



**Economic and Social
Council**

Distr.
GENERAL

ENERGY/GE.1/2004/3
16 August 2005

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Ad Hoc Group of Experts on Coal in Sustainable Development
Seventh session, 7- 8 December 2004

REPORT

I. ATTENDANCE

1. The seventh session of the Ad Hoc Group of Experts on Coal in Sustainable Development was held on 7 and 8 December 2004 and attended by representatives from the following UNECE member countries: Albania, Austria, Bulgaria, Czech Republic, France, Germany, Greece, Hungary, Italy, Kazakhstan, Poland, Romania, Russian Federation, Serbia and Montenegro, Slovakia, Slovenia, Spain, Turkey, Ukraine, United Kingdom and United States of America.
2. Representatives of Australia and Brazil participated under Article XI of the Commission's Terms of Reference.
3. The United Nations Development Programme Global Environmental Facility (UNDP/GEF) was represented.
4. The following specialized agencies and intergovernmental organizations were also represented: ASSOCARBONI, European Association for Coal and Lignite (EURACOAL), International Committee for Coal and Organic Petrology (ICCP), International Energy Agency Clean Coal Centre (IEACCC), and World Energy Council (WEC).

II. ADOPTION OF THE AGENDA (Agenda Item 1)

5. The provisional agenda, as contained in document ENERGY/GE.1/2004/2 was adopted.

Note: all documentation and presentations delivered at the meeting are available on the UNECE website at: <http://www.unece.org/ie/se/coal/adhoc.html>

III. ELECTION OF OFFICERS (Agenda Item 2)

6. The meeting was advised it was required to elect a new bureau of officers. The secretariat proposed that the officers be elected during the session and that they would then take up their functions for the following two years, starting from the end of this current session. The meeting agreed with this proposal.

7. The bureau that served for the present session was composed of: Mr. Sergey Klimov (Russian Federation), Chairman, and Mr. Celestin Alexandrescu (Romania) and Mr. Miroslav Wališ (Czech Republic), Vice-Chairmen.

8. During the session the meeting elected its new bureau as follows: Mr. Celestin Alexandrescu (Romania) was elected Chairman, Mr. Graham Chapman (United Kingdom), Ms. Mücella Ersoy (Turkey), Mr. Léopold Janssens (EURACOAL), Mr. Sergey Klimov (Russian Federation), Mr. Vladimir Shchadov (Russian Federation) and Mrs. Marie Vrbova (Czech Republic) were elected Vice-Chairpersons.

IV. RECENT ACTIVITIES AND PRIORITIES OF THE COMMITTEE ON SUSTAINABLE ENERGY (Agenda Item 3)

Documentation:

(i) ECE/ENERGY/53: Report of the thirteenth session of the Committee on Sustainable Energy

9. Mr. George Kowalski, Director of the UNECE Industrial Restructuring, Energy and Enterprise Development Division (IREEDD), updated the Ad Hoc Group on issues specifically relating to the Sustainable Energy Section of the IREEDD that had occurred since the last session, including that the Global Energy Security Summit scheduled for 10 December 2004 had been postponed to 28 June 2005, during the next session of the Committee on Sustainable Energy.

10. Mr. Kowalski informed the meeting of the decision taken by the Committee on Sustainable Energy at its last session to create a new Ad Hoc Group of Experts on the Supply of Fossil Fuels. This Group is the successor to the Ad Hoc Group of Experts on the Harmonization of Energy Reserves and Resources Terminology and its mandate is to contribute to the global efforts in securing a longer-term supply of energy resources by improving the current methods of their assessment, valuation, classification and reporting procedure.

11. Mr. Kowalski advised the meeting that a new three-year phase of the Energy Efficiency 21 project was likely to be announced very shortly as it had recently received approval for funding for the project entitled "Financing Energy Efficiency Investments for Climate Change Mitigation".

12. He commended the Ad Hoc Group of Experts on its agenda for the session, which emphasised that the Group was seeking to better align its programme of work so as to respond to the challenges of the current sustainable development and environmental debate. He confirmed the strong commitment of the UNECE in responding to these challenges with tangible outcomes and announced that two extrabudgetary projects had recently been launched for the coal programme. The UN Development Account project "Capacity Building for Air Quality

Management and the Application of Clean Coal Technologies in Central Asia” (CAPACT) commenced its activities last summer and the first project-related meeting was held in Almaty, 10-11 November 2004. The second UNECE project, financed by a grant from the US Environmental Protection Agency and the UN Foundation and entitled “Facilitating Development of Coal Mine Methane Projects in Central and Eastern Europe and the CIS” was announced in September and will commence its activities in the first half of 2005.

13. In closing, Mr. Kowalski urged those countries that had not yet done so to respond to the questionnaire “Mitigating the Economic and Social Impacts of Restructuring of the Coal Industries of the Transition Economies”, emphasising that this provided the only meaningful way that data could be obtained and used by the UNECE to target assistance to where it is most needed.

14. The meeting noted the above information.

V. DEMAND, SUPPLY AND PROSPECTS FOR COAL IN THE UNECE REGION AND GLOBALLY (Agenda Item 4)

Documentation:

(i) ENERGY/GE.1/2004/1: Forecasts for the Supply of and Demand for Solid Fuels - 2004

15. The discussion on this subject opened with a presentation by Mr. Klaus Brendow (World Energy Council) on the “Global and Regional Demand Perspectives to 2030 and Beyond”.

16. Mr. Andrew Fikkers (Barlow Jonker) provided presentations covering the “Thermal Coal Market Update” and “Metallurgical Coal Market Outlook”.

17. Mr. Domenico Maiello (Maran Coal) presented “The Turnaround in the Global Steel Industry: 2004/2005 in Perspective”.

18. Mr. Sami Louati (Ministry of Economy, Finance and Industry, France) updated the meeting on the coal sector in France and Mr. Bernd Bogalla (GSVT, Germany) presented the “Current Situation and Perspectives of the German Coal Industry”.

19. All the presentations were made available to participants.

20. The meeting took note with appreciation the extensive material provided.

VI. CLEAN COAL TECHNOLOGIES AND TECHNOLOGICAL INNOVATIONS (Agenda Item 5)

Documentation:

(i) ENERGY/GE.1/2004/5: Clean Coal – Building a Future through Technology (Prepared by the World Coal Institute)

(a) Clean Coal – Building a Future through Technology (ENERGY/GE.1/2004/5)

21. The World Coal Institute prepared a paper “Clean Coal – Building a Future through Technology”, which was made available to the meeting.

(b) Exploiting Synergies with Renewables – Coal and Biomass Co-Firing

22. Mr. Aleksandar Kovačević (Serbia and Montenegro) delivered a presentation on the local experience of co-firing biomass with coal in the context of the restructuring of the coal mine/thermal power plant of the Obrenovac Complex in Serbia and Montenegro. This presentation entitled “Re-Thinking Obrenovac Lignite Complex” was made available to participants.

(c) Update on Status of Zero Emissions Technologies

23. Mr. Nick Otter (Alstom Power) made a presentation on “The Transition towards Zero Emissions Power Generation – Technology Implications”, which served to update the meeting with an industry technology position on carbon abatement strategies for fossil fuels.

24. The meeting:

(i) Noted with appreciation the material provided

VII. COAL AND THE ENVIRONMENT (Agenda Item 6)

Documentation:

(i) ENERGY/GE.1/2004/6: The Coal Industry: Responding to Markets for Environmental Attributes (Prepared by John Palmisano, Energy and Environmental Capital LLC)

(ii) ENERGY/GE.1/2004/7: Coal Market in Europe – Time to Look at Strategy (Prepared by Graham Chapman, Energy Edge Limited)

25. The representative of the IEA Clean Coal Centre presented “Trends in Legislation: the Future for Coal”, which was an overview of national and international emission legislation using the trends from the past to predict how the strategies may develop in the future. This paper also considered the possible impact on clean coal technology routes towards zero emissions.

26. Mr. John Palmisano (Energy and Environmental Capital) presented the key aspects and conclusions of the paper he had prepared on “The Coal Industry: Responding to Markets for Environmental Attributes”.

27. Mr. Graham Chapman (Energy Edge Limited) provided a presentation on “Coal Marketing in Europe – Time to Look at Strategy”, which focussed on the two sets of policies and legislation posing the greatest challenge to coal’s desirability as a fuel source in its history and discussing how the coal industry might overcome these challenges and turn them into opportunities.

28. The meeting:

(i) Noted with satisfaction all the information provided during the presentations.

**VIII. COAL MINE METHANE AND “FACILITATING DEVELOPMENT OF COAL MINE METHANE PROJECTS IN CENTRAL AND EASTERN EUROPE AND THE CIS”
UNECE’S EXTRABUDGETARY PROJECT (Agenda Item 7)**

Documentation:

- (i) ENERGY/GE.4/2004/1: Provisional Agenda for the first session of the Ad Hoc Group of Experts on Coal Mine Methane, 6 December 2004
- (ii) ENERGY/GE.4/2004/2: Project on Development of Coal Mine Methane projects in Central and Eastern Europe and the Commonwealth of Independent States

29. The secretariat briefed the meeting on the UNECE extrabudgetary project “Facilitating Development of Coal Mine Methane Projects in Central and Eastern Europe and the Commonwealth of Independent States” which is co-funded by the United States Environmental Protection Agency (US EPA) and the UN Foundation, and is due to commence its activities in the first half of 2005.

30. The Chairman of the newly established Ad Hoc Group of Experts on Coal Mine Methane (CMM) reported on the outcome of its first session held on 6 December 2004. The meeting was advised that a new Bureau had been elected and a number of minor amendments to the Terms of Reference had been proposed. Key issues to be addressed by the Group included: barriers to financing CMM projects, legal and regulatory issues associated with gas ownership, and the need for promotion of CMM projects. It was emphasized that the Group of Experts on CMM wished to work very closely with the Group of Experts on Coal in Sustainable Development.

31. The Team Leader of the US EPA Coalbed Methane Outreach Program, presented an overview of the Program’s national and international activities to reduce methane emissions from coal mining activities. He also updated the meeting on the Methane to Markets Partnership initiative.

32. The meeting:

- (i) Noted the presentations provided;
- (ii) Further noted with appreciation the extrabudgetary project on development of CMM projects in Central and Eastern Europe and the CIS; and
- (iii) Agreed upon the importance of cooperating closely with the Ad Hoc Group of Experts on Coal Mine Methane.

IX. UN DEVELOPMENT ACCOUNT “CAPACT” PROJECT (Agenda Item 8)

Documentation:

- (i) ENERGY/GE.1/2003/9: Capacity Building for Air Quality Management and the Application of Clean Coal Technologies in Central Asia
- (ii) ENERGY/GE.1/2004/4: The CAPACT Project “Capacity Building for Air Quality Management and the Application of Clean Coal Technologies in Central Asia”

33. The secretariat updated the meeting on the status of the CAPACT Project, a three-year project that had been approved for funding by the UN General Assembly in December 2003 by its Resolution A/C.5/58/L48 and that had commenced its activities in the second half of 2004. The secretariat put particular emphasis on the work packages focusing on the clean coal

technology aspects of the project. The secretariat also drew attention to the dedicated project website to which all documentation and other relevant information was posted on a regular basis: <http://www.unece.org/ie/capact>

34. Under the CAPACT Project an Analytical Review on “Technical and Economic Status of Cost-Effective Clean Coal Technology Options and Prospects for their Implementation in Central Asia” was being prepared. Mr. Leon Kurczabinski (Poland) provided an overview of the draft Pre-Combustion Section of this overview and Mr. Miroslav Walis (Czech Republic) summarized the draft Post-Combustion Section. The secretariat concluded by presenting an overview of the Combustion Section.

35. The meeting:

(i) Noted with appreciation the information provided and the efforts made in implementing the CAPACT Project.

X. COAL IN A SUSTAINABLE SOCIETY AND LIFE CYCLE ANALYSIS (Agenda Item 9)

(a) Coal In a Sustainable Society (CISS)

36. Mr. Louis Wibberley (CSIRO Energy Technology, Australia) drew the attention of the meeting to the “Coal in a Sustainable Society” (CISS) Project, which initially commenced as an Australian Coal Industry Life Cycle Analysis (LCA) study on steel and electricity production and sought to encompass broader sustainability aspects such as social and economic issues, as well as technology options and stakeholder communications.

(b) Life Cycle Analysis (LCA)

37. The representative of ASSOCARBONI, Mr. Rinaldo Sorgenti, presented the key findings of a study on the pre-combustion of natural gas and coal, entitled “Greenhouse Gases in the Life Cycle of Fossil Fuels: Critical Points in the Assessment of Pre-Combustion Emissions and Repercussions on the Complete Life Cycle”, recently undertaken by an Italian Research Laboratory.

38. The meeting:

(i) Noted with appreciation the presentations provided and agreed that it would be useful to monitor developments in the area of LCA.

XI. COAL SECTOR RESTRUCTURING IN THE ECONOMIES IN TRANSITION (Agenda Item 10)

Documentation:

- (i) ENERGY/GE.1/2003/8: Economic and Social Impacts of Restructuring of the Coal Industries of the Transition Economies (undertaken in cooperation with the United Nations Department of Social and Economic Affairs (UNDESA))
- (ii) ENERGY/GE.1/2004/8: Questionnaire on the Major Indicators of Coal Sector Restructuring
- (iii) ECE/ENERGY/NONE/2003/16: The Coal Industry in the Russian Federation: Current Status and Future Trends in Structural Change

39. Mr. Simon Walker (I.E.T.S., United Kingdom) stressed the importance of the UNECE questionnaire on “Mitigating Economic and Social Impacts of Coal Sector Restructuring in Transition Economies” both as a source of invaluable data for the preparation of a comprehensive report based on the responses received and also in terms of providing an indication as to where the UNECE should target its assistance. Mr. Walker urged countries that had not yet replied to do so and to seek help from the secretariat, if needed.
40. Mrs. Marie Vrbova (Info-Princip sro, Czech Republic) briefed the meeting on the status of recent developments in coal sector restructuring in the Czech Republic. This was followed by a presentation from Mr. Jan Piekorz (Industrial Development Agency JSC, Poland) on the restructuring of the Polish hard coal industry. The Polish delegation also offered to host a workshop in Poland on this subject.
41. Mr. Esteban Orbegozo (MINECO; Spain) provided an extensive summary of the history and current status of coal sector restructuring in Spain, including financial aspects.
42. Ms. Mücella Ersoy (Turkish Coal Enterprise, Turkey) provided a detailed overview of the Turkish lignite sector and developments in coal sector restructuring in Turkey, together with an overview of the major indicators of coal industry restructuring.
43. Ms. Florica Baltaretu (PATROMIN, Romania) delivered a presentation on “Sustainable Development of the Romanian Mining Industry”.
44. The representative of Ukraine (Mr. Yuriy Bobrov) highlighted the need for investments in the coal sector and welcomed the experience from western countries. Mr. Bobrov offered to host a workshop in Donetsk, Ukraine in 2005/2006, for both the Ad Hoc Group of Experts on Coal in Sustainable Development and the Ad Hoc Group of Experts on Coal Mine Methane.
45. The secretariat drew attention to the questionnaire it had prepared on the major indicators of coal sector restructuring, including: coal production, number of mines and pits, employment levels, state subsidies, productivity trends and investments in industry. The secretariat invited countries to provide the data requested so that the responses could be reviewed and an overview paper prepared.
46. The meeting:
- (i) Noted with satisfaction the offers by Poland and Ukraine to host workshops in 2005/2006 on coal sector restructuring; and
 - (ii) Agreed on the importance of the UNECE questionnaire on major indicators of coal sector restructuring and further agreed that the Ad Hoc Group of Experts on Coal in Sustainable Development should urge member States to provide the information required; and
 - (iii) Noted with appreciation the extensive material presented.

**XII. ACTIVITIES OF AND COOPERATION WITH VARIOUS
INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS
(Agenda Item 11)**

47. Mr. Léopold Janssens (EURACOAL) provided an overview of EURACOAL (European Association for Coal and Lignite) activities of direct interest to the Ad Hoc Group.

48. The World Energy Council briefed the meeting on the launch of the WEC Global Coal Study at the 19th World Energy Congress held in Sydney, Australia, in September 2004.

49. The meeting:

- (i) Noted the material presented; and
- (ii) Agreed upon the importance of strengthened collaboration with international organizations in furthering the activities and goals of the Ad Hoc Group.

XIII. PROGRAMME OF WORK AND CALENDAR OF MEETINGS (Agenda Item 12)

50. The secretariat summarized the key areas of focus for the Ad Hoc Group that had been discussed during the session, notably cleaner coal technologies and their role in improving the environmental performance and hence public acceptance of coal; the launch of the UNECE extrabudgetary project for facilitating development and funding of CMM projects in Central and Eastern Europe and the CIS; commencement of implementation of activities under the CAPACT project; and mitigating the economic and social impacts of coal sector restructuring. The secretariat emphasised the need for data in response to the questionnaire regarding coal sector restructuring and also welcomed the collaboration with Barlow Jonker Pty Ltd to review the responses to the annual coal supply and demand survey and report on its outcome. The secretariat noted with appreciation the offers from Poland and Ukraine to host workshops in 2005/2006 on issues of interest to the Ad Hoc Group.

51. The meeting:

- (i) Agreed that its programme of work for the coming year should seek to focus on a number of key areas related to sustainable development of the coal sector, including cleaner coal technologies, facilitating development and funding of CMM projects and mitigating the economic and social impacts of coal sector restructuring in transition economies; and
- (ii) Noted that the eighth session of the Ad Hoc Group of Experts was provisionally scheduled to be held in Geneva, 16 p.m. – 17 November 2005.

XIV. OTHER BUSINESS (Agenda Item 13)

52. The secretariat advised the meeting that all the documentation for the session had already been made available on the UNECE website (<http://www.unece.org/ie/se/coal/adhoc.html>) and all presentations made during the meeting would be posted shortly after the session.

XV. ADOPTION OF THE REPORT OF THE SEVENTH SESSION (Agenda Item 14)

53. It was agreed that a report of the session (ENERGY/GE.1/2004/3) focusing on the conclusions and recommendations would be prepared by the secretariat and circulated to the Bureau of the Meeting for approval, upon which it would be circulated to member countries.