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Working Party on Gas

Twentieth session

Geneva, 19–20 January 2010

Report of the Working Party on Gas on its twentieth session

I. Introduction

1. The twentieth session of the Working Party on Gas was held on 19 and 20 January 2010¹
2. The session was attended by 111 representatives from the following UNECE member States: Albania, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, France, Germany, Greece, Hungary, Italy, Latvia, Netherlands, Norway, Poland, Romania, Russian Federation, Serbia, Slovakia, Spain, Switzerland, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, and United States of America.
3. Representatives of Egypt, Iran and Japan participated under Article 11 of the Commission's Terms of Reference.
4. The following intergovernmental, non-governmental and other international institutions, companies and organizations were represented: European Union, Gas Infrastructure Europe (GIE), International Energy Agency (IEA), International Gas Union (IGU), International Labour Agency (ILO), Organization for Security and Cooperation in Europe (OSCE), Eurogas, International Association for Natural Gas Vehicles (IANGV), Marcogaz, the Technical Association of the European Gas Industry, Regional Cooperation Council (RCC), the Russian National Gas Vehicle Association, Swiss Association of Gas Industry and Vernadsky Foundation.
5. The officers of the session were as follows: Mr. Alexander Karasevich (Russian Federation), Chairman, Mr. Igor Ponomarenko (Ukraine, not in attendance), First Vice-Chairman, Mr. Tamas Korosi (Hungary), Mr. Gheorghe Radu (Romania) and Mr. Andreas Grossen (Switzerland) Vice-Chairmen

¹ Official documents of the session are available at <http://documents.un.org/>. Selected presentations delivered at the meeting are available on the UNECE website at: <http://www.unece.org/ie/se/wpgas.html>.

II. Adoption of the agenda (agenda item 1)

6. The provisional agenda (ECE/ENERGY/WP.3/2010/1) was adopted with the inclusion of the Election of Officers in the agenda item 11– Other Business.

III. Underground gas storage in the UNECE region (agenda item 2)

7. As a follow-up to the decision of the eighteenth session of the Working Party to launch an update of its initial study on underground gas storage (UGS) in Europe and Central Asia, completed in 1999, and the intensive work on that project of the related ECE expert group in the course of 2008 and 2009, a Round table on UGS in the ECE region took place in the morning of 19 January 2010. Leading experts on UGS from the UNECE region and took part in this event. The experts on UGS from Belgium, France, Germany, Hungary, the Netherlands, Poland, Romania and the Russian Federation presented the general outline of this comprehensive study and the structure of its seven chapters.

8. The Chairman of the study updated the delegates on the organizational issues, including the progress in making the related questionnaire available on-line on the UNECE website, and provided an estimate that the first results would be available by the end of 2010.

9. As during the last year's session, the chairman of the study invited all interested Governments and companies to take part in the study and in particular to respond favourably to the forthcoming requests by the UNECE secretariat to nominate a representative for each UNECE member-country and relevant company who will be in charge and / or facilitate filling in the extensive online questionnaire in their countries or organizations.

10. The meeting thanked GdF-Suez, Electricité de France, Geostock, the Government of Hungary, E.ON Foldgaz, Romgaz, the Dutch company GasTerra, the Germany companies BEB Erdgas und Erdöl GmbH, E.ON Gas Storage and RWE, Polish Oil and Gas Company, Gazprom, International Gas Union, and Gas Infrastructure Europe for leading the work on the UNECE UGS study in 2009.

IV. Current state and prospects of liquefied natural gas in the UNECE region (agenda item 3)

11. The Working Party decided at its eighteenth session to launch a study on the current state and prospects of liquefied natural gas (LNG) in the ECE region. Following that decision an ECE expert group was established and substantial progress in the preparation of the project was achieved during 2008 and 2009. A Round table on the current state and prospects of LNG in the ECE region, which took place on 19 January 2010, promoted the study and informed the meeting of the most pressing issues regarding the LNG industry in the region.

12. A group of reputed experts on LNG from Belgium, France, Italy, the Netherlands, Norway, Spain and the United States of America formed the panel on this major industry issue, which provided a comprehensive introduction to the current and expected trends in

the LNG industry in the UNECE region. The structure of the study was presented and individual chapters reviewed.

13. The Chairman of the study updated the delegates on the organizational issues, including the posting of the small questionnaire on the LNG facilities authorisation available on-line on the UNECE website. He invited all concerned Governments and companies fill in that questionnaire, which would provide the additional valuable information to the UNECE group of experts on LNG.

14. The Chairman of the study also provided an estimate that the first results would be available during the first half of 2010 with the definitive study being available during the second half of 2010.

15. The delegates thanked Government of Spain, Enagas, Gas Natural, Repsol, Stream, ENI, Fluxys, Gasunie, Gdf-Suez and Eurogas for leading the work on the UNECE LNG study in 2009.

V. Impact of the liberalization of the natural gas markets on gas demand and prices (agenda item 4)

16. As the Working Party had actively carried out in 2009 a study on the Impact of the liberalization of the natural gas markets on gas demand and prices in the ECE region: gas savings to reduce natural gas demand and enhance energy security, a Round table on the Impact of the liberalization of the natural gas markets on gas demand and prices, was organized on 19 January. The Round table promoted the study and informed the meeting of the considerable progress achieved. A group of ECE experts formed the panel on this major industry issue.

17. After the Chairman of the study made an extensive presentation on the scope of the study, based on a questionnaire, which had been designed to assist the UNECE group of experts on liberalization of the natural gas markets on gas demand and prices in the ECE region in carrying it out, the heads of chapters presented the issues which were in the focus of the study in 2010.

18. The Chairman of the study invited the UNECE member-countries which have not yet filled in the questionnaire to do so in the first quarter of 2010, which would enhance the coverage and make more relevant the results of the study. He also indicated that the first version of the study should be completed during the year 2010.

19. The delegates thanked Gazprom, Gazprom-Promgaz, Gdf-Suez, ENI, E.ON Ruhrgas, Gasunie, Romgaz and the OSCE for leading the work on the UNECE study on Impact of the liberalization of the natural gas markets on gas demand and prices in the ECE region in 2009.

VI. Matters arising from the eighteenth session of the committee on sustainable energy related to the working party on gas (agenda item 5)

20. The secretariat informed delegations about the decisions of the eighteenth session of the Committee on Sustainable Energy related to gas activities (ECE/ENERGY/2010/2). Two key decision of the Committee, in addition to its favourable review of the work of the Working Party, were the extension of the mandate of work of the Ad Hoc Group of Experts on Supply and Use of Gas for two years 2010–2011 and the inclusion of the unconventional gas resources and reserves such as shale gas and tight gas in the programme of work of the

Committee. The UNECE secretariat also invited the delegates to take part in the UNECE energy security activities where the gas issues held increasing importance.

21. Decision: To take note of the information provided by the secretariat.

VII. Review of the activities of other subsidiary bodies of the committee on sustainable energy (agenda item 6)

22. The UNECE secretariat made presentations on the following bodies, activities and projects: Committee on Sustainable Energy, Gas Centre, Clean Electricity Production from Coal and Other Fossil Fuels, UNECE Coal Mine Methane programme, Energy Efficiency 21 Project, Classification of fossil energy and mineral reserves and resources and Regional advisory services.

23. Decisions:

(a) To thank the secretariat for the information on the projects currently undertaken by various subsidiary bodies of the Committee on Sustainable Energy;

(b) To thank Governments, companies, enterprises and institutions for their long-standing active support of these activities.

VIII. Current developments and medium and long-term prospects and policies in the gas industry, including trade of gas (agenda item 7)

(a) Review of the gas situation and prospects in the UNECE region

24. Three special presentations, delivered by the representatives of the International Energy Agency, IHS-CERA, the United Kingdom of Great Britain and Northern Ireland, and Gazprom, the Russian Federation, addressed the complex issue of the current developments in the gas markets in the UNECE region. The presentations indicated that because of the structural changes in the industry, the recent drop in demand and extended economic uncertainty, there were considerable tensions on the supply, demand, contractual and price levels in the gas market. It seemed that their resolution would also require the intensified international cooperation where the UNECE could play an important role.

25. Sixteen countries presented reports on the gas situation and prospects: Belgium, Bulgaria, Croatia, France, Hungary, Italy, Latvia, the Netherlands, Norway, Poland, Romania, the Russian Federation, Serbia, Spain, Turkey and Ukraine. While the country-statements dealt to a great extent with the impact of the economic crisis on the energy and natural gas sector, a number of delegations were in position to mention the stabilization or even the increase in the gas demand in their countries in 2009 including the sizeable infrastructure investments including upstream, LNG terminals, underground gas storage, national and international interconnections, all fostering the security of natural gas supply.

(b) Blue Corridor and other projects on the use of gaseous fuels for transportation

26. Representatives of Gazprom, Russian Federation, E.ON Ruhrgas, Germany and the International Association for Natural Gas Vehicles (IANGV) reported on ongoing developments in the use of natural gas in international freight and passenger traffic across Europe. The presented analysis hinted to a broad-based technological effort by selected technology vendors and a steady increase in the market penetration of natural gas in the transport sector.

(c) New developments in the European and world market of natural gas vehicles (NGVs)

27. In a separate presentation the representative of the International Association for Natural Gas Vehicles updated the meeting on the key trends in the use of natural gas in the transport sector worldwide. With the UNECE region lagging behind the world growth and with the expectation of the increasing importance of this fuel in transport, the International Association for Natural Gas Vehicles was ready to cooperate with the Working Party on Gas and UNECE member States to further promote the use of natural gas in the transport sector. In addition to the obvious economic benefits, its ecological attractiveness was also emphasized

(d) Other issues of interest of the gas industry in the UNECE region

28. There were no special issues raised at this agenda item.

29. Decisions:

(a) To thank Governments and other organizations, in particular to the International Energy Agency, IHS-CERA and Gazprom, for the information and view they provided on the developments in the UNECE gas markets;

(b) To request the secretariat to post the presentations made by representatives of Governments and other international organizations on the website of the Working Party on Gas.

(c) The member-states agreed to undertake the study on Use of Gas in Transport within the UNECE Working Party on Gas.

(d) Gazprom's proposal to lead the study and to host the first meeting on the study in Moscow either in March or April 2010 was also accepted.

IX. Ad hoc group of experts on the supply and use of gas (agenda item 8)

30. Decisions:

(a) To take note of the information provided by the Chairman of the Ad Hoc Group of Experts, Mr. Tamas Korosi (Hungary), and by the secretariat;

(b) To express satisfaction with the decision of the UNECE Committee on Sustainable Energy to extend the mandate of the Ad Hoc Group of Experts for two years;

(c) To express satisfaction with the work carried out by the Ad Hoc Group of Experts;

(d) To invite the Ad Hoc Group of Experts on the Supply and Use of Gas to continue contributing to the programme of work of the Working Party for 2010–2013 period, which also contains all relevant elements for the work of the Ad Hoc Group of Experts.

X. Overview of the activities of other international organizations in the field of gas (agenda item 9)

31. Representatives of the International Gas Union (IGU) and Organization for Security and Cooperation in Europe (OSCE) presented their activities in the field of natural gas.

32. In addition, the representative of International Gas Union (IGU) invited the UNECE Working Party on Gas to develop a closer cooperation on selected key issues such as LNG, underground gas storage and natural gas vehicles.

33. Decision:

(a) To thank representatives of other international organizations and associations for the information on their activities in the field of natural gas.

(b) To request the UNECE secretariat to explore the possibilities to enhancing cooperation with the International Gas Union (IGU) and to report on the matter during the next annual session of the Working Party on Gas.

XI. Future activities of the working party (agenda item 10)

34. Decisions:

(a) To approve the programme of work of the Working Party for 2010–2013 (ECE/ENERGY/WP.3/2010/4);

With the following modification: page 2, item 2 (a):

Current paragraph reads:

“Description: Periodic examination of problems associated with gas (natural, LNG and LPG) markets ...”

The new paragraph should read:

“Description: Periodic examination of problems associated with gas (natural gas, LNG, LPG and unconventional gas resources and reserves such as shale gas and tight gas and others) markets ...”

(b) To approve its provisional calendar of meetings for 2011 (ECE/ENERGY/WP.3/2010/3):

- Gas Centre – 17 January 2011
- Working Party on Gas – 18–19 January 2011, and
- Ad Hoc Group of Experts on Supply and Use of Gas – 20 January 2011.

XII. Other business (agenda item 11)

35. Decisions:

(a) The Officers of the Working Party on Gas were elected for the 2010–2011 period as follows: Mr. Alexander Karasevich (Russian Federation), Chairman; Mr. Gilles-Henri Joffre (France), Mr. Tamas Korosi (Hungary), Mr. Gheorghe Radu (Romania) and Mr. Francisco de la Flor Garcia (Spain), Vice-Chairmen.

(b) At the proposal of the Russian Federation, the delegates requested the Working Party on Gas to undertake a study on Development of Efficient Mechanisms of the Natural Gas Market Regulation in the UNECE Region.

(c) The Gazprom’s proposal to host the first meeting on the study in Moscow, where the plan of work and the preliminary structure of the study would be formulated, during the first half of 2010 is accepted.

(d) As during the last year's session, the Working Party requested the secretariat to issue in the future as official documents in the three UNECE working languages all relevant documents for its work such as agendas, reports, programme of work, calendar for its meetings, questionnaires, terms of reference, progress reports and final reports of its ongoing studies and surveys as well as any other documents deemed important for the work of the Working Party, including all those considered during the twentieth session. In case of need, the secretariat should remain in close contact with the Working Party's Chairman and other members of its Bureau on this key matter.

XIII. Adoption of the report (agenda item 12)

36. The Working Party adopted the report of its twentieth session on 20 January 2010.
