
EWG42 Summary Record

EWG42 was held in Kaohsiung Chinese Taipei 17-21 October 2011. The Energy Working Group (EWG) Lead Shepherd Dr. Phyllis Yoshida, Deputy Assistant Secretary for Asia, Europe and the Americas, Office of Policy and International Affairs, U.S. Department of Energy, and Mr. Yunn Ming WANG, Deputy Director General of Chinese Taipei's Bureau of Energy co-chaired the meeting. Delegate(s) from Australia; Brunei Darussalam; Canada; Peoples' Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; New Zealand; Russia; Singapore; Chinese Taipei; Thailand; United States and Viet Nam attended the meeting.

Officials from the Asia Pacific Energy Research Centre (APEREC); APEC and EWG Secretariats; Expert Group Chairs on Clean Fossil Energy (EGCFE), Energy Data and Analysis (EGEDA), New and Renewable Energy Technologies (EGNRET), and Chairs of the Biofuels Task Force (BTF), and Energy Trade and Investment Task Force (ETITF) participated in the meeting.

1. OPENING ADDRESSES AND ADOPTION OF THE AGENDA

Opening: Mr. Wang stressed the role that APEC plays in responding to global challenges in the area of efficient use of energy and climate change. He emphasized that is important to always consider the 3 E's -- energy, environment and economic development -- and to work together on critical issues associated with increasing the use of energy efficiency and renewable energy in the APEC region.

The Lead Shepherd endorsed this message, and added that this year for the first time that the Leaders decided to talk about energy and energy-related technology, not just trade and investment. She stated that our challenge is to think "outside of the box" particularly as recent events have underscored the importance of addressing energy security and climate change.

2. ENERGY WORKING GROUP MANAGEMENT AND DIRECTION

The APEC Secretariat reviewed the 2011 APEC Priorities, and tabled his full report. He highlighted strengthening regional economic integration and expanding trade, promoting green growth, and expanding regulatory cooperation and advancing regulatory convergence.

He described the procedure for the new multi-year projects. Multi-year projects can be for up to 5 years and can request a budget of up to US\$500,000. At least half of all APEC economies must co-sponsor the project and there must be 50 percent cofunding from developed economies and 25 percent cofunding from developing member economies.

The APEC Secretariat reviewed key energy related areas in the ABAC 2011 Report to APEC Economic Leaders. This review included recommendations made to address energy security and promote the dissemination of environmental goods and services. A key point is to facilitate the dissemination of new energy-efficient and low-carbon technologies for household, industrial,

transportation, smart grid and other uses so as to help APEC member economies, particularly the developing ones, enhance their competitiveness and grow in a sustainable fashion.

A brief discussion was held on a proposal of the Senior Officials Meetings (SOM) to combine the EWG and the Industrial Science and Technology Working Group (ISTWG). The EWG Lead Shepherd noted that she had provided input to the SOM which stressed that although the ISTWG was recently considering more and more energy related activities, their mandate was actually quite broad. Thus it was advised that the EWG should continue to lead energy related issues and ISTWG should renew their focus on non-energy science and technology, and climate adaptation issues. A final decision whether to merge or keep the two groups separate is expected at SOM2 in 2012.

The APERC President highlighted this year's work and discussed 2012 work plans. He tabled a detailed summary of APERC activities. Japan expressed its appreciation to APERC's work in PREE, CEEDS, PRLCE, and LLCMT. Japan fully supports APERC and believes APERC's role will become more important. Japan requested member economies to continue to support APERC.

It was announced that the status of 2012 EWG Work Plan which will be distributed to EWG members for comment.

The EWG Secretariat led a discussion of engagement with other fora.

3. PROJECT PROPOSALS

Expert Group and Task Force chairs submitted and reviewed project proposals for consideration in the first session of APEC project funding for, 2012. New project proposals for the first round of 2012 project funding were also submitted by EWG delegates from Russia (3), the United States (1) and China (5). Delegates were encouraged to submit their proposals for consideration through relevant Expert Groups, to allow for expert review and advice, prior to tabling them for the EWG. China replied that it would consider co-hosting Expert Group meetings in conjunction with its RE/EE projects.

4. REPORT FROM TRANSPORT AND ENERGY MINISTERS

The United States presented the key points raised in each roundtable at the Energy and Transportation Ministerial Conference as well as the key actions included Minister' Action Agenda. At the conference, there were four roundtables: a vision for strengthening transportation's role in a clean-energy future; energy-efficient transport systems for liveable low-carbon communities powering low-carbon transport-electricity, biofuels, and natural gas; and greening the supply chain—energy-efficient freight transportation.

Members congratulated the United States for successfully hosting the first-ever joint ministerial conference on energy and transportation, noting that it set an example for all APEC economies of the need for cooperation between two sectors that are critical to sustainable growth.

5. STATEMENTS ON NOTABLE DEVELOPMENTS

APEC economies submitted statements on notable developments since the last EWG meeting. Japan and Malaysia presented new feed in tariffs for renewable electricity. Thailand discussed a new five-point strategy for energy-sector job creation. Hong Kong distributed a new booklet with statistics on its energy consumption. The United States pointed out newly issued standards to double the corporate average fuel economy of new passenger vehicles by 2025.

6. POLICY DIALOGUE

A Policy Dialogue was held on Resiliency of the Energy Sector in the Face of Natural Disasters.

The EWG endorsed energy security as the next policy dialogue topic in support of Russia's theme of energy security for the June 2012 Energy Ministerial.

7. ENERGY SECURITY THEME FOR RUSSIA'S YEAR

Russia presented a proposal to have energy security as a theme for their APEC Year. A key focus would be on how to increase energy efficiency and reduce energy intensity. Economies would share best practices on motivating industry to be more energy efficient and on turning energy efficiency into a business. In support of this theme, Russia proposed a project for 2012 on energy forecasting as well as more work on micro-grids and co-generation. Russia also presented a draft Convention for Ensuring international Energy Security which focuses on energy investment.

China supported the focus on energy security but asked about the next steps for the convention which is now under discussion by the European Union. Russia explained that the convention was developed under the Energy Charter, and they would like to extend it to others such as APEC.

The United States applauded the focus on energy efficiency, but asked how the seminar on forecasting could best support the forecasting activities that are already undertaken by APERC and noted that work on investment should build upon efforts by APERC and the ETI Task Force.

Regarding Russia's ideas for more work on micro-grids and co-generation, members encouraged them also to look at the existing projects in which they could participate on these topics.

Thailand expressed support for the concept of a seminar on energy forecasting, and suggested it is a good idea to look at issues involved in forecasts.

Chinese Taipei commented that EWG had focused more on demand side, and agreed with Russia that we also need to look at supply side in energy security. Singapore added that we need to make sure we have a balanced view between the supply and demand sides.

Russia concluded by stating they would like to have an ongoing exchange of views through the EWG as they develop activities for the Russian APEC Year. The Lead Shepherd said the topics suggested

by Russia are of concern to all in the EWG and that we very much look forward to working with Russia on the proposed new initiatives.

8. PROGRESS OF APEC ENERGY SMART COMMUNITIES INITIATIVE (ESCI)

The United States led a review of the progress of ESCI each major ESCI element. This included the cross-cutting projects of the Knowledge Sharing Platform (KSP) and the Low Carbon Model Town (LCMT), smart transport, smart buildings, smart grids, and smart jobs. Chinese Taipei provided a detailed presentation on the KSP workshop held earlier in the week. During the discussion of the ESCI Smart Grid Test Bed Network (SG-2) task, the United States announced it would hold a smart grid test bed workshop in Washington on January 24-25. The workshop will be open for test bed proponents from APEC and from the associated Smart Grid International Research Facility Network (SIRFN) being developed under the International Smart Grid Action Network.

Japan reported on their establishment of the ESCI Japan National Committee, recruiting experts from industry, government, and academia of Japan.

As one of the coordinating economies of LCMT element of ESCI, Japan reviewed the outcome of LMCT questionnaire to which 4 towns from 4 economies responded: namely, Samui Island in Thailand, Da Nang City in Vietnam, San Borja Town in Peru, and King County in the United States. Japan thanked those economies who had responded and encouraged other economies' additional submission. Submitted questionnaires will be posted on APERC's website, and they will be also accessible from Knowledge Sharing Platform.

Japan, as the Chair of LCMT Task Force, provided a report on LCMT workshop held earlier in the week and the result of selection for LCMT phase 2 project after careful evaluation of the 3 nomination cities (Samui Island in Thailand, Da Nang City in Vietnam, and San Borja Town in Peru) and that it had been endorsed by EWG members unanimously. Thailand then provided a presentation on its low carbon town project on Samui Island. EWG members congratulated Thailand to be selected.

9. SHORT TERM ESI MEASURES

9a. Joint Oil Data Initiative

The Chair of EGEDA provided a brief report on continued progress in implementing JODI.

9b. Real Time Emergency Information Sharing System (RTEIS)

Japan provided a brief report on the status of RTEIS. The list of RTEIS Emergency Contact and users was distributed to EWG members for update.

9c. Energy Emergency Response

Chinese Taipei reported on their emergency response arrangement. Fossil fuels account for 99.9 percent of the economy's total energy supply, which is higher than the rate of dependency in neighboring economies. The arrangements include three pillars and eleven measures organized

around stable supply of energy resources, sound energy supply facilities, integrated resource management mechanism, and development of renewable energy and energy technology.

Chinese Taipei follows the IEA 90-day obligation requirement and surpasses that target to ensure sufficient supply during emergency. It further wishes to develop a diverse mixture of energy sources and increase the uptake of indigenous renewable energy to ensure energy security. It supported the Russian proposal to have energy security as the policy dialogue topic at EWG 43.

9d. Maritime Security

The Lead Shepherd noted that there were no items for discussion under maritime security.

10. ENERGY TRADE AND INVESTMENT

10a. Report of Energy Trade and Investment Task Force

The Chair of the Energy Trade and Investment Task Force agreed to provide a written record of the Task Force meeting that took place earlier in the week. (This was provided after the EWG meeting.) The Task Force is developing a concept note for a project on investment, and the Task Force Chair welcomed Russia's involvement in elaborating the proposal in view of their interest in the topic.

10b. Report on Activity with Subcommittee on Standards and Conformance (SCSC)

The United States described the multiple ongoing and completed joint activities with SCSC, and suggested reviewing the outcomes of all these joint activities in detail at the next EWG meeting.

11. ENERGY EFFICIENCY

11a. Progress Report including Project Highlights (EGEEC)

The Chair of the Expert Group on Energy Efficiency and Conservation could not be present but submitted a written progress report on the expert group's work for the EWG's consideration.

11b. Reports on Peer Review of Energy Efficiency (PREE) and Cooperative Energy Efficiency Design for Sustainability (CEEDS), and Peer Review on Low-Carbon Energies (PRLCE) Activities

The APERC President reviewed recent and forthcoming PREE and CEEDS activities and the APERC website where PREE and CEEDS material is available. He also stressed that the participation of high quality experts in these activities are essential for them to be successful. APERC also provided a progress report on the new Peer Review on Low-Carbon Energies (PRLCE).

PRLCE will be conducted for Malaysia in the second week of April 2012 and for Thailand in May or June 2012. The first PREE follow-up study will be held for Vietnam. A PREE follow-up study for Thailand will be next. The APEC funding proposal for PREE Phase4, CEEDS Phase4 and PRLCE Phase2 are expecting additional APEC economies to host and join such future APEC activities, as APEC Energy Ministers encourage in their EMM9 declaration.

Japan thanked those economies who have participated in PREE and those who have lent experts. The PREE is especially good for economies which are not IEA members and thus have less access to IEA assessments. Japan also thanked those economies participating in the CEEDS workshop on Energy Efficient Urban Passenger Transportation at SOM3 in California, and Malaysia and Thailand for agreeing to host PRLCE next year.

Vietnam stated that they appreciate the support of APERC, and proposed February 27-March 2 next year for the follow up study. They are happy to host it and are currently drafting the agenda and welcome all the economies to participate.

The United States asked that five APEC economies (China, Mexico, Philippines, Thailand, and Vietnam) that participated in the CEEDS workshop on urban transportation held at SOM3 consider signing onto the ESCI transport projects.

11c. Report on Collaborative Assessments of Standards and Testing (CAST) and Strengthening the APEC Energy Standards Information System (APEC-ESIS)

The United States reported on the status of the self-funded projects for CAST and ESIS, each of which is receiving a voluntary contribution of US\$100,000 in the first year. For CAST, several candidate appliances have been identified, including air conditioners. For APEC-ESIS, the funds will be used to maintain and expand data on the website at www.apec-esi.org. The two self-funded projects were endorsed by the EWG members.

11d. Discussion on Energy Intensity Reduction Goal

The EWG agreed to recommend to the APEC Senior Officials a new APEC wide energy intensity reduction goal of 45 percent by 2035, with an expected range of 40-50 percent. The text agreed at the EWG plenary session, which was subsequently submitted to the Senior Officials and accompanied with a paper prepared by the Lead Shepherd explaining the options is as follows:

“We highlight the importance of improving energy efficiency to ensuring energy security, economic development and environmental protection in the Asia-Pacific region. Therefore, APEC members have agreed to work toward a more ambitious, visionary/aspirational goal of a 45% reduction in APECwide energy intensity by 2035 (with 2005 as the base year), with an expected range of 40-50%, recognizing that economies’ rates of improvement will vary for many reasons, including resource endowments, economic structure, energy policies, level of development, energy security objectives, and past efforts to improve energy efficiency. In order to reach this goal, APEC economies commit to enhance our pragmatic efforts in the area of energy efficiency.”

Thailand thanked those who spent time and effort on the document, and expressed the view that the recommended energy intensity goal is a good middle ground. Chile also supported the statement,

noting that the text reflects the uncertainty that exists in different APEC economies. Asked if having a single numeral meant that each economy would have to reach the goal, the Lead Shepherd clarified that 45 percent was the recommended APEC wide goal, and indicated that the economies should work towards 45 percent as an overall goal, but understanding that there will be expected differences given the varying circumstances of our economies. Chinese Taipei recognized the importance of energy efficiency and said it would do its best to reach the stated goal. Further, Chinese Taipei indicated that the EWG needed to be clear in providing ranges to SOM as the ranges could be confusing. The United States suggested listing references for the material in footnotes; this was accepted. China stated that their Premier had pledged to set both energy efficiency and carbon dioxide goals, stressed the need to make sure we can support the rationalization for choosing a specific goal, and asked if we should say more about how to achieve the goal. The Lead Shepherd agreed that we need to provide information on how we can help achieve the goal, and suggested moving the paragraph on this to the first page for emphasis. With these additions, the new energy intensity goal was supported.

12. NEW AND RENEWABLE ENERGY

12a. Progress Report Including Project Highlights (EGNRET)

The Chair of EGNRET tabled their summary report and noted that their last meeting was held August 22-26, 2011 and was hosted by Chinese Taipei. It included two associated workshops, the 2011 APEC Workshop on Addressing Challenges in AMI Deployment and Smart Grid in APEC Region, and the 2011 International Workshop on Microalgal Biofuel Technology. The Chair was also invited to give a presentation "PV Utilization in APEC Region" in the SCSC Workshop on Ensuring Photovoltaic (PV) Reliability and Durability in the week of September 12, 2011 and noted that EGNRET would be happy to work with Russia and China on their recently proposed smart grid and renewable energy related projects and with APERC on the new PRLCE and Low-Carbon Town activities.

12b. Progress Report on APEC Smart Grid Initiative – ASGI

The United States reported on the status of the APEC Smart Grid Initiative (ASGI). A written summary was submitted. The United States stressed that it is important to note the linkages between the ASGI and the Low Carbon Towns Project as well as those between ASGI and the International Smart Grid Action Network (ISGAN) and the associated Smart Grid International Research Facility Network (SIRFN). The United States also mentioned linkages with other groups such as those with SCSC's ARCAM interoperability report whose results were presented at SOM3.

The report noted that there is a need for smart grid roadmaps at various levels. One type of road map is for the development of smart-grid interoperability standards. A second type relates to advanced metering infrastructure (AMI) on which there is a current project. A third type of road maps relates to the interface of smart grid with electric vehicles, which relates to the workshop to be hosted in Hong Kong in the week after EWG-42. Fourth are smart grid road maps to support development of

distributed energy resources, linked to the China low-carbon workshop. The fifth type of road map is associated with smart microgrids for towns in remote areas, linked to Russia's project on microgrids. It was noted that the New Zealand EV project and the Australia workshop on large appliance demand response both had important smart grid linkages.

13. ALTERNATIVE TRANSPORT FUELS

The Biofuel Task Force Chair reported key results from recently completed activities that were detailed in his written report. Reports were completed on transportation infrastructure and sustainable development practices, and there was a workshop on algae biofuels at SOM3.

14. CLEAN FOSSIL ENERGY

14a. Progress Report including Project Highlights (EGCFE)

The Chair of the Expert Group on Clean Fossil Energy (EGCFE) submitted a full report. The group has not completed any projects since EWG 41, but one workshop is being rescheduled for 2012. The chair will look at linking the canceled project with new associated projects that were proposed by China. The chair reviewed current projects. There are two new project proposals. One on non-conventional gas which they hope to propose as a multi-year APEC project. The second has to do with use of CO₂ for enhanced oil recovery. Japan stated that it believes that coal will continue to provide a key in the APEC region, so it is important for APEC to continue cooperation in the area of clean use of coal. Japan would like to continue to work with APEC members to develop and initiative for deploying advanced clean coal technologies which was instructed by the Energy Ministers last year .

14b Presentation and Discussion on Fossil Fuel Subsidy Reduction

A paper with a proposed reporting form on inefficient fossil fuel subsidy reduction was tabled. Chile suggested minor changes, which were accepted the Lead Shepherd. Chile also questioned if an annual report was necessary. This issue was discussed, and the Lead Shepherd stated that since the report was voluntary, it is up to each economy to provide information when new information became available. Australia stated that they supported the tabled paper, and appreciated the work by APEC members in its development.

14c Presentation and Discussion on Unconventional Gas Census

The Chair of the Expert Group on Clean Fossil Energy (EGCFE) submitted a full report, describing three ongoing projects (permitting issues for CCS projects in APEC developing economies, CCS capacity building workshops, and phasing out inefficient fossil fuel subsidies in APEC economies); and a newly approved project on an APEC unconventional gas census that constitutes the initial response to a mandate from APEC Energy Ministers for work in this area. He noted that two new project proposals have been submitted for the third round of 2011: an expert workshop on unconventional gas, and an assessment of the feasibility of accelerating the deployment of carbon capture, utilization and storage (CCUS) in APEC developing economies, which would be conducted with cooperation with the Carbon Sequestration Leadership Forum. The Chair also announced that the next EGCFE Clean Fossil Energy Technical and Policy Seminar will be hosted in Gold Coast, Australia, on 22-24 February 2012, by the Australian Department of Resources, Energy and Tourism.

During the ensuing discussion, Japan emphasized its belief that coal will continue to play a key role in the APEC region and that consequently it is important for APEC to continue its work in this area. Japan intends to continue to work with APEC member economies on the further development of advanced clean coal technologies.

15. OTHER LONG-TERM MEASURES

15a. Nuclear Energy

Chinese Taipei tabled their paper on nuclear energy which suggests that since half of APEC economies are expanding or developing nuclear energy, it is important that APEC leaders work together to insure nuclear safety and that APEC EWG should play a larger role in sharing nuclear information. Canada, reported on recent nuclear systems in Canada related to the CANDU reactor system change of ownership, which will not impact the activities of and ACLU nuclear.

15d. Methane Hydrates

The United States reported that it was asked to collaborate with New Zealand in the area, and that 8th methane hydrate international conference will be in Beijing in 2012.

16. CONCLUDING BUSINESS:

The next EWG meeting will take place in Malaysia. The proposed meeting dates for EWG43 are March 6-10, 2012 in Kuala Lumpur, Malaysia.

Chinese Taipei would like to discuss the rotation of the Lead Shepherd at EWG 43 in Malaysia. The Lead Shepherd agreed, and noted that she will talk with economies to see if any would like to assume leadership starting in 2013.

It was suggested that an updated list of heads of delegation and assistants be prepared. The Lead Shepherd asked the EWG secretariat to do so.

The United States proposed that further project proposals be submitted to session 2 in 2012. The APEC Secretariat suggested that the current project proposers revise their projects to strengthen their quality, given there is sufficient time before the final submission date in January 2012. He also suggested that we set a deadline for project to be received by the EWG Secretariat. APEC Secretariat suggested December 15, 2011 which was accepted as the deadline for session 1.

Chinese Taipei expressed confidence that EWG's work is consistent with the overall goals and initiative of APEC energy leaders and ministers, thanks for the opportunity to host the EWG 42 meeting in Kaohsiung, and appreciation to the local host committee. The Lead Shepherd than thanked Chinese Taipei for their hosting of a very successful EWG 42.