

To: Members of the Bureau of the UNECE Expert Group on Resource Classification

From: David MacDonald and Charlotte Griffiths

Conference Calls of the Bureau of the Expert Group on Resource Classification (EGRC) 2 & 3 December 2015 MINUTES
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Present on 3pm GMT 2 December Call:

1. David MacDonald (Chair)
2. Karin Ask (petroleum sector)
3. Dan Diluzio (SPE)
4. Gioia Falcone (geothermal sector and academia)
5. Kjell Reidar Knudsen (Norwegian Petroleum Directorate)
6. John Ritter (SPEE)
7. Jim Ross (petroleum sector)
8. Slavko Solar (European Commission)
9. Hari Tulsidas (IAEA)
10. Charlotte Griffiths (UNECE)

Observer:

11. John Etherington (TAG Chair, *observer*)

Present on 9am GMT 3 December Call:

1. David MacDonald (Chair)
2. Gioia Falcone (geothermal sector and academia)
3. Nathan Frisbee *representing* Fatih Birol (IEA)
4. Michael Lynch-Bell (Chair ex-officio)
5. Jim Ross (petroleum sector)
6. Charlotte Griffiths (UNECE)

Apologies:

1. Tunde Arisekola (NGSA)
2. Fatih Birol (IEA)
3. Roger Dixon (CRIRSCO)
4. David Elliott (financial reporting sector)
5. Mucella Ersoy (Turkish Coal Enterprises)
6. Igor Shpurov (First Vice Chair, GKZ Russian Federation)
7. Adichat Surinkum (CCOP)
8. Danny Trotman (financial reporting)
9. Brad Van Gosen (USGS)
10. Narendra Verma (petroleum sector)

Draft Agenda

1. Approval of draft agenda
2. Draft minutes of Bureau calls of 7 October 2015
3. Preparations for EGRC Seventh Session
4. Feedback from Committee on Sustainable Energy 24th Session
5. Guidance note on competent person
6. Guidance note on definition of a project in relation to UNFC-2009
7. Resourcing strategy
8. Technical Advisory Group update

9. Update on application of UNFC to nuclear fuel resources
10. Update on application of UNFC to injection projects
11. Update on application of UNFC to renewable energy resources
12. Update on G-axis Review Working Group
13. Update on E-axis Sub-group
14. Education and outreach
15. System of Environmental-Economic Accounting (SEEA)
16. Integrated scheduling of updating UNFC documents
17. Date of next Bureau call
18. Any other business

Documentation:

1. Draft agenda for Bureau Calls on 2 & 3 December 2015
2. Draft Minutes of 7 October 2015 Bureau Meeting
3. Draft provisional agenda for EGRC Seventh Session
4. TAG Minutes of 14 September 2015 Meeting
5. List of events in 2015-2016 promoting UNFC as at 25 November 2015
6. CSC Minutes of 28 August 2015 call
7. Second geothermal white paper
8. EGRC resourcing strategy – first draft

Item 1. Approval of Draft Agenda

1. The agenda was adopted without amendment

Item 2. Draft minutes of Bureau Call, 25 August 2015

Documentation: Draft minutes of Bureau Call, 7 October 2015

2. Subject to two minor editorial amendments, the draft minutes as circulated on 19 October were adopted.

Item 3. Preparations for EGRC Seventh Session

Documentation: Draft provisional agenda for EGRC Seventh Session

(i) Provisional agenda

3. The first draft of the provisional agenda for the EGRC seventh session as circulated to the Bureau on 26 November was reviewed.
4. Following discussion, it was agreed that an agenda item on SEEA should be added and a representative from the UN Statistics Division should be invited to provide an update.
5. A Bureau member questioned why Item 8 referred to “Governance”. The secretariat advised the wording of the agenda items sought to align where possible with the approved EGRC work plan for 2016–2017.
6. A Bureau member asked if the guidance notes currently being prepared on competent person and definition of project would be submitted to the EGRC for review and approval. It was agreed that both notes would be submitted to the EGRC seventh session.

7. Bureau members were asked to submit any written comments on the draft agenda to Charlotte by 15 December. A revised version will then be prepared and circulated. The provisional agenda submission deadline is 1 February 2016.

(ii) Keynote speaker

8. Scott Tinker has been invited to deliver the keynote on the Switch Energy Project. He has indicated he is available to participate and would be keen to do so; however the issue of how his travel and accommodation will be funded needs to be resolved. The secretariat is exploring whether UNECE could offer funding but this is unlikely. One option is for Scott Tinker to present via video link-up – the offices of EY in Austin might be able to assist with this. Bureau members were asked to share ideas how Scott Tinker could be funded to participate in person.

9. The secretariat was encouraged to screen the Switch film during the EGRC seventh session.

(iii) EGRC Seventh Session Documentation

10. The deadline for documentation--other than the draft agenda--to be translated into all languages is 15 February 2016. For official documents in English (or Russian or French) only, the deadline is 5 April.

11. The Chair advised that the Russian Federation delegation had raised at the Committee on Sustainable Energy meeting, 18–20 November, that its experts need documentation for UNECE meetings to be translated into Russian.

12. A list of nine potential documents has been forecast:

- UNFC and Russian Federation petroleum classification of 2013 Bridging Document
- Draft generic specifications for the application of UNFC to geothermal resources
- Draft specifications for the application of UNFC to injection projects
- Draft guidance on accommodating environmental and social considerations in UNFC
- White paper on application of G axis of UNFC
- Best practices for UNFC uranium and thorium management
- Three UNFC Case Studies.

13. It was noted that it is likely, however that the following documents will be issued in English only:

- UNFC and Russian Federation petroleum classification of 2013 Bridging Document (this could be issued in Russian only with an unofficial English version made available)
- Draft generic specifications for the application of UNFC-2009 to geothermal resources
- Draft specifications for the application of UNFC-2009 to injection projects
- One or two case studies.

14. Following discussion, the possibility of the revised generic renewables specifications being issued as an official document in all three languages will be explored.

15. Case studies will be sought from Australia, China, Egypt and Paraguay.

16. A Bureau member noted that his participation and potentially that of a number of other EGRC experts could be problematic due to the low oil price.

Item 4. Feedback from Committee on Sustainable Energy 24th Session

17. The 24th session of the Committee on Sustainable Energy (CSE) was held in Geneva, 18–20 November. The Chair presented on the work of the EGRC and the status of UNFC development via audio link-up. The presentation, which was well received, is posted to the [CSE meeting web page](#). The CSE expressed strong support for the EGRC and its work.

18. The Chair raised the need for engagement with the CSE when EGRC and CSE meetings are off cycle i.e. input and decision making of the CSE happens after annual EGRC meeting and complicates dates for work plans and other documents requiring CSE endorsement

19. The Chair summarized the outcome of the CSE meeting vis-à-vis EGRC:

- Uranium guidelines were endorsed.
- Report of EGRC Sixth Session was noted (approved).
- EGRC Work plan for 2016–2017 was endorsed.
- Endorsed the recommendation of the EGRC at its sixth session that an update of UNFC-2009 should not be undertaken before 2018.
- CSE requested that the EGRC prepare an extrabudgetary project proposal to fund needed secretariat support and other activities such as outreach and dissemination to ensure full and proper continued development and deployment of UNFC-2009.

20. A number of questions were posed to the Chair:

- The representative of the Russian Federation questioned if peat could be covered under UNFC-2009. The secretariat noted that UNFC-2009 has been designed to apply to all extractive activities and work is underway to broaden application to encompass renewable energy.
- The representative of the International Sustainable Energy Organizations (ISEO) emphasized the need for the Expert Group to cooperate and collaborate closely with the International Organization of Standardization (ISO) and the International Electrotechnical Commission (IEC). The ISEO representative further requested that the Expert Group focus on waste management and methanol. The secretariat noted that the Working Group on Application of UNFC-2009 to Bioenergy of the Expert Group would capture biomethanol in the specifications being developed for bioenergy. The secretariat further noted that the Expert Group at its sixth session acknowledged the importance of waste management and landfill mining but recommended that the applicability of UNFC-2009 to landfill mining not be pursued at this time nor included as part of its 2016–2017 Work Plan. The Expert Group confirmed that it encourages ongoing independent review of the potential use of UNFC-2009 for anthropogenic resources and other applications such as methanol from organic waste.

Item 5. Guidance note on competent person

21. The Chair advised that the draft guidance note is progressing and he hopes to share a text with the Bureau over the coming weeks. He will engage with the CRIRSCO representative to ensure input is provided in relation to the CRIRSCO Template.

22. The discussions at the Regional Training Course on UNFC held in Luxor in October highlighted the importance of and the need for guidance on competent person. Many countries in Africa view the non-inclusion of competent person in UNFC as a barrier to applying the system nationally. Discussions during the training course sought to rectify this misunderstanding. The representative of the IAEA requested that the Guidance include how a competent person could be defined in a national context if a country wants to legislate UNFC.

Item 6: Guidance note on definition of a project in relation to UNFC-2009

23. Jim Ross advised that he has prepared a first draft of the guidance note which he has circulated to the CRIRSCO representative for input following which he will circulate the draft text to the full Bureau for comment.

24. The representative of IEA asked if there is a move towards making UNFC a disclosure system and it was agreed that there is no intent to do so, but there was no reason why UNFC-2009 could not be adopted by governments or regulators as the basis for a mandatory disclosure system if they so desired.

Item 7. Resourcing strategy

Documentation: EGRC resourcing strategy first draft as at 1 December 2015

25. A first draft of the resourcing strategy has been prepared and is under review by the sub-group. As yet there is no inclusion of funding requirements. The draft was circulated to the Bureau on 1 December with a request for written comments by 31 December 2015. The draft will be discussed in detail at the next Bureau call in January.

Item 8. Technical Advisory Group update

26. An update was provided by the Chair and the Chair of the Technical Advisory Group (TAG):

(i) TAG Meetings: A TAG teleconference was held on 11 November. The minutes of the 14 September TAG call were circulated to the Bureau as part of the documentation for the call. The next meeting is scheduled for the first week in January 2016.

(ii) Membership:

(a) Further to the request to the Bureau, the nomination of Alexander Shpilman by the Russian Federation received unanimous support from Bureau members and was approved on 12 November.

(b) Michael Lynch-Bell has stepped down from the TAG. The TAG acknowledged the significant support provided by Michael during the TAG's formative phase.

(iii) Uranium Guidelines: The TAG completed its review of the Guidelines for Application of UNFC for Uranium and Thorium Resources on 19 October 2015. The TAG was assisted in its review by Mr. Jean René Blaise. The document was subsequently approved by the Bureau and endorsed by the Committee on Sustainable Energy at its 24th Session, 18–20 November 2015.

(iv) Russian Petroleum Classification Bridging Document: At the request of GKZ, a working session with the TAG was held on 12–13 October in London to review progress on

the bridging document between the RF-2013 classification for oil and gas and UNFC. The Russian delegation consisted of four representatives of GKZ and associated organizations; the TAG was represented by a subgroup of five members and the EGRC Chair as an observer. The work session resulted in a consensus mapping of RF-2013 classes to the UNFC-2009 E/F-axis categories. There is ongoing discussion regarding aggregating G-axis levels of uncertainty by RF-2013 segments into field and project classes. The meeting provided a valuable exchange of ideas and concepts allowing the TAG to better understand RF-2013 and the GKZ to better understand the UNFC-2009 bridging document requirements. GKZ is targeting delivery of a full draft Bridging Document to the TAG in early 2016.

(v) Chinese Petroleum and Solid Minerals Bridging Documents: The TAG is awaiting English translations of the current Chinese classification systems. Both groups are targeting completion of UNFC-2009 bridging documents in 2017. There are tentative plans for work sessions in China in early 2016.

(vi) Renewables – Geothermal and Bioenergy Projects: At its 12 November meeting, the Renewables Task Force clarified that a Geothermal Specifications document would be submitted for TAG review in early March 2016. Progress reports on the Bioenergy Specifications and G-axis document will be shared with the TAG in 2016 but formal review of the final documents will be in 2017. A revised version of the Renewables Specifications may also be submitted for review so that these may progress to finalization in parallel with the Geothermal Specifications. The revisions would be relatively minor and involve the transfer of some generic issues from the Geothermal and Bioenergy Specifications to the Renewable Specifications.

(vii) Specifications for the Application of UNFC-2009 to Injection Projects for the Purpose of Geological Storage: The public comment period on the draft specification document ended on 15 September. An amended draft and a summary of comments received will be submitted by early 2016 for TAG review.

27. The Chair of the TAG and the members were thanked for their continued efforts.

Item 9. Update on application of UNFC to nuclear fuel resources

28. The TAG recommendation on Guidelines for Application of UNFC-2009 for Uranium and Thorium Resources was submitted to the Bureau on 28 October and subsequently approved.

29. The Guidelines were then submitted to the 24th Session of the Committee on Sustainable Energy as an English only official document. The Committee endorsed the Guidelines, which are now posted to the UNECE website. As the first set of UNFC guidelines to be published this is a milestone for the development of UNFC. The Guidelines will be published by IAEA as a joint IAEA and UNECE official publication.

30. The eight uranium and thorium case studies are being finalized for publication by UNECE as an electronic publication.

31. The Task Force will start work on the scope and structure of the Uranium Handbook of good practices for uranium and thorium resource management. The first outline will be discussed at a Consultancy meeting organized by IAEA in Geneva, 25–26 April 2016. The representative of IAEA noted that the scope of the handbook could be very large so efforts

will be made to ensure that the handbook is unique and learns from the lessons of other handbooks.

32. The Chair and other members of the Nuclear Fuels Task Force were thanked for their hard work.

Item 10. Update on application of UNFC-2009 to injection projects

33. The Task Force is working on addressing the comments received during the public comment that closed on 15 September. A separate document outlining how all the comments have been addressed is being prepared. A revised version of the specifications will be submitted to the TAG in early 2016.

34. The Task Force thanked the Chair and the other Task Force members for their hard work

Item 11. Update on application of UNFC-2009 to renewable energy resources

Documentation: Second geothermal white paper

35. The Renewables Task Force last met on 12 November and will next meet on 14 December.

36. Good progress is being made on application of UNFC-2009 to geothermal. The second white paper was circulated to the Bureau. The timeline for preparation of the draft geothermal specifications, TAG and Bureau review, and submission to the EGRC has been developed.

37. The Chair of the Renewables Task Force presented on the work of the Task Force to the second session of the UNECE Group of Experts on Renewable Energy in Geneva in October. Good contacts were made with IEA, IRENA, REN21 and the German Energy Agency (DENA) and bilateral meetings will be organized in Paris and Bonn or Berlin in early 2016 to seek to engage these organizations in the work of the Task Force.

38. Norbert Dolle has been replaced on the Task Force by Dhiren Jethwa from Shell.

39. The Chair and the other Task Force members were thanked for their continued efforts.

Item 12. Update on G-axis Review Working Group

40. Two meetings of the Working Group have been held since the last EGRC update provided on 7 October.

41. The Group has confirmed the view (established during the development of the Renewable Energy Specifications) that there is no fundamental reason why the G axis cannot be applied to Renewable Energy. This view has been informed by the further /more detailed work to develop the geothermal and bioenergy specifications.

42. The Group has, however identified potential areas where guidance on the application of the G axis to Renewable Energy could be improved and also potentially improved /clearer mapping of oil & gas/mining terminology to terms more appropriate for Renewable Energy

could be developed. This has been informed by the more detailed subsequent work on both the geothermal and bioenergy specifications.

43. The Group has subsequently divided the work streams going forward into two activity sets:

- (i) Modifications to the Renewable Energy Specifications and/or Commodity Specific Specifications.
- (ii) Recommendations for potential revisions to UNFC-2009.

44. For activity (i), the G axis Working Group will bring to the Renewable Task Force for discussion a number of proposals for potential improvements to the draft Renewable Energy Specifications. An overarching objective is to ensure that any changes in the Renewable Energy Specification occur in parallel with the development of the commodity specific specifications so as not delay the development of the latter i.e. the geothermal specifications.

45. For activity (ii), the G Axis Working Group will continue to consider options for potential for revisions to UNFC-2009.

46. Jim Ross, who is a member of the Working Group, noted that as specifications for the G axis categories exist in the CRIRSCO Template and the PRMS there are no specifications in UNFC. Relevant specifications are though needed in UNFC in relation to application to renewables. In PRMS there are essentially three distinct approaches to uncertainty (incremental, scenario and probabilistic) while in the CRIRSCO Template the approach is incremental. The G-axis Working Group is working to bring across these approaches to renewables at a generic level in order to maintain the alignment with the Template and PRMS.

47. The TAG Chair discussed the issue of aggregation and recommended that any aggregation in UNFC needs to have complete transparency.

48. A Bureau member proposed that it would be useful to discuss “What is a classification” at the EGRC seventh session as there is so much misunderstanding on this point. It was agreed that this should be incorporated under one of the existing agenda items.

49. The Bureau thanked James Primrose and the other members of the Working Group for their continued hard work.

Item 13. Update on E-axis Sub-Group

50. Bureau members were asked to comment by 14 September on the discussion note that was issued on 7 August. The CRIRSCO representative submitted valuable examples of the impact on project economics due to delays as a result of socio-environmental issues. There has also been discussion with the Geothermal Working Group Chair on the issue of subsidies which make an otherwise uneconomic project viable. Such subsidies are often for “social” reasons and the E-axis Sub-Group Chair is still reviewing to what extent subsidies should be considered by the Sub-group since subsidies are addressed in UNFC (i.e., E1.2). Jim Ross also provided feedback on the discussion note. No other comments have been received.

51. A follow up note is planned, hopefully before the end of the year and a start will be made on the preparation of a report for the EGRC seventh session.

52. Clarity is needed as to what constitutes economic, social, and environmental issues. The E-axis combines these but they are not independent, for example:

- A delay in the implementation of a project can adversely affect the economics of a project and could change the classification from, say, E1.1 to E 3.2.
- Subsidies could result in a project becoming economically viable and being reclassified from E3.3 to E1.2.
- Is a carbon tax, imposed for environmental reasons (because of social pressures?) an economic or environmental (or social) matter?

53. The E-axis Sub-group plans to have useful discussions on these and similar matters at the EGRC seventh session.

54. The Chair and Sub-group members were thanked for their continued efforts.

Item 14. Education and Outreach

Documentation:

- List of events in 2015-2016 promoting UNFC *as at 25 November 2015*
- Minutes of CSC call of 28 August 2015

55. The list of events as at 25 November was circulated as part of documentation for call.

56. A productive Communications Sub-Committee (CSC) call was held on 28 October. The next teleconference of the CSC will be held on 15 December.

57. A number of events were reviewed:

- IAEA-UNECE Regional training course on “Regional training course on UNFC-2009 for Evaluation of Uranium and Thorium Resources and to Leverage Transparent and Effective Communications” was held in Luxor, Egypt, 18–22 October 2015. The event was a great success with experts from some 17 countries from Africa region. A press release was issued which is posted to the UNECE website. For the first time, certificates were presented to all the participants at the end of the training course.
- A national UNFC Workshop for Cuba will be held in Havana, 7-9 December. Edmundo Tulcanaza will represent CRIRSCO. ECLAC (UNECE’s sister regional commission) will also be represented. Some 50 participants from Cuba will attend. The event is organized by NPD and UNECE in cooperation with the Ministry of Energy and Mines of Cuba and with funding from the Norwegian Oil for Development Programme (NORAD).

58. It was noted that the SPE Applied Technology Workshop on Petroleum Reserves & Resources in Dubai, 18–19 April 2016, will include a one hour session on UNFC to be co-chaired by the EGRC Chair and Martin Hubbig, OMV.

59. The 55th Annual SPEE Conference will be held in London, 10–13 June 2017. A Bureau member is directly involved in planning a session on classification and a presentation on UNFC and its application to renewables will be proposed.

60. The IEA representative advised that UNFC and its application to renewables will feature in the 2016 World Energy Outlook (WEO).

61. The Communications Sub-Committee Co-Chairs and the other members were thanked for their work.

Item 15. System of Environmental-Economic Accounting (SEEA)

62. Following the last Bureau call there was an online discussion about the “System of Environmental-Economic Accounting 2012” (SEEA) which is a statistical framework consisting of a comprehensive set of tables and accounts, which guides the compilation of consistent and comparable statistics and indicators for policymaking, analysis and research. SEEA was produced and released under the auspices of the United Nations, the European Commission, the Food and Agriculture Organization of the United Nations, the Organisation for Economic Co-operation and Development, the International Monetary Fund and the World Bank Group. The SEEA-Central Framework reflects the evolving needs of its users, new developments in environmental economic accounting and advances in methodological research.

63. In 2011, Ralf Becker from the UN Statistics Division in New York delivered a presentation to the EGRC in 2011 "Update on System of Environmental-Economic Accounting for Energy (SEEA-E), International Recommendations for Energy Statistics (IRES) and InterEnerStat". In slide 16 of this presentation he outlined the proposal for a UNFC-based SEEA-Energy classification with Classes A, B and C as follows:

- A. Commercial Recoverable
- B. Potential Commercial Recoverable
- C. Non Commercial and Other Known Deposits

64. The Chair observed that A, B and C are an aggregation of different cells in UNFC and that it is acceptable to do this. The TAG Chair recommended that in any future cases, the EGRC should provide guidance to ensure that the correct aggregations are being made. The representative of the European Commission supported the use of UNFC for Environmental-Economic Accounting or alternatively the link to UNFC should be clear. He also advised that the UN Statistical Division should state clearly that the SEEA is using UNFC and it has not developed a new classification system.

Item 16. Integrated scheduling of updating UNFC documents

65. The geothermal representative raised the need to ensure that the issuing and updating of UNFC documentation is synchronized. She outlined the plan to submit the first draft of the geothermal specifications to the EGRC at the seventh session in 2016 and then issue them for public comment for three months. If the comments are not substantial it could be envisaged that the final geothermal specifications will be submitted to the EGRC in 2017. She noted that it will be problematic to issue the geothermal specifications if the generic renewable specifications remain in draft format – the renewables specifications need to be endorsed with or before the geothermal specifications. The findings of the E and G-axis Working Groups also need to be shared and synchronized with Renewables Task Force and the Geothermal Working Group.

66. It was agreed that the Renewables Task Force should be encouraged to make any revisions to the renewables specifications as soon as possible and submit to the TAG and Bureau for review and if possible submit as an official document for the EGRC seventh

session. The geothermal representative agreed to talk with the Chair of the Renewables Task Force as soon as possible.

67. The geothermal representative also noted that a decision has been taken to not update the UNFC before 2018 but following discussion it was agreed that this timing does not pose any problems or issues in terms of issuing the renewables and related specifications.

Item 17. Date of next Bureau call

68. The next Bureau calls are planned to be held during the period 4 to 22 January 2016. The usual availability notice will be circulated.

Item 18. Any other business

69. How UNECE handles issues related to the participation of experts from countries facing sanctions was raised. It was noted that experts from all UN member States are welcome to attend EGRC meetings.

70. The representative of the geothermal sector asked if it would be possible for the International Geothermal Association to issue a geothermal-related publication jointly with UNECE. The secretariat confirmed that in principle this would be both possible and welcomed as long as the content of the publication relates to the work plan of the Expert Group and/or the work of UNECE.

71. No other issues were raised.
