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COMMITTEE ON SUSTAINABLE ENERGY

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Item 3 of the provisional agenda

**MATTERS ARISING FROM THE SIXTY-SECOND SESSION OF
THE ECONOMIC COMMISSION FOR EUROPE**

Note by the secretariat

Summary

This document provides an overview of the matters arising from the sixty-second session of the Commission, held in April 2007, in particular the decisions it adopted which have a bearing on the work of the Committee.

The Committee is invited to take these decisions into account when adopting its programme of work under agenda item 10. The Committee is also invited to consider what action to take as follow-up to the Commission session, in particular, with regard to energy security.

I. SIXTY-SECOND SESSION OF THE ECONOMIC COMMISSION FOR EUROPE

1. The Commission held its sixty-second session from 25 to 27 April 2007, marking the sixtieth anniversary of the UNECE.
2. This session of UNECE defines the overall direction of work of the organization. As decided in the context of the UNECE reform, Commission sessions are as of 2007, held biennially, while the UNECE Executive Committee meets several times annually to more closely monitor and guide the implementation of the UNECE programme of work.
3. In the “Declaration of the sixtieth anniversary of the UN Economic Commission for Europe”, adopted on 26 April 2007, member States “acknowledge achievements (...) in fostering cooperation and integration and reaffirm their commitment to support and strengthen the effective implementation of the organization’s mandate and to ensure its continued substantive relevance, greater visibility and improved transparency.”
4. The Declaration recognizes that the UNECE is well positioned to contribute to addressing challenges the region is faced with, in terms of economic and institutional development, and environmental protection, through “further exercising its role as a multilateral platform which facilitates greater economic integration and cooperation among its fifty-six member States and which promotes sustainable development and economic prosperity”.
5. The Commission reaffirmed UNECE’s role in continuing to address the developmental and environmental goals laid down by the international community at the regional level. The work of the Sectoral Committees in this regard was recognized as forming “the major asset of the organization and constituting the basis for its intergovernmental work”, assisting countries through sectoral activities and technical cooperation, “thereby serving as a bridge and shaping experiences and best practices among member States”.¹
6. The UNECE member States, at their sixty-second session, welcomed the report of the Executive Secretary on the Implementation of the Reform and invited the Executive Committee to develop further any issues which can contribute to the well functioning of the secretariat and the Sectoral Committees. Subsequently, the Executive Committee discussed the follow-up to the Commission session and invited the Sectoral Committees to take action on the following issues:
 - (a) Promoting intersectoral activities – for example by: making the issue an item on the agenda of each Sectoral Committee’s annual session; organizing meetings among the Chairs of different Sectoral Committees concerned;
 - (b) Systematic review of technical cooperation activities;
 - (c) Ensuring attention to biennial performance evaluations;
 - (d) Strengthening of cooperation with other organizations; and

¹ Declaration for the Sixtieth Anniversary of the United Nations Economic Commission for Europe, Annex I to the Annual Report of the Commission, E/2007/37 - E/ECE/1448.

- (e) Specifically in the case of the Committee on Sustainable Energy, to respond to how follow-up and implementation might be undertaken on the issues raised during the panel session on “Sustainable Energy Policies: the key to energy security” organized during the sixty-second session of the Commission, under the item “Promoting sustainable development in the ECE region: some decisive factors”. The issues raised were three-fold, notably: urging the Committee to undertake a broadly shared intergovernmental expert dialogue on energy security specifically in the area of energy infrastructure investment and financing; for the enhanced technical dialogue to be conducted during annual sessions of the Committee; and, further urging the Committee to consider extending this expert dialogue in the future to cover any/all of the following areas: (i) data and information sharing and increased transparency (ii) legal, regulatory and policy framework, (iii) harmonization of standards, (iv) research, development and deployment of new technologies, and (v) investment/transit safeguards and burden sharing in situations of crisis.

II. IMPLEMENTATION OF THE UNECE REFORM

7. During its sixty-second session, the Economic Commission for Europe undertook an interim review of the UNECE reform, which will be formally reviewed at its next session in 2009, as stipulated by the Work Plan on UNECE reform.

8. It was recognized that implementation of the reform had moved forward at a rapid pace. A new governance structure became fully operational with the institution of the Executive Committee. This Committee meets regularly to oversee the activities of the Sectoral Committees and the secretariat and monitor the implementation of the UNECE reform.

9. Through the reform, UNECE refocused its programme of work, with well-defined priority areas, thus demonstrating that it has the capacity to respond to the evolving needs of member States and provide them with highly specialized services in recognized areas of expertise.

A. Streamlining of activities under the Committee

10. As specifically requested by the Work Plan on ECE Reform, the Committee on Sustainable Energy has streamlined its activities through the discontinuation of a number of activities and the creation of one new activity, as follows:

(a) Discontinued Activities

The Ad Hoc Group of Experts on Coal in Sustainable Development, Ad Hoc Group of Experts on Electric Power, and Joint Energy and Environment Task Force on Reforming Energy Prices for Sustainable Energy Development were all discontinued with effect from December 2006. Additionally the mandate of the Energy Security Forum was only extended to end-November 2007. The extension was given solely to complete the activities undertaken during 2003-2006 and, in particular, completion and publication of the Study on Emerging Global Energy Security Risks. Activities related to energy security are now being undertaken directly by the Committee.

(b) New Activity

The Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels was created in December 2006. The Group has already held a preparatory meeting (19 March 2007, Geneva) and its first official session will be held on 26-27 November 2007.

B. Strengthening of selected activities

11. The Work Plan on ECE Reform also requested the Committee on Sustainable Energy to strengthen activities in the fields of energy efficiency, cleaner energy production, energy security and diversification of energy sources, taking into account environmental concerns.

12. The Committee has initially responded to this request as follows:

(a) Energy Efficiency

The Energy Efficiency 21 Project (EE21) promotes the formation of an energy efficiency market in Eastern Europe so that cost-effective investments can provide a self-financing method of reducing greenhouse gas emissions. Along these lines, dedicated financial instruments have been promoted, such as the European Clean Energy Investment Fund raised by SwissRe under a mandate of the EE21 Project and launched during the sixty-second session of Commission. A new EE21 technical assistance phase, largely supported by the United Nations Foundation (UNF), the Global Environment Facility (GEF) and the French GEF (Fonds Français pour l'Environnement Mondial) was launched during the eighteenth session of the EE21 Steering Committee (30-31 May 2007). This technical assistance phase will provide for the establishment of a dedicated public-private equity Fund in Eastern Europe, Central Asia and South-Eastern Europe for energy efficiency and renewable investment projects.

Public participation in the Investment Fund was solicited in an analytical/Category I paper prepared for the Sixth Ministerial Conference "Environment for Europe" (Belgrade, 10-12 October 2007). A background/Category II paper was also prepared to demonstrate that it is possible to identify, develop and finance energy efficiency investment projects in Eastern Europe.

(b) Cleaner Energy Production

A new Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels was established at the fifteenth Committee session. This group held a preparatory meeting in March and will hold its first session on 26-27 November 2007.

(c) Energy Security and Diversification of Energy Sources

Following the decision taken at its fifteenth session, the Committee is undertaking a broadly shared intergovernmental expert dialogue on energy security specifically in the area of energy infrastructure investment and financing. To this end, a special session will be held on "Investing in and Financing the Hydrocarbon Sector to Enhance Global Energy Security" on 28 November as part of the sixteenth

Committee session. The Committee will also extend this expert dialogue in the future to cover any/all of the following areas: (a) data and information sharing and increased transparency (b) legal, regulatory and policy framework, (c) harmonization of standards, (d) research, development and deployment of new technologies, and (e) investment/transit safeguards and burden sharing in situations of crisis. A publication on “Emerging Global Energy Security Risks” will be launched on 28 November 2007 – this study will be published as part of the ECE Energy Series. The Committee will focus on biofuels during a special panel session on 29 November and following the expert presentations will be invited to discuss whether it wishes to consider undertaking any activities in this area in the future. The programme of work on energy efficiency is now working to support biomass energy projects and the capacity of customers to finance and implement them, thereby addressing reduction of greenhouse gas emissions and diversification of energy sources. Additionally, the new Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels will address the issue of choice of fuel mix for electricity production hence promoting diversification of energy sources.

C. Improved cooperation with other relevant institutions

13. The Work Plan on ECE Reform also requested the Committee on Sustainable Energy to improve its cooperation with other relevant institutions, in particular the International Energy Agency (IEA) and the Energy Charter. As outlined in document ECE/ENERGY/2007/7 on cooperation and coordination with other intergovernmental and non-governmental organizations, the Committee and its subsidiary bodies enjoy a high-level of cooperation and collaboration with a wide range of institutions.

14. With regard to the IEA, cooperation continues to be strengthened. In addition to the cooperation outlined in ECE/ENERGY/2007/7, the Executive Director of the IEA was a keynote speaker during the panel on “Sustainable Energy Policies: the key to energy security” organized during the sixty-second session of the Commission. Cooperation also occurs with the IEA’s InterEnerStat initiative, notably through the Committee’s work on the United Nations Framework Classification for Fossil Energy and Mineral Resources.

15. Cooperation also continues with the Energy Charter, as outlined in document ECE/ENERGY/2007/7. In particular, the Secretary-General of the Energy Charter Secretariat was a speaker during the panel on “Sustainable Energy Policies: the key to energy security”. The Director of the Sustainable Energy Division will meet with the Secretary-General of the Energy Charter in early October in Brussels to discuss future enhanced cooperation.

16. It is also noted that the Committee and its subsidiary bodies encourage and facilitate multistakeholder participation in all meetings and activities i.e. from governments, non-governmental organizations, international organizations and the private sector/business community.

17. The Committee will continue to explore additional opportunities to strengthen its activities in the fields of energy efficiency, cleaner energy production, energy security and diversification of energy sources, taking into account environmental concerns.

III. INTERSECTORAL ACTIVITIES

18. At its sixty-first session the UNECE “stressed the importance of intersectoral activities among the Committees so as to promote a more coherent UNECE and requested the Committees to pursue and look to strengthen such activities and approaches” (E/2006/37 - E/ECE/1444, Conclusion 3(c)). As reflected in the Work Plan on UNECE reform, relevant Committees, including the Committee on Sustainable Energy, were mandated to foster intersectoral activities and to strengthen their links with other UNECE Sectoral Committees.

19. During the sixty-second session of the Commission it was proposed that thought be given to a mechanism which would facilitate the identification of intersectoral issues that could then be discussed and agreed upon by the Executive Committee, in close cooperation with the Chairs of the Sectoral Committees.

20. In the following text, a number of the most important inter and cross-sectoral activities² under the sustainable energy subprogramme are highlighted. The Committee is invited to take note of these and provide guidance and suggestions for future work.

A. Environment

21. Linkages with the UNECE Environment, Housing and Land Management Division and its relevant committees and conventions are being fostered on a continuous basis. The Secretariat of the Aarhus Convention, for example, presented the Almaty Guidelines on public participation in international forums to the Committee at its fifteenth session. Following the subsequent discussions on this presentation and the ensuing decision of the Committee, a response to the factual questions only of the “Questionnaire for the Consultation Process on Issues Addressed by the Aarhus Convention’s Almaty Guidelines” was prepared and submitted on behalf of the Committee. The Committee was also represented at the Aarhus Convention Interforum Meeting on the Involvement of the Public in International Forums (20-21 June 2007, Geneva).

22. The Committee cooperated closely with the Committee on Environmental Policy during the preparation of inputs for the sixth Ministerial Conference "Environment for Europe", Belgrade, 10-12 October 2007, notably the Category I and II papers relating to activities undertaken on energy efficiency and coal mine methane respectively (ECE/ENERGY/2007/5 and ECE/ENERGY/2007/6).

23. Additionally, there was close cooperation between both Committees during the preparation of the UNECE regional inputs to the fourteenth and fifteenth sessions of the Commission of Sustainable Development (CSD-14 and CSD-15). This two-year cycle (2006-2007) focussed on

² “Intersectoral” means where two, or possibly more, “sectors” interact with each other. “cross-sectoral” means where major complex issues cut across many “sectors”. Given the general complexity of the issues and the difficulty of defining clearly the boundaries of any one “sector”, this distinction is hard to apply in practice.

the thematic clusters: energy for sustainable development, industrial development, air pollution/atmosphere and climate change. However, it was consistently noted that energy for sustainable development was the issue binding these thematic clusters together.

24. Cooperation continues with the UNECE Convention on Long-Range Transboundary Air Pollution in the joint implementation of the United Nations Development Account Project on Air Quality Management and the Application of Clean Coal Combustion Technologies in Central Asia (CAPACT). The three-year project, which will conclude in September 2007, is an innovative attempt to foster close working relations between the coal and environment communities, including in the countries of Central Asia.

25. The Committee on Sustainable Energy and the Committee on Environmental Policy jointly prepared the “UNECE Guidelines on Reforming Energy Pricing and Subsidies” (ECE/ENERGY/54), which were endorsed by the fifth Ministerial Conference “Environment for Europe” (Ukraine, May 2003). Cooperation continues on potential follow-up activities, including possible joint activities with the United Nations Environment Programme (UNEP) and other United Nations agencies and relevant international organizations.

B. Transport

26. The Committee and the Inland Transport Committee continue to cooperate on the Blue Corridor Project: Use of Natural Gas as a Motor Fuel for International Transboundary Goods Traffic. The Group of Eight at the G-8 Summit Meeting held in St. Petersburg, July 2006, expressed interest in the project in its Statement on Global Energy Security.

C. Trade

27. The Committee has cooperated with the Committee on Trade, notably through its Working Party on Regulatory Cooperation and Standardization Policies. A presentation on “Regulatory and Standard Setting Activities in Energy” was delivered to the UNECE International Forum “Common Regulatory Language For Global Trade” held in Geneva, 19 – 21 June 2006.

D. Timber

28. The Committee recognizes the role and use of wood as a source of renewable energy and hence continues to cooperate with the Timber Committee and, where possible, to foster and strengthen linkages between the subprogrammes on sustainable energy and on timber and forestry.

29. The Energy Efficiency 21 project (EE21) was presented at the joint UNECE/FAO (Food and Agriculture Organization of the United Nations) seminar on energy and the forest products industries (Rome, October 2006). Efforts were also made to establish contact with forestry networks at this event.

30. Possibilities for enhanced cooperation between EE21 and the Timber Committee are being explored. A representative of the Timber Committee participated in the eighteenth session of the

Steering Committee of the EE21 Project (May 2007). Additionally, proposals developed by the UNECE/FAO Timber Section for financing relevant projects in the Balkan region under the EE21 investment fund “Financing Energy Efficiency Investment for Climate Change Mitigation” are presently being considered. Current cooperation with the Timber Committee on wood energy and biofuels, notably in the western Balkans, could be further developed as a subregional project of EE21, as discussed during this year's sessions of the EE21 Steering Committee (30-31 May) and the Timber Committee (8-11 October).

31. The Committee participated in the UNECE workshop on “Mobilizing Wood Resources” (Geneva, January 2007). This event, which was organized by the Timber Committee, together with FAO, the Confederation of European Forest Owners and the Ministerial Conference on the Protection of Forests in Europe (MCPFE), considered how a sustainable supply of wood raw materials could be secured for meeting the needs of bioenergy producers as well as the wood processing industries. Workshop recommendations were brought to the attention of the MCPFE in the context of the drafting of the resolution on “wood and energy” to be adopted at the Warsaw Ministerial Conference (Warsaw, November 2007).

32. In view of the current global attention being given to biofuels, including by the Timber Committee and the FAO, a panel discussion with the theme “biofuels: a reality check” will be held on 29 November during the sixteenth session of the Committee on Sustainable Energy. The panel session will be organized in close collaboration with the Timber Committee. Following the discussions, the Committee may wish to provide comments on the significance of biofuels for the supply of energy in the UNECE region and/or agree upon the need for activities on biofuels to be undertaken by the Committee in the future.
