

TERMS OF REFERENCE

APEC ENERGY WORKING GROUP EXPERT GROUP ON CLEAN FOSSIL ENERGY (EGCFE)

2 May 2005

A. EGCFE's ROLE

The primary role of the APEC Expert Group on Clean Fossil Energy (EGCFE) is to support the work of the Energy Working Group (EWG) by gathering and sharing timely information regarding technical, economic, and policy aspects of fossil energy production, transportation, and use within the APEC region. Specifically, the Group focuses on promoting clean fossil energy options by facilitating, coordinating, and implementing a variety of activities, including projects, studies, workshops, conferences, and other meetings, related to clean and efficient production and use of fossil fuels¹.

The EGCFE's work focuses strongly on the linkages between fossil energy production and use and associated environmental issues, which need to be considered in developing government programs and policy actions in member economies and addressed in commercial projects by the private sector and financial institutions. Particular attention is given to enhancing the long-term economic and environmental sustainability of the entire fossil fuel production and use cycle throughout the region. This includes gathering and distribution of information regarding all aspects of clean fossil energy with the aim of promoting joint research, development, and demonstration activities, development of commercial projects employing clean fossil fuels and technologies, and establishment of a sound climate for clean fossil energy investments in the region.

B. MISSION

The EGCFE's mission is to encourage the use of clean fuels and energy technologies that will both contribute to sound economic performance and achieve high environmental standards. The EGCFE undertakes activities to concurrently enhance economic development and mitigate, at the local, regional, and global levels, the environmental impact (e.g., air emissions, water and waste management) related to the production, preparation, transport, storage, and use of fossil fuels. Considerable emphasis is given to developing and promoting options to mitigate local, regional, and global environmental impacts of fossil energy production and use.

C. OBJECTIVES AND STRATEGY

¹ Fossil fuels include coal, coalbed methane, oil, natural gas, tar sands, oil shale, and their derivatives (e.g., coke, heat, electricity, coal-derived liquids, gases and chemicals; and petroleum products, including oil-water mixtures, such as Orimulsion).

1. Consistent with the overall goals and principles expressed in initiatives endorsed by the APEC Leaders and Energy Ministers and their various declarations and statements, the objectives of the EGCFE are to:
 - a. Undertake short- and longer-term actions to increase regional energy security through improved production, increased trade, and more efficient utilization of fossil fuels.
 - b. Facilitate and encourage integration of environmental considerations into the energy planning and evaluation process.
 - c. Facilitate and encourage acceleration of the commercialization and use of appropriate clean (i.e., environmentally sound) fossil energy technologies and processes.
 - d. Pursue and facilitate voluntary, cooperative, joint activities, including demonstration projects, between APEC members, particularly to address environmental concerns related to pollutant emissions and greenhouse gas emissions from fossil fuel use.
 - e. Examine how cooperation between member economies can reduce the environmental impacts of fossil energy production and use to advance the sustainable economic development objectives of member economies.
 - f. Identify, develop and promote synergies with other APEC fora.
2. In pursuing these objectives, the EGCFE's strategic approach is to build upon the ongoing work of EWG by:
 - a. Assisting the EWG in implementing its broad-based approach to energy security, involving continued development of response mechanisms for short-term disruptions while pursuing longer-term energy security objectives. The EGCFE supports clean fossil energy aspects of the EWG's energy security-related activities including:
 - preparing for energy supply disruptions;
 - facilitating energy investment;
 - using energy more efficiently;
 - expanding energy choices; and
 - capitalizing on technological innovation.
 - b. Increasing the understanding of relevant clean fossil energy technologies and facilitating access to those technologies by encouraging information exchange.
 - c. Recommending actions that improve the environmental performance of fossil energy usage through an integrated approach to achieve an environmentally and economically sustainable energy mix.
 - d. Promote development of technological infrastructure and application of clean fossil energy technologies.

- e. Enabling joint research and development of clean fossil energy technologies that are adapted to the needs of APEC members, as well as demonstrating and transferring appropriate clean fossil energy technologies.
- f. Increasing cooperation with other APEC and non-APEC organizations where mutual benefits exist.
- g. Significantly increasing and sustaining the involvement of the business sector in the Clean Fossil Energy programs and activities.
- h. Maintaining and enhancing open, efficient regional fossil energy markets and reducing regulatory and trade barriers to fossil energy investment and transfer of clean fossil energy technologies.
- i. Addressing institutional, regulatory, human resource, and other impediments related to the uptake of environmentally sound fossil energy technologies.
- j. Efficiently operating and maintaining relevant technologies already in application.
- k. Facilitating efficient production, distribution, and consumption of all fossil fuels, adoption of least-cost approaches to fossil energy services, and reduction of fossil energy subsidies.
- l. Promoting cost-effective measures that improve the efficiency at which fossil energy is used.

D. WORKING METHODS

The working methods used by the EGCFE to implement its strategic approach and achieve these objectives include:

1. Seeking opportunities for cooperation between APEC members with respect to learning from each other's experiences and tackling the new environmental challenges in a multilateral context. This approach is necessary to address cross-border (i.e. regional and global) impacts of environmental problems, which require collective action.
2. Identifying important gaps that need attention. An important goal is to develop a strong energy-environmental strategy that is both consistent with and will result in synergies with the activities of various Experts Groups.
3. Developing and promoting new initiatives associated with promoting the use of environmentally sound and efficient fossil energy technologies and introduction of measures to mitigate adverse environmental effects.
4. Coordinating activities with organizations involved with fossil energy use will reduce unnecessary duplication. Improved coordination will require collection of information on

environmental programs and strategies, and exchanges with producers, consumers, and policy-makers within government.

5. Reviewing current and future initiatives to ensure that participation of women will be sought. In addition, women will be encouraged to participate in the planning, management, allocation of resources, and implementation of all EGCFE activities.

E. ORGANIZATIONAL ASPECTS

1. The EGCFE is one of five Expert Groups that were established by, and report directly to, the Energy Working Group (EWG). The EWG is one of ten such groups that implement the Action Agenda of the Asia Pacific Economic Cooperation (APEC).
2. The efforts of the EGCFE are guided by organizational and operational parameters that include:
 - a. Development and implementation of the EGCFE work program, and implementation of specific activities and projects planned, prepared, and approved by the members of the EGCFE at its business meetings that are held on a semi-annual basis.
 - b. Rotation of meetings among the member economies.
 - c. Use of a Chair to guide the activities of the EGCFE; provide representation of the Group at EWG meetings; and with the Group's approval, conduct business between formal meetings. The Chair, and the associated Secretariat, serve by consensus for a period of four (4) years on a voluntary basis. In the fourth year of the Chair's term, the Chair-elect will be identified by the Group to succeed the sitting Chair for the subsequent 4-year period.
 - d. Use of program and project managers, which will be elected by consensus, to assist the Chair in developing an annual work plan and help with monitoring, evaluation, and reporting accomplishments of ongoing activities within their program. Program Managers will serve by consensus for a period of (4) years. Election of the Chair and Secretariat should be scheduled so as to have the election of only one leadership position per year.
 - e. Use of project managers to develop and manage specific projects, including preparation of proposals to the EWG to secure funding, preparation of Requests for Proposals, review of submitted proposals, management of approved projects, and review of draft and final reports.
 - f. Inviting APEC members to participate in all EGCFE activities. However, each economy will have only one vote when approving/disapproving EGCFE issues. During the introduction and welcome portion of each business meeting, each economy will identify the individual with the authority to vote for his/her economy

on EGCFE issues. In addition, prior to each meeting, the Chair will be notified of the representative from each economy with voting authority.

3. The EGCFE's activities are supported by one, or a combination, of, the following means:
 - a. Cooperative efforts by member economies involving task-shared activities in which interested member economies perform separate activities that contribute to the completion of the whole project.
 - b. Funds from the APEC Central Account or Trade Investment and Liberalization Facilitation Accounts, which are secured through the EWG's annual proposal process.
 - c. Funds from the EGCFE Common Fund, which was created by a contribution from Japan.
 - d. Funds from member economies through project cost-sharing.