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## Economic Commission for Europe

### Committee on Sustainable Energy

#### Working Party on Gas

##### Twenty-first session

Geneva, 18-19 January 2011

## Report of the Working Party on Gas on its twenty-first session

### I. Introduction

1. The twenty-first session of the Working Party on Gas was held on 18 and 19 January 2011.<sup>1</sup>
2. The session was attended by 87 representatives from the following UNECE member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, France, Germany, Hungary, Italy, Latvia, Netherlands, Norway, Romania, Russian Federation, Serbia, Slovakia, Spain, Switzerland, Turkey, Ukraine and United States of America.
3. Representatives of Brazil, Egypt and Iran 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, International Energy Agency (IEA), International Gas Union (IGU), Energy Charter Secretariat, Eurogas, International Association for Natural Gas Vehicles (IANGV), NGV Global, NGVA Europe, the Technical Association of the European Gas Industry, the Russian National Gas Vehicle Association and Swiss Association of Gas Industry.
5. The officers of the session were as follows: Mr. Alexander Karasevich (Russian Federation), Chairman, Mr. Francisco de la Flor Garcia (Spain), Mr. Tamas Korosi (Hungary), Mr. Gheorghe Radu (Romania) and Mr. Gilles-Henri Joffre (France), Vice-Chairmen.

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<sup>1</sup> 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.3/2011/1) was adopted.

## **III. Development of efficient mechanisms of the natural gas market regulation in the UNECE region (agenda item 2)**

7. As a follow-up to the decision of the twentieth session of the Working Party to launch a study on Development of Efficient Mechanisms of the Natural Gas Market Regulation in the UNECE Region, and work on that project of the related ECE expert group in the course of 2010, a Round Table on the issue took place in the morning of 18 January 2011. Experts on natural gas market regulation from the UNECE region took part in this event. The experts from France, Russian Federation, Spain, the Energy Charter Secretariat, and Eurogas presented their views on key issues for this study.

8. The Chairman invited all interested Governments and companies to take part in the study and, in particular, to respond favourably to the forthcoming invitation to attend a meeting to be scheduled of the group of experts on the study.

9. The meeting thanked participants for their contribution to the issues to be dealt within the study. The meeting also thanked Gazprom promgaz and Deyenergies (France) for leading the preparatory work.

## **IV. Progress report on the UNECE study entitled current state and prospects of liquefied natural gas in the UNECE region (agenda item 5)**

10. At its eighteenth session the Working Party on Gas had decided to launch a study on the current state and prospects of liquefied natural gas (LNG) in the ECE region. The UNECE group of experts on LNG study presented a progress report including a review of the work accomplished on five individual chapters. The structure of the study was described and included analysis of the current and expected trends in the LNG industry in the UNECE region with selected information of importance for the gas industry and the energy sector as a whole.

11. The Chairman of the study informed delegates that a summary draft study would be available during the first half of 2011, provided that the workshop with LNG producers can be organized before the end of the first half of 2011.

12. The delegates expressed their appreciation and thanked Government of Spain, Enagas, Gas Natural, Repsol, Stream, ENI, Fluxys, Gasunie, Gdf-Suez and Eurogas for their contribution to the implementation of the UNECE LNG study.

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

13. The Chairman of the UNECE 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 reported to the delegates that a draft of the Study was completed. The UNECE secretariat was in the process of editing the Study and preparing it for publication.

14. Since the Chairman of the study and its heads of chapters made at the last year's annual session of the Working Party on Gas an extensive presentation on the scope of the

study, his short information only included the key highlights of the Study to the satisfaction of the representatives of the UNECE member-states

15. The delegates expressed their appreciation and thanked Gazprom, Gazprom promgaz, Gdf-Suez, ENI, E.ON Ruhrgas, Gasunie and the OSCE for the rapid completion of the Study including leading the ambitious work on the Study in 2010 in which 25 representatives from 20 UNECE member-countries participated.

16. The delegates requested that the UNECE secretariat distribute the completed study among the delegates to the Working Party on Gas, the Committee on Sustainable Energy and appropriate organizations and individuals.

## **VI. Use of gas in transport in the UNECE region (agenda item 4)**

17. As a follow-up to the decision of the Working Party on Gas at its twentieth annual session held in January 2010 to undertake the study on Use of Gas in Transport in the UNECE Region, a Round Table on the subject was held in the afternoon of 18 January 2011.

18. Building on the progress made in structuring the study and identifying the heads of chapters at the first meeting of the UNECE Group of Experts on the study in Moscow held in March 2010 as well as the subsequent consultations with interested UNECE member-states, gas companies and international organizations, the Round Table gathered the representatives of Austria, Belgium, Germany, Italy, Spain, the United States of America, NGV Global, NGVA Europe and International Gas Union. It was mentioned that the UNECE Group of Experts on the Study entitled Use of Gas in Transport in the UNECE Region and International Gas Union decided to cooperate on carrying out the Study.

19. The Round Table provided an overview of the recent market developments, key technological trends and demonstrated a considerable progress that both compressed natural gas (CNG) and LNG were making in capturing ever higher market shares in the transport sector across the board in the UNECE region.

20. A Special meeting of the working group on the Study and representatives of other interested companies and organisations was held at the Palais des Nations on 19 January 2011 to discuss modalities of the project implementation.

21. The delegates took note of the work carried out in 2010 and thanked, in particular, Gazprom, OMV, E.ON- Ruhrgas, International Gas Union, NGV Global and NGVA Europe as well as other contributing organizations for setting the stage for a launch of the Study in 2010.

## **VII. Progress report on the UNECE study on underground gas storage in Europe and Central Asia**

22. With the inputs provided by the members of the UNECE working group on the Study, its Chairman provided a detailed overview of the current status of the UNECE Study on Underground Gas Storage in Europe and Central Asia.

23. After reminding the objectives of the Study and after detailing its content chapter by chapter, the Chairman indicated that the progress of the Study was not satisfactory and requested the UNECE secretariat's support in raising sizeable funds needed for the completion of the Study (writing the study after the data are collected) and in undertaking lobbying for attracting new participants in this working group. The delegates decided that

the working group and the UNECE secretariat together should continue investigating the sources of potential financial support to this and other studies under way.

24. In the discussion following the presentation, the delegates to the Working Party on Gas advanced several suggestions on undertaking lobbying, fund raising, advertising as well as designing a marketing campaign to promote and facilitate further work on the UNECE Underground Gas Storage Study.

25. The delegates expressed their appreciation and thanked gas experts from Storengy (France), BEB Erdgas and Erdöl E.ON Gas Storage and RWE Gasspeicher (Germany), E.ON Foldgaz and Hungarian Energy Office (Hungary), GasTerra (the Netherlands), Gazprom (Russian Federation), Gas Infrastructure Europe / Gas Storage Europe (Belgium), EDF, Géostock, GDF-Suez (France), International Energy Agency, ÖMV Gas Storage (Austria), Podzemno Skladiste Plina (Croatia), PGNiG (Poland), Romgaz (Romania) for their contribution to this study.

### **VIII. Matters arising from the nineteenth session of the Committee on Sustainable Energy related to the Working Party on Gas (agenda item 7)**

26. The secretariat informed delegations about the decisions of the nineteenth session of the Committee on Sustainable Energy related to gas activities (ECE/ENERGY/84). The key decisions of the Committee were:

(a) To take note of the progress achieved in implementing the programme of work of the Working Party on Gas in 2009 and 2010;

(b) To take note of the status of implementation of the ongoing studies carried by the Working Party on Gas: Update of its 1999 Study on underground gas storage (UGS) in Europe and Central Asia; Current state and prospects of liquefied natural gas (LNG) in the UNECE region; Impact of the liberalization of the natural gas markets on gas demand and prices in the UNECE region: gas saving to reduce natural gas demand and enhance energy security; Use of Gas in Transport and Development of Efficient Mechanisms of the Natural Gas Market Regulation in the UNECE Region;

(c) To request the Secretariat to accelerate the preparation of the liquefied natural gas (LNG) study with the view to present to the next session of the Working Party on Gas;

(d) To welcome the contribution of a broad-based cooperation among the UNECE Governments and the energy companies in carrying out those five studies, which should together contribute to the better understanding of the energy security in the UNECE region and the ways to foster international cooperation in these key matters;

(e) To encourage the Working Party on Gas to continue its efforts in gathering all relevant gas market players for the UNECE region on its platform including the major hydrocarbon suppliers based outside of the UNECE region;

(f) To approve the programme of work of the Working Party for 2010-2013;

(g) To approve that a recommendation be made to the Executive Committee of the UNECE to change the name of the Ad Hoc Group of Experts on the Supply and Use of Gas to the Group of Experts on the Supply and Use of Gas;

(h) To invite the secretariat to consider ways of mobilizing extra-budgetary resources to enable experts involved in the work of the Working Party on Gas to contribute more actively to its activities.

27. A representative of the Russian Federation presented the Russian Government's "Convention on Ensuring International Energy Security" only for information soliciting comments on its contents from all UNECE member-states. While a delegate from France called for caution in addressing the procedural issues related to considering the Convention, the European Union representative stated that the internal EU discussions and coordination within the framework of the EU Council of Ministers had yet to produce the EU's position on this matter.

28. Decision: To take note of the information provided by the secretariat, the Russian Federation, France and European Union.

## **IX. Review of the activities of other subsidiary bodies of the Committee on Sustainable Energy (agenda item 8)**

29. The UNECE secretariat made presentations on the following bodies, activities and projects: Committee on Sustainable Energy, Gas Centre, Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels, Group of Experts on Coal Mine Methane, Energy Efficiency 21 Project, Expert Group on Resource Classification and Implementation of UNFC-2009 and Energy Security Dialogue.

30. 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.

## **X. Current developments and medium and long-term prospects and policies in the gas industry, including trade of gas (agenda item 9)**

A. Review of the gas situation and prospects in the UNECE region

31. Thirteen countries presented reports on the gas situation and prospects: Croatia, the Czech Republic, Egypt, Hungary, Italy, Latvia, Norway, Romania, the Russian Federation, Serbia, Turkey, Ukraine and the United States of America.

B. Pan- European multi-level information and analytical system of the gas network

32. Representatives of the Netherlands and the Russian Federation presented the ongoing work on the project dealing with pan- European multi-level information and analytical system of the gas network.

C. Blue Corridor and other projects on the use of gaseous fuels for transportation

35. A representative of the Russian Federation spoke briefly on the progress on Blue Corridor and other projects on the use of gaseous fuels for transportation and in particular on the Blue Corridor 2010 Rally which took place in the Russian Federation with wide domestic and international participation.

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

33. Like during the 2010 annual session and in a separate presentation the representative of the Natural Gas Vehicles Global updated the meeting on the key trends in the use of natural gas in the transport sector worldwide. The conclusion that could be drawn from the presentation is the strong growth of use of natural gas in transport across the board with bright future prospects.

E. Other issues of interest of the gas industry in the UNECE region

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

35. Decisions:

(a) To thank Governments and other abovementioned organizations for the information and views which 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.

## **XI. Group of Experts on the Supply and Use of Gas (agenda item 10)**

36. Decisions:

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

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

(c) 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 2011-2014 period which also contains all relevant elements for the work of the Ad Hoc Group of Experts.

## **XII. Overview of the activities of other international organizations in the field of gas (agenda item 11)**

37. Representatives of the International Energy Agency (IEA) and the International Gas Union (IGU) presented their ongoing activities in the field of natural gas.

38. Decision:

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

## **XIII. Future activities of the Working Party (agenda item 12)**

39. Decisions:

(a) To approve the programme of work of the Working Party for 2011-2014 (ECE/ENERGY/WP.3/2010/4);

With the following remarks:

(b) To note, that there is a need to focus the efforts in 2011-2012 on completing the activities already under way and, in particular, for the UNECE secretariat as coordinator to speed up the work on the Study on Liquefied Natural Gas as well as on the Study on

Underground Gas Storage and to try to mobilize additional resources for this purpose so that it could be completed by July 2012;

(c) To request the Secretariat to send the draft final report on the Study on Liquefied Natural Gas to the Chairman of the Working Party on Gas;

(d) To invite the Chairman of the Working Party on Gas to participate in the planned LNG Study working group meeting in Qatar in the second half of 2011;

(e) To invite the leaders of the Study on Development of Efficient Mechanisms of the Natural Gas Market Regulation in the UNECE Region, in particular Gazprom promgaz to complete the terms of reference and to present it to the January 2012 annual session of the Working Party on Gas;

(f) To request the Secretariat to solicit proposals from member countries for the nominations of Chairpersons and Heads of Chapters as well as for providing contributions to it;

(g) To request the Secretariat to explore opportunities for financing the Study on Development of Efficient Mechanisms of the Natural Gas Market Regulation in the UNECE Region, through interested gas companies and organisations working in this field;

(h) To invite the UNECE working group on the Study of Use of Gas in Transport in the UNECE Region, to work closely with the International Gas Union and the European Business Congress in order to achieve tangible results in 2011;

(i) To publish in the three UNECE official languages and post on the UNECE website those completed studies whose substantive and language editing is finished by the UNECE Secretariat, such as the study on Impact of the liberalisation 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;

(j) To invite the Bureau of the Working Party on Gas to analyse the terms of reference/programme of work of the Working Party on Gas to recommend its possible update, additional activities and improvements in its work methods for the further consideration at the 2012 annual session as well as to coordinate this activity with the Bureau of the Committee on Sustainable Energy;

(k) To request the Secretariat to present to the Bureau proposals on possible strengthening of the complementarity among the Working Party on Gas, the Gas Centre and other subsidiary bodies of the Committee on Sustainable Energy dealing with natural gas as well as within other relevant ECE subsidiary bodies.

40. To set the provisional calendar of meetings for the Working Party on Gas and the Gas Centre in 2012 (ECE/ENERGY/WP.3/2011/3) as follows:

- The 17<sup>th</sup> Gas Centre Executive Board meeting – 23 January 2012;
- The 22<sup>nd</sup> session of the Working Party on Gas – 24-25 January 2012; and
- The 13<sup>th</sup> session of the Group of Experts on Supply and Use of Gas – 26 January 2012.

#### **XIV. Other business (agenda item 13)**

41. Decisions:

(a) At the proposal of Romania, the delegates requested the Working Party on Gas to consider the preparations, in close consultations with the UNECE member states, for the possible launch of a study, preliminary entitled, Carbon Capture and Storage for the Gas

Industry in the UNECE Region and in this framework to invite interested governments and companies to contribute to drafting of its terms of reference.

(b) 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 or 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.

#### **XV. Adoption of the report (agenda item 14)**

42. It was agreed that a concise report of the session focusing on the conclusions and recommendations would be prepared by the secretariat and circulated to the Bureau of the Meeting for approval, upon which it would be circulated to member countries.

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