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23 January 2015

MINUTES OF THE 20th UNECE GAS CENTRE EXECUTIVE BOARD MEETING

held at the Palais des Nations, Geneva, on Monday, 19 January 2015

I. ATTENDANCE

1. The following members of the Executive Board were in attendance:

- Mr. Sergey BALASHOV, Chairman (JSC Gazprom)
- Mr. Svetislav KRSTIC, Vice-Chairman (Srbjagas)
- Ms. Mürside TAYMAZ (BOTAŞ Petroleum Pipeline Corporation)
- Mr. Sait Serdar Leblebicioglu (BOTAŞ Petroleum Pipeline Corporation)
- Mr. Frédéric FONTAN (EDF)
- Ms. Mariana Ortiz LABORDE (Gas Natural Fenosa)
- Mr. Francisco Javier RUBIO (Gas Natural Fenosa)
- Mr. Anatolii ANDRIIEVSKYI (Naftogaz of Ukraine)
- Mr. Marin ZOVKO (Plinacro Ltd)
- Mr. Vladimir DUROVIC (Plinacro Ltd)
- Mr. Adrian Alexandru MARES (Romgaz SA)
- Mr. Kamal ABBASOV (SOCAR)
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2. Mr. Togrul BAGIROV, Senior Advisor to the Gas Centre (International Petroleum Club);

3. The UNECE secretariat was represented by:

- Mr. Christian Friis BACH, Executive Secretary
- Mr. Scott FOSTER, Director of the Sustainable Energy Division (Member of the Gas Centre Executive Board)
- Mr. Alexandre CHACHINE, Acting Manager, Gas Centre

II. PROVISIONAL AGENDA

4. The provisional agenda of the meeting was approved.

III. GAS CENTRE WORKING PROGRAMME IN 2014 (Agenda item I)

5. The secretariat reported on the meetings held in 2014 (Annex I). Out of six meetings that were in the programme of work of the Gas Centre, four meetings were held (the October 2014 meeting of the Industry Forum was moved from St. Petersburg to Geneva and was held on 19 January 2015 in conjunction with the 20th meeting of the Gas Centre Executive Board meeting).
6. The only two meetings that were not held were the Database Technical Committee meeting (Geneva, 17-18 June 2014), which was cancelled by the decision of the Executive Board Bureau, and the Task Force on Supply, Infrastructure and Markets (November 2014) which was cancelled by the host company (GAIL).

Decisions:

- a) To thank the companies and the secretariat of the Gas Centre for their support and active role in the implementation of the 2014 Programme of work under specific complex times the Gas Centre was undergoing in 2014;
- b) To approve the work done by the Gas Centre in 2014;
- c) To consider the 2014 programme of work of the UNECE Gas Centre as fully implemented and completed.

IV. GAS CENTRE MEMBERSHIP – LATEST DEVELOPMENTS (Agenda item 2)

7. The secretariat reported on the current status of the Gas Centre membership and developments in 2014 (Annexes II and III).
8. In particular, it was noted that in April 2014 the former programme manager Ms. V. Ducrot was dismissed from the United Nations Organisation by the UN Headquarters following a thorough investigation by the UN competent authorities.
9. Following the discussions of the 19-th Executive Board meeting in January 2014 on the possible transfer of the Gas Centre by its members from the UNECE to some other organisation, the World Energy Council in particular, and the subsequent decision by the Board to conduct a survey among member companies with this regards, some of the companies had taken a decision to discontinue their membership in the Gas Centre as of 1 January 2015.
10. As a result, seven companies out of 18 that were members as of 1 January 2014 have withdrawn from the Gas Centre, namely OMV, GDF Suez, GAIL, ENI, AFRIQUIA GAZ, Plinovidi d.o.o. and the SWISSGAS (Annex II). The other eleven companies were strongly in favour of keeping the Gas Centre under the umbrella of the UNECE or preferred to postpone their final decision until after the 20-th meeting of the Executive Bureau on 19 January 2015.
11. In order to give a chance to all companies to rebuild a strong and useful Gas Centre, including those who have announced their wish to withdraw, the UNECE Executive Secretary Mr. Christian Friis Bach in his letter of 3 November 2014 offered a free membership in 2015. The seven gas companies that had already decided to terminate their membership confirmed their initial decision.
12. Out of the remaining eleven Gas Centre member companies, representatives of nine companies attended the Executive Board meeting. Representatives of STEG (Mr. A. Nasr – Tunisia) and KazMunayGas (Mr. Y. Shakhrebekov – Kazakhstan) sent their excuses for

their absence from the meeting as they could not obtain visas on time. Both companies expressed their interest and support to the Gas Centre under the auspices of the UNECE and their appreciation to the Executive Secretary for the free-of-charge membership in 2015 that is possible thanks to the unspent past annual contributions of member companies accumulated up to 2014.

Decisions:

- a) To take note of the information provided by the secretariat;
- b) To request the secretariat to prepare proposals aimed at enhancing the membership of the Gas Centre in 2015, including engagement of a highly qualified and reputable gas expert to carry out the fundraising activities for the Gas Centre through the enhancement of the membership, also through the gas companies from outside the UNECE region;
- c) Activities of such expert could be financed from the budget line 1102 (Project Manager) – unspent money until a new Project Manager is recruited and in place; from the budget line 1301 (Administrative Support Personnel) until the secretary is recruited and in place; and from the budget line 1151 (Consultants);
- d) To invite all members of the Executive Board to promote the Gas Centre actively within the global gas community and solicit new members.

V. Financial Contributions in 2014 and Cost Plan for 2015 (Agenda item 3)

13. The secretariat commented on the existing scheme of payments to the Trust Fund where the contributions are made in Euros; the budget and the cost plans are prepared in US dollars, while most of the expenditures (almost 90%) are paid in Swiss francs. In this regards attention of participants was drawn to the recent depreciation (about 15%) of the Euro and the US dollar against the Swiss franc, which may affect the Gas Centre budget in 2015.
14. The secretariat reported on the financial contributions received in 2014, expenditures in 2014, and the proposed Cost Plan for 2015.
15. The following cost plan was prepared for consideration and approval by the Executive Board:

IMIS TC Obj. Code	IMIS Obj. Class	Object of Expenditure	2015 (US\$)
11 02	441	Project Personnel - Database Manager	205,000
11 51	441	Consultants	40,000
13 01	441	Administrative Support Personnel	100,000
13 21	441	Administrative Support Personnel (short-term)	6,000
15 01	441	Travel on official business	20,000
16 01	441	Mission costs / expert travel	15,000
33 01	443	In-Service Training	3,000
42 01	444	Non-Expendable Equipment	500
45 01	444	Expendable Office Equipment	100
51 01	445	Operation and Maintenance of Equipment	300

53 01	445	External Printing	500
53 02	445	Hospitality	3,000
53 03	445	Telecommunication Costs	1,000
53 05	445	Sundry	500
	[1]	Net Total	394,900
	[2]	13% Programme Support Costs of [1]	51,337
	[3]	GRAND TOTAL: [1]+[2]	<u>446,237</u>

Decisions:

- a) To approve the expenditures of the Gas Centre in 2014;
- b) To approve the Gas Centre 2015 Budget at the amount of US\$ 446,237 as listed in the above Table;
- e) To invite Mr. S. Krstic to arrange payment of outstanding membership fees by Srbjagas for the years 2013 – 2014, before 1 June 2015;
- f) To invite KazMunayGas to pay their outstanding membership fee for 2014 before 1 June 2015;

VI. Revamping the Gas Centre – Revised Terms of Reference (Agenda item 4)

16. Representatives of the companies attending the meeting discussed the document prepared by the secretariat – “Reinventing the Gas Centre – Terms of Reference”. A number of comments were made by the members of the Board.

Decisions:

- a) To approve the Terms of Reference (TOR) of the Gas Centre contained in the document “Reinventing the Gas Centre – Terms of Reference” with comments and amendments as made at the Executive Board meeting (the final version of the TOR to be distributed with the Minutes);
- b) To request the secretariat to present the TOR to the 2-nd session of the Group of Experts on Gas (20 January 2015);
- c) To request the Executive Secretary to present the 2015 plan for the Gas Centre to the Executive Committee of UNECE on February 10, 2015.
- d) To request the secretariat to implement the activities of the Gas Centre based on its revised and approved Terms of Reference.

VII. Programme of Work for 2015 (Agenda item 5)

17. Executive Board members reviewed the draft programme of work prepared by the secretariat (Annex IV). They agreed, in principle, with the proposed list of activities and the priority ranking with one change: Mr. A. Andrievskyi (Naftogaz of Ukraine) proposed to change the priority of the topic “Enhancing security of gas supply” from III to II.
18. It was agreed that the following meetings should be maintained throughout the year 2015: Gas Centre Executive Board (EB); Task Force on Supply, Infrastructure and Markets (SIM); Task Force on Gas Markets and Regulation (GMR); and Gas Centre Industry Forum (GIF).

19. Regarding the Gas Centre Data Base its importance for the programme was stressed but it was decided to suspend this activity until some time in the future when the Gas Centre membership can agree on an updated set of activities.
20. The secretariat informed the participants of the need to engage an interim Programme Manager for 2015 and that related administrative processes have been launched. Given that a formal UN procedure of engaging a new staff member to this position may take up to six or nine months, the secretariat can hire an interim manager more quickly through a different procedure.

Decisions:

- a) To approve the Gas Centre programme of work for 2015 as amended;
- b) To request the secretariat to work with the member companies on the final programme of work organising meetings for the year 2015 as appropriate. In addition, the secretariat's work in 2015 should also be concentrated on enhancing the membership and strengthening the financial situation of the Gas Centre;
- c) To invite the ECE Executive Secretary, Mr. Christian Friis Bach, to inform the members of the ECE Executive Committee at its next meeting on 10 February 2015 of the results and decisions taken by the Gas Centre Executive Board on the revamping and reinforcement of the UNECE Gas Centre.

VIII. Election of the Bureau (Agenda item 6)

21. The 20-th meeting of the Gas Centre Executive Board has elected its Bureau as follows:
 - Mr. Sergey BALASHOV (JSC Gazprom) – Chairman;
 - Mr. Manuel Fernandez ALVAREZ (GasNatural Fenosa) – Vice-Chairman;
 - Mr. Svetislav KRSTIC (Srbjagas) - Vice-Chairman, and
 - Mr. Kamal ABBASOV (SOCAR) - Vice-Chairman.

IX. Other Business (Agenda item 7)

22. No other business was discussed under this agenda item.