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ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Working Party on Gas

Tenth session, 26-28 January 2000

REPORT

I. ATTENDANCE

1. The tenth session of the Working Party on Gas was attended by 85 participants, representing the following countries: Austria, Belgium, Bulgaria, Croatia, Czech Republic, France, Germany, Hungary, Italy, Latvia, Netherlands, Norway, Poland, Portugal, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and Ukraine.
2. Algeria, Iran (Islamic Republic of) and Tunisia participated under Article 11 of the Commission's Rules of Procedure.
3. The following intergovernmental and non-governmental organizations were represented: International Energy Agency (IEA/OECD), International Gas Union (IGU), European Natural Gas Vehicles Association (ENGVA), World LPG Association (WLPGA), World Energy Conference (WEC), European LPG Association (ELPGA), CEDIGAZ, Cambridge Energy Research Associates (CERA) and the Ecological Vernadski Foundation.

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II. ADOPTION OF THE AGENDA (Agenda item 1)

4. The provisional agenda (ENERGY/WP.3/2000/1) was adopted.

III. DECISIONS OF THE COMMITTEE ON SUSTAINABLE ENERGY OF CONCERN TO THE WORKING PARTY (ECE/ENERGY/41) (Agenda item 2)

5. Decisions:

(i) To take note of the decisions of the Committee on Sustainable Energy of concern to the Working Party;

(ii) To make a contribution on the part of gas industries to the high-level segment of the Committee on Sustainable Energy to be held in November 2000.

IV. ECONOMIC REFORMS AND RESTRUCTURING IN CENTRAL AND EASTERN EUROPE AND THEIR IMPLICATIONS AND SIGNIFICANCE FOR GAS MARKETS AND THE GAS INDUSTRY IN THE ECE REGION (Agenda item 3)

Promotion and development of a market-based gas industry in economies in transition - the "Gas Centre" (ENERGY/WP.3/GE.4/2000/2, 4, 5, 6, 9 and 10)

6. Decisions:

(i) To express satisfaction with the results of the Gas Centre's work during the sixth year of its operations;

(ii) To note that this technical cooperation programme of the Working Party on Gas reinforces its regular programme in assisting the economies in transition;

(iii) To thank Governments, enterprises and institutions for their active support of the Gas Centre, to welcome new members of this programme and to invite new companies to consider joining the Centre.

V. NATURAL GAS AND CLIMATE CHANGE (Agenda item 4)

7. The global dimension of climate effects requires that protective measures be taken at the international level. Since the UN Conference on the Environment and Development (Rio de Janeiro, 1992) and the Conference of the Parties to the UN Framework Convention on Climate Change (Berlin, 1995), efforts have been made to devise instruments for cross-border cooperation enabling national commitments to the reduction of greenhouse gas emissions to be met. An instrument with an international orientation is the “Joint Implementation” strategy promoted by the United Nations.

8. In October 1995, Gazprom and Ruhrgas signed an agreement on long-term cooperation in the ecological sector with a view of developing joint measures designed to promote environmental protection in the gas industry. Mr. A. Sedykh, Head of Department (Gazprom) and Mr. W. Czerni, Vice-President (Ruhrgas) made a detailed presentation of the joint project showing the contribution made by gas to climate and environmental protection, using clean and efficient technologies.

9. Decisions:

(i) To thank Messrs. A. Sedykh and W. Czernie for the interesting presentation of a concrete project by the gas industry, contributing to the strategy of sustainable development;

(ii) To invite other gas companies to contribute to the forthcoming (November 2000) High-Level Multi-Stakeholder Forum on “Sustainable Energy in a Competitive Market: Forging Partnerships”.

VI. CURRENT DEVELOPMENTS AND MEDIUM-TERM AND LONG-TERM PROSPECTS AND POLICIES IN THE GAS INDUSTRY, INCLUDING STORAGE OF GAS AND INTERCONNECTION OF GAS NETWORKS (Agenda item 5)

(a) Review of the gas situation and prospects in the ECE region (ENERGY/WP.3/2000/3)

10. Decisions:

(i) To thank Governments and other organizations for the interesting information they provided regarding the developments in the gas industries and gas markets;

(ii) To invite Governments to send to the secretariat by 1 June 2000 their contributions on the gas situation and gas markets in 1999, e.g. information on natural gas, manufactured gas and LPG;

(b) Future role of gas in meeting energy requirements, including underground storage of gas (UGS)

11. Under this agenda item there was a presentation of the ECE study on “Underground gas storage in Europe and Central Asia”, which was launched by the Working Party on Gas. A team of principal experts presented the study on a chapter-by-chapter basis: Messrs. C. Simeoni (Introduction, Italy), R. Sedlacek, W. Rott, J. Höllwart (Chapter I, Germany), W. Rokosz (Chapter II, Poland), S. Khan (Chapter III, Russian Federation), G-H Joffre (Chapter IV, France), C. Odevall (Chapter V, Sweden), B. Pleizier (Chapter VI, Netherlands) and members of the secretariat. The group reported on the results of the study and future work on this topic.

Decisions:

(i) To approve the Study on Underground Gas Storage in Europe and Central Asia, noting with appreciation the high level of professionalism demonstrated by its results;

(ii) To continue work on the study both by updating it and by adding up new topics for analysis related to UGS;

(iii) To request the UGS Ad Hoc Group and the secretariat to prepare a new outline/concept paper, questionnaire, timetable, organizational structure of the “update study” for presentation and approval by the next session of the Working Party on Gas, in January 2001;

(iv) To invite the team and other experts involved in the study to make similar presentations in gas companies/organizations during 2000 in order to publicize and widely disseminate the results of the study;

(v) To note with appreciation that results of the study will be presented in the course of the World Gas Conference (Nice, France) in June 2000;

(vi) To request the organizations/companies/institutions involved in the work on the study to continue their support for the future work on this topic by assigning experts and providing other assistance to the implementation of this project;

(vii) To express special thanks to the Governments, companies, organizations and institutions that made a valuable contribution to the success of the study by providing experts, hosting meetings of the Ad Hoc Group, providing data and information and assisting in preparation of the study.

(c) Interconnection and extension of gas networks in western, central and eastern Europe

12. Decisions:

(i) To note that the implementation of the study was suspended pending the release of the UGS study;

(ii) To request the secretariat to resume work on this project and to hold a preparatory meeting in Spring 2000;

(iii) To invite Governments and organizations who have not yet done so to send their replies to the questionnaire to the secretariat without delay.

(d) International map of gas fields in Europe

13. Decisions:

(i) To note the progress achieved in the implementation of the project;

(ii) To note with appreciation that the project will be presented by the delegation of Germany in the course of the Sixteenth World Petroleum Congress in June 2000 (Calgary, Canada);

(iii) To request the secretariat to report on the implementation of the study at the next session of the Working Party on Gas.

VII. ACTIVITIES OF THE AD HOC GROUPS OF EXPERTS IN THE FIELD OF NATURAL GAS (Agenda item 6)

(a) Twenty-second session of the Ad Hoc Group of Experts on Natural Gas Resources (ENERGY/WP.3/GE.1/1999/2)

(b) First session of the Ad Hoc Group of Experts on the Supply and Use of Gas (ENERGY/WP.3/GE.5/2000/1)

14. Decisions:

- (i) To approve the reports and programmes of work of the Ad Hoc Groups of Experts;
- (ii) To invite Governments to contribute to the projects currently underway.

VIII. ACTIVITIES OF OTHER INTERNATIONAL ORGANIZATIONS OF RELEVANCE TO THE WORK OF THE WORKING PARTY (Agenda item 7)

15. Decisions:

- (i) To thank representatives of the international organizations for the information on their activities related to natural gas and LPG;
- (ii) To approve the proposal by Tunisian Electricity and Gas Company (STEG) to organize a workshop on gas marketing issues, tentatively in the autumn of 2000 and to request the secretariat to work closely with STEG in the preparation of the workshop;
- (iii) To approve the proposal by the Russian Federation (VNIMI Institute and Gazprom) to organize in June 2001 in St. Petersburg a workshop on “Geodynamic and Ecological Safety in Production, Transport and Storage of Natural Gas” and to request the secretariat to prepare, in cooperation with VNIMI an Information Notice giving the scope and draft programme of the workshop;
- (iv) To invite Governments and interested organizations to take an active part in these workshops.

IX. FUTURE ACTIVITIES OF THE WORKING PARTY (Agenda item 8)

- (a) **Programme of work for 2000-2003** (ENERGY/WP.3/2000/4)
- (b) **Provisional calendar of meetings for 2000 and 2001** (ENERGY/WP.3/2000/5)

16. Decisions:

- (i) To approve the programme of work of the Working Party;
- (ii) To approve a provisional calendar of meetings.

X. OTHER BUSINESS (Agenda item 9)

17. The delegations thanked Mr. Joachim König, Chairman of the Board, Westfälische Ferngas AG (Germany) and Mr. John Meeder, Secretary General, International Gas Union (Netherlands) for their long-standing cooperation and contribution to the ECE work in the field of gas and wished them a happy retirement.

XI. ELECTION OF OFFICERS (Agenda item 10)

18. The Working Party re-elected its officers for the eleventh session: Mr. Boleslaw REY (Poland) as Chairman and Messrs. Noël COUPAYE (France) and Claudio SIMEONI (Italy) as Vice-Chairmen.

XII. DATES OF THE NEXT SESSION (Agenda item 11)

19. The eleventh session of the Working Party on Gas will be held on 23 and 24 January 2001, starting on Tuesday, 23 January 2001 at 10 a.m.

XIII. ADOPTION OF THE REPORT (Agenda item 12)

20. The Working Party adopted the report of its tenth session on 28 January 2000.

ANNEX

PROGRAMME OF WORK, 2000-2003

06.1.4 ECONOMIC REFORMS AND RESTRUCTURING IN CENTRAL AND EASTERN EUROPE AND THEIR IMPLICATIONS AND SIGNIFICANCE FOR GAS MARKETS AND THE GAS INDUSTRY IN THE ECE REGION

Description: Problems and issues associated with the creation of, transition to, and operation of a market-oriented gas industry and gas enterprises, institutional factors, promotion of investment opportunities and adjustment to economic and social needs.

Work to be undertaken: Exchange of information and experience, improvement of contacts and exchange of technical and economic knowledge, preparation of reports and studies on specific issues, promoting and strengthening of cooperation with other international governmental and non-governmental organizations, holding of workshops, seminars, informal meetings, etc.

Specific subjects for workshops or informal meetings may focus on market instruments of market-oriented gas industries; and basic principles of transition to market-oriented economies.

06.1.4.1 Promotion and development of a market-based gas industry in economies in transition (1994-2004)

Description: Exchange of knowledge, experience and information on a systematic, cooperative and coordinated basis between gas industries and Governments on market-based policies, regulatory framework, instruments and principles in the gas industry. Exchange of information, views and experience on the development, application and adaptation of gas pricing principles and practices in a market-oriented gas industry, including factors related to market adaptation of gas enterprises. Training seminars will be organized by Governments and enterprises on this topic on a periodic basis.

Work to be undertaken: Implementation of the programme of work of the technical cooperation programme "Gas Centre", namely, human resources development, networking, database building, preparation of the training manual etc., approved by the Advisory Board. Establishment of a reliable and accessible communications system among gas industries, related governmental agencies, international financial and development institutions and the banking sector in the ECE region. A specific description of the programme is contained in a project document. A detailed programme of work is approved by the Advisory Board of the Gas Centre at its annual meetings.

06.5.4 DEVELOPMENTS IN THE GAS INDUSTRY, INCLUDING TRADE AND INTERCONNECTIONS/ EXTENSION OF GAS NETWORKS

06.5.4.1 Future role of gas (natural gas and liquid petroleum gas (LPG)) in meeting energy requirements (continuing)

Description: Periodic examination of problems associated with gas (natural and LPG) markets, their development and supply prospects, the future role of gas in meeting the energy requirements of the ECE region, including national policies affecting energy and gas in particular, and fuel substitution. Identification of specific issues for intergovernmental cooperation.

Work to be undertaken: Quantitative analysis and assessment of gas supply and demand; identification of issues for intergovernmental cooperation, consideration of problems relating to the following: prospects of gas industry growth and adjustments to market conditions and fuel competition, the position of gas versus other forms of energy in the overall energy balance and evaluation and assessment of fuel competition. Periodic organization of symposia, seminars, informal meetings and workshops on the subject.

06.5.4.2 Developments in gas availabilities and consumption (continuing)

Description: Consideration of the gas situation in the ECE region and its prospects. Exchange of views on annual developments of gas markets, factors affecting gas marketing availability of indigenous supplies, forecast of gas demand for five years and other points of interest.

Work to be undertaken: At its annual sessions, the Working Party on Gas considers the information provided by Governments and reviews the gas situation and gas markets in the ECE region, including reports of interest by other governmental and non-governmental organizations.

06.5.4.3 Underground storage of gas in Europe and Central Asia (continuing)

Description: Consideration of all ranges of issues, including economic issues related to the underground storage of natural gas and LPG, assessment of existing storage availabilities and long-term projections with regard to underground storage developments.

Work to be undertaken: To update periodically the Study on Underground Gas Storage and to add other issues relevant to UGS.

06.5.4.4 Interconnections and extension of gas networks in Europe (continuing)

Description: To study existing and future requirements of gas pipeline networks in Europe in the further development of gas markets and trade in Europe, and measures to promote and develop such interconnections/extension, including infrastructure developments related to the LPG industry.

Work to be undertaken: To undertake an update of the study on gas networks in Europe produced by the Working Party on Gas in 1992.

06.5.4.5 Use of gaseous fuels for motor vehicles (continuing)

Description: To study various aspects related to the use of CNG, LPG and LNG for transportation.

Work to be undertaken: At the annual sessions of the Working Party to have in-depth discussion of the topic. To invite representatives of other international organizations working in this domain to make presentations of their activities.

06.5.4.6 Natural gas and environment (continuing)

Description: To study various aspects of the interrelationship between natural gas and environment.

Work to be undertaken: Consideration of this topic at the annual sessions of the Working Party.

06.5.5 ASSESSMENT OF NATURAL GAS RESOURCES, INCLUDING
GEOLOGICAL AND GEOPHYSICAL METHODS OF PROSPECTING FOR
NATURAL GAS (continuing) (to be implemented by the Ad Hoc Group of Experts
on Natural Gas Resources)

Description: Assessment and evaluation of natural gas resources, reserves and production.

Work to be undertaken: Exchange of views, experience and other relevant information.

06.5.5.1 Relationship between the geology, reservoir behaviour and the ultimate recovery factor of gas fields (1997-2001)

Description: Exchange of information on recent technologies and related studies to increase gas recovery.

Work to be undertaken: To consider a draft consolidated report prepared by the rapporteur from Germany.

06.5.5.2 Application of enhanced seismic techniques, such as 3-D seismic, in prospecting and exploration of gas resources (1997-2001)

Description: Address issues related to new and emerging seismic techniques.

Work to be undertaken: To consider a draft consolidated report prepared by the rapporteur from the Netherlands.

06.5.5.3 Problems arising from the exploration of natural gas deposits located in abnormally high pressure and temperature conditions and extremely deep geological formations

Description: Exchange of information and experience on recent technical developments in methods of exploration of deep geological formations and problems encountered with their exploration.

Work to be undertaken: To suspend work on this topic until further consideration.

06.5.5.4 Developments and prospects of unconventional gas resources, such as tight formations, methane from coal seams, hydrates, etc. and problems encountered with their exploration and production

Description: Exchange of information and experience on production and utilization of gas from tight formations including economic, environmental, safety and other factors associated with this resource and other non-conventional gas resources.

Work to be undertaken: To suspend work on this topic until further consideration.

06.5.5.5 International Map of Natural Gas Fields in Europe (1995-2001)

Description: An update of the map prepared by the Meeting of Experts in 1985.

Work to be undertaken: Collection of geological data from the countries, preparation of the digital version of the map.

06.5.5.6 Assessment of natural gas resources and annual collection of data on natural gas reserves (1992-2001)

Description: Annual survey of natural gas reserves.

Work to be undertaken: Consideration of replies to the annual questionnaire on natural gas reserves.

06.5.5.7 Problems related to the assessment and development of gas condensate reserves and resources, including methods of enhanced condensate recovery

Description: Exchange of information on recent technologies related to the assessment and calculation of condensate reserves and resources and on problems encountered with the development of gas condensate fields.

Work to be undertaken: To suspend work on this topic until further consideration.

06.5.5.8 Economic and technical problems related to the development and exploitation of marginal gas fields (1998-2001)

Work to be undertaken: To consider replies to the questionnaire.

06.5.6 GAS TRANSPORTATION SYSTEMS, STORAGE AND RATIONAL USE OF GAS(continuing) (to be implemented by the Ad Hoc Group of Experts on the Supply and Use of Gas)

06.5.6.1 Construction, management and maintenance of gas transportation systems: diagnostics of gas transmission lines (1996-2001)

Description: Study of various methods and techniques applied in the diagnostics of high-pressure gas pipelines in different countries.

Work to be undertaken: Lecture and discussion on the overview of new technologies applied in ECE countries, prepared by the delegation of the Russian Federation.

Update of this topic in two years' time.

06.5.6.2 Methods for detection of gas leakages during extraction, transportation, distribution and storage of natural gas (1994-2001)

Description: Study of various aspects related to gas leakages and methods of their detection.

Work to be undertaken: Lecture on emissions measurements to be delivered by the Rapporteur from Poland.

Update of this topic in two or three years' time.

06.5.6.3 Use of horizontal wells in underground gas storage (2000-2001)

Description: Review and analysis of methods and techniques used in drilling and operation of horizontal wells in underground gas storage.

Work to be undertaken: Consideration of a draft questionnaire prepared by the Rapporteur from Hungary.

06.5.6.4 Technical and ecological norms required for the design, construction and operation of local gas distribution systems, including household gas installations (1999-2001)

Description: To review existing norms, standards and techniques related to the design, construction and operation of gas distribution networks and household gas appliances.

Work to be undertaken: Consideration of a draft questionnaire and replies thereto by the Russian Federation.

06.5.6.5 Existing standards and regulations on permissible concentrations of harmful components in gaseous fuels and gaseous fuels combustion products (1999-2001)

Description: To review and study standards and regulations applied in countries.

Work to be undertaken: Consideration of a draft questionnaire and replies thereto by Poland.
