



Statement by Mr. Andrey Vasilyev

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Opening

Good morning:

- Excellencies; delegates; colleagues; friends; ladies; gentlemen
- It is a pleasure to be here. Thanks very much to the Government of Georgia for welcoming us here in Tbilisi and for hosting this event - Fourth International Forum: Energy for Sustainable Development. Our particular gratitude goes to Mr. Kakhaber Kaladze, Minister of Energy, Vice Prime Minister of Georgia and Mr. Giorgi Kvirikashvili, Minister of Economy and Sustainable Development, Vice Prime Minister of Georgia, and to your colleagues from these two Ministries who have made this event possible. I am pleased to tell you that yesterday I had very productive meetings with Deputy Ministers Mr. Ilia Eloshvili and Mr. Mikheil Janelidze from these two Ministries and we agreed that there is significant potential for our cooperation.
- Back to back with this Forum, on 19 September, UNECE will organize National workshop on Energy Efficient Housing in Georgia. This workshop is organized in cooperation with Ministry of Economy and Sustainable Development. This national workshop will explore possibilities for the development of the national action plan on energy efficiency in housing sector as requested by the Government of Georgia.
- I would also like to thank our partners in organizing this event since the first Forum was held in 2010 – UN Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Development Programme (UNDP). Their representatives are here on the podium and in this conference room.
- Thank you all for joining us.

As I have noted, this is the 4th International Forum on Energy for Sustainable Development. Each year has built on the success of the previous years, and we are delighted to deepen and expand our collaboration with the host government, our partners, and all of our participants – it very much highlights the importance of this agenda for our region and in fact for the world. We – all the organizers – have worked very hard to make this a valuable event for all of you present here and for the countries and organizations that you represent. As you know the opening session will be followed by a high-level round table and two plenary sessions on energy efficiency in housing and buildings and on financing of energy efficiency and cleaner technology projects. Parallel workshops tomorrow will include two organized by the UNECE: *A Road Map to Energy Efficient Residential Sector* and (jointly with ESCAP) *Case Studies on Policy Reforms to Promote Financing Energy Efficiency Investments and Advanced Energy Efficiency Technologies*.

For those of you who may not be familiar with UNECE, we have prepared a brief – 3-minute – video that illustrates without words what the UN Economic Commission for Europe does for people of our region, and I would ask my colleagues to play it for us now.

Thank you!

Keynote Presentation

In the energy sector the challenge to achieve a sustainable energy future is enormous. The time to act is now and action must be on a scale that addresses the challenge. Policy responses must be bold if the world is to get on the path to a sustainable future. There is need to:

- address market failures that hinder improvement of energy and carbon intensities
- invest in end-use energy efficiency
- improve the efficiency of existing coal-fired power stations
- progressively switch to natural gas away from coal
- develop the technologies of renewable energy further so they can contribute to cost-effective attainment of environmental goals

- put in place systems of smart grids, smart cities and all things ‘smart’ that will allow renewables to play a bigger role, and in the interim use natural gas as an efficient back-stop for intermittent renewables
- pursue and develop projects that cost-effectively capture and store carbon

In sum, in the complex world of energy, each technology has a role to play. There is no single solution.

The coming decade, 2014-2024 will be the International Decade of Sustainable Energy for All. The goals of the Sustainable Energy for All Initiative include ensuring access to modern energy services, improving the energy intensities of national economies, and encouraging renewable energy technology as an instrument in decarbonizing the energy sector.

The challenge is to meet these goals with rational, effective, and equitable policies. A shift to green that is too abrupt and that does not consider financial consequences or social implications may discredit the legitimate contributions of new technologies and delay effective progress in meeting targets.

In other words, one should proceed with caution. But today's general directions appear clear: promulgate sensible economic, energy, and environmental policies; address market failures; build capacity for technology transfer; and develop financial instruments that are appropriate for local circumstances. Finally, the work that is being done must be seen as benefiting society as a whole if policies are to be sustained.

Improving the environmental footprint of energy-related activities in our region involves efforts to reduce the environmental impact of primary energy production and transport. Such efforts may include:

- reducing emissions from coal mines, through modern management of methane or optimal development of coal resources. UNECE has expert groups actively involved in coal mine methane management and on classification of energy reserves and resources.
- reducing leaks in the gas transportation and distribution networks and gas production, a topic that can be addressed by the UNECE Working Party on Gas.
- reclaiming land and improving water management (notably this is a concern for development of shale oil and gas).

We must also improve the environmental footprint of energy transformation to electricity and heat. Improvements may come at the end with emissions control at power plants – not only carbon dioxide, but also sulfur dioxide, nitrous oxides, ash, particulate matter, and other pollutants. Or the improvement may come from better technology used for the transformation. Increasing the efficiency of old power plants with new technology could have a major effect. The average efficiency of coal plants worldwide is 29%, whereas the best technology available has efficiencies upwards of 44%. UNECE’s work involves not only dissemination of best practices and best technology, but also assisting with energy policy formulation and financing. The improvement can also involve implementation of combined heat and power plants, distributed generation, deployment of renewable energy, smart grids, energy efficiency, smart cities, and so forth. All of these efforts are necessary if we are to reduce the environmental footprint of energy activities and thereby enhance both stability and security.

Energy security is a priority for the majority, if not all, 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 includes energy - specifically, the ability for UNECE members to secure affordable and sustainable energy supply.

UNECE, with its sister UN agencies that have strong energy programmes can collaborate with all relevant international organizations and our respective member States in providing a secure energy supply. UNECE contributes to that collaboration and dialogue from a technical/economic/sustainable development perspective.

The mandate, though simply stated, is in fact complex. It includes security. It includes affordability. And, it includes sustainability.

First, 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. *Above all, it requires governments to put in place the policies and regulations that empower producers and consumers to respond to a dynamically changing environment.* The UNECE Committee on Sustainable Energy has a specific mandate to continue its energy security dialogue.

Second, affordability. This concept is challenging. It implies that end-use prices should be affordable. But the term is nuanced. Affordability takes account of life-cycle costs, including returns on 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. *Again, it requires governments to put in place the policies and regulations that empower producers and consumers to respond to a dynamically changing environment.*

Finally, UNECE mandate 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.

The energy sector is at the nexus of economic and environmental sustainability. The world is changing rapidly in terms of environmental considerations, technological progress, and globalization. And the pace of change is accelerating.

The economic challenge is to secure affordable and sustainable energy services for energy consumers. However, because the world is changing so rapidly, governments cannot afford to bet on specific technologies. It is investors who should be putting their capital at risk. *And yet again, governments should focus on providing a long-term, stable framework for all energy chains from the source to final use to ensure "proper" investment and consumption decisions.*

All of these topics and activities are at the heart of what drives this forum. I would like to wish you dynamic and fruitful dialogue and debate, and look forward to their outcome that will help guide our future activities.

Thank you.