SOCIAL AND ENVIRONMENTAL CONSIDERATIONS WORKING GROUP

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SOCIAL AND ENVIRONMENTAL CONSIDERATIONS TASK FORCE (SECTF) 2014 - 2018

- SECTF Terms of Reference: address social and environmental considerations "at a high level"
  - Essentially completed, issues remain
- Draft reports, culminating in the 2018:
  - Guidance report
  - Supplementary report on Concepts and Terminology
- Recommendations incorporated in the draft update of the UNFC

TASK FORCE/WORKING GROUP MEMBERS

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Also an Associate Committee

SOCIAL AND ENVIRONMENTAL CONSIDERATIONS WORKING GROUP

- Task Force converted to a Working Group (SECWG).
- Draft Terms of Reference
  - Continue to develop high level general guidance
  - Work with Resource specific work groups on resource specific guidance
  - Determine any changes needed in guidance due to incorporating, in the UNFC:
    - Resource management
    - The SDGs and Paris Climate Change Accord
  - Integrate the work of the SECWG with:
    - E-axis economic, the F and G-axes.

SECWG 2019: CASE STUDIES

- Case studies needed, following which the current guidance can be reviewed and revised as appropriate.
- Few case studies at present.
  - Pilot project for the classification of **Mexico's petroleum resources** and reserves based on the United Nations Framework Classification for Resources (UNFC ECE/ENERGY/GE.3/2019/5)
    - Table 1 E axis evaluation matrix
    - Table 2 E axis evaluation, case study
  - Specifications for the application of the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009 (UNFC-2009) to **Geothermal Energy Resources**
    - Annex II   Decision tree to aid the classification of geothermal projects according to UNFC-2009
  - Australian example (origin unknown)

SECWG: HIGH LEVEL GUIDANCE

- The 2018 report is a proposal for high level guidance.
  - Not formulated as a traditional guidance document.
- Need to:
  - Reformulate as a more conventionally structured guidance document, avoiding overlap with the UNFC.
  - Continue to develop guidance
  - Structure it to integrate with resource specific guidance as this is prepared (and vice versa)

SECWG: IMPLICATIONS OF USING THE UNFC WITH THE SDGS AND CLIMATE ACCORDS?

- SDGs heavily weighted to social and environmental issues.
- Provide guidance for the use of the SDGs for UNFC classification
- But SDGs are:
  - Poorly constructed to provide clear decision rules for classification.
 - Dependency issues.

SECWG: A DILEMMA?

- What **is** done? Preface*: "Establishing a complete picture of current and future supply …"

- What **should** be done? Introduction*: implies that SDG goals should factor into UNFC classification.

  - Different scenarios. E.g., with and without consideration of CO_2 production

- Will give different answers.

- Doing both can be informative.

* UNFC 2018 update draft

CLASSIFICATION NEEDS DECISION RULES

- Decision rules are an explicit or implicit assessment of whether an event will occur or not.

- They may be quantitative or qualitative, e.g.:
  - There is a 70% probability that the well will be successful
  - The well is likely to be successful
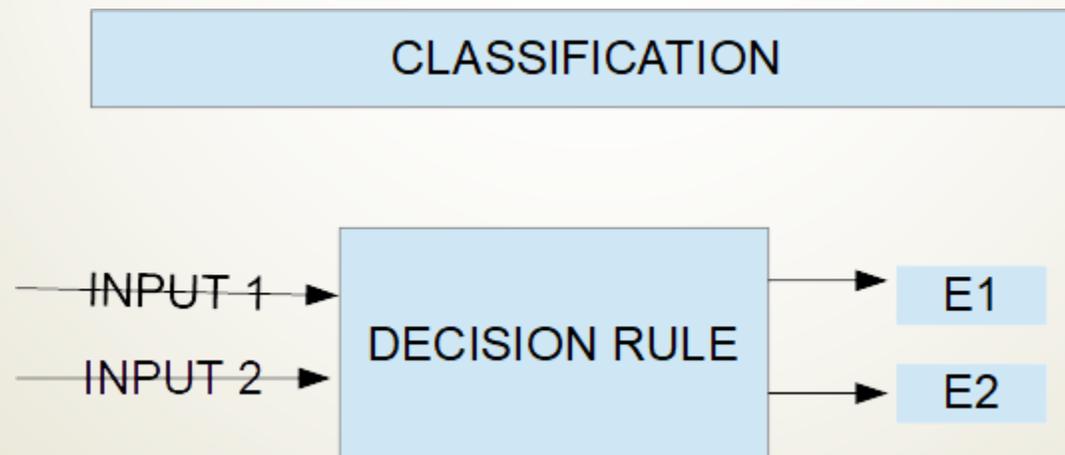
DECISION RULES

- "Traditional" method: relative frequency (e.g. tossing a coin, dice, etc.)

- "Subjective or Personal" method: "a degree of belief in a proposition"

- Social and environmental assessments are largely based on subjective judgments expressed in words, not numbers.

- Do we need guidance?

QUANTIFYING QUALITATIVE ASSESSMENTS

- Studies have shown median probabilities and Interquartile ranges (IQR) associated with words, e.g.:

	Median	IQR	
Very likely	88%	10%	
Likely	71%	15%	
Unlikely	17%	13%	
Possible	39%	43%	Useless!
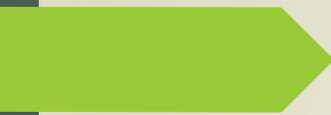
HOW TO ESTABLISH SUBJECTIVE OR PERSONAL PROBABILITIES?

- Techniques range through:
  - "Back of the envelope"
  - Individual or committee
  - Delphi process; "a systematic, interactive forecasting method which relies on a panel of experts"

REPORTING: USEABLE INFORMATION

- Social and environmental TF work emphasised the increased complexity of resource management decisions

- Decision makers need useable and complete information

  - UNFC Class and sub-class alone are not adequate

  - Sub-classes (e.g., Development on hold) tell what the status **is**, but not what **needs** to be done

- UNFC has 50 boxes – too complex for decision makers

A SUMMARY REPORT?

- Information on the conditions and the results of assessment :
  - E.g., Development plan, recovery technology, price, regulatory and fiscal regimes, value (NPV), social and environmental conditions, etc.
- **What contingencies must be resolved to provide a resource to users?**
- Information not too:
  - Simple – i.e., only the UNFC Class and sub-class
  - Complex – i.e., A full resource report
- Aggregated UNFC boxes - simpler "super" classes.
- Bridge to local usage terminology

IN SUMMARY

- Current document provides high level guidance
- Need SECWG TOR
- Need case studies
- Further development is needed of:
  - High level guidance
  - Resource specific guidance
- How to accommodate:
  - Expansion from resource classification to management
  - SDGs and Paris Climate Accords as classification factors
- Reporting to decision makers