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Steering Committee of the Energy Efficiency 21 Project
Thirteenth session, 24-25 June 2002

REPORT ON THE MEETING

I. ATTENDANCE

1. The thirteenth session of the Steering Committee was attended by forty representatives of Albania, Belarus, Bulgaria, Bosnia and Herzegovina, Croatia, Czech Republic, France, Hungary, Italy, Kazakhstan, Norway, Republic of Moldova, Romania, Russian Federation, Switzerland, The former Yugoslav Republic of Macedonia, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America, Uzbekistan and Yugoslavia.
2. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Development Programme (UNDP) and the European Bank for Reconstruction and Development (EBRD) were represented.
3. The following intergovernmental and non-governmental organisations were in attendance: Centre for Energy Efficiency (EnEffect), Agency for the Rational Use of Energy and Ecology (ARENA-ECO), Alliance to Save Energy (ASE), Black Sea Regional Energy Center, and Power Engineering Union of Kazakhstan.

II. OPENING SESSION

4. The Steering Committee was opened with a statement by the Director of the UNECE Sustainable Energy Division, who noted that the project was an important aspect of Sustainable Energy Development in the United Nations and would likely be part of the outcome of the World Summit on Sustainable Development. Now in its second year of the current Project Plan (2000-2003), Energy Efficiency 21 was designed to contribute to selected pressing issues such as the development of carbon emission trading in the region. The statement noted that significant

results had begun to emerge in conceptual and practical terms. Practically, leveraging small initial, regular budget resources into, for example, more than \$9 million of currently approved energy efficiency projects with much higher amounts under consideration, had been a remarkable achievement. At the same time, conceptually each of the outputs from the project had contributed to the formation of the market for energy efficiency in central and eastern Europe as well as the incorporation of the GHG emission trading elements into financing of energy efficiency projects. In turn, it would be a major contribution to the implementation of selected key UN treaties such as the Kyoto Protocol of UNFCCC and the UNECE Convention on Long-range Transboundary Air Pollution. The successful continuation of the project was possible due to the continued support from the Governments of France, Norway, the United States Department of Energy (USDOE), United States Agency for International Development (USAID) and the Government of Italy with the European Commission under the Fifth Framework Programme Energy.

III. ADOPTION OF THE AGENDA (Agenda item 1)

Documentation: ENERGY/WP.4/2002/1

5. The agenda was adopted.

IV. ELECTION OF OFFICERS (Agenda item 2)

6. The elected officers were as follows: Chairman: Mr. Bernard Laponche (France), Vice-Chairmen: Mr. Trond Dahlsveen (Norway); Mr. Zdravko Genchev (Bulgaria); Mr. Alan Schroeder served as an alternate for Mr. Thomas Sacco (United States of America); Mrs. Milena Presutto (Italy) and Mr. Boris Reoutov (Russian Federation).

V. ENERGY EFFICIENCY 21 PROJECT IMPLEMENTATION (Agenda Item 3)

Documentation: ENERGY/WP.4/2002/3.

Note: all United Nations documents for the Steering Committee of the Energy Efficiency 21 Project are available in English, French and Russian on the UNECE website www.ee-21.net together with numerous Power Point presentations delivered by delegations during the session.

7. This agenda item was introduced by the secretariat with a presentation of the developments of the Energy Efficiency 21 Project during 2001-2002. Mr. Bernard Laponche (Chairman) continued with a brief intervention on the relationships between energy security and energy efficiency in the European framework. Based on the Green Paper and selected other European Union studies on the long-term energy outlook, he indicated that there was a clear need for additional work on a comprehensive European energy efficiency policy in particular. This was followed by presentations of UNDP Global Environmental Facility (GEF) and ESCAP representatives on the GEF energy efficiency climate change mitigation project in Europe and on ESCAP and ECE energy efficiency activities, respectively. Supporting institutions also informed the meeting on their present and planned participation in the Project. The representative of Norway described their energy-efficiency activities in the CIS States and in particular in the Russian Federation and Kazakhstan. The training part of it had been successfully carried out and was expected to foster the emergence of bankable energy efficiency investment projects in the region. The Italian representative described the preliminary results of the joint Energy Efficiency

21 – European Commission E-GRIDS Project, which had dealt successfully with the impact of new energy policy scenarios for refrigerators and freezers in Europe. The project, which had covered eight countries from the European Union and five accession countries demonstrated substantial potential for related energy efficiency improvements until the year 2010. The United States delegate announced that different scenarios were considered with regard to the future range of the US Department of Energy's involvement in the energy efficiency activities. The delegate from the United Kingdom presented a proposal for an elaborate scheme backed by the EBRD on financing EE-21 energy efficiency investment projects in the health care sector in the Russian Federation. Preliminary discussions had been held with the Moscow officials and representatives of the Russian Federation. The targeted scheme was intended to be operational before the end of this year. The representative of the Russian Federation focused on two key issues: the federal policy on energy savings and the implementation of the EE-21 project in the country. He mentioned that energy efficiency was among nine science and technology priorities on the federal level. In addition, he described the progress made in finalising more than 20 business plans for energy efficient projects in the health sector in Russia, continuation of the operation of four major energy efficiency demonstration zones as well as a financing facility on financing energy efficiency projects in the Moscow, Tyumen and Komi regions.

8. The representative of the Alliance to Save Energy (ASE) (representing also the United States Agency for International Development, USAID, Bureau for Europe and Eurasia) presented the wide ranging activities pursued under the Municipal Network for Energy Efficiency (MUNEE) project which included a co-financing partnership with the United Nations Foundation. He described the change in the focus of the ASE from a project-oriented activity to one concentrating on energy policy making and implementation in economies in transition. Eradication of poverty had emerged as the major goal after the ASE's refocusing. A presentation on the energy efficiency trends and carbon emissions trading in the ECE region by the UNECE secretariat concluded this agenda item. The presentation demonstrated that large differences in energy efficiency and level of CO₂ emissions between market economies and economies in transition could be used as a solid base for making the Kyoto Protocol goals on the reduction of greenhouse gas emissions more realistic.

9. After discussion, the Steering Committee:

- (a) Noted with satisfaction that the Energy Efficiency 21 Project had successfully completed two years of Project operations as described in the Project Plan for the years 2000-2003 providing UNECE member States with a well managed and appropriate region-wide strategy to address commitments undertaken within the framework of the UNFCCC and the UNECE;
- (b) Noted with appreciation that, through an elected Bureau, the Project maintained the coordination needed to eliminate any overlapping or duplication of effort with the programmes of other international institutions and agencies;
- (c) Expressed appreciation to the supporting institutions for their willingness to provide financing, co-financing or in kind contributions for the project and to the UN/ECE secretariat for project management and assistance to member States in the implementation of the project;

- (d) Welcomed in particular the support and participation of the Government of France, Government of Norway, Government of Italy, and European Commission SAVE Programme, United States Department of Energy and the USAID and Alliance to Save Energy MUNEE project;
- (e) Welcomed the participation of the European Bank for Reconstruction and Development (EBRD), the United Nations Development Programme Global Environment Facility (UNFP-GEF) and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in project activities;
- (f) Recommended that the Bureau and the secretariat continue their discussions with supporting institutions on the nature and extent of their contributions to the Project;
- (g) Expressed appreciation for the United Nations publication of the study 'Energy Efficiency and Energy Security in the CIS' in English and Russian;
- (h) Welcomed the positive cooperation between the UN ECE and the European Commission SAVE Programme under the SACHA projects and considered that this would serve as a model for such collaboration in the future under the European Commission Fifth Framework Programme Energy E-GRIDS Project;
- (i) Welcomed the publication of the final report of the SACHA 2 Project as the UN ECE publication 'East-West Energy Efficiency Standards and Labels' as an e-Book which included the large data bases of the project as a CD-ROM supplement to the report;
- (j) Recommended that the Bureau and secretariat prepare a new draft Project Plan (2003-2006) for a second three-year phase of the Energy Efficiency 21 Project when the current phase comes to a conclusion in May 2003, for the consideration of the Steering Committee at its next session;
- (k) Recommended that the Bureau and secretariat bring fiscal, energy and environmental benefits of the EE-21 project to the closer attention of policy-makers in economies in transition to assist them in removing barriers for energy efficiency investment and thus in securing the project goals;
- (l) Recommended that the Bureau and secretariat make an inventory of the past EE-21 activities in demonstration zones, analyse its past energy efficiency investments and provide an overview of the needed actions for fostering those investments in the future;
- (m) Recommended that the Bureau and secretariat organise a one-day seminar on international cooperation and financing energy efficiency investments in economies in transition during the next meeting of the Steering Committee.

VI. PRESENTATIONS OF NATIONAL PARTICIPATING INSTITUTIONS

(Agenda item 4)

10. The delegations of Belarus, Hungary, Kazakhstan, Russian Federation and Ukraine presented recent developments in the energy efficiency field and project activities undertaken. The representative from Belarus focused on the substantial progress made in the area of financing energy efficiency investment projects in the country. Among a number of those projects with short repayment period and considerable CO₂ savings, three projects would be financed by the World Bank. The Hungarian presentation indicated that sizeable energy efficiency gains achieved in the last years were mostly the result of profound structural changes in the economy and industry. In turn the changes were made possible by an uninterrupted flow of foreign direct investments. At the same time, the energy efficiency developments in Kazakhstan were composed of a mixture of continuous progress in training and financing selected investment projects. The involvement of the UNECE, SPECA, GEF and UNDP contributed to this advancement. The delegate from the Russian Federation documented a continuing progress in energy efficiency in his country. Those energy efficiency improvements had been related to the decreasing GDP energy and CO₂ emission intensity as well as to recent large reductions in energy transport losses across the Russian Federation. Ukraine's presentation was divided into two sections; the first dealt with energy efficiency policy and energy savings achieved with the support of several international organisations such as the World Bank and the EBRD; the second concentrated on the energy efficiency projects and steps towards building an energy efficiency market in the country.

VII. INDICATORS FOR SUSTAINABLE ENERGY DEVELOPMENT: ENERGY EFFICIENCY

(Agenda item 5)

11. The secretariat presented recent work on indicators for sustainable energy development with particular attention to energy efficiency. A number of those indicators were described and their usefulness elaborated. As the indicators had been produced within a coordinated international effort, their understanding, use and comparison were greatly facilitated.

VIII. SPECIAL WORKING SESSION: REGIONAL NETWORK FOR THE EFFICIENT USE OF ENERGY AND WATER RESOURCES (RENEUER)

(Agenda item 6)

12. This agenda item was introduced by Mr. Zdravko Genchev, Director, Centre for Energy Efficiency (EnEffect) Sofia (Bulgaria) with a summary of recent developments on the project and plans for future activities. His presentation had three parts: the RENEUER's progress during the 2001/2002 period, elaboration of the potential for energy efficiency improvements in the region, and reasons why the region deserved more significant international assistance compared with today's situation. It was followed by five sectoral and regional presentations on (foreign) energy investment, on-going energy policy reform, financing tools appropriate for energy efficiency projects, development of bankable energy and water projects, and capacity building activities on a country-by-country basis. The presentations provided not only a wealth of information on the progress in energy efficiency in the region but also indicated its needs and possible avenues for increasing larger energy saving gains in the immediate future. One of the most encouraging signs of the RENEUER project was the ability of the national coordinators to establish an effective and

wide cooperation in producing these documents, which should be available in their final form in the second part of this year.

13. The delegates from all eight RENEUER-participating countries individually outlined the situation in their energy sectors with a particular emphasis on energy efficiency activities and advancements. It appeared that the countries were improving their energy efficiency though in an uneven manner. While some of the countries had attracted large foreign financial inflows in the electricity sector in particular, others were still struggling to ensure the reliability of selected aspects of their energy supply. Generally, difficult economic conditions and lack of a more substantial financial support in the preparatory work were seen to limit substantial financing of energy saving projects in the region.

14. In the discussion that followed the national coordinators' presentations, representatives from market economies provided a number of suggestions for further improvement of the RENEUER's work such as: the inclusion of the energy demand side in the analysis; a continuous focus on capacity building; support for a faster reform in energy legislation and its effective implementation; and efforts to avoid duplication of international assistance efforts.

15. After these presentations, a number of EE-21 and RENEUER supporting countries, organisations, co-financing partners and contractors responded with additional views and information. The representative of Norway reiterated his country's support for the EE-21 project and RENEUER in particular. He announced widening support to the EE-21 of which the exact form would be known at a later stage. In this framework, certain steps had been taken to investigate whether so far mainly bilateral cooperation with the RENEUER-participating countries could be transformed into a multilateral scheme. The delegate representing the USAID and the ASE announced the ASE's willingness to operate on the RENEUER-region base with an emphasis on energy policy development, data base building and possible formation of appropriate expert groups for each country. France confirmed its continued support to the EE-21 project and its RENEUER component. Furthermore, its representative on behalf of the Ministry of Foreign Affairs invited the RENEUER national coordinators, a delegate from the Black Sea Regional Energy Center and an executive from the EnEffect to take part in the forthcoming targeted meeting of the Energy Efficiency Circles (Cercles pour l'Efficacité Energétique). The meeting, which was scheduled to take place in Paris on 9-16 September 2002, would focus on the instruments and methods for the implementation of energy efficiency policies and programmes. Organized by the firm International Consultants on Energy (ICE), it was designed so that it would help elaborate modalities of enhancing energy efficiency in consumption in general and countries in south-east Europe in particular.

16. After discussion, the Committee:

- (a) Welcomed the final version of the RENEUER project concept and the Work Plan for the period 2002-2003 discussed by the Steering Committee during its present session;
- (b) Noted with satisfaction the outcome of the RENEUER working session held in May 2002 at Maribor (Slovenia) during the ENERGETIKA 2002 trade fair; and the coordination meeting held in Chisinau (Republic of Moldova) in June 2002;

- (c) Welcomed the support for and participation in the project provided by the Government of France, the Government of Norway, the Government of the Czech Republic, USAID Municipal Network for Energy Efficiency (MUNEE) project implemented by the Alliance to Save Energy, US Department of Energy;
- (d) Requested the Bureau of the EE21 Project and the secretariat to issue a final Project Document and Work Plan with supporting Institutions and report on progress to the Steering Committee in May 2003 and the Committee on Sustainable Energy in November 2002;
- (e) Recommended that a donors' meeting be organized in the second part of 2002 where the energy policy and financing study would be presented as well as a number of bankable investment projects from this and other regions of economies in transition;
- (f) Requested the Center for Energy Efficiency (EnEffect) in Sofia to incorporate by the end of 2002 the recommendations and proposals for activities and support that delegations made during the session into the Project Work Plan for 2003;

IX. OTHER BUSINESS (Agenda item 7)

17. The next session of the Steering Committee of the Energy Efficiency 21 Project will be held on 26-28 May 2003.

X. CONCLUSIONS AND RECOMMENDATIONS (Agenda item 8)

18. The Chairman presented the draft conclusions and recommendations to the Steering Committee for discussion, guidance and additional information during the closing session. This report provides the agreed conclusions and recommendations under each relevant agenda item as completed and amended during the session.