



Energy Working Group

EWG39
Tokyo, Japan
9-13 March 2010

EWG39 Summary Record

EWG39 was held in Tokyo, Japan from 9-13 March 2010. The meeting was co-chaired by the EWG Lead Shepherd Dr. Phyllis Yoshida, Deputy Assistant Secretary for International Energy Cooperation in the Office of Policy and International Affairs, U.S. Department of Energy, and Mr. Yota Ono, Director of International Affairs Division, ANRE/METI, Japan. Delegates from Australia; Brunei Darussalam; Canada; Peoples' Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; New Zealand; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States and Viet Nam attended the meeting. Delegates from Chile regretted they could not participate due to the severity of the earthquake that hit their economy on February 27, 2010.

Officials from the Asia Pacific Energy Research Centre (APEREC); Energy Business Network; APEC and EWG Secretariats; Expert Group Chairs on Energy Data and Analysis (EGEDA), New and Renewable Energy Technologies (EGNRET), and Energy Efficiency and Conservation (EGEEC); and Chairs of the Biofuels Task Force (BTF), and Energy Trade and Investment Task Force (ETITF) participated in the meeting. The Chair of the Expert Group on Clean Fossil Energy (EGCFE) did not attend but provided a written progress report as did other chairs. (Attachment A provides a list of EWG39 participants).

1. OPENING ADDRESSES AND ADOPTION OF THE AGENDA

The EWG Lead Shepherd welcomed delegates and thanked Japan for the excellent organisation of EWG39 and its associated meetings. The Lead Shepherd introduced members to Mr. Takayuki Ueda, Director-General for Energy and Environmental Policy, METI, Japan, who then welcomed delegates to Japan.

Mr. Ueda extended the EWG's condolences to Chile on the aftermath of the February 27 earthquake. He reminded EWG members that Japan also will host the 9th Energy Ministers' Meeting (EMM9) on June 19, 2010 in Fukui and that we are facing to difficult challenges to ensure energy security in the APEC region. He noted that the challenges consist of three components: energy, environment and economy - the three "Es" - and how to provide all three at once presents a "trilemma." In the APEC region, energy needs will grow to fuel economic growth, and coal will continue to be a major source of energy. To cope with this trilemma and pursue sustainable growth, he argued, the EWG needs to provide policy makers with useful tools for finding a way to a solution, and the region needs to fundamentally shift the energy demand and supply structure, and to concentrate both public and private investment towards the shift. On the supply side, he

noted, renewable, CCS and nuclear energy are key low-carbon sources. On the demand side, more efficient transport and buildings are essential. Some economies have made considerable progress in promoting energy efficient appliances, and electric-driven cars should be treated like large scale appliances, he suggested. The future energy industry will involve manufactures of IT appliances and technologies, home appliances and cars as main players. APEC economies should think about adopting new energy systems with more efficient buildings and vehicles, restructuring energy industries as well as transformation of our lifestyles, which will contribute to developments of low-carbon towns and cities. A new energy economy can be fostered through zero-emission plans that incorporate new energy technologies, including cleaner and more efficient use of fossil fuels, he concluded.

The EWG Lead Shepherd thanked Mr. Ueda for his kind welcome and his remarks. The Lead Shepherd announced a slight change in the EWG39 agenda and introduced to the members Mr. Shigeru Nakamura, representative of the Japan Ministry of Foreign Affairs and APEC 2010 SOM Co-Chair.

Mr. Nakamura spoke of the priorities recently discussed at the first round of Senior Officials Meetings (SOM) for the 2010 APEC year that Japan is hosting, and gave the ministry's point of view on why energy is so important. Mr. Nakamura said that "Code change and action" was the theme of the last SOM. This theme stemmed from the idea that in the global economic change, APEC should conduct concrete actions to ensure it plays relevant role. He said that Japan would push to achieve global goal to free trade among the APEC 2010 economies. Mr. Nakamura also noted that the 2010 APEC economies had grown already to 21 from 12 originally. He further said that the SOM urged economies to develop a vision for the region. Japan's vision, he added, is to promote regional economic integration by devising an APEC-wide economic strategy. On this matter, Mr. Nakamura said that the EWG is very important because the issues that members convene to discuss have direct impact on sustainable growth in the APEC - and a sustainable growth strategy is a very important component for the vision for the region. Mr. Nakamura concluded by saying that he hoped that outcomes of the EWG will contribute to the success of the APEC 2010.

The EWG Lead Shepherd thanked Mr. Nakamura and introduced Mr. Hidehiko Nishiyama, an official from Japan's Ministry of Energy Trade and Industry (METI) and Co-Chair of the APEC 2010 SOM. Mr. Nishiyama presented Japan's key priorities for APEC in 2010, focusing on regional economic integration (including an improved business environment, trade, and connectivity), growth strategy, human security, and the Economic and Technical Committee (ECOTECH) to which EWG could contribute.

The Lead Shepherd thanked Mr. Nishiyama and turned to discussion and adoption of the meeting agenda. She explained to members that she and her team had slightly redesigned the agenda to make it more time-efficient and streamlined. Management and direction items are gathered at the

start of the meeting to help delegates consider synergies and areas for cooperation. Short-term measures within the Energy Security Initiative (ESI) have been grouped under agenda item 5. Long-term measures within the ESI are covered under agenda items 6 through 10, with specific items focused on trade and investment, energy efficiency, renewable energy, alternative transport fuels including biofuels, and clean fossil energy, reflecting the EWG's expert group and task force structure.

2. ENERGY WORKING GROUP MANAGEMENT AND DIRECTION

2a. – Report by the APEC Secretariat, including Project Procedures in 2010

The EWG Lead Shepherd announced the update from the APEC Secretariat, represented by Program Director, Mr. Luis Vertiz. Mr. Vertiz presented funding criteria for all APEC projects in 2010. He said that the APEC Secretariat has prepared a 3-year plan to strengthen its services to APEC economies. He advised EWG members on current APEC year priorities, followed by recent developments in the APEC Secretariat and its policy support units. Mr. Vertiz then discussed the following issues:

- BMC project approval sessions for 2010
- Project management reform
- Progress report of the EWG-funded projects 2008-2010

Regarding the project approval sessions for 2010, Mr. Vertiz reminded members that the first round deadline was February 1, the second round deadline will be June 9, and the third round deadline is September 23. As per how to submit a project, a new version of the Guidebook on APEC projects (edition 7) will be approved in March 2010 which is much more concise than the current version. Chapter 2 of the guide will give an overview of the APEC project cycle. Each project should follow ten steps in order to be considered for approval by the APEC Secretariat.

Regarding the timeframe for project completion, Mr. Vertiz noted that the financial year will be divided into three parts. Projects submitted in February will have the rest of the year and the following to be completed. Similarly, projects submitted at the end of the year will have the rest of the year and the following year to be completed. Projects needing more time to complete should be submitted early in the year or request an extension as needed from the Project Overseer (PO).

Mr. Vertiz updated EWG members on the progress of EWG funded projects 2008-2010:

- Total for projects up to March 2010: 34
- Projects in progress: 11
- In preparation: 5
- Completed: 1
- PO has not started the project (various reasons): 3

Actions Arising/Next Steps:

- Projects funded in 2009 to be completed by end of 2009 unless they receive extensions.
- APEC Secretariat to update the guidebook for APEC projects. Review of monitoring and evaluation procedures. New procedure to be revised by April 2010.

APEC Project Management Reform: Mr. Vertiz spoke of the APEC Secretariat project management reform. The APEC Secretariat has work to de-link project priority from quality assessments. This should allow projects to be selected according to their relative importance rather than their design. Moreover, the Secretariat is developing mechanisms to support multi-year projects - an important feature to support large and complex projects that cannot be completed in two years.

In his project reform overview, Mr. Vertiz spoke briefly about the latest project submissions. Funds requested were considerably greater than the ones available. It is thus important for the APEC Secretariat to reevaluate its project quality criteria for all future submissions. For all new project submissions, the Secretariat has devised five key evaluation parameters: relevance, effectiveness, efficiency, impact, and sustainability. Projects must meet a satisfactory standard in each of these criteria. For this reason, Mr. Vertiz advised members to be realistic, specific, do their homework, be accurate (mainly what are the benefits to APEC, the benefits to stakeholders, and the nature of the stakeholders), and remember the audience (make sure the proposal is broadly understandable). According to the Secretariat, the de-linking of priority and quality forces proposal writers to ask the following question: how beneficial is the project to the APEC. Also, Mr. Vertiz announced that in order to improve process efficiency and reach faster decisions, proposal writers will no longer be asked to submit a full proposal but only a three-page concept paper. Evaluators will assess the concept paper grading it according to the five above-mentioned priorities. Papers scoring highest on the priority scale will be called to develop a full proposal in accordance to funding availability.

Questions and Comments:

- The EWG Lead Shepherd commented that the APEC Secretariat needs to work closely with APEC member economies to ensure that all members understand the new project submission procedures.
- The United States asked the APEC Secretariat to make the new format available to EWG members as soon as possible.
- Canada, commenting on the new project uploading feature, said that there had been problems in the past when member tried to upload proposals. Any improvement in that area would be greatly appreciated. Japan added that some of the EWG projects were not uploaded last time

which resulted in delay of some projects; thus it was hoping that the system will be improved and project proposals will be properly managed by the EWG Secretariat.

- The EWG Lead Shepherd commented that it was the first time that people had submitted proposals by themselves therefore some mistakes were bound to occur. The APEC Secretariat also responded by clarifying that from now on the EWG Secretariat will be informed of all submitted project proposals. EWG Secretariat will then upload the relative concept notes on the online database.
- Mr. Vertiz introduced Ms. Carolyn Williams, Manager at APEC Secretariat who introduced new strategies for APEC communications management and briefed on the new APEC communications tool kit as well as a quick overview of the new APEC website for 2010. Ms. Williams encouraged members to engage actively with the new website's functions, in particular the Newsletter, which could become a valid tool to communicate on issues regarding economies' and expert groups' projects.
- The EWG Lead Shepherd commented that it was a good idea for expert groups to start thinking about articles to put in the APEC newsletter.

Actions Arising/Next Steps:

- APEC Secretariat to upgrade the Project Data Base (PDB) – expand the system's memory.
- BMC to discuss how to treat projects that cannot be given funding.
- For multi-year projects, a notification will be made late in the calendar year.

Announcements:

- Indonesia announced that the website for the Bali EWG38 is still up and running and files including meeting photos can be downloaded from <http://ewg38bali.com/>.

2b. – Report of the 24th Meeting of Expert Group and Task Force Chairs and APERC

As a change from previous EWG meeting, the EWG Lead Shepherd asked the Expert Groups to briefly introduce their activities since the EWG38, but she asked the Groups' Chairs to hold the more detailed explanation to the relative sessions later.

Expert Group on Energy Efficiency and Conservation (EGEEC): The Expert Group Chair, Mr. Terry Collins, touched upon EGEDA and EGEEC's Joint Meeting, the ESIS Group Meeting, the EGEEC Meeting, and EGEEC's survey of priorities.

Expert Group on New and Renewable Energy (EGNRET): The Expert Group Chair, Mr. Cary Bloyd, gave a brief presentation including work on renewable energy in urban settings and technical characterization of biorefineries. EGNRET will meet in Kuala Lumpur, Malaysia in the last week of April 2010 along with the Biofuels Task Force (BTF).

Expert Group on Energy Data and Analysis (EGEDA): The Expert Group's Vice-Chair, Ms. Jane Melanie, touched upon the Status of the Joint Oil Data Initiative (JODI) and other Natural gas data collection activities. She also added that EGEDA has put forward two proposals for the current year.

The APEC Biofuels Task Force (BTF): The Task Force Chair, Mr. Jeff Skeer, reported briefly on the group's current activities, noting projects completed on biofuel resource elasticity, biofuel resources on marginal lands, and Biofuels employment potential, as well as projects starting in 2009-2010 on biofuel economics, infrastructure, and sustainable development practices.

Energy Trade and Investment Task Force (ETITF): The Chair of ETITF, Mr. Doug Cooke, reported on the group's current activities. The group held a brief plenary session the day before EWG39, during which it discussed inputs for the EMM9, and cooperation with other APEC fora on clean energy goods and services. The Chair also reported on the Workshop on 'Survey of Climate Change Policies and Other Approaches to Reducing Greenhouse Gas Emission in the APEC Region' held on 10 March 2010. This Project is being undertaken by Noetic Consultants who will prepare final report for members by the end of May 2010.

2c. – APERC President's Report

Mr. Kenji Kobayashi, President of the Asia-Pacific Energy Research Center (APERC) reported on APERC's activities since EWG38. He also gave highlights of projects carried out by APERC and future plans.

Peer Review of Energy Efficiency (PREE): The 4th PREE was carried out in Thailand. Thailand and the APERC review team prepared a final review report. Peru and Chinese Taipei have volunteered to host the PREE in 2010. There still was funding available for another economy to host in 2010.

Compendium: APERC has completed the latest Compendium of Energy Efficiency Policies of APEC Member Economies. It will be posted on the APERC website in a timely manner.

Cooperative Energy Efficiency Design for Sustainability (CEEDS): Each CEEDS exercise focuses on a single energy sector across all APEC economies. Each CEEDS includes two workshops to identify and implement "high performance" energy efficiency policies and measures for the chosen sector. CEEDS Exercise #1 was aimed at Appliances Energy Efficiency Standards & Labelling (AEES&L), for which the first workshop was held in Chinese Taipei in late 2009 and the second workshop was

held in Tokyo on 1-2 March 2010, and for which a Summary Report should be finalized by April. For CEEDS Exercise #2, which is planned to be focused on energy efficiency in building sector, a second pair of workshops is under development in Thailand and Hong Kong, China.

APERC Energy Overview 2009: Mr. Kobayashi said that some economies have sent in their comments on the draft report text. APERC will soon publish the final report on its website.

APERC Staff: As of March 10, 2010, APERC has 12 foreign researchers. The Centre requested economies' continued support in providing researchers. Mr. Kobayashi noted that APERC will continue to value guidance from APEC members to make its work relevant and useful.

Comments:

- Japan encouraged members to ensure the continuation of the activities provided by APERC. It also suggested that further enhancement of APERC's function is necessary to contribute for the region.

2d. – Updates to the EWG Work Plan 2009-2011

The EWG Secretariat announced that there were no notable updates to the EWG Work Plan.

The EWG Lead Shepherd welcomed efforts such as PREE and CEEDS which are aimed at energy efficiency. The Lead Shepherd said that energy is a hot topic not just in APEC but in the world. There are a number of other fora aside from APEC that are looking at pieces of the work we are doing through the EWG, and they might be interested in picking some up. It would be a good idea to encourage greater cooperation with such fora on energy-related topics.

Comments:

- ETITF's Chair said we should identify areas where we can add value, and establish ourselves as a key regional committee. EWG could also focus in areas such as environmental goods and services, where it could value-add to initiatives for facilitation of trade and investment. But to do so, it is very important that the EWG recognize the complementary nature of the work done by other APEC committees, and work with APEC Secretariat to ensure that there is no duplication of efforts across the various work streams.
- Thailand noted that the International Renewable Energy Agency (IRENA) could be officially formed in the next 12 months and that it would be good for EWG to cooperate with it.
- The EWG Lead Shepherd agreed with Thailand, and added that IRENA still discussing issues of governance. She pointed out that the EWG should look into ways to further cooperate with other energy related organizations.

- EGNRET’s Chair agreed that the EWG needs to look into areas where it can have greater impact. We should look at items that cross-cut issues and that can benefit more economies at a time.
- Chinese Taipei said that the EWG should have a louder voice than most other fora in APEC on matters related to efficiency standards and testing.
- The United States noted excellent evolving cooperation with the APEC Transportation Working Group on the energy security and environmental benefits of energy-efficient transport.

3. POLICY DIALOGUE

Members discussed the topic, “Technology and policy strategies for the deployment of renewable electricity.” Economies presented achievements, policies being implemented, studies in progress, and expected accomplishments in the area of renewable energy deployment. In addition, Expert Groups presented the findings of their studies on the subject, broadly commented on issues raised by the different economies, and thanked the economies for sharing valuable information and for hosting the experts for their research. The discussions were insightful, animated and constructive, but in line with EWG policy, no official record was kept of these discussions.

3b. – Discussion of a topic for the EWG40

New Zealand suggested that smart grids and uptake of renewable energy could be a good topic for EWG40. The EGNRET’ Chair, as well as Australia and Japan, supported this idea. The EWG Lead Shepherd observed that smart grid may be an interesting topic, but different economies have different perceptions of what smart grids mean. The United States suggested to narrow down the topic, we could focus on the potential of storage technologies on the grid to enhance the role of renewable energy. Chinese Taipei suggested that another way to narrow the topic would be to focus on the energy efficiency aspects of smart grids. Singapore supported the topic on smart grid and further suggested that it should be broadened to cover different dimensions so as to allow contributions from every member economy. For example, a few discussion questions could be set and member economies could build on the outcomes of the discussions, and Australia agreed with Singapore. EGNRET’s Chair then proposed that the EWG40 focus broadly on the full range of smart grid technologies and policies.

Members endorsed the topic “Smart Grid Technologies and Policies” for discussion at EWG-40.

Actions Arising/Next Steps:

- The Policy Dialogue topic at EWG40 will be “Smart Grid Technologies and Policies” with possible modification after the EMM9.

4. STATEMENTS ON NOTABLE ENERGY DEVELOPMENTS SINCE EWG38

The EWG Lead Shepherd thanked economies for their Statements on Notable Energy Developments. The reports will be available from the EWG website.

Russia gave a brief presentation on their notable energy developments, in particular:

- The law signed by the President on 8 March 2010 calling for more rational use of gas.
- Presentation of goals and principles of Russia's state energy policy.
- Implementation of the 3-stages Energy Strategy:
 - 1) 2013-2015 → fast recovery in the economic and energy sectors. Russian government focused on using the crisis for upgrading and modernizing its infrastructure.
 - 2) 2015-2022 → General EE improvement.
 - 3) 2022-2030 → full upgrade and energy portfolio diversification.
- Projected increase in LNG supply, and ongoing work on the Blue stream and Baltic pipelines.
- Russia's good relations with the Shanghai Cooperation Organization, IEA, OPEC, and others.

Energy Alliance of Australia (EAA) represents Australia in the APEC Energy Business Network (EBN) and spoke about its presentation of a Post-Copenhagen Business Proposal on an APEC Pathfinder Scheme. The Alliance stated that climate policy needs to be more integrated with energy policy. Moreover, the Alliance said that carbon markets have their own limitations, as a nominal carbon price is not sufficient to reduce carbon emissions. According to the Alliance, there has been misguided faith in carbon pricing, and adequate mechanisms have not been put into place. In addition, the Alliance said that with the economic crises many governments have become more indebted; therefore governments alone will not be able to afford climate change policies without having the private sector step up and contribute its fair share.

Hong Kong, China announced developments in the area of energy efficiency such as new building energy codes, labelling schemes for house appliances and electric devices, and innovative building cooling systems. It also presented plans to adopt greater uptake of renewable energy into the grid.

Indonesia presented its 2009 law to reform the electricity sector - the Government Regulation No. 70 Year 2009 concerning on Energy Conservation - and its pledge to reduce greenhouse emissions by 26%, an effort which could be increased to 41% with the help of international support.

Action Arising/Next Steps:

- The Notable Energy Development reports to be posted on the EWG website.

5. SHORT-TERM ESI MEASURES

5a. – Joint Oil Data Initiative (JODI)

The Chair of EGEDA informed EWG members that JODI is becoming a very successful initiative and will certainly benefit from a continued high support level from APEC economies. JODI has been growing its user base and is now consulted routinely by the energy industry, research organizations, energy analysts, and other institutions. On the performance side, EGEDA said that 21 economies are submitting their data to JODI. Of these, 16 are submitting data in a timely and regular manner, while 14 are providing data of high quality. In the future, EGEDA plans to work on improving the timeliness and completeness of the information it receives. It will also focus on supporting submissions of quality data by the economies. EGEDA also announced that in preparations for the 12th IEF Ministerial Meeting in Cancun, Mexico, discussions have surrounded the possibility of expanding JODI to natural gas.

Comments:

- Japan observed the importance of JODI's data to support energy security in the APEC region and thanked the Institute of Energy Economic of Japan (IEEJ) for its role as the coordination agency of the activity.

5b. – Real-Time Emergency Information Sharing System (RTEIS)

Mr. Kimura of the IEEJ, on behalf of Japan, reported on the Real-Time Emergency Information Sharing System (RTEIS) to spoke about the new system functions that have been developed for the RTEIS system.

5c. – Energy Emergency Response System

Japan reported on their Emergency Response System. Japan said that it is very dependent upon Middle Eastern oil; therefore it said that its energy policy has focused on more stable and reliable supply of energy. Japan said that as part of its energy emergency response system it has large supplies of stockpiled oil and it relies on two systems for oil stockpiling: government stocks and private sector stocks. Japan briefly presented its legal framework for oil stockpiling system and said that the Ministry of Energy, Trade and Industry (METI) has the authority to release stockpiles, but that stocks cannot be used for oil price adjustments. In addition, Japan said that it has an oil and coal tax scheme to cover the cost for operating government stockpile bases as well as to provide financial support for private sectors. Japan concluded that oil stockpiling system should be

designed on each economy's situation while accurate stock data and legal framework are necessary.

5d. – Maritime Security

No points were raised under this agenda item.

LONG-TERM ESI MEASURES

6. – ENERGY TRADE AND INVESTMENT

6a. – Report of the Energy Trade and Investment Task Force (ETITF)

The Chair of the Task Force, Mr. Doug Cooke, reported to the EWG members, noting that the EWG should take advantage of the opportunity it has to influence the policies our leaders will adopt, particularly with respect to trade and investment in clean energy forms. In line with earlier discussion on strengthening cooperation between the EWG and other APEC groups, Mr. Cooke said that ETITF had found a degree of complementarity with the work of the APEC Committee on Trade and Investment (CTI) and looked forward to cooperation. He continued that ETITF was looking at the implications of sectoral policies that will affect trade in energy-related goods and investments in the APEC region.

Comments:

- The EWG Lead Shepherd applauded ETITF's cooperation efforts and urged EWG members to looking into the work being done by other groups to find areas for enhancing cooperation, without duplication of resources.
- Chinese Taipei agreed with the Lead Shepherd but added that though the EWG should cooperate with other groups, it should also have a different voice than the one of other fora. Also Chinese Taipei said that the mission of the EWG is to provide a clear value-added service to promote energy investment and trade in the region.
- Japan said that the ETITF needs to evaluate the EWG value of cooperating with other groups. Cooperation with other groups should have a mutual understanding of each groups' interests, and final agendas.

7. ENERGY EFFICIENCY

7a. – EGEEC Progress Report including Highlights of Related Projects

Mr. Collins presented EGEEC's progress report including highlights of EGEEC related projects. He said that EGEEC and EGEDA had held a joint meeting and the two groups acknowledged the need to find ways to quantitatively measure their progress against the APEC aspirational goals. Mr. Collins also said that one of the group's priorities was to collect economy contributions for the maintenance of the Energy Standards Information System (ESIS). He then spoke of the 35th EGEEC meeting in which current and future projects were discussed. Mr. Collins spoke about EGEEC's survey and priorities. The Survey was an outcome of EGEEC33 in 2009. It was meant to help the group reassess future priorities. In a snapshot, the survey showed had reduced costs and reduced emissions were the key drivers under all priority areas.

Comments:

- Indonesia said that it would like to have a chance to learn more about ESCO (Energy Service Company) activities, and would like to ask for support.
- The United States said that it intends to submit the projects on outdoor LED lighting's energy efficiency standards in 2010, and the project on energy efficient intermodal freight, jointly endorsed by EWG and the Transportation Working Group, was already submitted. The United States also said that it would present a self-funded workshop on energy efficient transport, to be held in Washington on 10 May 2010.
- Chinese Taipei said that the U.S. project on LED lighting is very important, and it offered to be a co-sponsor of the project.

7b. APERC Report on PREE and CEEDS Activities

APERC's President, Mr. Kobayashi, presented the draft report on its Peer Review of Energy Efficiency (PREE) in Thailand. Mr. Kobayashi said that the review team was very impressed by Thailand's energy efficiency and conservation framework and institutions. The PREE team provided 34 recommendations in its draft report, including the establishment of sectoral and sub-sectoral energy efficiency goals.

After exchanging views and comments by members, the EWG Lead Shepherd asked Thailand whether it accepted the draft report. Thailand agreed to do so. The draft report was therefore officially endorsed by the EWG.

Mr. Kobayashi, President of APERC, then asked EWG members' endorsement to allow APERC to post the finalized Compendium on its website. He then reported that the first of the pair of CEEDS-1 workshops on energy efficient appliances' standards and labelling was held in Chinese Taipei in October 2009; the second of the pair was held in Tokyo in March 2010. The participating economies included China, Chile, Japan, Malaysia, Philippines, Thailand, and Vietnam. APERC is

currently preparing a report on the CEEDS 1 project. Mr. Kobayashi announced that APERC is planning to organize a pair of CEEDS-2 workshops on energy efficiency in building sector in 2010.

Action Arising/Next Steps:

- Final PREE report for Thailand to be posted on the APERC website along with other PREE reports.
- Three more PREEs to take place in 2010, including Peru, Chinese Taipei, and one other economy. Malaysia suggested possibility of hosting a PREE by the end of the year.

7c. – Discussion of Draft Progress Report on PREE to EMM9

APERC President agreed to summarize PREE reports completed in 2009 in time for EMM9.

Action Arising/Next Steps:

- APERC to prepare summary of PREE results for Chile, New Zealand, Thailand and Viet Nam as well as the Compendium to be reported to EMM9.

7d. – Discussion of Next Steps to Support Energy Efficiency Programs as Follow-up to PREE

Discussion of follow-up steps was deferred as the PREE process is going smoothly.

7e. – Summary and Discussion on Pledge and Review Responses from EWG38

Chinese Taipei reminded members that in the last EWG38 meeting it was considered that the group's activities focus has shifted toward PREE, CEEDS and Compendium as a way to study EE efforts in APEC economies, and observed that the group should drop the Pledge and Review (P&R) activities because they no longer represented the EWG focus. The EWG Lead Shepherd observed that the EWG had been very successful in carrying forward its EE process through the P&R which has helped the group encourage leaders to consider EE on a wider scale. She also said that the EWG can probably move on and declare victory on raising the EE issue to the high political levels. Japan observed that the contents of P&R are already being covered in APERC's activities, and therefore agreed with terminating the P&R.

Comments:

-Singapore commented that in terms of being efficient in the agenda, EWG should streamline P&R by incorporating into other agenda items, such as notable developments.

Action Arising/Next Steps:

- Unless any economy disagrees, the EWG will terminate the Pledge and Review process.

8. NEW AND RENEWABLE ENERGY

8a. – EGNRET Progress Report including Highlights of Related Projects

Mr. Boyd reported that the group had not met since the EWG38, but that the group planned to meet on 26-30 April 2010 in Kuala Lumpur, Malaysia. The meeting is to be held in conjunction with the meeting of APEC Biofuels Taskforce. Mr. Boyd summarized two of EGNRET's recently completed projects, one of which concluded that bio-refineries have the capability to use some of the existing technologies well established for the petroleum-based industry to support the intake of natural feedstocks such as biofuels. He proceeded to talk about the new projects proposals for funding in 2010.

8b. – Report on the Preparatory Study on “APEC Low-Carbon Town Project”

Japan presented on its proposal of “APEC Low Carbon Model Town Project.” Japan said that due to the urbanization phenomenon and to the improvement of living standards negative externalities, such as pollution, also have increased. And the purpose of the study is to support the advancement of introduction of new and renewable energy technologies (Low-Carbon Technologies), throughout the APEC region by targeting areas where town/city development plans exist. Japan said that it would like to ask APEC Energy Ministers to endorse the Low-Carbon Model Town Project at the EMM9 to which Japan will be preparing for providing a certain amount of fund.

The Low Carbon Model Town Project aims at developing several steps for introducing low-carbon energy technologies in cities of the APEC region. In particular it focuses on initiating a plan of action based on local needs and conditions, building an effective policy framework, addressing technical issues, and strengthening local capacity through feasibility studies. One of the project's major aims is to integrate in a consistent manner the processes of planning, developing and operating low-carbon energy urban projects and facilities. The project will take a holistic view of commercial, residential, transportation, energy use and conversion to develop concrete and efficient systems that maximize the use of energy.

Comments:

- The U.S. observed that Japan's proposal is very intriguing. It also suggested Japan to consider including experts from other sub-fora like the transportation sub-committee.

- Thailand said that it shared a similar project idea to Japan's: the Green Town Projects, which would study ways to replace the use of LNG through bio-bas. Thailand said it would welcome a Japanese cooperation.
- EGNRET said that it too found the project very interesting and showed its interest in working with Japan. Korea and Canada followed favourably.
- Singapore said that it has two similar current projects which are transforming Pulau Ubin (an island north east of Singapore) into a model green island powered by clean and renewable energy and the Sino-Singapore-Tianjin Eco-city project. Singapore further suggested that it may be useful for EWG to establish a set of Key Performance Indicators (KPIs) to define what a 'low carbon society' means.

Action Arising/Next Steps:

- Japan to propose and ask ministers to endorse the Low Carbon Model Town Project at the EMM9.

8c. – APERC report on the Open Seminar on Low-Carbon Energy Supply Policies for APEC

Dr. Weerawat Chantanakome, Senior Team Leader at APERC, presented APERC's comparative study of 25 best and/or high performance EE practices in the APEC region. The Study compares the level of implementation of EE measures in the APEC region. It shows the degree to which some economies have established a legal framework, responsible institutions for EE policy making and implementation, an end-use energy database, monitoring systems as well as various mandatory and voluntary measures.

Comments:

- Russia said that there are research institutes in Russia very keen to work more closely on renewable energy project, in particular on marine energy development.

9. ALTERNATIVE TRANSPORT FUELS

9a. – Progress report of the APEC Biofuels Taskforce including highlights of related projects

Mr. Jeff Skeer, Chair of the APEC Biofuels Task Force (BTF), began his presentation by giving a brief chronology of the BTF's activity. Then, Mr. Skeer talked about the BTF's completed projects in 2009-2010. Mr. Skeer then spoke of the new projects being undertaken by the BTF. In a presentation on study of employment opportunities from biofuels, he discussed the different rates of employment in jobs per million litres of biofuels output per year that are estimated for four major feedstocks and biofuels: ethanol from corn, ethanol from sugarcane, biodiesel from soy, and

biodiesel from palm. These reflect different agricultural production practices and biorefinery technologies for the different feedstocks and biofuels in question. Mr. Skeer noted that the Task Force is planning its 6th meeting for April 28-29 in Malaysia. He said participating economies would have the opportunity to contribute information to new projects, evaluate completed projects and discuss findings that can be presented to ministers at EMM9.

After exchanging views and comments by members, the EWG Lead Shepherd asked the EWG Secretariat to collect the different project proposals that have been floating around as a result of the day's discussions.

10. CLEAN FOSSIL ENERGY

10a. – Report on Outlook for Sustainable Fossil Energy Development

Mr. Kensuke Kanekiyo, Managing Director of the IEEJ, presented a report on sustainable fossil energy development in the APEC region on behalf of Japan. Mr. Kanekiyo observed that coal remains the dominant fuel for power generation and continues to be one of the main drivers for developing economies. China, the U.S., India, Russia, and Indonesia are the dominant world consumers of coal. He said that the APEC region needs to support the introduction of innovative technologies in a proactive manner if it aims to reduce CO₂ emissions and energy consumption.

Mr. Kanekiyo said that coal will be remaining the most reliable and economic energy resource for the foreseeable future. Natural gas, however, will also increase its role. According to a study by the IEEJ, there has been an increase in thermal power generation efficiency in APEC, but a number of inefficient plants still operate in developing economies. Mr. Kanekiyo also mentioned that the utilization of low grade and less efficient brown coal often does not appear in statistics.

As for fossil fuels in general, he reported that these are to maintain an 82% share of energy market at least until 2035, even considering models with strong advances in cleaner technology scenarios. Mr. Kanekiyo said that the IEEJ supported a smarter use of fossil fuels, in particular coal, and the development of advanced technologies. The EWG Lead Shepherd thanked Mr. Kanekiyo and said that we cannot forget the role that fossil fuel will play in the next 20-30 years.

Comments:

- Australia said that the use of fossil fuels is a reality that needs to be addressed. EWG needs to consider all possible clean technologies. Australia is investing heavily in CCS technology.
- Japan said that economies need to promote the use coal in a cleaner and smarter way. IEEJ work could be reported to energy ministers to let them recognize the importance of coal.

- Chinese Taipei agreed that the EMM9 will be a good venue to deliver this message to our ministers. It is important for ministers to then deliver this message to the general public.

10b. – EGCFE Progress Report Including Highlights of Related Projects

Mr. Jeff Skeer presented highlights from the written progress report that had been provided by the EGCFE Chair. A report on cost assessment guidelines for carbon-capture-ready powerplants will be completed by the end of March. A CCS capacity building workshop will take place in China in June 2010 followed by workshops in Malaysia, Thailand and Viet Nam. Another proposed project would focus on permitting issues related to CCS in new coal-fired powerplants. The next Clean Fossil Energy Technical and Policy Seminar and Business Meeting (EGCFE) will be held in October 2010 in Japan. “The EWG Lead Shepherd thanked Mr. Skeer and commented that she hopes (expects?) that the EGCFE Chair will attend the next meeting to fully report on the groups’s work.”

11. OTHER LONG-TERM MEASURES

11a. – Nuclear Energy

- Japan expressed its willingness to provide support for peaceful use of nuclear energies while ensuring safety as the fundamental elements. It stressed the importance of nuclear energy as an option of low-carbon energy sources, which should be reaffirmed at the EMM9.
- The United States said that on January 29, 2010 as part of the Obama Administration’s commitment to restarting America’s nuclear industry, U.S. Secretary of Energy Steven Chu announced the formation of a Blue Ribbon Commission on America’s Nuclear Future to provide recommendations for developing a safe, long-term solution to managing nuclear fuel and waste.
- Singapore said that it is commencing on a feasibility study of nuclear energy to explore the different aspects of nuclear energy to determine its suitability as a long term energy option for Singapore. A multi-agency team will be set up for the purpose and the study will commence later this year.
- Korea said that it has been operating nuclear power plants for a while and that it welcomed future EWG discussion on the matter.

11b. – Methane Hydrates

- New Zealand said that is was developing a pathway to evaluate the potential of methane hydrates, as there are potentially large opportunities for gas hydrates off of its coast.

- Korea said that because of the increase of gas consumption, the government carried out an exploration of the surrounding sea in search of gas hydrates potential.
- The EWG Lead Shepherd said that there has been an increase of interest in methane hydrates thanks to availability of new technologies. She also said that ABAC was very interested in unconventional gas issues.

11d. – Petroleum Infrastructure

No discussion took place on this topic.

11e. – Natural Gas Trade

- EGEDA's vice chair noted that monthly natural gas data would soon be collected as part of the Joint Oil Data Initiative (JODI). She therefore suggested that natural gas trade be discussed in conjunction with JODI, which is handled under short term measures in agenda item 5.
- EGEDA said that its last monthly gas data collection had received 16 submissions, 14 of which were timely, and the others of mixed completeness or of average data accuracy.
- APERC said that there is considerable gas present in APEC region, but in order for APERC to study these resources it needs the continued support of all economies.
- Australia spoke briefly on the increased role of LNG which has redefined gas trade. It also spoke briefly of new role of unconventional gas.

12. REPORT ON PROGRESS TOWARDS EMM-9

12a. – Japan's Report of the 2nd EMM9 Steering Committee Meeting

Japan held a detailed discussion on the EMM9 program and agenda, summarizing key points raised at the Second EMM9 Steering Committee Meeting that was held on 9th March. The agreed theme of EMM9 is "Low Carbon Paths to Energy Security – Cooperative Energy Solutions for a Sustainable APEC." There will be three main discussion topics in sessions on energy security, energy efficiency, and zero-emission energy. Businesses will have an opportunity to interact with ministers on subjects of interest during a luncheon session and a reception.

The main ministerial meeting will take place in Fukui Prefecture, Japan, on Saturday, 19th June 2010, with a welcome dinner on 18th June and site visits on 20th June. Japan gave an overview of the venue and schedule, noting that invitation letters to the ministers would be sent out on the following week and that it would assign a point of contact for each economy's ministry.

Japan said that it would ask for economies to send their written comments, remarks or suggestions on logistical or administrative matters, if any, by the end of March. Economies should also provide any further comments on the 3rd draft EMM9 discussion paper by the end of March. Japan will then prepare and circulate a Draft Energy Ministers' Declaration by taking into account of submitted comments for consideration by APEC economies in April. Member economies were also requested to nominate business representatives for the luncheon session by 9th April with his/her possible presentation topics.

Comments:

- Australia said that regarding the Declaration, the EWG should be aiming for a 2-3 pages document that will reinforce the value of the EWG. More specific issues should be inserted as attachments
- Japan said that it was planning to hold a Steering Committee one day before the ministerial meeting and that it would communicate further details to members in a timely manner.
- Singapore suggested that members please provide their comments on the declaration by using the "Track Changes" function.

13. CONCLUDING BUSINESS

13a. – Dates for next EWG Meeting

The next EWG will be held in Brunei-Darussalam. Brunei proposed that EWG40 be held during the week of 22-26 November 2010

13b. – Documents Access

All meeting documents will be made available on the EWG website.

13c. – Summary Record

Draft Summary Record to be circulated to the members on a timely manner.

13d. – Other Business

Nothing to report.