
7. STRENGTHENING THE CONTRIBUTION OF THE APEC ENERGY WORKING GROUP

PROCEDURE

The Chair will introduce the tabled paper *Energy Initiatives for Reporting to APEC Ministers and Leaders* and open the floor for discussion (16:15 - 16:45).

OBJECTIVE

- To allow Ministers to direct further APEC Energy Working Group (EWG) initiatives with a view to:
 - promoting broader energy cooperation; and
 - reporting to APEC Ministers and Leaders on achieving energy security and sustainable development in the APEC region.

RECOMMENDATIONS

- That Ministers endorse the paper *Energy Initiatives for Reporting to APEC Ministers and Leaders* as a response to APEC Leaders' instructions to report in 2007 "...on ways in which APEC might further contribute to policies and technologies that promote the development of cleaner energy and the improvement of energy efficiency, thereby enabling economies to meet increasing energy needs with a lower environmental impact and to address climate change objectives".
- That Ministers recognise that cooperation and partnership are essential to addressing energy security and environmental challenges that extend beyond the sphere of any single economy or the APEC economies as a group and:
 - direct the EWG to further advance collaboration with other international energy fora, including the International Energy Agency;
 - welcome the work of the Asia-Pacific Partnership on Clean Development and Climate (APP) and instruct the EWG to explore potential areas of cooperation; and

- direct the EWG to continue to report sustainable development activities to the United Nations Commission on Sustainable Development.

BACKGROUND

Energy Initiatives for Reporting to APEC Ministers and Leaders

The 14th APEC Economic Leaders' Meeting was held in Ha Noi, Viet Nam, 18-19 November 2006. The *Ha Noi Declaration* confirms that energy security is critical for sustainable economic development and calls for APEC member economies to continue to:

...work to facilitate energy investment and cross-border energy trade, to develop new and renewable energy sources and technologies to ensure cleaner use of fossil fuels, to boost energy efficiency and conservation, to enhance emergency preparedness and to better protect critical energy infrastructure.

(Ha Noi Declaration, p.5)

An ongoing program of work - to minimise shorter-term energy market volatility and to encourage longer-term energy policy responses - is pursued by the EWG in response to the directions of Energy Ministers. Implementation is made through the mechanism of the APEC Energy Security Initiative.

However, reflecting increasing concerns about how to meet APEC's increasing energy needs with a lower environmental impact and to address climate change objectives, APEC Leaders have instructed APEC (Foreign & Trade) Ministers to report to them in 2007 on how APEC might further contribute to the challenges of meeting rapidly growing energy demands while minimising environmental effects. Specifically, Leaders have asked for a report on "policies and technologies that promote the development of cleaner energy and the improvement of energy efficiency".

This report is being coordinated by the Australian SOM Chair and will be reported to APEC (Foreign & Trade) Ministers when they meet on 5-6 September and APEC Leaders on 8-9 September in Sydney, Australia. The report responds to the call by Leaders from Ha Noi to address the challenges of meeting rapidly growing energy demands while minimising environmental effects and will contribute to Leaders' broader considerations of clean development and climate change.

APEC Senior Officials asked that the Energy Working Group (EWG) be consulted at their 33rd meeting in Auckland (March 26-30) on possible contributions to the report, as part of a wider process of consultation, including through APEC Energy Ministers, Transport Ministers, Ministers Responsible for Trade and Finance Ministers.

Meeting under the theme *Achieving Energy Security and Sustainable Development through Efficiency, Conservation and Diversity*, EMM8 provides an opportunity for Energy Ministers to discuss current energy issues and to give their imprimatur to a range of energy initiatives that advance the conclusions of the EWG Lead Shepherd's report (to improve the operation of energy markets and to improve

energy efficiency and diversity) that can be reported to APEC Leaders via APEC Senior Officials and APEC (Foreign & Trade) Ministers.

The initiatives are outlined in the tabled paper *Energy Initiatives for Reporting to APEC Ministers & Leaders*.

Promoting Broader Energy Cooperation

a) APEC-IEA Collaboration

The IEA has been granted Guest status with the EWG for a three year period to December 2008. APEC senior officials have also given approval for EWG participation in IEA activities until September 2007.

Six APEC economies are members of the IEA, *viz.* Australia, Canada, Japan, Republic of Korea, New Zealand and the United States of America. The IEA also has a strong program of cooperation with non-IEA member economies in the Asia-Pacific region, covering ASEAN, Northeast Asia, Central and South Asia, the Russian Federation and Latin America.

The EWG and IEA share many common interests and are building the foundation of their engagement through participation in global initiatives, such as the Joint Oil Data Initiative, and through cooperation on projects, such as the EWG project *Carbon Dioxide Capture and Geological Sequestration Potential of the APEC Region*.

Particular areas of IEA work that interconnect with the EWG include: clean fossil fuels; energy efficiency, particularly in development of energy efficiency indicators and energy efficiency in buildings; renewable energy; emergency preparedness; alternative transportation fuels and vehicle efficiency; and energy for sustainable development.

Recent joint APEC-IEA activities include a presentation by the IEA to the 32nd Meeting of the EWG in October 2006 on its Networks of Expertise in Energy Technology Initiative and on IEA collaborative programs on clean coal, carbon capture and storage, renewable energy and end-use technologies.

A joint EWG & IEA Indicators Workshop was held in Australia in November 2006 to develop a commitment and capacity within APEC economies to better collect and analyse energy data, to share and pool results and to develop more detailed energy efficiency indicators on specific energy sub-sectors.

b) Asia Pacific Partnership on Clean Development and Climate (APP)

The APP brings together Australia, China, India, Japan, Republic of Korea and the United States of America to address the challenges of climate change, energy security and air pollution in a way that encourages economic development and reduces poverty.

The Partners have come together voluntarily to advance clean development and climate objectives, recognising that development and poverty eradication are urgent and overriding goals internationally. By building on the foundation of existing bilateral and multilateral initiatives, the Partners will enhance cooperation to meet our increased energy needs and associated challenge, including those related to air pollution, energy security, and greenhouse gas intensities, in accordance with national circumstances. The Partners recognise that national efforts will also be important in meeting the Partnership's shared vision.

(APP Vision Statement)

APP members are large, fast growing economies that represent around half the world's emissions, energy use, GDP and population. The partnership is an important initiative that engages, for the first time, the key greenhouse gas emitting countries in the Asia Pacific region.

With its focus on the development, deployment and transfer of cleaner and more efficient technologies, the APP is also unprecedented in the way business, government and researchers have agreed to work together.

The inaugural APP meeting in Sydney on 11-12 January 2006 involved Ministers and business representatives from the six founding members, who agreed on a Charter, Communiqué and Work Plan that outline a new model for international climate change and energy collaboration.

The APP has established a Policy and Implementation Committee (PIC) to oversee the partnership and eight international public-private sector Task Forces to drive the work programme. Task Forces are: Cleaner Fossil Energy; Aluminium; Coal Mining; Steel; Cement; Buildings and Appliances; Power Generation and Transmission; and Renewable Energy and Distributed Generation.

Each Task Force has a publicly available Action Plan launched in November 2006. The Action Plans are a significant step toward a more comprehensive set of actions to address clean development and climate goals. More than 90 projects have been endorsed by the PIC. There are already a number of additional and promising projects under active development.

c) Reporting to the United Nations Commission for Sustainable Development

As agreed by Energy Ministers in 2002, Australia and Mexico on behalf of the EWG submitted *Energy for Sustainable Development: The Contribution and Role of the APEC Energy Working Group* as a Type 2 Partnership Initiative at the Johannesburg World Summit on Sustainable Development in September 2002. The Initiative demonstrated to a global audience how APEC, as a voluntary regional partnership, achieved sustainable development objectives.

The Partnership Initiative highlighted the EWG's approach to furthering energy for sustainable development objectives by:

- strengthening the security and reliability of affordable energy to all within the APEC community;
- promotion of clean and efficient technologies, and the efficient use and conservation of energy to achieve both economic gains and environmental enhancement;
- achieving environmental improvement of energy production, use and mineral extraction within the APEC community; and
- harnessing all expertise available to the EWG to give effect to the above objectives.

Since 2002, the EWG has delivered on its commitments under the Partnership Initiative through implementation of the Energy Security Initiative and the incorporation of sustainable development principles as a necessary component for EWG projects.

EWG Members endorsed a revised Type 2 Partnership Initiative Submission at their meeting in New Zealand in March 2007, with the purpose of achieving greater clarity of linkages with the ESI. The aim of the revised submission remains consistent with the original, i.e. to demonstrate APEC's activities to promote energy for sustainable development as a voluntary regional partnership. The revised Partnership Initiative was reported to the 15th Meeting of the Commission on Sustainable Development in April/May 2007.

d) Overview of APEC Energy Working Group Projects

In preparation for EMM8, Australia commissioned a report to identify and categorise the types of projects undertaken by the EWG since 1992. The purpose of the report is to provide an overview of the EWG projects, with the aim of highlighting the contributions made by the projects to achieving the goal of maximising the energy sector's contribution to the region's economic and social well being while mitigating the environmental effects of energy supply and use.

The report, *Overview of APEC Energy Working Group Projects*, demonstrates the wide range of energy projects undertaken - 247 since 1992 - and concludes that the range of projects forms an extensive body of policy-targeted information towards the achievement of APEC goals.

MEETING PAPERS

- *Energy Initiatives for Reporting to APEC Ministers and Leaders.*
- Revised Type 2 Partnership Initiative Submission to the 15th Meeting of the United Nations Commission on Sustainable Development - *Energy for Sustainable Development: Fostering Regional Energy Cooperation in APEC, 2007 - 2010* - (Appendix tabled separately).
- *Overview of Energy Working Group Projects.*