



# **ECONOMIC COMMISSION FOR EUROPE**

## **COMMITTEE ON SUSTAINABLE ENERGY**

Ad Hoc Group of Experts on Supply of Fossil Fuels

First session

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**DRAFT TERMS OF REFERENCE FOR THE  
AD HOC GROUP OF EXPERTS ON SUPPLY OF FOSSIL FUELS (1)  
Annex I,**

- (1) The fossil and nuclear fuels, i.e. oil, natural gas, coal and uranium, are all non-renewable extractable energy resources that currently meet around 70% of the total world energy demand.**
- (2) Their availability over the longer term is of crucial importance to both energy producers and consumers.**

## DRAFT TERMS OF REFERENCE (2)

**(3) Maximizing the economic recoverable quantities requires a global and unusually long-sighted resources management perspective. This is to a large extent due to the irreversible nature of many recovery processes.**

## DRAFT TERMS OF REFERENCE (3)

**(4) The Ad Hoc Group of Experts on the Harmonization of Energy Reserves/Resources Terminology was created by the decision of the UNECE Committee on Sustainable Energy, taken at its eleventh session in November 2001 (ECE/ENERGY/47, para.13).**

## DRAFT TERMS OF REFERENCE (4)

**(5) The title of the Ad Hoc Group of Experts has now been changed to Ad Hoc Group of Experts on the Supply of Fossil Fuels, in order better to reflect the nature of its work over the next two years, according to the decision of Committee on Sustainable Energy, November 2003 (ECE/ENERGY/53/ para. 16).**

## DRAFT TERMS OF REFERENCE (5)

**(6) General Objective: To contribute to the global efforts in securing a longer-term supply of energy resources by improving the current methods of their assessment, valuation, classification and reporting, based mostly on the internationally accepted United Nations Framework Classification for Energy and Mineral Resources (UNFC).**

## DRAFT TERMS OF REFERENCE (6)

### **(7) Immediate Objectives**

**Objective 1: to provide advisory/technical assistance to countries and regions on resource assessment, classification, and valuation, for the purpose of better supporting the resource reporting and accounting procedures, and thus improving the regulatory basis for a more sustainable pattern of resource exploration and extraction.**



## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (1)

- **The Survey of Energy Resources produced by WEC includes involvement of 60 WEC National Member Committees as well as the engagement of international experts and organisations.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (2)

- **At the launch of the Survey of Energy Resources in Sydney it was suggested that questionnaires prepared for the purpose of the Survey of Energy Resources should be sent out to NM Committees first as drafts and the commentaries received then included in the final version of questionnaires distributed to NC members, all for the purpose of better supporting the resource reporting.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (3)

- **Production and Consumption depend on the energy resources and their reserves so, a clear and unbiased information on reserves should be disseminated to public at large, energy professionals and decision makers.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (4)

**Objective 2: to develop Guidelines providing instructions and the explanations needed for the practical application of the UNFC to different energy commodities.**

- **WEC Questionnaires already provide instructions and the explanations needed for practical application for the purpose of the WEC's publication.**



## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (5)

- **It would be rational to make them even more suitable for individual WEC member countries and to see the synergies with the UNFC.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (6)

- **International code reporting systems which include UNFC should be universal, so each interested party could use them in their own world of notions and language.**
- **In this way a direct communication would be established in a soft way. UNFC is a unique system, designed to be friendly for end users.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (7)

- **A uniform methodology would increase the accuracy of data which is important in view of assuring sustainable development.**
- **UNFC system is integration of a number of different input data into one three dimensional system, thus adding to the uniformity of methodologies.**

WEC COMMENTS ON  
DRAFT TERMS OF REFERENCE (8)

**Objective 3: To create national teams for adapting national classifications to the UNFC.**

- **This Initiative should reach governments to get their consensus. Each country has its own mechanisms of gathering data, usually through their statistical offices or other designated bodies, using their established methodologies and methods.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (9)

- **Platts October 2004 issue publishes the IEA statement “that reliability of reserves data reported by oil companies had been called into severe questions and that doubts about the accuracy of reserve estimates could undermine investor confidence and slow investment.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (10)

- **Governments should be concerned about severe data problems, since the long term security of energy supplies depends on the timely development of oil and gas reserves”, calling for a universally-recognized transparent, consistent and comprehensive data-reporting system for oil and gas reserves.“**
- **WEC Regional Vice Chairs and their teams could be of a substantial support to this issue.**



World Energy Council  
CONSEIL MONDIAL DE L'ENERGIE

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (11)

- **To avoid doubts about the accuracy of reserve estimates, a clear and unbiased information on energy resources based on UNFC, is instrumental, and**
- **information as a communication or representation of knowledge should always be offered as a fact or as view of international bodies.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (12)

- **In doing that, it would be also influential with a clear and substantial impact on important public policies, private sector decisions and public at large.**
- **To be influential, information should be of quality, comprising objectivity, utility, and integrity.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (13)

- **Objectivity** relates to presentation of substance which should be accurate, complete, unbiased .
- **Sources of the disseminated information need to be identified, so that the public can assess for itself whether there may be some reason to question the objectivity of the sources.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (14)

- **Utility** refers to the usefulness of the information to its intended users, including the public to get the right signals.
- **Integrity** is the protection of information from unauthorized (access) or revision, to ensure that the information is not compromised through corruption or falsification.

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (15)

- **WEC's contribution to this issue is in line with one of the WEC 19th Congress conclusions, that there is a need to improve the quality of information disseminated to the public.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (16)

- **In this way, public trust would be won and retained. This in turn depends on energy sector transparency in order to built up mutual understanding and trust.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (17)

- **Accurate and uniform methodology of data is of great importance for investors, and would decrease possibility to compromise or corrupt data (Enron, Shell). Therefore, UNFC should be adopted by such organisation as IASB - International Accounting Standards Board ali IVSC – International Valuation Standards Committee.**

WEC COMMENTS ON  
DRAFT TERMS OF REFERENCE (18)

**Objective 4: To consider case studies and promote best practices on resource management, at industrial, national and international level.**

- **Launching of case studies and promoting best practices on resource management at industrial, national and international level is one of very useful tools and WEC does work intensively in this manner.**

## DRAFT TERMS OF REFERENCE (7)

**Objective 5: to maintain close cooperation with WEC, OPEC, IEA, IAEA, IEF, WPC/SPE, CRISCO and other relevant bodies, with a view to introducing the UNFC principles into the international reporting surveys of fossil energy resources or in considerations related to their supplies; and with the IASB and IVSC in its endeavour to develop international financial reporting standards for the extractive industries.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (19)

- **Further development and testing of the system in practice would be reached by enhancing its application by users such as WEC, IEA, OPEC. UNFC should be considered also by institutions engaged in shaping financial standards and rules.**

WEC COMMENTS ON  
DRAFT TERMS OF REFERENCE (20)

- **In addition, accurate, reliable and uniform system should be used by institutions like stock exchange involved in trading with resources and reserves, as well as organization with control function (in USA – SEC/ Security and Exchange Commission.)**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (21)

- **International cooperation between non governmental international bodies and other relevant bodies is an important measure as well as a forum through which a clear and unbiased information on energy resources based on UNFC can reach public at large, energy professionals and decision makers and is to be fostered.**

## DRAFT TERMS OF REFERENCE (8)

**Work methods:** The Ad Hoc Group of Experts will work under the auspices of the UNECE Committee on Sustainable Energy. A strong link and cooperation is recommended with the newly-created **UNECE Energy Security Forum (ESF)** as far as both programmes provide/offer synergies, notably of the Forum at the political level while of the **Ad Hoc Group at the technical/managerial level**. The latter programme is closely related to financial risks, security and reserves categorization, longevity of resources, commerciality of reserves and related economic factors. The Ad Hoc Group of Experts will meet annually in Geneva.

## DRAFT TERMS OF REFERENCE (9)

**Regional/national seminars shall provide technical assistance to countries and regions. Consultations may also be held through Internet communication. If necessary, additional meetings can be organized for the Bureau of the Ad Hoc Group of Experts.**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (22)

- **Regional and national seminars, workshops and other forms of cooperation in reaching the nations and regional responses are established WEC's work methods within well defined WEC work programme which includes several, among them three Global studies, viz. The new energy scenarios 2050, The Survey of energy resources and Joint Project on the UNDP and UNDESA (a sucessor report to World Energy Assessment).**

## WEC COMMENTS ON DRAFT TERMS OF REFERENCE (23)

- **Survey of Energy Resources 2004:**  
**“Another problematical area is that of the definitions relating to resources and reserves: it is well recognised that each country tends to have its own notion of what constitutes resources and reserves.**

WEC COMMENTS ON  
DRAFT TERMS OF REFERENCE (24)

- **In this connection, WEC welcomes a contribution from Dietmar Kelter, describing the work of the UN/ECE Ad Hoc Group of Experts which has been developing the UN Framework Classification for Reserves/Resources.**
- **In due course it is to be hoped that this work will provide the basis for a worldwide harmonisation of the relevant terminology.”**

## DRAFT TERMS OF REFERENCE (10)

**Participation:** The Ad Hoc Group of Experts is open to the representatives of Governments, extractive energy industries, energy companies, international organizations and professional associations, and financial institutions.

## DRAFT TERMS OF REFERENCE (11)

**Financing the activities:** The Ad Hoc Group should discuss, at its first session in November 2004, the modalities of providing extrabudgetary resources, to complement those of the UNECE regular budget. Extrabudgetary resources are needed to finance training and assistance to countries in applying the UNFC principles.