

Minutes of
APEC Expert Group on Energy Efficiency and Conservation Meeting 24
12 – 14 February 2004, Tokyo, Japan

Opening and Welcome Address

The EGEE&C Chair, Dr Tsau, introduced the meeting co-chair, Mr Koichi Inoue of METI, who invited Mr Tsutomu Higuchi, Director of the Policy Planning Division, Energy Conservation and Renewable Energy Department, Agency of Natural Resources and Energy, METI to give the opening address.

Mr Higuchi welcomed the chair, representatives and observers to the meeting. He pointed out that Japan has been undertaking the promotion of energy efficiency since the two oil crises of the 1970's, and as a result Japan currently ranks best in the world in energy efficiency achievement.

However, due to the development of greater energy use in modern lifestyles, the fact that over 80% of Japan's energy supply is imported and uses non-sustainable fossil fuels, environmental issues and the situation in the Middle East, Japan is reviewing its energy outlook and policy for the longer term, until 2030. Energy efficiency is ranked highly.

With cooperation between economies on the common energy challenges, there is greater scope for energy efficiency within the region, and METI looks forward to further development in this area.

Mr Higuchi pointed out that the meeting was being held in conjunction with the Energy & Environment Exhibition, and invited participants to experience some of the demonstrations.

Mr Higuchi finished by wishing success of the meeting and an enjoyable stay in Japan.

Introductions

The meeting was attended by representatives from Australia; China; Japan; Mexico; Chinese Taipei; and USA, plus observers from New Zealand and Thailand. A full list is appended.

Adoption of the Agenda

The Agenda as proposed by the Chair was adopted without change.

Report on Completed Projects

❖ Energy Standards & Labelling Information Network

Dr Peter du Pont gave a presentation on the project. Since EGEE&C 23 the data for APEC-ESIS have been moved to a server at ITRI and consequent issues with the software compatibility addressed. A second issue of the APEC-ESIS newsletter was distributed in January to 175 subscribers. Improvements have been made to the update entry procedure. A page listing technical contacts is being developed.

For the coming year, a contribution from Canada is now likely. There could be increased activity on benchmarking along the lines proposed by Australia. The SARI interest, with USAID involvement, is not yet definite. The IEA Task XII of the DSM Implementing Agreement is not yet funded.

The CLASP offer for sponsorship would involve expansion to include 23 non-APEC economies from Europe, Africa, South America and South Asia. The non-APEC data would initially be based on that collected for the CLASP website, and so CLASP will be bringing it up to date as a priority task.

In response to queries, it was confirmed that the CLASP contribution would in effect have UN/GEF as the funding source. A decision on USA funding will effectively be known after deliberations on the 1st April. The IEA may be a future source of funding, but the process to achieve implementation of an IEA task can take a long time.

Report on Current Projects

❖ Sustainable Financing System for Energy Efficiency Projects

Dr Larry Hill, the project overseer, added to the information given in the minutes of the previous meeting that the project is very much a “how to do” study with practical application and is not a theoretical exercise. The outputs will include sample documentation that may be used by potential providers of finance. The contractor on the project is RMA Associates of suburban Washington DC.

Dr Peter du Pont drew the meeting’s attention to a recent review of funding for energy efficiency projects carried out for the World Bank, and undertook to circulate it.

❖ Workshop on Improving Energy Efficiency in APEC Mining Industry

Dr Fanghei Tsau reported that this project is primarily within GEMEED, with Mr Ivan Jacques of Chile as the project overseer. Dr Tsau provided advice to the project overseer in January on the organisation of an APEC project, and also advised that the workshop ought to include energy exploration as well as minerals extraction. The workshop will be held in June back-to-back with EMM 6, which is scheduled for the 15th to 17th of that month.

❖ Symposium on the Implementation of Government Energy Efficiency Programs

Dr Minghong Jin of China reported that the symposium will be held in late August/early September during China’s Energy Conservation Week and back-to-back with EGEEC 25. The project overseer is Director Tienan Li of CECP.

❖ Alignment of Testing Procedures for Air-Conditioners and Heat Pumps

Mr Aidan Storer reported that this project includes a workshop now scheduled for 7th to 9th June in Sydney, Australia. It has attracted significant industry support. The organisers would ideally like to assemble three representatives from each APEC Member Economy: one representing manufacturers, one representing testing interests and one from the government. EGEEC 24 participants were requested to make nominations.

This project is partially self-funded, with part of the non-APEC funding being used for studies whose findings will be presented to the workshop. One study is comparing the

performance data of air-conditioners in Australia, China, Korea, Malaysia and Thailand. Other economies are welcome to submit data for the study; the relevant contact is Shane Holt (shane.holt@greenhouse.gov.au).

❖ Energy Standards and Labelling Information Network

Chinese Taipei reported that this project was approved at EWG 26. Funding will be from Chinese Taipei plus Australia, New Zealand and — to be confirmed — Canada and USA. The sponsorship from CLASP is under negotiation. The selection of contractor will start soon, and contracts should be let in March. As a self-funded project the activity is run on a year-by-year basis.

❖ Energy Efficiency Financing Workshop

This is an EWG activity and part of one component of the EWG “Energy Security Initiative”. The workshop will be held in Melbourne, Australia on 23rd and 24th February 2004. A draft programme was distributed. The workshop is one of a series of three, the others being a workshop on Financing Energy Infrastructure to be held in Hong Kong, China on 19th March just before EWG 27 in Beijing, and one on financing Renewable Energy to be held later in the year in the USA.

Mr Takeshi Sekiyama will be a speaker at the workshop, while Mr Aidan Storer will attend the Energy Financing Workshop on behalf of EGEE&C, and will mention other activities in this area, such as the project on Sustainable Financing System for Energy Efficiency Projects. The workshop will include participants from governments, finance institutions and energy efficiency operators.

Open Forum

❖ Australia

Energy efficiency is recognised as one of the key areas to be addressed at the national level. Australia is developing a national framework for energy efficiency which will recognise the multiple benefits from improved energy efficiency. An Energy Task Force has been established that reports to the Prime Minister’s Department and has energy efficiency as a strategic priority. It is looking at future energy efficiency policies and programmes. A discussion paper proposing the development of a national energy efficiency framework was issued for consultation in December 2003 (available from the website http://www.seav.vic.gov.au/ftp/news/nfee/nfee_discussionpaper.pdf) and national consultations are currently being undertaken and are expected to be completed in March 2004. The next step will be to develop a National Framework Document, which will undergo a public consultation process in the second half of 2004.

❖ China

China has 2004 as the Year of Resource Conservation. Implementation of a new developing strategy—Recycling Economic has been thought a priority for Chinese sustainable development. Japan is considered to provide a good model for this.

Last year, China shut down many small coal mines for safety reasons. However, China is facing a shortage of energy supply as the economy develops. Therefore there will be

increased need for energy efficiency. New Standards and policy tools will be introduced for energy efficient appliances and industrial equipment.

Energy efficiency information labelling has been planned for around three years, but the label system has been postponed due to government reconstruction. Chinese government agencies would try their best to formally promote the label system in 2004.

❖ Japan

Japan presented their activities on Energy Service Company (ESCO) projects for energy conservation.

Forecasts show an energy demand in the commercial sector that is still increasing. This is due to the need for more commercial buildings, which include hospitals. A trio of energy conservation measures is being applied: facilitation and promotion of building energy management systems; tightening and expansion of regulatory controls for commercial buildings; and development of an environment conducive to the widespread introduction of ESCO projects. An ESCO project is defined as an energy conservation project undertaken as a business activity of a private enterprise.

According to the March 1998 report of ECCJ, the potential for ESCO projects in Japan is for energy savings equivalent to 4.04 million kl/year of crude equivalent from investment totalling ¥ 2,472 billion. Over the five years 1998 to 2002, the ESCO market in Japan increased by a factor of three measured by combined order value. Shared savings contracts are becoming the dominant type by investment amount and are more favoured by banks than guaranteed-savings contracts.

The introduction of ESCO projects is considered one of the most effective energy efficiency measures in Japan. ESCO projects are drawing attention gradually, and they are also expanding the market with strengthening of government support such as subsidies and low-interest loans. There are 127 registered ESCOs as of February 2004, of which around one tenth have ESCO projects as their main profitable activity.

The profitability of ESCOs in Japan is helped by the high price of electricity — around USD 0.15 for industrial use and USD 0.25 per kWh for residential use.

Some ESCOs are also equipment manufacturers; this has proved an issue in the USA.

❖ New Zealand

Energy efficiency matters in New Zealand are now handled by the Climate Change Office as well as by the Energy Efficiency and Conservation Authority; both agencies receive funding via the Ministry for the Environment. In addition, the Electricity Commission has some responsibility for electricity demand side management.

The EECA currently has a limited-lifetime programme aimed at increasing the number of installations of solar hot water systems, whereby house owners who take out a loan to pay for the installation of a solar hot water system to an EECA quality specification will have the interest paid up to a certain limit.

❖ Chinese Taipei

The current Energy Commission has been established under an Executive Order for over 25 years; it formulates energy policies, implements programmes and measures and directs R&D of technologies in energy supply and utilization. The Commission is in transition to become a permanent government agency — the “Energy Bureau” — as a result of the Legislature’s approval of January. The change is scheduled for July 2004.

An energy efficiency retrofit programme for government agencies and public organizations, focussing on lighting and air-conditioning, is under planning this year. The programme will involve replacing existing installations that are fully depreciated but still in use with more efficient installations. The programme may use its purchasing power to give a big boost for energy efficient products in the market, starting from this year, and could have an impact on the energy labelling programme.

The pending Renewable Energy Development Act underpins Chinese Taipei’s goal to have 12% of its electricity supply from renewable sources by 2020. The Act, with its likely passage this year, will provide a legal basis for all existing and future incentive programmes on renewable energy. The Act is expected to have a positive impact on the energy market, and energy efficiency and conservation measures will still continue its enhancements as well.

The 12% target will be met by a combination of subsidies, requirements for a proportion of new generation to be from renewable sources (solar, wind, fuel cells, waste materials) and focussed R&D.

❖ USA

The Energy Policy Bill that was expected late 2003 has not eventuated due to decreasing support in Congress. It may be revived in a changed form. In the meantime, some individual measures are being introduced via regular appropriations.

Key Outcomes from EWG 26 Relating to EGEE&C

Mr Aidan Storer highlighted a number of aspects from EWG 26.

The APEC Budget and Management Committee (BMC) was concerned at the large number of projects submitted, and the EWG is to apply more rigour when assessing and submitting proposals to the BMC. Expert Groups agreed to apply rigour when submitting proposals to the EWG.

The APEC project evaluation framework is being revised and will be submitted to SOM I for endorsement. It will then be made available on the EWG website.

EWG is to implement the proposal for incorporating sustainable development principles in the EWG project proposal process. This takes effect for the 2005 project proposals.

The Energy Security Initiative is the major EWG activity at present, particularly given the direction given by APEC Leaders in October 2003.

The Pledge and Review activity is being revised, and it is proposed that there will be a specific theme for each meeting, and that EGEE&C will be able to contribute to the programme. A revised proposal will be submitted to EWG27 for endorsement.

EWG 26 endorsed the self-funded proposal for continuing the operation of the APEC-ESIS website and were advised of the sponsorship proposal.

EWG 27 will consider a proposal for Expert Group Chairs to be represented at EWG meetings. At present they attend as part of their national delegations.

Discussion and Ranking of 2005 APEC EWG Project Proposals

Proposals received were:

Ref	Title	Operational account (USD)	TILF account (USD)	Self- funded (USD)
1	Universal Power Supplies — Cooperation seminar to reduce energy losses and harmonise on testing methodology		50,000	
2	Standby Power — Promoting improved cooperation amongst APEC Economies' programmes		50,000	
3	A vision for cooperation on energy standards and labelling programmes			25,000
4	Best practice principles and processes for integrated building design	40,000		
5	Symposium on enhanced energy efficiency of common industry equipment	50,000		
6	Alignment of testing procedures for fluorescent lamp ballasts in APEC		50,000	
7	Energy efficiency indicators workshop — training and development of disaggregated indicators for monitoring energy efficiency and conservation progress across the APEC region	50,000		
8	Residential energy survey training, data alignment and database		171,000	
Totals		140,000	321,000	25,000

Ranking was undertaken taking into consideration the following references:

- Sustainable development principles
- EWG Future Directions Strategic Plan
- EGEE&C Priority Collaboration Areas

For this meeting, it was decided to rank the proposals but not to eliminate any.

In the ranking, Project #4 (Best practice principles and processes for integrated building design) ranked highest in the operational account, and Project #2 (Standby Power — Promoting improved cooperation amongst APEC Economies' programmes) highest in the TILF account. In both instances the other projects all ranked a close second.

Proposals are to be revised according to comments made and circulated separately and delivered to the EGEE&C chair before 25th February.

APEC-ESIS Sponsorship and Running the Standards Notification System via APEC-ESIS

A revised proposal for CLASP sponsorship proposal was circulated. (This has not been considered by CLASP.) It involves a direct contribution of \$3,500 plus in kind contribution. In return, the APEC-ESIS website would display the CLASP logo and a recognition statement. The data for non-APEC economies would be placed on a separate database accessible via APEC-ESIS. Direct contributions from APEC economies to APEC-ESIS would not be used for updating or managing non-APEC data. CLASP would report twice a year on the progress and results of its direct contribution and in-kind support.

The sponsorship will be for an initial period of twelve months. EGEE&C will review the sponsorship agreement annually and has the option to continue with the agreement.

A dispute resolution and termination section has been added. APEC will not be held responsible for any damage to the sponsor. The termination of the sponsorship must be considered if resolution of any dispute is not achieved within one month.

The proposal will be sent to APEC Secretariat, EWG Secretariat and the EWG Lead Shepherd for comment and approval before signing.

Discussion of any Initiative Proposals for EMM6

Mr Storer talked about the sixth Energy Ministers' meeting that is scheduled for early June in the Philippines. The main theme will be energy security. There will be a report from the Lead Shepherd on work done since the previous Energy Ministers' meeting, concentrating on activities undertaken in response to the Ministers' Declaration. There will also be a government/private sector dialogue, primarily with the Energy Business Network. There has been one steering committee meeting to date. A draft agenda will be produced by the end of March and discussed at the second steering committee meeting in Beijing around the time of EWG 27. The Ministers' meeting provides an opportunity to highlight the Expert Group achievements and to suggest items that Ministers might like to direct the EWG to do.

ASEAN and ASEAN + 3 economies (China, Japan, Korea) are holding Energy Ministers' meetings near the time of the APEC Energy Ministers' meeting.

Expert Group members were encouraged to prepare a short item (around half a page, supported by explanatory attachments if additional information is needed) on achievements and perhaps the next priority target; the target would preferably be taken from the EGEE&C list of priority collaboration areas. Any contribution needs to be sent to the Chair in time for it to be forwarded to the EWG Secretariat by Friday 12th March (Canberra time).

Next Meetings and Other Business

China confirmed the offer to host EGEE&C 25 in China in August or September, with the timing arranged to coincide with an APEC symposium. Representatives will be notified of the exact timing and venue in due course.

The chair also brought to the attention of the Expert Group of a workshop on hydrogen and fuel cells to take place after EWG27 in Honolulu, Hawaii in preparation for the APEC Energy Ministers' meeting.

Review and Acceptance of Minutes

The minutes were reviewed and accepted.

Adjourn

The session ended at approximately 4:20 PM. The Chair thanked the representatives and observers for coming to Tokyo, Japan for the EGEE&C 24 meeting and declared the meeting closed.

Appendix — List of Participants at EGEE&C 24 Meeting

Dr Fanghei Tsau (Chair)	Chinese Taipei	fanghei@itri.org.tw
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