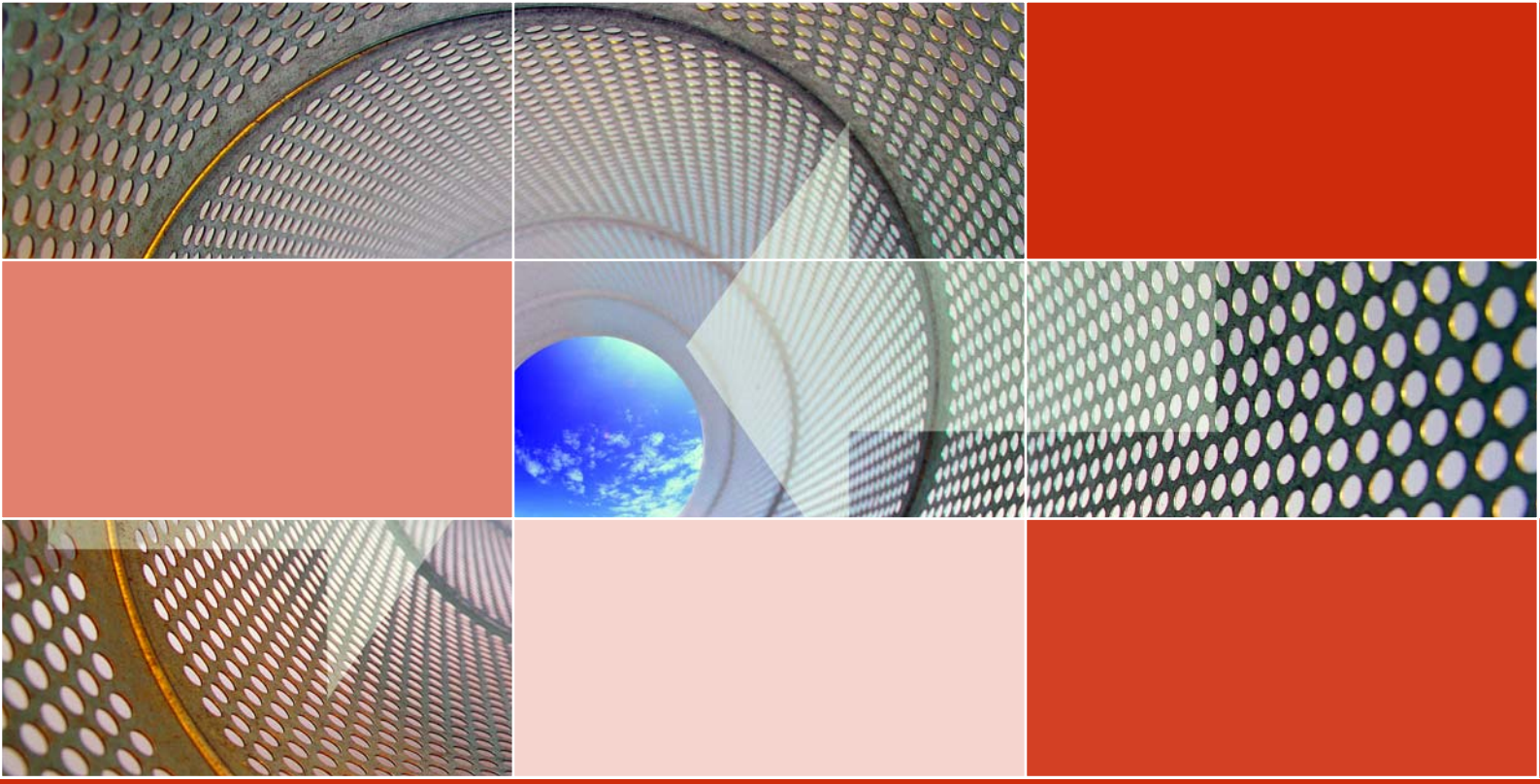

Business Action for Energy | BAE

BAE News

Countdown to CSD 15

April 2007

A joint initiative for UNCSD 14 and 15 by the:

International Chamber of Commerce (ICC) *www.iccwbo.org*
World Business Council for Sustainable Development (WBCSD) *www.wbcsd.org*
World Energy Council (WEC) *www.worldenergy.org*

Welcome to the April edition of the "BAE News – Countdown to CSD15".

This edition focuses on oil and gas (through the WLPGA and IPIECA), IETA's contribution to sustainable development and BAE's plans for CSD15.

The January version provided an overview of Business Action for Energy and a brief overview of hydropower, and highlighted business and industry's priorities for action for CSD15. The February edition focused on energy efficiency, provided an overview of coal and highlighted the International Aluminium Institute's contribution to sustainable development. The March edition addressed the role of business in contributing to technology transfer, highlighted some of the key issues from the IPM as well as business input to the Chairs' draft text and provided a brief overview of nuclear and EURELECTRIC's contribution to sustainable development.

1. Technology focus – Oil and gas

By Sophie de Praz, Strategic Planning and Communications Manager, International Petroleum Industry Environmental Conservation Association – IPIECA

Global demand for energy is growing, driven by rising population and economic growth. Today, oil and gas make a vital contribution to meeting the world's energy needs, accounting for over half of global total primary energy use. Practical alternatives to oil-based fuels for transport– the fastest growing energy sector– are limited. In many cases, oil and natural gas are the lowest cost fuels for industry, the residential and services sectors and power generation, and are essential feedstocks for a wide range of industrial and consumer goods.

Energy efficiency is critical

Saving energy through improved efficiency and conservation has a central role to play in reconciling the goals of economic development, energy security and environmental protection. Energy efficiency and conservation can make a major contribution to moving the world onto a more sustainable energy path. A number of recent studies have shown that investment in more efficient energy technologies is often the most cost-effective way of curbing the growth in demand for fossil fuels and cutting emissions of greenhouse gases and air pollutants (McKinsey, 2006; IEA, 2006b).

There is considerable remaining potential for improving efficiency. Most of this potential for saving energy lies with end users, yet the oil and gas industry continues to invest heavily in further improving the energy efficiency of its own operations, reducing waste and helping final consumers use less fuel. Enhancing energy efficiency is an important issue for IPIECA members, who can contribute by implementing changes in their operations, planning and investments.

There are many positive drivers for industry as energy efficiency can help in lowering operating costs and reducing environmental impacts. Energy efficiency can also extend the life of finite natural resources, and help keep energy affordable for consumers by lowering the planning and investment costs and the additional effort required to meet rising demand. IPIECA aims to raise awareness of the benefits of energy efficiency and promote sharing of best practices. Please refer to IPIECA 2007 publication Saving energy in the oil and gas industry.

The role of partnerships

The challenges of sustainable development in the oil and gas sector pivot around competing interests. That is why the industry is working together with other stakeholder groups to address these challenges. IPIECA compiled a number of case studies to draw out the lessons learned and explore the benefits and challenges for the oil and gas industry of working in partnership.

The case studies reflect a growing recognition that oil and gas companies can better achieve sustainable development goals

by working with others. Companies are indeed collaborating increasingly with a range of partners including other business entities, government agencies, non-governmental organizations, community-based organizations, and academic research institutes.

Partnership benefits include: stepping more rationally and safely into the field of sustainable development; delivering higher quality project outcomes; promoting the sustainability of projects; and contributing to the communities within which the oil and gas companies operate. Examples of successful partnerships include the Partnership for Clean Fuels and Vehicles (PCFV), the "Well-to-Wheels" study, the Carbon Capture Project (CCP) and the Global Gas Flaring Reduction (GGFR) partnership. Please refer to IPIECA 2006 publication Partnerships in the oil and gas industry.

Further information can be found at www.ipieca.org.
A full list of case studies can be found at
www.ipieca.org/activities/partnerships/index.html

LP gas: A clean & multi-purpose energy for all

Compiled by Michael Kelly, Director for Market Development at the World LP Gas Association – WLPGA

Liquefied petroleum (LP) gas, was discovered in the early 1900s. Throughout the years, thousands of applications have been developed to make use of this clean burning, all-purpose, readily available, and efficient fuel. Although the uses of LP gas are widespread throughout the world, many are not as familiar with it as they are of natural gas, electricity, gasoline (petrol) and diesel. Yet LP gas provides the same benefits as these other energies, safely and efficiently to tens of millions of everyday users.

Consider this: only LP gas can serve such a wide variety of uses, from cooking fuel for the family in Brazil and the restaurant owner in India, and refrigeration for the shop owner in Ireland, Autogas for taxis in Tokyo, heat for the family home in Canada, and flame weeding for the rancher in Texas, to heat to provide lift for the first solo non-stop round the world balloon trip, hair spray for the Hollywood starlet, and lifesaving fuel for Mt. Everest climbers. Even the Olympic torch is LP gas powered. That is why it is sometimes referred to as the world's most multi-purpose fuel.

What is LP gas?

LP gas (or LPG) is widely used to describe a family of light hydrocarbons called "natural gas liquids" (NGLs). Propane (C_3H_8) and butane (C_4H_{10}) are the most prominent members. The term "liquefied gas" may seem a contradiction in terms since all things in nature are a liquid, a solid or a gas. Yet liquidity is the unique character of LP gas that makes it such a popular and widely used fuel. At normal temperature and pressure, LP gas is gaseous. It changes to a liquid when subjected to modest pressure or cooling. In liquid form, the tank pressure is about twice the pressure in a normal truck tire, which means it is very safe when properly handled.

LP gas is a derivative of two large energy industries: the processing of natural gas liquids and the refining of crude oil.

Natural gas processing

When gas is drawn from the earth, it is a mixture of several gases and liquids. Commercial natural gas is mainly composed of methane, but it also includes ethane, propane and butane in such proportions that its quality is in conformity with the market where it is distributed. In order to stabilize the crude oil for pipeline or tanker distribution, these "associated" or "natural gases" are further processed into LP gas. Worldwide, gas processing is the source of approximately 60% of LP gas.

Crude oil refining

In an oil refinery, LP gases are produced at various stages of the operations: atmospheric distillation, reforming, cracking and others. LP gas represents between 1% and 4% of the ton of crude oil processed. Refining is the source of approximately 40% of LP gas produced worldwide.

Although tied to the production of natural gas and crude oil, LP gas has its own distinct marketing advantages and can perform nearly every fuel function of the primary fuels from which it is derived. LP gas is liquefied to make it easy to transport and store. One unit of liquid has the same energy content as 270 units of gas. As a gas, the container to hold the fuel would be 270 times larger than what is required as a liquid. In other words, LP gas has density (compactness) for storage and transportation, yet all the benefits of a clean vaporous fuel when used at the burner tip. It's also worth noting that burning LP gas creates less harmful emissions and greenhouse gasses than other modern fuels.

Further information can be found at www.worldlpgas.com

2. Sustainable market solutions for global environmental problems – International Emissions Trading Association (IETA)

IETA's goal is to be the premier voice for the business community on emissions trading. The organization's objectives are to:

- Promote an integrated view of the emissions trading system as a solution to climate change;
- Participate in the design and implementation of national and international rules and guidelines; and
- Provide the most up-to-date and credible source of information on emissions trading and greenhouse gas market activity.

Key focus areas include

Market Promoter – There is an ever-growing need to promote market mechanisms and trading as the solutions that need to be available to business in order to minimize societal impact, within the framework of sustainable development. For this purpose, IETA is actively involved in various capacity building programs in which it either, on its own or with partners, organizes conferences and workshops that bring together specialists on the various aspects of emission trading, providing the opportunity to learn from experienced participants. Unique platforms are accessible, such as the Carbon Expo in Cologne, the IETA Annual General Meeting and the Carbon Finance Event during COP/MOP.

Think Tank and Research – IETA is engaged in stimulating, thoughtful work to answer emerging difficult questions that arise in the carbon market, undertaking in-depth research and analysis. We bring the experience of the markets to bear to address cutting edge issues such as the role of auctioning in emissions trading, deriving lessons across the many jurisdictions in which we are active.

Convener of Dialogues – IETA is bringing together knowledgeable and involved parties for constructive dialogue on emissions trading. IETA is engaging in worldwide activities such as workshops targeting the linking of emissions trading schemes, both within and outside the Kyoto system, political luncheons organized together with the Centre for European Policy Studies (CEPS) and Verification Days in cooperation with the European Commission, as well as a workshop on the status of the EU ETS Review. Through various panels and direct interventions with respective parties, including the UNFCCC, IETA will continue to work on the implementation of a transparent, efficient and effective CDM & JI mechanism.

Advocate – IETA is establishing positions on a range of issues based on internal and external research papers and dialogues. Topics such as the European Commission's EU ETS Review process, the integration of aviation in the EU ETS, input to the CDM Executive Board and the JI Supervisory Committee, contracts, validation and verification, financial accounting and registries are part of the IETA Work Program for 2007. IETA continues to facilitate the design of emissions trading systems in North America, advocating in particular for linking to international markets and the inclusion of a robust role for CERs as a mechanism for corporate compliance.

Market Standardizer – Standardizing documentation to eliminate jurisdictional discrepancies will also be a key activity. IETA will particularly work on an update of the EU Emissions Trading Master Agreement (ETMA), continue its involvement in the Validation & Verification Manual (VVM) and work on the development of the Voluntary Carbon Standard (VCS), in cooperation with the Climate Group and the World Economic Forum.

3. BAE plans For CSD15

BAE Activities at CSD15 include:

1. Participation in the Multi-stakeholder Dialogue (30 April 2007)
2. Participation in the thematic discussion on Air Pollution, Climate Change, Industrial development and Energy (1 May 2007)
3. Participation in the interlinkages and cross-cutting issues session (2 May 2007)
4. Hosting a lunch aimed at profiling BAE and successful business partnerships (by invitation) (8 May 2007)
5. Participating in the two UN-arranged roundtables (9 May 2007)
6. Participating in the multi-stakeholder dialogue (10 May 2007)