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SUSTAINABLE ENERGY AND TRADE

**Activities of the UNECE Committee on Sustainable Energy of Interest to the
Committee for Trade, Industry and Enterprise Development**

DOCUMENT FOR INFORMATION AND DISCUSSION

Note by the secretariat

In 2002, the Bureau of the Committee for Trade, Industry and Enterprise Development (CTIED) decided to make an in-depth review of one UNECE Principal Subsidiary Body at each Committee session to assist the CTIED in identifying potential areas for cooperation.

This paper describes activities of the UNECE Committee on Sustainable Energy (the CSE) that are related to areas of interest to the CTIED. These areas represent opportunities for possible cooperation between the two Committees.

After an overview of the main goals and areas of activities of the Committee on Sustainable Energy (CSE), the report will highlight ones that the CTIED might find particularly interesting.

A. Overview of the programme activities of the Committee on Sustainable Energy

1. The Committee on Sustainable Energy promotes international cooperation in the field of energy. It assists UNECE member States in:

- Elaborating energy strategies and policies to facilitate the societal transition to more sustainable forms of energy development
- Harmonizing legislation, regulatory systems and policies
- Developing and implementing norms, standards, and labelling and classification systems in the field of energy

2. The Committee also provides member States with a forum for exchanging information, views and experiences on general energy issues, such as industry restructuring, market liberalization, and energy pricing.

3. It is currently focusing on the following six areas:

- Normative activities in the energy field, including labelling and classification systems and related legal and policy frameworks
- Opening and liberalization of energy markets; pricing policies and supply and security
- Sustainable energy strategies
- Rational use of energy, efficiency and conservation
- Energy infrastructure including electric power and gas networks
- Coal and sustainable energy development

4. A short description of the Committee's activities that relate to these six areas is provided in the annexed table. More information on the Committee's work programme and functioning can be found at: <http://www.unece.org/ie/se/com.html>

B. AREAS OF INTEREST WHICH ARE COMMON TO BOTH COMMITTEES

5. Most of the activities of the Committee on Sustainable Energy are cross-sectoral. The Committee actively cooperates with other UNECE subsidiary bodies; for example in joint projects in timber and transport, notably on wood as a source of energy and the 'Blue Corridor' project promoting the use of natural gas as a transport fuel.

6. The following activities, which are of particular interest to the CTIED, represent possible areas for cooperation between the Committees:

- Providing technical assistance to countries with economies in transition
- Labelling and classification systems and the related legal and policy frameworks
- Promoting sustainable development in UNECE member States
- Addressing issues raised by the EU enlargement, especially for non-European-Union countries.

Technical assistance

7. The Committee on Sustainable Energy provides technical assistance and support to countries with economies in transition to help them implement market-oriented energy policies and market-based energy reforms, and promote the development of the energy sector. Among major current activities in this area are the “Gas Centre” initiative and the “Energy Efficiency 21” project, described below. Information on other capacity-building programmes is available at: <http://www.unece.org/ie/se/introsu.html>.

8. UNECE launched the Gas Centre in 1994 as a technical cooperation programme to help Governments and gas companies in Central and Eastern Europe create more decentralized and market-based gas industries. The programme focuses on:

- Exchange of information, views and data between the member companies on the gas markets and gas industry; and between the gas industry, the UNECE and Governments
- Enhancing the network of gas companies in the UNECE region
- Promoting the interests of the gas industry in the region and cooperating in the interest of the gas industry with other agencies/international organizations
- Institutional capacity development and training

9. The Centre currently provides the following services:

- Programme of meetings on gas-industry policy issues, reform and restructuring, legal and regulatory measures, tariff systems, contracting, financial aspects and investments in countries with economies in transition
- Publication of proceedings, presentations and reports on the restructuring, reforms, and other key issues in the gas industry in transition countries
- On-line database on major gas markets in the UNECE region
- Technical missions dedicated to specific issues in economies in transition

10. The Gas Centre’s three current Task Forces address the implementation of the EU Gas Directives, transportation and tariffs, as well as the gas industry’s company and market structures. Further information on the Gas Centre is available at: <http://www.gascentre.unece.org/>

11. The Energy Efficiency 21 (EE21) project (<http://www.ee-21.net/>) is a region-wide project aimed at enhancing trade and cooperation in energy efficient, environmentally sound technologies and management practices. Its aim is to help close the energy efficiency gap between actual practice and best technologies, and between developed countries and economies in transition in the UNECE region. The project works on:

- Enhancing the dissemination and exchange of information, analyses and experiences on energy efficient, environmentally-sound technologies
- Improving the networking of institutions, organizations and individuals working in the area of energy efficiency
- Providing institutional capacity development and training in business planning, financial engineering and project development
- Promoting the implementation of energy efficiency legislation
- Identifying energy efficiency investment projects and potential sources of financing

12. Recent EE21 activities and developments include developing carbon emissions trading standards, promoting energy policy reforms, encouraging sound business practices and, in particular, the release of nine new publications, including four CD-ROMs on issues related to the financing, investment and development of energy efficiency in the region.

Labelling and classification systems , and related legal and policy framework

13. The CTIED might find particularly interesting the work that the Committee on Sustainable Energy does on promoting convergence in the overall legal, regulatory and policy energy framework. This includes developing classification systems and guidelines for reserves/resources of energy and energy commodities.

14. Work on regional implementation of the United Nations Framework Classification for Reserves and Resources forms a major part of these activities. The objective of the Framework Classification is to accommodate and incorporate all national systems for classifying reserves/resources so as to make them comparable and compatible and thus enhance international communication. There are currently more than 150 different classifications for energy reserves/resources in use worldwide.

15. The Framework Classification, which provides common criteria for evaluating the different reserves/resources worldwide, creates increased confidence in long-term forecasting and encourages cross-border investments in liberalized markets. It plays a particularly important role for countries with transition economies because it can assist them in attracting foreign investors for exploitation.

16. Since the CTIED also works on the harmonization of technical standards, the recent policy dialogues on energy standards organized by the Committee on Sustainable Energy will be of interest. For instance, during the last meeting of the EE 21 project, participants spoke about the impact of energy efficiency standards and labels for major household appliances and the role of EU standards and labels and voluntary industry agreements in improving the energy efficiency of cooling and washing appliances.

Sustainable development in the UNECE region

17. Both committees strive to ensure sustainable development in the UNECE region, especially in countries in transition.

18. The Committee on Sustainable Energy, in cooperation with the UNECE Committee on Environmental Policy, has created an Intergovernmental Task Force on Reforming Energy Prices for Sustainable Development to review and assess energy pricing in economies in transition. The aim is to draw up guidelines on energy pricing for policy makers, analyse energy subsidization in western and eastern countries of the UNECE region and assess methodologies for internalizing environmental costs through the use of fiscal instruments (including taxation) and measures to promote these methodologies. The Committee's guidelines for reforming energy prices to meet sustainable energy development objectives were recently adopted at the "Environment for Europe" Ministerial Conference in Kiev. The Committee also evaluated energy security risks through the UNECE Energy Security Forum, with the participation of experts from the Organization of Petroleum Exporting Countries, the EU, the Russian Federation, the United States and the energy community. In addition, the Ad Hoc Group of Experts on Coal and Thermal Power is realigning its work to better respond to the challenges of the global sustainable development and environmental debate.

Issues raised by EU enlargement, especially, for non-EU countries

19. Sharing the CTIED's commitment to providing a proper analysis of the challenges and opportunities created by EU enlargement, especially, for the non-EU countries, the Committee contributed to assessing the consequences of some major EU instruments for both EU accession and non-EU countries.

20. In particular, one of the main long-term tasks of the Gas Centre is to evaluate the ramifications of the EU Gas Directive for EU Member States, gas markets and gas industries, as well as its implications for countries in Central and Eastern Europe. The post-Enlargement context is also taken into account in the Committee's analysis of the integration into energy policy making of: energy restructuring; legal, regulatory and energy pricing reforms; and the social dimension.

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ANNEX

UNECE COMMITTEE ON SUSTAINABLE ENERGY

Area One: Normative activities in the energy field, including labelling and classification systems and related legal and policy framework

- Implementation of the United Nations International Framework Classification for Reserves/Resources: Solid Fuels and Mineral Commodities
- Harmonization of terminologies and classification systems for reserves/resources of energy commodities (petroleum, natural gas, coal and uranium)
- Preparation and publication of the International Codification System For Low-Rank Coal Utilization
- Development of standards for carbon emissions trading
- Harmonization/convergence of norms, practices and policies
- Provision of technical assistance to countries with economies in transition in the regulatory and policy fields

Area Two: Opening and liberalization of energy markets, pricing policies and supply and security

- Assessment, monitoring and exchange of experiences regarding the implementation of the EU Gas Directive in EU Member States and its extension to other UNECE countries
- Dialogue with the private sector on the implementation of market liberalization principles and practices
- Assessment of the security of natural gas supplies
- Assessment of overall energy security risks and potential policy responses
- Institutional capacity development and training for economies in transition regarding industry restructuring, privatization, pricing and tariff setting
- Exchange of views and policy-related studies on the implications of market liberalization for government objectives, such as energy security and protection of the environment
- Assessment of prospects for coal and coal-based electricity in liberalized energy markets
- Technical advisory missions relating to regulatory matters, industry restructuring and market liberalization.

Area Three: Sustainable energy strategies

- Development of guidelines for reforming energy pricing and removal of (consumption) subsidies for sustainable energy development
- Review of sustainable energy indicators for monitoring performance
- Regional input to the work and activities of the Commission on Sustainable Development
- Dialogue with the private sector and non-governmental organizations to facilitate transition to a sustainable energy future
- Dissemination of information and provision of technical assistance on sustainable energy issues to countries with economies in transition
- Participation in developing an international bench-marking systems for industrial processes to promote environmentally benign best practices
- Reappraisal of the key energy issues in the UNECE region and the energy policy responses required to meet the challenges of sustainable energy development
- Periodic exchange of views on energy security risks and their interactions with the global financial community and investments in the energy sector

Area Four: Rational use of energy, efficiency and conservation

- Development of guidelines for improving energy conservation and efficiency
- Networking and information exchange, including through world wide web
- Development and implementation of energy efficiency demonstration zones in economies in transition
- Institutional capacity building and training activities in business planning, financial engineering and project development
- Assistance in securing financing for energy efficiency projects
- Rational use of energy and water resources in Central Asia under the auspices of the Special Programme for Economies of Central Asia - SPECA
- Dissemination of the Carbon Energy Emissions Handbook on CD-ROM through seminars and training courses
- Exchange of views and technical information on the efficiency of gas equipment and appliances

Area Five: Energy infrastructure including electric power and gas networks

- Annual reviews of the situation and prospects for European interconnections in the fields of electric power and natural gas
- Evaluation and dissemination of information to promote and facilitate the security of supply of electricity
- Technical assistance and support to develop a regional electricity market and better integration of the electricity networks of countries with economies in transition
- Updates of studies on Underground Gas Storage, Gas Grids and Map of Natural Gas Reserves
- Assessment of the feasibility of an international programme to establish a transboundary corridor in the UNECE region for freight traffic by natural gas vehicles - the Blue Corridor Project

Area Six: Coal and sustainable energy development

- Periodic assessments of the prospects and outlook for coal and thermal power
- Assessment of the opportunities for coal in a competitive energy market
- Dissemination of information on technological innovations that will result in a reduced environmental impact from coal use
- Periodic gathering of information and analysis on coal industry restructuring
- Assessment of the economic and social impacts of restructuring the coal industries and transfer of know-how and best practices to economies in transition
- Evaluation, promotion and dissemination of information on agreed policies and cooperation on clean coal combustion in small and medium-sized boilers
- Dissemination of information on improving the thermal efficiency of large coal-fired power plants and the reduction of environmentally harmful emissions

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