

Report on the Activities of the Ad Hoc Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology in 2009

**Prepared for 18th Session, Committee
on Sustainable Energy**

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Activities November 2008-October 2009

- Two sessions of Ad Hoc Group of Experts: **6th Session** (March 2009) and **7th Session** (October 2009)
- Following UNFC mapping exercise in 2008, agreed to assess UNFC of 2004 for potential revisions
- Draft revised text of UNFC-2004 prepared by UNFC Revision Task Force and circulated worldwide end-2008 for public comment, including all UN regional commissions
- Feedback incorporated; proposed text of UNFC-2009 reviewed in detail at 6th Session (25-27 March)
- Agreed that all comments provided after review period closed (February 2009) and at 6th Session should be addressed
- Extensive meetings, review and correspondence held with all members of the Revision Task Force between 6th and 7th sessions
- 7th Session, 29-30 October convened expressly to address concerns of a few members of the Ad Hoc Group of Experts (e.g. Turkey, Ukraine and OPEC)

UNFC-2009 Process & 7th Session

- UNFC Revision Task Force prepared 3 documents for 7th Session
 - (i) revised UNFC-2009
 - (ii) comprehensive Report detailing UNFC revision process: identifies and discusses 44 individual issues
 - (iii) discussion paper on need and/or desirability to develop specifications (rules) and guidelines (best practice) for UNFC
- Preparation of documents: rigorous and transparent process, involving all members of Revision Task Force (representative of all stakeholders in Group of Experts)
- Discussion paper on options for future governance of UNFC prepared by secretariat for Seventh Session

UNFC-2009, related issues and consensus

- 6th Session report *“a significant number of those present were in favour of adopting the Draft UNFC-2009, while recognizing that there might be a need to modify the text in the future”*
- 7th Session: all but one stakeholder in favour of recommending to CSE that UNFC-2009 is adopted now as the successor to UNFC-2004. All efforts made to reach a compromise
- OPEC Secretariat: all OPEC’s “requested” changes were accepted by Revision Task Force bar three BUT final version not accepted by OPEC *“Should the Bureau not support our proposal of 25th September, the OPEC Secretariat will request that any reference to the OPEC Secretariat or its representatives be deleted from this document. In addition, the OPEC Secretariat will not support the revision of the UNFC, should specifications and guidelines be developed for the UNFC, as per our letter of 17th March and our position contained in the 6th Session Report.”*
- Overwhelming request from AHGE stakeholders that specifications and guidelines are provided for UNFC-2009; OPEC opposes this
- Demonstrated need for ongoing assistance in application of UNFC-2009 suggests very strongly that **a longer term mandate** should be sought for the Ad Hoc Group of Experts, based on an appropriate governance structure

UNFC-2009

- ECOSOC Resolution 2004/233
- UNFC-2009 simplified, generic and user-friendly
- Recommend UNFC-2009 be adopted now
- Testing and roll-out of UNFC-2009 needed, proposed feedback period every 2 years
- All members of Ad Hoc Group of Experts in favour, except OPEC Secretariat. Best efforts made to accommodate OPEC's concerns. OPEC has indicated it will withdraw from process if its demands are not met in relation to issuing of revised UNFC, specifications and guidelines and future governance of UNFC

Expert Group on Resource Classification?

- UNFC a long-term initiative where standards must remain reliable and credible over long-term to allow stakeholders to develop and/or communicate resource inventories that are consistent between them and over time. Important for stakeholders to convey impression of longevity & long-term commitment
- Recommend to drop “ad hoc” and change name to **Expert Group on Resource Classification (EGRC)**
- Current 2-year mandate expires end-2009. Proposal for **5-year mandate to 2014** (as provided for in Terms of Reference of ECE Teams of Specialists if parent body can give appropriate justification)
- Proposed slightly revised Terms of Reference for **Expert Group on Resource Classification**
- All members of Ad Hoc Group of Experts in favour of new name and 5-year mandate, except OPEC; OPEC wants name unchanged and 2-year mandate to be renewed

Programme of Work 2009-2010

- Identify needs of stakeholders for specifications under UNFC (international energy and minerals policy formulation, Government resources management, business processes management and capital allocation)
- Develop specifications and guidelines in collaboration with Society of Petroleum Engineers (SPE, for petroleum: UNECE & SPE MoU) and Committee for Mineral Reserves International Reporting Standards (CRIRSCO, for minerals)
- Facilitate mapping of other classification systems to UNFC-2009
- Testing of UNFC-2009 by Group of Experts
- Support International Accounting Standards Board Extractive Activities Research Project
- Explore how UNFC could be used in classifying injection projects
- Education & outreach: conferences; UNFC Workshop, (Almaty, December) focus on Central Asia, Caucasus and Mongolia

Conclusions

- UNFC is a long-term activity, with significant and varied global stakeholder support
- Request support for change of name to Expert Group on Resource Classification (EGRC) i.e. drop Ad Hoc, and for accompanying revised Terms of Reference
- Request support for mandate of 5 years to 2014 (EGRC to report to Committee annually)
- Approve UNFC-2009; roll-out and testing, review every 2 years
- Approve Programme of Work 2009/10, including need to identify and propose stakeholder specifications for UNFC-2009