in UNECE member States, and promoted through specific technical cooperation activities in economies in transition in East Europe, South-Eastern Europe and the Commonwealth of Independent States. The Sustainable Energy sub-programme of the UNECE aims to promote a sustainable energy development strategy for the region. Climate change mitigation efforts are made through the UNECE Energy Efficiency 21 (EE21) Project, which has operated since 1991 to enhance trade and cooperation in energy efficient, environmentally-sound techniques and management practices, and to promote energy efficiency market formation and investment project development.

25. In order to understand how the EE21 Project can support East European UNECE member States in boosting energy efficiency investments to reduce environmental pollution and also in meeting their international treaty obligations under the UNECE and the UNFCCC, the Committee on Sustainable Energy and the EE21 Steering Committee jointly organised a special

session on 29 June on the “Implementation of the Kyoto Protocol, Energy Efficiency and Climate Change Mitigation.

26. During the special session, participants provided an overview of the issue and the discussion focussed on how the Kyoto Protocol mechanisms will contribute to the reduction of GHG emissions and therefore to the climate change mitigation effort through emissions trading, thereby enabling the countries to sell and buy emission credits among themselves.

27. The Committee:

- (i) Took note with appreciation of the presentations and discussion on how energy efficiency, and in particular the EE21 Project, can contribute to reducing GHG emissions and also facilitate the implementation of the Kyoto Protocol;
- (ii) Recognized that energy issues, including energy efficiency, will be a crucial part of the next session of the Commission on Sustainable Development that will examine environment and energy issues in 2006;
- (iii) Further noted that in the UNECE region the Russian Federation, East European and other CIS countries have an important opportunity to join in carbon trading as long as their energy efficiency investment projects to reduce GHG emissions can be financed;
- (iv) Welcomed the approval by the Boards of Directors of the UN Foundation and the UN Fund for International Partnerships in 2004 of a new project on Financing Energy Efficiency Investments for Climate Change Mitigation, which will involve setting up an investment fund in relation to the EE21 Project;
- (v) Further welcomed the participation of the French Ministry of Foreign Affairs, which is joining together with the UN Foundation to support this project; and
- (vi) Further noted that the third major partner in this work is the Global Environment Facility (GEF) that will participate in EE21 through UNEP, one of the GEF Implementing Agencies. The UNEP has an extensive programme on financing environmental improvements including for the reduction of GHG emissions.

IX. REVIEW OF PROGRESS ON SUSTAINABLE ENERGY DEVELOPMENT IN THE UNECE REGION (Agenda item 7)

28. The Commission on Sustainable Development, at its fourteenth session (CSD-14) in April/May 2006, will undertake a review of the progress achieved in implementation in the thematic cluster of “Energy, Atmosphere, Climate Change and Industrial Development”. To support the preparatory work for CSD-14, UNECE decided at its sixtieth session in February 2005 to organize a Regional Implementation meeting that will be held on 15-16 December 2005 in Geneva. A number of background documents will be produced by UNECE to facilitate the deliberations at the Regional Implementation meeting. These papers will include a review of “Progress on Sustainable Energy Development in the UNECE Region”.

29. A draft review was prepared and both presented to the meeting and circulated as a Non Paper with the intent to provide delegates to the annual session of the Committee with the opportunity to discuss and identify the priority concerns, constraints and obstacles, as well as to

propose workable approaches and practices to expedite the implementation of policy measures in the area of energy in order to accelerate the transition to a more sustainable energy future.

30. The Committee

- (i) Took note with appreciation of the presentation and ensuing discussion on progress made in the area of sustainable energy development in the UNECE region;
- (ii) Recognized that the Commission on Sustainable Development, at its fourteenth session (CSD-14) in April/May 2006, will undertake a review of the progress achieved in implementation in the thematic cluster of “Energy, Atmosphere, Climate Change and Industrial Development”;
- (iii) Further noted that to support the preparatory work for CSD-14, the UNECE decided at its sixtieth session in February 2005 to organize a UNECE Regional Implementation Forum on Sustainable Development to be held in Geneva, 15-16 December 2005;
- (iv) Welcomed that a background document would be produced on progress made in the area of sustainable energy development in the UNECE region to facilitate the deliberations at this Regional Implementation meeting;
- (v) Further noted that the Non Paper on this issue that was circulated in the meeting room provided delegates to the annual session of the Committee with the opportunity to discuss and identify the priority concerns, constraints and obstacles, as well as to propose workable approaches and practices to expedite the implementation of policy measures in the area of energy in order to accelerate the transition to a more sustainable energy future; and
- (vi) Requested member States to submit their comments on the Non Paper to the secretariat within six weeks.

X. MEETING OF THE EXTENDED BUREAU OF THE COMMITTEE ON SUSTAINABLE ENERGY HELD ON 9 DECEMBER 2004 (Agenda item 8)

Documentation: ENERGY/2004/6

31. This agenda item was introduced by the secretariat. After discussion, the Committee:

- (i) Took note of the report of this meeting (ENERGY/2004/6);
- (ii) Approved the recommendations made by the Extended Bureau, notably in order to provide for the current work programme of the 2004-2005 biennium:
 - (a) full restitution of the general service staff cuts from the Sustainable Energy programme should be made;
 - (b) a professional post at the P-3 level should be provided for servicing the Ad Hoc Group of Experts on Electric Power; and
 - (c) in accordance with the decisions of the Steering Committee of the Energy Efficiency 21 Project (ENERGY/WP.4/2004/4) the UNECE is requested to provide additional resources from the regular budget in the form of one full-time professional staff member (P-4) to implement the Energy Efficiency 21 Project work on renewable energies.

XI. REVIEW OF ACTIVITIES OF SUBSIDIARY BODIES (Agenda item 9)

(a) Energy Security Forum

32. This agenda item was introduced by the secretariat. After discussion the Committee:

- (i) Took note with appreciation of the work undertaken by this Forum; and
- (ii) Expressed satisfaction with the establishment of a programme of work on energy security and the establishment of a Trust Fund to support this work programme.

(b) Steering Committee of the Energy Efficiency 21 (EE21) Project

Documentation: ENERGY/WP.4/2004/4, ENERGY/WP.4/2005/1, ENERGY/WP.4/2005/2, ENERGY/WP.4/2005/3 and ENERGY/WP.4/2005/4

33. This agenda item was introduced by the secretariat. After discussion the Committee:

- (i) Noted with satisfaction that the EE21 Project 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 EE21 Project activities noting the complementary character of this collaboration;
- (iii) Expressed appreciation to the National Co-ordinators 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 to member States in the implementation of the project; and
- (iv) Welcomed in particular the support and participation of the United Nations Foundation, French Ministry of Foreign Affairs, French Global Environment Facility (FFEM) and GEF.

(c) Working Party on Gas, related Ad Hoc Group of Experts and Gas Centre

Documentation: ENERGY/WP.3/2005/2

34. This agenda item was introduced by the secretariat. The Committee:

- (i) Took note with appreciation of the work being 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 over the past five years and its efforts to base its yearly programme on the priorities of its stakeholders;
- (iii) Encouraged gas companies to contribute financially to the Trust Fund of the Gas Centre and to have an active role in its programme of work; and
- (iv) Invited the Executive Secretary to examine the issue of the level of support costs charged by UNECE to the Gas Centre Trust Fund. Currently 13 per cent support costs are charged and the Committee considered that 7 per cent would be a more appropriate and fair level (see also Agenda item13).

(d) Ad Hoc Group of Experts on Supply of Fossil Fuels
Documentation: ENERGY/GE.3/2004/2

35. The Committee took note of the information and:

- (i) Decided that the name of the group be changed to the Ad Hoc Group of Experts on the Harmonization of Energy Reserves/Resources Terminology, which is identical to the name of the former Ad Hoc Group;
- (ii) Further decided that the future organisation of the group be reviewed by the secretariat and changed by the Commission at their request in order to meet stakeholders' requirements for the reliability of a common code based on the United Nations Framework Classification for Fossil Energy and Mineral Resources; and
- (iii) Took note of the possible need for a trust fund financed capacity to support the implementation of the common code.

(e) Ad Hoc Group of Experts on Coal in Sustainable Development
Documentation: ENERGY/GE.1/2004/2 and ENERGY/GE.1/2004/3

36. The Committee took note of the information and endorsed the programme of work of the Ad Hoc Group of Experts on Coal in Sustainable Development.

(f) Ad Hoc Group of Experts on Coal Mine Methane
Documentation: ENERGY/GE.4/2004/1 and ENERGY/GE.4/2004/3

37. The Committee took note of the information and endorsed the establishment of this Group of Experts and its programme of work. The Committee also endorsed the establishment of the Task Force on the Economic Benefits of Improving Mine Safety through Extraction and Use of Coal Mine Methane as part of this Group of Experts' programme of work.

(g) Ad Hoc Group of Experts on Electric Power
Documentation: ENERGY/GE.2/2003/2

38. The Committee took note that no activities had been undertaken on Electric Power since the last session of the Ad Hoc Group of Experts on Electric Power held in November 2003 due to the lack of staff resources (see Agenda item 8).

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

(a) Regional Advisory Activities
Documentation: ENERGY/2005/2

(a) Regional advisory activities

39. The Committee took note of and welcomed with appreciation the Regional Advisory

services provided to the EE21 Project and the project on “Energy Efficiency and Energy Security in the CIS”.

- (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)

40. The Committee took note of and welcomed with appreciation the Regional Advisory services that had been provided to the now completed SPECA project “The Efficient Use of Energy and Water Resources in Central Asia”.

- (c) Project on Air Quality Management and Deployment of Clean Coal Combustion Technologies in Central Asia (CAPACT Project)

41. The Committee took note with appreciation of the work undertaken in implementing the CAPACT project and expressed its wish to be kept informed of all future progress.

XIII. ECE PROGRAMME OF WORK IN THE FIELD OF ENERGY

(Agenda item 11)

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

Documentation: ENERGY/2005/3

42. The Committee adopted its draft programme of work including that of its subsidiary bodies as described in ENERGY/2005/3.

- (b) Calendar of Meetings

Documentation: ENERGY/2005/4

43. The Committee adopted its calendar of meetings including those of its subsidiary bodies as reproduced in Annex II to this report and noted that the next session of the Committee would be held on 13-14 November 2006 and that the holding of the next meeting of the Ad Hoc Group of Experts on Electric Power scheduled for 4-5 May 2006 was subject to the allocation of additional staff resources.

XIV. COOPERATION AND COORDINATION WITH OTHER BODIES

(Agenda item 12)

- (a) Principal Subsidiary Bodies of the Commission

44. The Committee welcomed its cooperation with the:

- (i) Committee on Environmental Policy in:

- the preparation of guidelines for reforming energy prices and removing subsidies to promote sustainable energy development and the potential organisation of

- workshops/meetings in late 2006/2007 to assess see the progress made in adopting these guidelines and if and how energy prices have changed;
- the preparation of the UNECE regional inputs to the fourteenth session of the UN Commission of Sustainable Development (CSD-14) (see agenda item 7); and
 - reviewing and reporting on the achievement of Organization for Security and Cooperation in Europe (OSCE) commitments by member States under the environment-energy-sustainable development cluster;
- (ii) Inland Transport Committee on the Blue Corridor: Use of Natural Gas as a Motor Fuel for International Transboundary Goods Traffic;
- (iii) Convention on Long-Range Transboundary Air Pollution in the joint implementation of the UN General Assembly Development Account Project on Air Quality Management and the Application of Clean Coal Combustion Technologies in Central Asia (CAPACT); and
- (iv) Timber Committee on the use of wood as a source of renewable energy and noted with appreciation the information provided on both the “European Forest Sector Outlook Study to 2020” jointly prepared by UNECE and FAO and the UNECE Workshop on “Forests – Common Benefits, Common Responsibilities, Multiple Policies” to be held in Latvia, 17-19 October 2005.
- (b) Other intergovernmental and non-governmental organisations and the business community

45. The Committee welcomed its cooperation with other international and non-governmental organisations and encouraged development of further cooperation where appropriate.

46. The Committee noted with appreciation the presentation delivered by the International Atomic Energy Agency on “Energy Indicators for Sustainable Development as Analytical Tools”.

XV. OTHER BUSINESS (Agenda item 13)

47. Following a detailed discussion on the level of administrative support costs charged by the UNECE to all extrabudgetary energy-related projects, notably 13 per cent, the Committee invited the Executive Secretary of the UNECE to review this matter urgently with a view to these costs being reduced in line with those charged by other international organisations (see Agenda item 9(c)).

XVI. ADOPTION OF THE REPORT (Agenda item 14)

48. 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

Energy Security Forum

High Level Meeting on Energy Security in the Caspian Sea Region

Palais des Nations, Geneva
28 June 2005

GLOBAL ENERGY SECURITY and the CASPIAN SEA REGION

STATEMENT

of the Representatives of Azerbaijan, Islamic Republic of Iran,
Kazakhstan, Russian Federation and Turkey

During the UNECE Energy Security Forum High-Level Meeting on the Caspian Sea Region held on 28 June 2005, government representatives discussed emerging energy security risks and risk mitigation of the Caspian Sea Region in a global context. In our statements at the meeting, a number of problems, challenges and opportunities were discussed:

1. The energy import dependence of most UNECE member countries will continue to rise in the foreseeable future, particularly for oil and natural gas, increasing their vulnerability to emerging energy security risks.
2. Western European oil imports could rise from 55 per cent of consumption now to 65 per cent in 2010 and possibly to 80 per cent by 2020. North American oil import dependence could rise from 35 per cent to 45 per cent by 2020. Apart from the Russian Federation, central and eastern European oil imports could rise from 80 per cent today to 90 per cent in 2020¹. The oil import requirements of Asian countries, especially China and India, are also expected to increase significantly.
3. Western European natural gas imports are expected to rise from 35 per cent of consumption now to 45 per cent in 2010. United States liquefied natural gas (LNG) imports are likely to continue rising. Apart from the Russian Federation, central and eastern European gas import dependence is likely to increase from 65 per cent in 2010 to 85 per cent in 2015.
4. The traditional suppliers of natural gas from the region such as Iran and the Russian Federation are likely to have the capacity to meet Europe's growing demand but significant new investments will be needed for production and transportation infrastructure.

1 Source: International Energy Agency World Energy Outlook, 2004.

5. While oil production in the Caspian Sea Region of Azerbaijan, Kazakhstan, Russian Federation and Turkmenistan is currently a small proportion of world oil production, there is a large potential for the future. Oil production is likely to increase in the Caspian Sea region and possibly double over the next five to ten years. Natural gas production and gas exports are also expected to rise in the coming years.

6. In order to accommodate increased exports from the Caspian Sea Region, developed and enhanced transport facilities and new planned transport corridors will be further considered together with transit rights, new production and transportation systems. The large investments required to accomplish those projects also demand a suitable investment climate, commercial agreements and political will.

7. Together with existing pipeline systems, the Baku-Tbilisi-Ceyhan Crude Oil Petroleum Pipeline that will be operational in the fourth quarter of this year and the South Caucasus Natural Gas Pipeline Project (Baku-Tbilisi-Erzurum Natural Gas Pipeline Project), which is expected to be realised in 2006, are the two significant elements of the East-West Energy Corridor as the new transport corridors will enhance energy security. Likewise, alternative transport corridors from the Caspian Sea region via Iran to international markets will also contribute to the diversity of energy transport routes and energy security.

After our dialogue, as representatives of the countries concerned, we acknowledge that:

1. The diversification of energy trading partners, international cooperation and producer-consumer dialogue are key policy options that UNECE member States can pursue together to mitigate emerging energy security risks.

2. The doubling of energy production in the Caspian Sea Region during the next five to ten years and therefore greater exports could provide UNECE energy importing member States with additional energy supply options, thus contributing to mitigation of energy security risks across the UNECE regional energy market.

3. In order for UNECE member States to benefit from the increased oil and natural gas exports from the Caspian Sea Region, multi-billion dollar investments will be needed to expand energy production capacities and provide for new energy transport infrastructure. Countries of the Caspian Sea Region will need to establish and maintain a suitable investment environment, regulatory framework, facilitating the transfer of technology, as well as provide unrestricted access of their energy products to the European market.

4. In order to accommodate the potential increase in energy exports from the Caspian Sea Region, the countries concerned will work together and with our partners on enhanced transport facilities, new transport corridors, transit agreements, new energy production and transportation systems while enhancing the environmental quality of the region in accordance with the principles of sovereignty of States over their natural resources and economic activity and freedom to choose a suitable framework for their foreign economic relations.

5. The benefits associated with increased oil and gas exports from the Caspian Sea region would contribute to our efforts to achieve sustainable development and fulfil the UN Millennium Development Goals.

Representatives of the countries concerned welcomed the proposal of the Energy Security Forum to work together with national experts appointed by the government of each participating country as well as individual experts to:

1. Prepare a study on emerging energy security risks and risk mitigation in a global context, including the potential contribution of increased energy exports of the Caspian Sea Region to provide greater diversity of energy supply sources to UNECE member States;
2. Convene a seminar to examine energy transport corridors, new infrastructure, transmission systems and investment requirements for increased energy exports from the Caspian Sea Region including conclusions and recommendations on enhanced energy trade and international cooperation; and
3. Submit the conclusions and recommendations of the study and seminar to a subsequent session of the Committee on Sustainable Energy for a decision on further transmission to the relevant bodies of the United Nations system and to recommend follow-up activities for international cooperation on energy security.

ANNEX II

CALENDAR OF MEETINGS OF THE COMMITTEE ON SUSTAINABLE ENERGY AND ITS IMPLEMENTING BODIES IN 2006

COMMITTEE ON SUSTAINABLE ENERGY

- Committee on Sustainable Energy, fifteenth session, 13-14 November, Geneva
- Ad Hoc Group of Experts on Coal in Sustainable Development, ninth session, 16 p.m.-17 November, Geneva
- Ad Hoc Group of Experts on Electric Power, seventh session, 4-5 May, Geneva
- Ad Hoc Group of Experts on Harmonization of Energy Reserves and Resources Terminology, third session, 11-13 October, Geneva
- Ad Hoc Group of Experts on Coal Mine Methane, third session, 15-16 a.m. November, Geneva

STEERING COMMITTEE OF THE ENERGY EFFICIENCY 21 PROJECT

- Ad Hoc Group of Experts on Financing Energy Efficiency Investments for Climate Change Mitigation, 8-10 February, Geneva
- Steering Committee of the Energy Efficiency 21 Project, 29-31 May, Geneva
- Ad Hoc Group of Experts on Financing Energy Efficiency Investments for Climate Change Mitigation, 21-22 September, Geneva

WORKING PARTY ON GAS

- Working Party on Gas, sixteenth session, 24-25 January, Geneva
- Ad Hoc Group of Experts on Supply and Use of Gas, seventh session, 26 January, Geneva
- Joint Working Party on Gas and Gas Centre Workshop, February, Belgrade

GAS CENTRE

- Executive Board of the Gas Centre, 23 January, Geneva
- New Ad Hoc Task Force Group, February 2004
- Joint Working Party on Gas and Gas Centre Workshop, February, Belgrade
- Task Force on Implementation of EU Gas Directive, April
- 11th High Level Conference, April/May
- Task Force on GATE 2010 (Transportation and Tariffs), June
- Ad Hoc Task Force Group, September
- Task Force on GATE 2010 (Transportation and Tariffs), October
- Task Force on Implementation of EU Gas Directive, November