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Statement

by

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at

High-level International Conference

on

**Energy Security and Sustainability – the OSCE
Perspective**

**Ashgabat, Turkmenistan
17 – 18 October 2013**

Your Excellency Mr. President Berdimuhamedov,
Ministers,
Excellencies,
Distinguished Guests,
Ladies and Gentlemen,

On behalf of UNECE I would like to thank the Government of Turkmenistan and the Ukrainian Chair of the OSCE for the invitation to be with you today at this High Level International Conference on "Energy Security and Sustainability - the OSCE Perspective".

I would like to underline as well our long-standing and fruitful cooperation with the OSCE. In line with the memorandum of understanding between UNECE and OSCE, we were pleased to present our review of the implementation of OSCE commitments in the field of energy in Prague at the 19th OSCE Economic and Environmental Forum on "Increasing stability and security: Improving the environmental footprint of energy-related activities in the OSCE region".

On 17 May 2013 the UN General Assembly passed the resolution "Reliable and Stable Transit of Energy Resources and Its Role in Ensuring Sustainable Development and International Cooperation" that was put forward by the Government of Turkmenistan. The resolution, co-sponsored by 71 UN Member States, called for establishment and functioning of an international expert group to draft a new, comprehensive document aimed at ensuring global cooperation in the energy sphere.

The resolution also welcomed the proposal made

by the Government of Turkmenistan to convene in early 2014 an international meeting of experts on the subject. It requested the Secretary-General to seek the views of Member States and relevant UN agencies on issues relating to the reliable and stable transit of energy resources and to inform the General Assembly of such views in the form of a general report of the Secretariat.

I would like to congratulate His Excellency President Berdimuhamedov and the Government of Turkmenistan for their role and vision in promoting energy security in the region. UNECE of course stands ready to provide its support in the implementation of this General Assembly resolution. At the request of the Government of Turkmenistan, we have included this topic on the programme for our Committee on Sustainable Energy that will take place on 21st and 22nd November 2013.

UNECE has conducted an energy security dialogue since 2002, and from 2005 until 2009 we organized a high level energy security forum that attracted the interest and participation of our member States as well as countries from other regions. The forum in 2009 in particular drew high level participants who engaged in a deep discussion particularly on issues related to natural gas infrastructure and investments. Since 2009 we have continued our energy security dialogue in the context of the Committee on Sustainable Energy. We have been and remain prepared to support member States by providing a continuing platform for an energy security dialogue, if they so desire.

UNECE has a strong, ongoing collaboration with both the OSCE secretariat, as I have noted, and the Energy Charter secretariat. If it is the wish of our member States, UNECE would be prepared to collaborate with these organizations in organizing a comprehensive energy security dialogue among our member States.

Energy security is a priority for UNECE member States. It has been in the past and is expected to be even more so in the future. It is not surprising then that UNECE's mandate and expertise included energy – specifically, the ability for UNECE members to secure affordable and sustainable energy supply.

The dialogue originally focused on oil supply security at a global level, leading to the establishment of the International Energy Agency in 1974; a producer-consumer dialogue that began in 1991; and the International Energy Forum Charter that was signed in 2011. Also in 1991 an Energy Charter declaration was signed – 61 countries have now signed the declaration. It was a political declaration of principles for international energy including trade, transit and investment, together with the intention to negotiate a legally-binding treaty. While its main driver at the outset was security of gas supply and demand, it in fact covers the energy sector as a whole. The Energy Charter Treaty was developed on the basis of the 1991 Charter. It was signed in December 1994 and entered into force in April 1998. Thus energy security has long been a major focus of member States and will remain a focus in the future.

It is not surprising then that UNECE's mandate and expertise includes energy - specifically, the ability for

UNECE members to secure affordable and sustainable energy supply. The mandate, though simply stated, is in fact complex. It includes security. Energy supply is considered secure if it meets demand in an environmentally sustainable manner at price levels that do not damage the economy. This implies supply that is robust in the face of disruptions, whether physical or political, at prices that are “affordable”. In this context, energy security requires investment, diversification of primary fuels, technology and flexibility.

It includes affordability. This concept is challenging. It implies that end-use prices should be affordable – without considering the ability to pay or the cost of supply. Affordability takes account of life-cycle costs, including return of investment, and both the resources and requirements of the buyer. Ensuring affordability is equivalent to ensuring that investments are made throughout the value chain – from primary energy development to final consumers – and that all involved have fair access to energy markets.

And, it includes sustainability. Sustainability has three inter-related dimensions:

- Economic, where investment and consumption decisions are made in a framework of sensible policies. One cannot oblige buyers or sellers to take decisions that run counter to their economic self-interest.
- Environmental, where sustainable resource use meets human needs while preserving the environment so that the needs can be met not only in the present, but also in the future.

- Social and political, where policies and programs are sustained over time because they are perceived as working for the welfare of society and are therefore supported by the people.

All above components are integral and inseparable.

Energy is at the nexus of economic and environmental sustainability. The economic challenge is to secure affordable and sustainable energy services for energy consumers. The world is changing rapidly in terms of environmental considerations, technological progress, and globalization. The pace of change is accelerating. What we meant by energy security in 1970 became something different in 1990, and the concept is changing again in 2013 as the world works to decarbonise the energy sector while ensuring access to modern energy services and improving energy intensities. Issues of market design, structure and regulation, tariffs, subsidies, access, investments – in fact all of the policy considerations that relate to energy – enter into the energy security equation.

UNECE's sustainable energy programme embraces a broad range of activities. The programme works to promote a sustainable energy development strategy for the region, with the following objectives:

- sustained access to high quality energy services for all individuals in the ECE region;
- security of energy supplies in the short-, medium- and long-term;
- facilitation of the transition to a more sustainable energy future and introducing renewable energy sources to

reduce health and environmental impacts resulting from the production, transport and use of energy;

- well-balanced energy network systems across the UNECE region tailored to optimise operating efficiencies and regional cooperation;
- sustained improvements in energy efficiency, in production and use, particularly in countries with economies in transition; and
- in the context of post-EU enlargement, integration of energy restructuring, legal, regulatory and energy pricing reforms, as well as of the social dimension into energy policy making.

The programme also addresses intersectoral issues, in particular in the field of energy and environment. The programme is designed to take account of the goals of the United Nations Millennium Declaration, the outcome of the World Summit on Sustainable Development, and the more recent Sustainable Energy for All Initiative of the Secretary General. This latter initiative calls for ensuring access to modern energy services for all, improving energy intensity of economics, and doubling the share of renewables in the energy mix. The sustainable energy work programme has five major components centred on promoting convergence in the overall legal, regulatory and policy framework, including the development of classification systems and guidelines; promoting energy efficiency and conservation, notably in economies in transition; encouraging the greater use of natural gas as a "transitional" fuel to bridge the gap until "new" environmentally benign energy sources are developed and commercialised; greening the coal-to-energy chain; and addressing issues related to electric power network system

interconnections.

Our expert groups and working parties work to accelerate energy efficiency improvements by assisting member States with policy reform, capacity building, and energy efficiency market formation. That work addresses efficiency potential from primary energy supply through transport and transmission to end-use consumers. We also work to reduce the environmental footprint of fossil energy by accelerating the uptake of advanced fossil technology, improving the effectiveness of energy resource management and development, and enhancing the contribution that natural gas can make to the transition to a green economy. We are working to enhance access to modern energy services through cost-effective penetration of renewable energy sources. Our work addresses as well emerging challenges in the area of energy, from distributed generation to smart grids, smart buildings, smart vehicles, and so forth.

Because energy security considerations are dynamic, the energy security dialogue must be dynamic and continuous. UNECE contributes to that dialogue from a sustainable and economic perspective as well as from a technical perspective, which we do through our Committee on Sustainable Energy, while OSCE provides a high-level platform such as this forum to bring member States' political engagement. As I mentioned previously, we have been and remain prepared to support member States by providing a continuing platform for an energy security dialogue. UNECE and our sister UN agencies that have strong energy programmes can collaborate with OSCE and other relevant international organizations such as the Energy Charter secretariat to help our respective member States procure a secure energy supply.

At the end, I would like to thank the Government of Turkmenistan for organizing this event and kind hospitality.

Thank you for your attention.