

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Working Party on Gas

Expert Meeting on the update of the UNECE Study on
Underground Gas Storage in Europe and Central Asia

First meeting
Geneva, 20 June 2008

REPORT OF THE MEETING

I. INTRODUCTION AND ELECTION OF OFFICERS (Agenda item 1)

1. The first expert meeting on the update of the UNECE study on “Underground Gas Storage in Europe and Central Asia”, was held on 20 June 2008. It was attended by representatives from the following UNECE member countries: Croatia, Czech Republic, France, Hungary, Netherlands, Romania and United Kingdom.

2. The Director of the UNECE Division on Sustainable Energy opened the meeting. The following officers were elected. Mr. Gilles-Henri Joffre (Gaz de France, France), Chairman; Mr. Gheorghe Radu, Romgaz (Romania) and Mr. Tamas Korosi, (Hungarian Energy Office, Hungary), Vice-Chairmen.

II. ADOPTION OF THE AGENDA (Agenda item 2)

2. The agenda was adopted.

III. MATTERS ARISING FROM THE EIGHTEENTH SESSION OF THE WORKING PARTY ON GAS RELATED TO UNDERGROUND GAS STORAGE ACTIVITIES
(Agenda item 3)

3. The secretariat provided background information on the decision to launch the update of the UNECE Study on Underground Gas Storage in Europe and Central Asia, taken at the eighteenth session of the Working Party on Gas, held in January 2008, and Working Party’s request to the delegations from Hungary and Romania to take the initiative for the update of the underground gas storage (UGS) project.

4. Participants agreed that the successful update of the Study could contribute to the better understanding of the current state and prospects of underground gas storage, which in turn was seen as an important part of the liberalized natural gas market storage in Europe and Central Asia.

IV. TERMS OF REFERENCE FOR THE UPDATE OF THE UNECE STUDY ON UNDERGROUND GAS STORAGE IN EUROPE AND CENTRAL ASIA

(Agenda item 4)

5. After a comprehensive discussion, and bearing in mind the initial UNECE study as well as changed regulatory and market circumstances in the natural gas industry in the UNECE region, participants took the following decisions on the terms of reference for the update of the Study:

(a) The outline of the initial UNECE study on Underground Gas Storage in Europe and Central Asia, completed in 2000, should serve as a good starting point for the development of the terms of reference for its update;

(b) In addition to the countries and companies present at this meeting, the UNECE secretariat was requested to solicit in particular support of representatives of the following countries: Austria, Germany, Russian Federation, Slovakia and Ukraine.

(c) To avoid duplication of efforts with the on-going work of the International Gas Union (IGU) on underground gas storage, the Study would instead build on what is already available at IGU;

(d) Focus would in particular be on regulatory issues, cost of storage, tariffs, commercial and financial framework of UGS, competitive aspects, the strategic versus commercial role of UGS, access to UGS, unbundling of gas industry and UGS operations as well as the impact of liberalization on the structure of UGS business;

(e) The UNECE region would be divided into market areas, which would facilitate work on the study and lead to meaningful results;

(f) Efforts should be made to secure updated and accurate data, coverage of all relevant UGS facilities and knowledgeable interpretation of the updated data.

(g) The best way to reflect on the way how to cover UGS trends in North America and Central Asia should be found;

(h) A questionnaire to gather data should be considered, and both public and private information should be used to reduce the lack of sufficient transparency in certain aspects of UGS business in the UNECE region.

6. On the possible issue of confidentiality, the meeting decided that the expert group should not seek confidential corporate data which could not be disclosed to the public. However, contributors

to the study should be asked to provide data of sufficient quality, coverage and depth to lead to high quality and relevant final results.

V. ELECTION OF OFFICERS OF THE STUDY (Agenda item 5)

7. It was agreed that the elected officers of the meeting would serve as the Bureau of the Study: Mr. Gilles-Henri Joffre as Chairman, and Mr. Gheorghe Radu and Mr. Tamas Korosi as Vice-Chairmen. They were requested to take the lead in further work including the definition of the terms of reference, communication with the Working Party on Gas, decisions on the time and place of subsequent meetings and methods of work. The officers should keep the Working Party on Gas informed on the progress of the study including at the nineteenth session in January 2009.

8. The meeting also approved the election of an ad hoc task force to carry further the work on the update, including the Chairman and Vice-Chairmen of the Study. Mr. Gerard H. Martinus (GasTerra, Netherlands) and Mr. Kenneth McKellar (Deloitte&Touche LLP, United Kingdom) volunteered to be part of the task force, and all other interested experts, including those of the UNECE Gas Centre, were invited to join. The secretariat was asked to support actively the task force.

9. It was decided that the members of the task force should be in charge of individual chapters of the study.

VI. ADOPTION OF CALENDAR (Agenda item 6)

10. It was decided that the calendar of activities for updating the study should be set in such a way that it could be completed by 2010.

11. The provisional calendar was adopted as follows:

(a) Completion of the draft terms of reference, table of contents including individual chapters and division of key responsibilities by the end of September 2008;

(b) Circulation of the draft terms of reference among UNECE member States, IGU and relevant companies and organizations with a request for comments and assignment of an expert per country and company before the end of November 2008;

(c) Submission of the final terms of reference to the nineteenth session of the Working Party on Gas in January 2009;

(d) Active participation of all ad hoc task force members in the half-day UNECE Round Table on Underground Gas Storage in Europe and Central Asia, to be held on the occasion of the Working Party on Gas session in January 2009. The round table should assist in the promotion of the study and its completion;

(e) Organization of three to four meetings of the task force, preferably in different cities of the UNECE region, in 2008/ 2009 to facilitate progress on the project. The first of these meetings will be held in Geneva on Wednesday, 3 September 2008.

12. As a part of the preparations for the task force meeting on 3 September 2008, participants agreed to provide their views on the outline of the study, together with annotations and terms of reference, to the secretariat before 10 July 2008. They further requested the secretariat to produce a first draft of the study outline with annotations and terms of reference before 10 August and circulate it among delegations for comments.

VII. ADOPTION OF THE REPORT (Agenda item 7)

13. The expert group adopted the report of its first meeting on 20 June 2008.
