



**Economic and Social
Council**

Distr.
GENERAL

ECE/ENERGY/2009/1
3 September 2009

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Eighteenth session
Geneva, 18–20 November 2009
Item 5 (a) of the provisional agenda

REVIEW OF ACTIVITIES OF THE SUBSIDIARY BODIES OF THE COMMITTEE

Energy Security Dialogue:
Recent Developments and Future Activities

Note by the secretariat

I. MANDATE

1. During its sixteenth session in November 2007, the Committee held the first one-day dialogue on “Investing in and Financing the Hydrocarbon Sector to Enhance Global Energy Security”. At the conclusion of that session, the Chairman issued a Summary of the deliberations on “Investing in Energy Security Risk Mitigation” (ECE/ENERGY/76, Annex I) in which participants noted that the following initiatives be undertaken:

- (a) The objectives, activities and results of intergovernmental programmes on energy security conducted by international and supranational organizations and associations be presented to the next session of the ECE expert dialogue on energy security to take place during the seventeenth session of the Committee on Sustainable Energy.
- (b) The secretariat, together with interested national and international experts, should undertake the following:

- (i) A study of how energy security risks are perceived by decision-makers in governments, energy industries, the international financial sector and international and supranational organizations and associations;
- (ii) An analysis of how policy measures to promote sustainable energy development can enhance energy security;
- (iii) An appraisal of the use of statistical indicators to measure the energy vulnerability of ECE member States;
- (iv) An assessment of the complementarities between the energy security strategies of different ECE sub-regions.

2. The Committee requested the secretariat to issue a publication on “Investing in Energy Security Risk Mitigation” in English, French and Russian based on the reports, presentations and deliberations of the special session on energy security.

3. During its eighteenth session in November 2008, the Committee on Sustainable Energy held a special session on “Strategic Alliances for Energy Security” to examine how cooperation between national oil companies (NOCs) and international oil companies (IOCs) could help to enhance hydrocarbon investments for global energy security (ECE/ENERGY/78). Based on the ensuing discussions, the Committee:

- (a) Requested that international organizations dealing with energy security be invited to organize a joint working session on international cooperation for mitigating energy security risks during the Committee’s eighteenth session in 2009 and asked the secretariat to prepare a note for that session;
- (b) Requested that government departments, energy industries, financial institutions and international organizations appoint experts to participate in the Delphi Study on the assessment of perceptions of energy security risks;
- (c) Requested that government departments, energy industries, financial institutions and international organizations appoint experts to participate in the analysis of how sustainable energy policies can enhance energy security and asked the secretariat to prepare a note thereon;
- (d) Asked the secretariat to conclude an agreement with the World Energy Council to generate indicators of energy vulnerability for UNECE member States by the WEC for presentation each year at the Committee’s annual energy security dialogue and to prepare a note on the use of the indicators;
- (e) Asked interested Governments, energy industries, financial institutions and international organizations to participate in the Study on Gas Saving to Reduce Natural Gas Demand and Enhance Energy Security and the project on Increasing Energy Efficiency for Secure Energy Supplies.

II. RECENT DEVELOPMENTS

4. In response to these requests and in accordance with relevant mandates, the following initiatives have been undertaken by the selected intergovernmental bodies and the secretariat together with interested national and international experts.

A. International Organizations

5. The international and supranational organizations and associations dealing with energy security in the ECE region have been invited to present their objectives, activities and results of intergovernmental programmes to the eighteenth session of the Committee. The secretariat has undertaken a review of the Energy Charter; International Energy Agency; International Energy Forum; Organisation of Petroleum Exporting Countries; Organisation for Security and Cooperation in Europe; European Union; and the United Nations Economic Commission for Europe in document "Review of the energy security activities of selected international governmental organisations" (ECE/ENERGY/2009/2).

B. Assessing the Perceptions of Energy Security Risk

6. The assessment of how energy security risks are perceived by governments, energy industries, the international financial sector and relevant international organizations is being undertaken by a Delphi Study of experts. The design and iterative information solicitation process is being coordinated by the ECE secretariat with the assistance of the National Opinion Research Centre, University of Chicago (United States), which has extensive experience in this research technique. The study has been designed to compare and contrast the perception of energy security risk from the point of view of governments in energy exporting countries and importing countries, energy industries, banks, the financial community and specialized international organizations working in this field. It will describe the complementary nature of energy policies applied in different sub-regions. It is based on questionnaires and scenarios of energy security risks prepared with the assistance of experts from the Russian Federation, United Kingdom and the United States of America. Questionnaires for net energy importing countries and energy exporting countries have been designed and tested in cognitive telephone interviews. An on-line Delphi Study survey is under preparation based on the outcome of the interviews. This activity is being carried out with the extra-budgetary financial support of the European Business Congress B.V. (EBC) and with the assistance of the EBC Energy Committee.

C. Sustainable Energy Policies to Enhance Energy Security

7. The analysis of the impact of sustainable energy policies, technologies and management practices on diminishing energy security risk examines the medium to long-term consequences of policies to promote energy efficiency, renewable energy technologies, clean electricity production, inter-fuel substitution and methods of assessing global energy reserves and resources. Each of these issues is covered by the subsidiary bodies of the ECE Committee on Sustainable Energy that work on natural gas; cleaner electricity production for coal and other fossil fuels; coal mine methane; fossil energy reserves and mineral resources; and energy efficiency.

8. Under the supervision of the ECE secretariat a contractor, Taylor DeJongh, Washington DC, has begun the analysis with a quantitative analysis of energy security risks. This reviews the energy demand forecasts and risks for the ECE region for North America, Europe and the Russian Federation. It examines the type of risks involved, duration of the risk, impact on the ECE region and what the public sector and private sector can do to mitigate these risks. The analysis will develop further the potential impact of sustainable energy policies to mitigate energy security risks. Interested representatives of governments, energy industries, financial institutions and international organizations will be solicited for their contribution to the analysis. This activity is being carried out with the extra-budgetary financial support of the European Business Congress B.V. and with the assistance of the EBC Energy Committee.

D. Indicators of Energy Vulnerability

9. In accordance with the decisions of the Committee at its seventeenth session, the ECE has established a Memorandum of Understanding with the World Energy Council (WEC) to measure the energy security risks of ECE member States. The WEC indicators of energy vulnerability¹ are multi-dimensional indicators that comprise, inter alia, factors such as energy dependency and diversity of supplies, costs of energy imports, price volatility, energy storage and energy transport infrastructure. Ultimately, the indicators are to provide a statistical basis for the dialogue to enhance the level of policy cooperation among member States based on international and time-series comparisons. As a first step in this cooperation, the WEC have prepared a document on Energy Security Dialogue Indicators of Energy Vulnerability (ECE/ENERGY/2009/3).

E. Complementary Energy Security Strategies

10. Delegations at the sixteenth session of the Committee in 2007 expressed an interest in the exploring the complementary nature of government energy security strategies of different sub-regions within the ECE region. The current session provides for an exchange of views among government energy security advisers on this topic. This initiative, in particular the mutuality of interest in gas savings and energy efficiency policies of energy exporting countries and importing countries, has also been considered by the Working Party on Gas and the Steering Committee of the Energy Efficiency 21 Project.

11. At its nineteenth session in January 2009, the Working Party on Gas reviewed progress on the Study on Gas Saving to Reduce Natural Gas Demand and Enhance Energy Security with which has been augmented to include an assessment of the liberalization of the natural gas markets on gas demand and prices with the assistance of EUROGAS to work in cooperation with PROMGAZ from the Russian Federation (ECE/ENERGY/WP.3/2009/2). A questionnaire for the study has been circulated to all study participants.

¹ See 'Europe's Vulnerability to Energy Crises', World Energy Council, London, United Kingdom, 2008 and the ongoing WEC Global Assessment Study on Energy Policy & Practices (www.worldenergy.org/studies).

12. At its twentieth session in June 2009, the Steering Committee of the Energy Efficiency 21 Project reviewed progress on “Increasing Energy Efficiency for Secure Energy Supplies”, a project activity to promote the development of energy efficiency investment projects designed to reduce the domestic consumption of hydrocarbons in the Russian Federation, Kazakhstan and other Central Asia energy exporters, in order to produce greater natural gas and petroleum exports. A workshop on this project was hosted by PROMGAZ in Moscow. This activity is being carried out with the extra-budgetary financial support of the Russian Federation (ECE/ENERGY/WP.4/2009/9).

F. Investing in Energy Security Risk Mitigation

13. The publication “Investing in Energy Security Risk Mitigation” based on the reports, presentations and deliberations of the 2007 special session on energy security as issued as ECE Energy Series No. 34 in the English, French and Russian languages in 2009 (ECE/ENERGY/74).

III. FUTURE ACTIVITIES

14. The Committee may wish to take the following initiatives to develop the energy security dialogue within its programme of work.

A. International Organizations

15. The international organizations dealing with energy security could be invited to jointly organize energy security dialogue during the Committee’s nineteenth session.

B. Assessing the Perceptions of Energy Security Risk

16. The Committee on Sustainable Energy government delegations, energy industry, financial sector and international organisation participants may wish to appoint experts to participate in the Delphi Study on the assessment of perceptions of energy security risks.

C. Sustainable Energy Policies to Enhance Energy Security

17. The Committee on Sustainable Energy government delegations, energy industry, financial sector and international organisation participants may wish to participate directly in the analysis of how sustainable energy policies can enhance energy security.

D. Indicators of Energy Vulnerability

18. The Committee may wish to request the secretariat and the World Energy Council to assess the indicators being developed under the terms of the ECE – WEC Memorandum of Understanding to:

- (a) measure the vulnerability of ECE member States to energy crises;
- (b) compare the energy vulnerability of member States with one another;

- (c) assess the energy vulnerability of member States over time;
- (d) appraise how energy vulnerability indicators can enhance the Energy Security Dialogue;
- (e) analyse the resource requirements for of applying energy vulnerability indicators for all ECE member states.

and report outcome of this assessment to the nineteenth session of the Committee on Sustainable Energy.

E. Complementary Energy Security Strategies

19. Interested governments, energy industries, financial institutions and international organizations may wish to participate in the Study on Gas Saving to Reduce Natural Gas Demand and Enhance Energy Security and the project on Increasing in Energy Efficiency for Secure Energy Supplies, and provide financial or in kind support for implementing these projects.
