

# Economic Commission for Europe Committee on Sustainable Energy

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## **Expert Group on Resource Classification**

### **Specifications for the application of the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009 (UNFC-2009) to Renewable Energy Resources**

**Draft document prepared by the Renewables Task Force<sup>1</sup>**

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<sup>1</sup> Please note that this is a draft document under preparation by the Task Force on Application of UNFC-2009 to Renewable Energy Resources Phase One. The final draft will only be issued for public comment following approval by the Expert Group on Resource Classification.

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## PART I: INTRODUCTION

The purpose of this document is to enable the application of the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009 (UNFC-2009), incorporating Specifications for its Application (as set out in ECE Energy Series No. 42), to Renewable Energy Resources. The existing Generic Specifications are repeated in Part IV for consistency and additional context for application to Renewable Energy Resources is provided where deemed necessary. The intended use of this document is in conjunction with the UNFC-2009 and its Generic Specifications.

These specifications represent “rules of application” of the UNFC-2009 for Renewable Energy. The United Nations Sustainable Energy for All (SE4ALL) definition of Renewable Energy is adopted in this document:

*“Renewable energy is energy that is derived from natural processes (e.g. sunlight and wind) that are replenished at a higher rate than they are consumed. Solar, wind, geothermal, hydro<sup>2</sup>, and biomass are common sources of renewable energy”.*

## PART II: RENEWABLE ENERGY DEFINITIONS

### A. Renewable Energy Resources

Renewable Energy Source is the equivalent of the terms “deposit” or “accumulation” used for fossil fuels and solid mineral resources. Renewable Energy Source is the primary energy (e.g. sun, wind, biomass, earth heat, river flow, tides, waves) available for extraction of (and conversion into) Energy Products. The main difference with fossil fuels or solid minerals is that the renewable energy source is replenished at a higher rate than the energy is consumed<sup>3</sup>.

An Energy Product is directly linked to (or a direct replacement of) a **fungible** energy commodity and therefore clear has a market value.

**Renewable Energy Resources** are the cumulative quantities of extracted<sup>4</sup> and **marketable** Energy Products from the Renewable Energy Source, measured at a Reference Point.

### B. Defining the Project

The resource classification process consists of identifying a Project, or Projects, associated with a Renewable Energy Source, estimating the regenerative potential of Renewable Energy available, estimating that portion of those available quantities that can be extracted as Energy Products by each Project, and classifying the Project(s) based on maturity status or chance of commerciality.

The Project is the link between the Renewable Energy Source and sales quantities of Energy Products and provides the basis for economic evaluation and decision-making. There is a clear recognition of risk versus reward for the investor, linked to uncertainties and/or variability in the Renewable Energy Source, the efficiency of the extraction process, energy product prices and

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<sup>2</sup> In this definition the term “hydro” includes energy generated from waves and tides

<sup>3</sup> The SE4ALL definition is used here, but it is noted that alternative definitions describe renewable energy as being replenished *at an equal or higher rate than consumed*.

<sup>4</sup> The term “extraction” is used in these Specifications. This term is equivalent to “production” and “recovery”, which are commonly used for petroleum reserves/resources

market conditions (including policy support mechanisms). In the early stages of evaluation, the Project might be defined only in conceptual terms, whereas more mature Projects will be defined in significant detail.

The cumulative quantity of Energy Products taken to the Project's economic, contractual or other time limit defines the Renewable Energy Resource quantity.

### **C. Project Life Time**

The forecasted Renewable Energy Resources for a Project are constrained by the economic limit, Project lifetime or by entitlement.

The *economic limit* is defined as the extraction rate beyond which the remaining cumulative net operating cash flows from the Project are negative, a point in time that defines the Project's economic life. A significant difference with non-renewable energy Projects is that the economic limit will often not be an appropriate basis for the resource assessment because renewable energy is replenished at a higher rate than consumed<sup>5</sup> and other Project limitations will become relevant before the economic limit is reached.

Generally, it will be necessary to limit the resources to a defined Project lifetime of a number of years. This Project lifetime can be determined from the design basis of the facilities or key components of those facilities, or based on industry practice or benchmarks for similar Projects. Routine maintenance requirements do not constrain the Project lifetime, but a need for significant capital re-investment, requiring a new Project investment decision and/or regulatory approval, would have to be captured, from a resource assessment perspective, as a separate Project of lower maturity.

The reporting entity's *entitlement* (see Section D below) to the Renewable Energy Resources may also be limited in time and, if of lesser duration than the design life of the facilities, will be the constraining factor for the entity's resource reporting.

### **D. Entitlement**

A reporting entity's "entitlement" to Renewable Energy Resources is governed by applicable contracts. Key elements that provide the basis for the ability of the entity to recognize and report resources are: (1) access to the Renewable Energy Source, (2) exposure to risks in the extraction process and (3) the opportunity for reward through the subsequent sales of the Energy Product(s).

### **E. Development Plan**

In order to assign extractible resources to any class, a development plan needs to be defined consisting of one or more Projects. The level of detail appropriate for such a plan may vary according to the maturity of the Project and may also be specified by regulation.

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<sup>5</sup> The output from a Renewable Energy Project generally decreases over time (due to reducing efficiency in the conversion process) but can remain cash flow positive for a very long time (e.g. hydroelectric Projects)

## **PART III: DEFINITION OF CATEGORIES AND SUPPORTING EXPLANATIONS**

The following text is from the UNFC-2009: *“UNFC-2009 is a generic principle-based system in which quantities are classified on the basis of the three fundamental criteria of economic and social viability (E), field Project status and feasibility (F), and geological knowledge (G), using a numerical coding system. Combinations of these criteria create a three-dimensional system. Categories (e.g. E1, E2, E3) and, in some cases, sub-categories (e.g. E1.1) are defined for each of the three criteria as set out and defined in Annexes I and II of the Generic Specifications.*

*The first set of categories (the E axis) designates the degree of favourability of social and economic conditions in establishing the commercial viability of the Project, including consideration of market prices and relevant legal, regulatory, environmental and contractual conditions. The second set (the F axis) designates the maturity of studies and commitments necessary to implement mining plans or development Projects. These extend from early exploration efforts before a deposit or accumulation has been confirmed to exist through to a Project that is extracting and selling a commodity, and reflect standard value chain management principles. The third set of categories (the G axis) designates the level of confidence in the geological<sup>6</sup> knowledge and potential recoverability of the quantities. The categories and sub-categories are the building blocks of the system, and are combined in the form of “classes”. UNFC-2009 can be visualized in three or represented in a practical two-dimensional abbreviated version as both show in Table # and # below.”*

Additional context is added to the tables below, where deemed necessary for the application of the UNFC-2009 to Renewable Energy Resources.

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<sup>6</sup> In the renewable context, the third set of categories does not necessarily represent the level of confidence in the geological knowledge and potential recoverability (except for Geothermal) but in other factors that play a role in the uncertainty in the quantity of Renewable Energy Resources that may be extracted from the Project.

Category	Definition	Supporting Explanation (UNFC-2009 ANNEX I)	Additional Renewables Energy context
<b>E1</b>	Extraction and sale has been confirmed to be economically viable	Extraction and sale is economic on the basis of current market conditions and realistic assumptions of future market conditions. All necessary approvals/ contracts have been confirmed or there are reasonable expectations that all such approvals/contracts will be obtained within a reasonable timeframe. Economic viability is not affected by short-term adverse market conditions provided that longer-term forecasts remain positive.	Extraction is the process of converting a primary energy source (e.g. wind, solar power, biomass) into a marketable energy product (e.g. electricity, liquid transport fuel).
<b>E2</b>	Extraction and sale is expected to become economically viable in the foreseeable future.	Extraction and sale has not yet been confirmed to be economic but, on the basis of realistic assumptions of future market conditions, there are reasonable prospects for economic extraction and sale in the foreseeable future.	
<b>E3</b>	Extraction and sale is not expected to become economically viable in the foreseeable future or evaluation is at too early a stage to determine economic viability	On the basis of realistic assumptions of future market conditions, it is currently considered that there are not reasonable prospects for economic extraction and sale in the foreseeable future; or, economic viability of extraction cannot yet be determined due to insufficient information (e.g. during the assessment phase). Also included are quantities that are forecast to be converted, but which will not be available for sale.	

Category	Definition	Supporting Explanation (UNFC-2009 ANNEX I)	Additional Renewables Energy context
F1	Feasibility of extraction by a defined development Project or mining operation has been confirmed.	Extraction is currently taking place; or, implementation of the Renewable energy Project is underway; or, sufficiently detailed studies have been completed to demonstrate the feasibility of extraction by implementing a development Project or mining operation.	The term “development Project” is the “renewable energy Project” as described in Part II  Category F4, i.e. in situ (in place) quantities in the absence of a defined Project, is in the context of Renewable Energy Sources only relevant when the quantity is limited in time. Otherwise this quantity is by definition “replenished at a higher rate than consumed” and therefore infinite.
F2	Feasibility of Extraction by a defined development Project or mining operation is subject to further evaluation.	Preliminary studies demonstrate the existence of a Project in such form, quality and quantity that the feasibility of extraction by a defined (at least in broad terms) development Project or mining operation can be evaluated. Further data acquisition and/or studies may be required to confirm the feasibility of extraction.	
F3	Feasibility of production by a defined development Project or mining operation cannot be evaluated due to limited technical data.	Very preliminary studies (e.g. during the assessment phase), which may be based on a defined (at least in conceptual terms) development Project or mining operation, indicate the need for further data acquisition in order to confirm the existence of a Project in such form, quality and quantity that the feasibility of production can be evaluated.	
F4	No development Project or mining operation has been identified.	In situ (in-place) quantities that will not be produced by any currently development Project or mining operation.	

Category	Definition	Supporting Explanation (UNFC-2009 ANNEX I)	Additional Renewables Energy context
<b>G1</b>	Quantities associated with a known Project that can be estimated with a high level of confidence.	For in situ (in-place) quantities, and for recoverable estimates of fossil energy and mineral resources that are extracted as solids, quantities are typically categorised discretely, where each discrete estimate reflects the level of geological knowledge and confidence associated with a specific part of the deposit. The estimates are categorised as G1, G2 and/or G3 as appropriate.	The G-axis represents the level of confidence in estimates of the quantities of extractable, or potentially extractable, Renewable Energy Products associated with the Project. These could be considered as reflecting uncertainties impacting the Project and typically would cover areas such as meteorology, climatology, ecology, geography and geology (for Geothermal Projects). Typically the various uncertainties will combine to provide a full range of possible outcomes, comparable to the extraction of fluids in the petroleum sector. In such cases, categorisation should reflect three scenarios or outcomes that are equivalent to G1, G1+G2 and G1+G2+G3. Category G4 (Exploration Projects) is equally applicable to Renewable Energy products, based on the definition "Estimated quantities associated with a potential Project, based primarily on indirect evidence"
<b>G2</b>	Quantities associated with a known Project that can be estimated with a moderate level of confidence.	For recoverable estimates of fossil energy and mineral resources that are extracted as fluids, their mobile nature generally precludes assigning recoverable quantities to discrete parts of an accumulation. Recoverable quantities should be evaluated on the basis of the impact of the development scheme on the accumulation as a whole and are usually categorised on the basis of three scenarios or outcomes that are equivalent to G1, G1+G2 and G1+G2+G3.	
<b>G3</b>	Quantities associated with a known Project that can be estimated with a low level of confidence.		

<b>G4</b>	Estimated quantities associated with a potential Project, based primarily on indirect evidence.	Quantities that are estimated during the initial assessment phase are subject to a substantial range of uncertainty as well as a major risk that no development Project or mining operation may subsequently be implemented to extract the estimated quantities. Where a single estimate is provided, it should be the expected outcome but, where possible, a full range of uncertainty in the size of the potential deposit should be documented (e.g. in the form of a probability distribution). In addition, it is recommended that the chance (probability) that the potential deposit will become a deposit of any commercial significance is also documented <sup>e</sup>	
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## PART IV GENERIC SPECIFICATIONS

This section presents the Generic Specifications for the Application UNFC-2009 (noted in grey) with additional guidance and clarification provided with respect to application in the context of Renewables where required.

In these generic specifications, the following words have specific meanings:

- “Shall” is used where a provision is mandatory;
- “Should” is used where a provision is preferred; and,
- “May” is used where alternatives are equally acceptable.

Where a generic specification is defined below, this sets a minimum standard for reporting under UNFC-2009. However, where a specification for the same issue exists in the Aligned System, and it fully meets the requirements of the generic specification defined below, that specification may be adopted.

### A. Use of numerical codes

While the defined Classes and Sub-classes shown in Figures 2 and 3 of UNFC-2009 may be used as supplementary terminology, the relevant Numerical Code(s) shall always be reported in conjunction with the estimated quantity. For example, these may be documented in the form 111, 111+112, or 1.1;1.2;1, as appropriate.

Note that some Sub-categories are defined below that are in addition to those provided in Annex II of UNFC-2009. These optional Sub-categories have been identified as potentially useful in certain situations and have been defined herein in order to ensure consistency in their application. Nothing in this document shall preclude the possible use of additional Subclasses in the future that may be deemed to be useful in particular cases, especially where such Sub-classes facilitate the linkage to other systems and which may be defined in Bridging Documents.

### B. Bridging document

Application of UNFC-2009 requires reference to a Bridging Document for the relevant commodity-specific specifications. The Bridging Document that was used as the basis for the evaluation shall be disclosed in conjunction with the reported quantities.

#### Renewables – additional guidance:

The application of the UNFC-2009 to Renewable Energy Resources will be supported by a set of commodity-specific specifications and/or bridging documents for Bioenergy, Solar/Wind/Hydro and Geothermal energies.

### C. Effective date

Reported quantities are estimates of remaining quantities as at the Effective Date of the evaluation. The Effective Date shall be clearly stated in conjunction with the reported quantities. The evaluation should take into account all data and information available to the evaluator prior to the Effective Date. If information becomes available subsequent to the Effective Date, but prior to reporting, that could have significantly changed the estimated quantities as at the Effective Date, the likely effect of this information shall be disclosed.

### D. Commodity or product type

Estimated quantities should be reported separately for each commodity or significant product type that will be sold, used, transferred or disposed of separately. Where estimates for different commodities or product types have been aggregated for reporting purposes, and separate estimates

are not provided, the aggregated estimates shall be accompanied by a statement clarifying which commodities or product types have been aggregated and the conversion factor(s) used to render them equivalent for the purposes of aggregation<sup>7</sup>.

**Renewables – additional guidance:**

For Renewable Projects producing multiple sales products, the non-energy related output shall be excluded from the Renewable Energy Resource quantity.

### **E. Basis for estimate**

Reported quantities may be those quantities attributable to the mine/development Project as a whole, or may reflect the proportion of those quantities that is attributable to the reporting entity's economic interest in the mining operation or development Project.<sup>8</sup> The reporting basis shall be clearly stated in conjunction with the reported quantities. Government royalty obligations are often treated as a tax to be paid in cash and are therefore generally classified as a cost of operations. In such cases, the reported quantities may include the proportion attributable to the royalty obligation. Where the reported quantities exclude the proportion attributable to the royalty obligation, this shall be disclosed.

### **F. Reference point**

The Reference Point is a defined location within an extraction and processing operation at which the reported quantities are measured or estimated. The Reference Point may be the commodity sales point from the extraction and processing operation or it may be an intermediate stage, such as pre-processing (if required), in which case the reported quantities would not take into account processing losses. The Reference Point shall be disclosed in conjunction with the reported quantities. Where the Reference Point is not the point of sale to third parties (or where custody is transferred to the entity's downstream operations), and such quantities are classified as E1, the information necessary to derive estimated sales quantities shall also be provided.

**Renewables – additional guidance:**

In the case of renewables, the default for the Reference Point shall be the location in the extraction and conversion process at which the reported sales quantities of Renewable Energy Products are measured or estimated. Any deviation from this location shall be clearly justified. In all cases, the additional obligations for disclosure contained in the Generic Specification shall still apply.

### **G. Classification of Projects based on level of maturity**

Where it is considered appropriate or helpful to sub-classify Projects to reflect different levels of Project maturity, based on the current status of the Project, the optional Sub-classes shown in Figure 3 of UNFC-2009 may be adopted for reporting purposes. Additional guidance on the distinction between the Sub-classes of UNFC-2009 is provided in Annex V.

### **H. Distinction between E1, E2 and E3**

The distinction between quantities that are classified on the Economic axis as E1, E2 or E3 is based on the phrase "reasonable prospects for economic extraction and sale in the foreseeable future".

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<sup>7</sup> For example, crude oil volumes may be reported inclusive of condensate and natural gas liquids, in which case this fact shall be disclosed. Further, if gas volumes are converted to "oil equivalent" volumes and aggregated with crude oil estimates, this shall be disclosed. In addition, where resource estimates (e.g. oil, gas, coal and uranium) are converted into a measure of energy equivalency, the relevant conversion factors shall be disclosed.

<sup>8</sup> The proportion of gross quantities attributable to a company will depend on the specific contractual arrangements governing development and extraction operations, and may be defined by regulation. For corporate reporting, the general principles used to determine net quantities shall be documented.

The definition of “foreseeable future” can vary depending on the commodity and hence more detailed specifications can be found in relevant commodity-specific systems that have been aligned with UNFC-2009.

The Economic axis Categories encompass all non-technical issues that could directly impact the viability of a Project, including commodity prices, operating costs, legal/fiscal framework, environmental regulations and known environmental or social impediments or barriers. Any one of these issues could prevent a new Project from proceeding (and hence quantities would be classified as E2 or E3, as appropriate), or it could lead to the suspension or termination of extractive activities in an existing operation. Where extractive activities are suspended, but there are “reasonable prospects for economic extraction and sale in the foreseeable future”, remaining technically recoverable quantities shall be reclassified from E1 to E2. Where “reasonable prospects for economic extraction and sale in the foreseeable future” cannot be demonstrated, remaining quantities shall be reclassified from E1 to E3.

### **I. Confidence levels for G1, G2 and G3**

The level of confidence for quantities that are classified on the Geological axis as G1, G2 and G3 is defined as “high”, “medium” and “low”, respectively. These are not specified more precisely at a generic level because there are fundamental differences between the approaches that are appropriate for commodities extracted as solids and those extracted as fluids, as discussed in the Supporting Explanation to the definitions of these Categories in UNFC-2009. More detailed specifications can therefore be found in relevant commodity specific systems that have been aligned with UNFC-2009.

#### **Renewables – additional guidance:**

Typical uncertainties that impact the level of confidence in the estimated quantities of Renewable Energy Resources are meteorology, climatology, ecology, geography and geology (for Geothermal Projects)

### **J. Distinction between recoverable quantities and *in situ* (in-place) quantities**

Other than quantities that are classified on the Feasibility axis as F4, all reported quantities shall be limited to those quantities that are potentially recoverable on the basis of existing technology or technology currently under development, and are associated with actual or possible future exploration/development Projects or mining operations. For solid minerals Projects where the ultimate extraction methodology has yet to be confirmed (E2F2), *in situ* quantities may be reported, provided that there are “reasonable prospects for economic extraction and sale” of all such quantities in the foreseeable future. If *in situ* quantities are reported and it is expected that the extraction methodology will lead to significant losses and/or grade dilution, this shall be disclosed, e.g. in a footnote. In the absence of any consideration of potential economic recoverability, all reported quantities shall be classified as F4. For commodities extracted as fluids, the recovery factor is usually a major uncertainty and hence this should always be taken into account for such Projects (F2 and F3) and shall be accommodated using the G-axis Categories<sup>9</sup>

#### **Renewables – additional guidance:**

The term “*in situ*” (in place) quantity is generally not relevant in the context Renewable Energy Sources. This quantity is by definition “replenished at a higher rate than consumed” and therefore infinite unless limited in time.

<sup>9</sup> As discussed in Annex I of UNFC-2009 (G1/G2/G3 Supporting Explanation).

## K. Aggregation of quantities

Estimated quantities associated with mining operations or development Projects that are classified in different Categories on the Economic or Feasibility axis shall not be aggregated with each other without proper justification and disclosure of the methodology adopted<sup>10</sup>. In all cases, the specific Classes that have been aggregated shall be disclosed in conjunction with the reported quantity (e.g. 111+112+221+222) and a footnote added to highlight the fact that there is a risk that Projects that are not classified as E1F1 (Commercial Projects) may not eventually achieve commercial operation.

Where estimated quantities have been aggregated from multiple Projects, consideration should be given to sub-dividing the aggregated totals by deposit type and by location (e.g. offshore vs. onshore).

## L. Economic assumptions

In accordance with the definitions of E1, E2 and E3, economic assumptions shall be based on current market conditions and realistic assumptions of future market conditions. Except where constrained by regulation, assumptions of future market conditions should reflect the view of either:

- (a) The organization responsible for the evaluation;
- (b) The view of a competent person<sup>11</sup> or independent evaluator; or,
- (c) An externally published independent view, which is considered to be a reasonable forecast of future market conditions. The basis for the assumptions (as opposed to the actual forecast) shall be disclosed.

### Renewables – additional guidance:

Current market conditions and realistic assumptions of future market conditions should include policy support mechanisms for Renewable Energy, but shall not assume that such mechanisms will become more beneficial in the future unless already specified in law.

## M. Evaluator qualifications

Evaluators must possess an appropriate level of expertise and relevant experience in the estimation of quantities associated with the type of deposit under evaluation. More detailed specifications can be found in relevant commodity-specific systems that have been aligned with UNFC-2009<sup>12</sup>

## N. Units and conversion factors

In order to facilitate global comparability of resource estimates, it is recommended that the Système International d'Unités (SI units) is used for reporting of resource quantities. However, it is recognized that there are traditional measurement units that are widely used and accepted for certain commodities; where such units are used for reporting purposes, conversion factors to SI units shall be provided. Similarly, where quantities are converted from volume or mass to energy equivalents, or other conversions are applied, the conversion factors shall be disclosed.

### Renewables – additional guidance:

Quantities of Renewable Energy Resources may be converted into other units for comparison with other (non-renewable) energy quantities. Conversion factors shall be disclosed.

<sup>10</sup> Note that regulatory bodies may explicitly preclude such aggregation in corporate reporting under any circumstances.

<sup>11</sup> Note that "competent person" may be defined by regulation.

<sup>12</sup> In addition, regulatory bodies may explicitly mandate the use of a "competent person", as defined by regulation, with respect to corporate reporting.

## O. Documentation

Estimates of resource quantities shall be documented in sufficient detail that would allow an independent evaluator or auditor to clearly understand the basis for estimation of the reported quantities and their classification<sup>13</sup>

## P. Expansion of G4 to account for uncertainty

In some situations, it may be helpful to express a range of uncertainty for quantities that are classified on the Geological axis as G4, e.g. Exploration Projects. In such cases, the following specification shall apply:

- (a) G4.1: low estimate of the quantities;
- (b) G4.2: incremental amount to G4.1 such that  $G4.1+G4.2$  equates to a best estimate of the quantities;
- (c) G4.3: incremental amount to  $G4.1+G4.2$  such that  $G4.1+G4.2+G4.3$  equates to a high estimate of the quantities.

Category G4, when used alone, shall reflect the best estimate and is equal to  $G4.1+G4.2$ .

## Q. Optional labels for estimates

Where it is considered appropriate or helpful to use labels in addition to the numerical codes for a range of estimates for a specific development Project or mining operation, the terms “Low Estimate”, “Best Estimate” and “High Estimate” may be used to correspond to quantities that are classified on the Geological axis as G1,  $G1+G2$  and  $G1+G2+G3$  respectively.

## R. Classification of quantities associated with Exploration Projects

In some situations, it may be helpful to sub-classify Exploration Projects on the basis of their level of maturity. In such cases, the following specification shall apply:

- (a) F3.1: where site-specific geological studies and exploration activities have identified the potential for an individual deposit with sufficient confidence to warrant drilling or testing that is designed to confirm the existence of that deposit in such form, quality and quantity that the feasibility of extraction can be evaluated;
- (b) F3.2: where local geological studies and exploration activities indicate the potential for one or more deposits in a specific part of a geological province, but requires more data acquisition and/or evaluation in order to have sufficient confidence to warrant drilling or testing that is designed to confirm the existence of a deposit in such form, quality and quantity that the feasibility of extraction can be evaluated;
- (c) F3.3: at the earliest stage of exploration activities, where favourable conditions for the potential discovery of deposits in a geological province may be inferred from regional geological studies.

## S. Classification of additional quantities in place

In some situations, it may be helpful to sub-classify Additional Quantities in Place on the basis of the current state of technological developments. In such cases, the following specification shall apply:

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<sup>13</sup> Note that this is an obligation for ensuring that appropriate internal documentation is generated and kept, and is not an obligation for external disclosure of such information.

(a) F4.1: the technology necessary to recover some or all of the these quantities is currently under active development, following successful pilot studies on other deposits, but has yet to be demonstrated to be technically feasible for the style and nature of deposit in which that commodity or product type is located;

(b) F4.2: the technology necessary to recover some or all of the these quantities is currently being researched, but no successful pilot studies have yet been completed;

(c) F4.3: the technology necessary to recover some or all of these quantities is not currently under research or development.

## **T. Extracted quantities that may be saleable in the future**

The Sub-categories of E3 permit a distinction to be made between those quantities that may be forecast to be extracted, but which will not be available for sale (E3.1) and those for which there are currently no reasonable prospects for economic extraction and sale in the foreseeable future (E3.3). In the former case, the quantities are those that will be used, lost, destroyed or otherwise disposed of during the extraction process, and hence will not be made available for sale, such as natural gas that is produced in association with oil and is then flared into the atmosphere or used on-site for operational purposes.

In some situations, however, quantities may be extracted to the surface and then stored in some way for possible economic sale in the future and these may be assigned to E3.3 (and subsequently moved to E2 and E1 as appropriate)<sup>14</sup>

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<sup>14</sup> One example is natural gas that has been produced to surface, but then injected back underground into the same or a different rock formation in such a way that it remains available for possible extraction and sale in the future. Another example would be thorium that has been extracted along with other, commercially saleable, commodities, but where there is no current market for the commodity. Provided that it is then stored in a manner in which it remains available for future commercial sale, it may be assigned to E3.3.

## ANNEX 1 – GLOSSARY OF TERMS

Add the following terms to the glossary:

- Energy Product
- Entitlement
- Fungible
- Marketable
- Renewable Energy Source
- Renewable Energy Resource

<b>Term</b>	<b>Definition</b>
Aligned System	A classification system that has been aligned with UNFC-2009 as demonstrated by the existence of a Bridging Document that has been endorsed by the Expert Group on Resource Classification.
Bridging Document	A document that explains the relationship between UNFC-2009 and another classification system, including instructions and guidelines on how to classify estimates generated by application of that system using the UNFC-2009 Numerical Codes
Category	Primary basis for classification using each of the three fundamental Criteria of economic and social viability (related Categories being E1, E2, and E3), field Project status and feasibility (related Categories being F1, F2, F3 and F4), and geological knowledge (related Categories being G1, G2, G3 and G4). Definitions of Categories are provided in Annex I to UNFC-2009.
Class(es)	Primary level of resource classification resulting from the combination of a Category from each of the three Criteria (axes). Complementary texts additional texts to provide mandatory requirements (i.e. Specifications) and further guidance regarding the application of UNFC-2009. (This Specifications Document is an example of a complementary text.)
CRISCO Template	The CRISCO Template of 2006 is the system developed by the Committee for Mineral Reserves International Reporting Standards (CRISCO) for solid minerals and, for the purposes of this Specifications Document, includes the reporting codes and standards that are aligned with it.
Criteria	UNFC-2009 utilises three fundamental Criteria for reserve and resource classification: economic and social viability; field Project status and feasibility; and, geological knowledge. These Criteria are each subdivided into Categories and Sub-categories, which are then combined in the form of Classes or Sub-classes. Evaluator Person, or persons, performing resource estimation and/or Classification.
Exploration Project	A Project that is associated with one or more Potential Deposits (as defined below).
Generic Specifications	Specifications (as documented in this Specifications Document) that apply to the classification of quantities of any commodity using UNFC-2009.
Known Deposit	A deposit that has been demonstrated to exist by direct evidence. More detailed specifications can be found in relevant commodity-specific Aligned Systems.
Mapping Document	The output of a comparison between another resource classification system and UNFC-2009, or between that system and existing Aligned Systems, which highlights the similarities and differences between the systems. A Mapping Document can provide the basis for assessing the potential for the other system to become an Aligned System through the development of a Bridging Document.

Numerical Code	Numerical designation of each Class or Sub-class of resource quantity as defined by UNFC-2009. Numerical Codes are always quoted in the same sequence (i.e. E;F;G).
Potential Deposit	A deposit that has not yet been demonstrated to exist by direct evidence (e.g. drilling and/or sampling), but is assessed as potentially existing based primarily on indirect evidence (e.g. surface or airborne geophysical measurements). More detailed specifications can be found in relevant commodity-specific Aligned Systems.
Project	A Project is a defined development or mining operation which provides the basis for economic evaluation and decision-making. In the early stages of evaluation, including exploration, the Project might be defined only in conceptual terms, whereas more mature Projects will be defined in significant detail. Where no development or mining operation can currently be defined for all or part of a deposit, based on existing technology or technology currently under development, all quantities associated with that deposit (or part thereof) are classified in Category F4.
Specifications	Additional details (mandatory rules) as to how a resource classification system is to be applied, supplementing the framework definitions of that system. Generic Specifications provided for the UNFC-2009 in this Specifications Document ensure clarity and comparability and are complementary to the commodity-specific requirements included in Aligned Systems, as set out in the relevant Bridging Document.
Specifications Document	Specifications for the application of the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009 (UNFC-2009).
PRMS	Petroleum Resources Management System of 2007 (PRMS), which was approved by the Society of Petroleum Engineers (SPE) Board in March 2007 and endorsed by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), the Society of Petroleum Evaluation Engineers (SPEE) and the Society of Exploration Geophysicists (SEG).
Sub-categories	Optional subdivision of Categories for each of the fundamental Criteria of economic and social viability, field Project status and feasibility, and geological knowledge. Definitions of Subcategories are provided in Annex II to UNFC-2009.
Sub-classes	Optional subdivision of resource classification based on Project maturity principles resulting from the combination of Subcategories. Project maturity sub-classes are discussed further in Annex V of the Specifications Document.
Système International d'Unités	Internationally recognized system of measurement and the modern form of the metric system. Prefixes and units are created and unit definitions are modified through international agreement as the technology of measurement progresses, and as the precision of measurements improves. Abbreviated to SI.
UNFC-2009	United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009 (ECE ENERGY SERIES No. 39).