

15 November 2008

2008 EXECUTIVE ASSEMBLY

The 2008 Executive Assembly was held in Mexico City from 4-7 November. A LAC-North America Bi-Regional Forum on "Energy and Water" from 2-4 November preceded the EA. About 250 members representing 55 Member Committees participated. Our thanks go to the Mexican Member Committee for their outstanding hospitality and for the excellent arrangements for the meetings.

Listed below are the main decisions taken by the EA in Mexico City. A full list of actions will be posted shortly on the WEC website.

- Since the search process for the new Secretary General will take longer than expected, and a new Secretary General could not therefore be announced at the Mexico City EA as hoped, the Executive Assembly **APPROVED** a motion to delegate responsibility for the appointment of the new Secretary General to the Officers Council, with the announcement of the appointment to be made widely to the members via the website and other means as soon as it is completed, and a formal report to be made at the 2009 EA.
- **APPROVED** the proposed theme for the Montreal Congress, "Responding Now to Global Challenges: Energy in Transition for a Living Planet" and **APPROVED** Élie Saheb, Executive Vice President of Technology at Hydro Québec, as Technical Director for the 2010 Congress.
- **APPROVED** the revised 2008-2010 Business Plan, which includes an adjustment to the Studies programme to include a new study on Assessment of Energy Policy and Practices as well as the re-timing of some other studies and technical work.
- **APPROVED** the 2008 revised budget to include an increase to the Studies budget for the Assessment work, adjustments to the salaries and professional fees lines for unanticipated costs related to the replacement of the Secretary General and the inclusion of the realised gain on the conversion of US dollars in the WEC Foundation.
- **APPROVED** the 2009 WEC Consolidated and WSL budgets, with the WEC Consolidated budget to include the usual 2% inflationary increase to subscription fees for 2009 and elimination of the £3,000 "new member" fee for any new members joining after 1 January 2009.
- **APPROVED** the plan for the WEC Statement 2009, which will broadly focus on the Assessment study, with specific reference to the impact of the global financial crisis on the energy industry.
- **APPROVED** the 2008 Membership Report, including writing off a portion of Lebanon's arrears due to the current political and economic instability in the country and asking the Acting Secretary General to write to Bangladesh, Gabon and Mongolia stating that if a good faith payment of at least £3,000 is not made by year-end, their membership will be withdrawn in January 2009.
- **ELECTED** Graham Ward (UK) as Vice Chair, Finance and **RE-ELECTED** Professor Abubakar Sambo (Nigeria) as Vice Chair, Africa; Zhang Guobao (China) as Vice Chair, Asia; Younghoon David Kim (Korea) as Vice Chair, Asia Pacific and South Asia; and Elias Velasco Garcia (Spain) as Vice Chair, Special Responsibility, Investment in Infrastructure.
- **ELECTED** Asger Bundgaard-Jensen, retiring Vice Chair, Finance, as a WEC Honorary Officer.
- **SELECTED** Daegu, South Korea, as the site of the 2013 World Energy Congress.

EUROPEAN REGIONAL MEETING HELD IN ISTANBUL

A WEC European regional meeting was held in Istanbul, Turkey, on 17 October. About 40 participants from seventeen European Member Committees took part. The meeting was chaired by Johannes Teyssen, Vice Chair for Europe.

Budak Dilli of the Turkish Ministry of Energy and Natural Resources gave a presentation on the Turkish electricity market, noting that Turkey is forecasting an increasing energy demand which is expected to grow at an annual rate of 6.2%. The increase will require the construction of at least 40GW of generating capacity and investments of roughly \$100 billion US. Natural gas will play a major role, increasing its share in electricity generation to 26.5 Mtoe by 2020. Sufficient, secure gas supply thus becomes a primary concern of the Turkish government and industry. In its energy policy, the government defines as a priority the diversification of energy sources by increasing the share of renewables and introducing 5GW of nuclear capacity by 2020.

WEC Regional Manager Slav Slavov gave an overview of the South East regional electricity market, stressing that the area will require new generation capacity of 20GW and investment of €30 billion by 2020, since regional electricity demand is expected to grow by 36% over the next ten years.

A discussion followed on the global financial crisis and its impact on the investments in the energy sector. Mr. Teyssen suggested that WEC circulate a questionnaire on this issue to WEC MCs to ask how they think the crisis will affect their own country's energy sector.

Stefan Ulreich and Gunnar Lundberg, the chairs of the regional Task Forces on the European energy market and emission trading, gave progress reports on their respective Task Forces' work. Gul Timor outlined progress on the regional study on energy and mobility to be completed by year-end. The results of this work will be presented at a special forum to be organized in conjunction with the Car Exhibition in Geneva next March.

A panel discussion between European consumers and Caspian suppliers also took place during the event. The goal of the panel discussion was to analyse the supply potential of Caspian Basin countries for hydrocarbons, determine the volumes that might be delivered to Europe and focus on the technical and geopolitical conditions and related infrastructures as well as on the role of the energy corridor countries, such as Turkey, Bulgaria and Greece.

Dr. Hilmi Guler, Turkish Minister of Energy and Natural Resources, opened the discussion, emphasizing the excellent cooperation Turkey maintains with Caspian oil and gas producers and the role his country could play as a hub and transit corridor for natural gas to Europe. He also noted that Turkey will be a major consumer and that domestic gas consumption might increase threefold by 2020. Other speakers focused on Europe's needs for natural gas in the medium and long-term as well on the required infrastructure. Reinhard Mitschek, Senior Vice President of OMV and Project Manager of the Nabucco Project, described the current status of this strategic bridge between Caspian suppliers and European consumers. The project is planned for start-up in 2010, with completion in 2013. Among the major potential gas suppliers, Mr. Mitschek mentioned Azerbaijan, Turkmenistan, Iran and Iraq.

The overall conclusions from the panel discussion were that the Caspian basin offers significant reserves in hydrocarbons: 31% of total world gas reserves and 7% of oil reserves. European gas demand is foreseen to grow to 500-600 BCM by 2030. To ensure its security of natural gas supplies, Europe must take a two-pronged approach: building on long-lasting, reliable partnerships with traditional suppliers; and building relationships with new supplier regions, e.g., the Caspian region. In the latter case, and considering the growing gas demand in Europe, there is a strong indication for the formation of a fourth gas corridor.

From the market side, there is strong interest in developing the required infrastructure, and thus a number of commercial gas pipeline projects are under evaluation, such as the Trans-Caspian and Trans-Adriatic projects. The Nabucco Project (31 BCM) is a good example, but it should not be seen as complementary to other solutions rather than as an alternative, because European needs are enormous. However, geopolitical uncertainty still remains one of the major obstacles hindering the development of gas infrastructures connecting the Caspian basin and Europe. More dialogue, stronger commitments and tangible actions are needed at both the political and commercial levels between upstream producers and consumers. Also required are cross-border investments, in particular to upstream and infrastructure. The completion of the Nabucco project could encourage additional potential suppliers, such as Iraq and Russia, to joint the supply bridge to Europe. Turkey has a very strategic position between supply countries and Europe and could play a key role in connecting Europe to new supply regions.

INDIAN MEMBER COMMITTEE HOSTS ENERGY CONGRESS

The Indian Member Committee organised the India Energy Congress 2008 on 22 October in Delhi. The theme of the event was **"Deliverable Sustainable Energy Security"**. The Honourable Minister of Power, the Honourable Minister of State for Coal and the Secretary (Power) attended, along with energy experts from the power, coal, oil and natural gas and renewable sectors.

The Congress included panel sessions on *Energy Access*, *Ensuring Energy Security* and *Sustaining the Commitment*. The Minister of Power also released the "soft" version of the *India Energy Book 2008*, which is a compendium of data and statistics for the Indian energy sector.

The India Energy Congress was preceded on 21 October by two Conclaves for senior executives, one for fuel and a second for power. The Conclaves were facilitated by PricewaterhouseCoopers, the knowledge partner for the event. Mr. Kwon-Sung Kim, Director of the Energy and Resource Policy Division, Ministry of Knowledge Economy, South Korea, represented the Korean Member Committee and participated in these events to share Korea's energy policies and to outline their proposal to host the Congress in Daegu in 2013

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