



Proposed Approach to Assessing APEC's Energy Intensity Reduction Goal

for APEC Energy Working Group - Brunei

24 November 2010

Ralph D. Samuelson, Vice-President, APERC

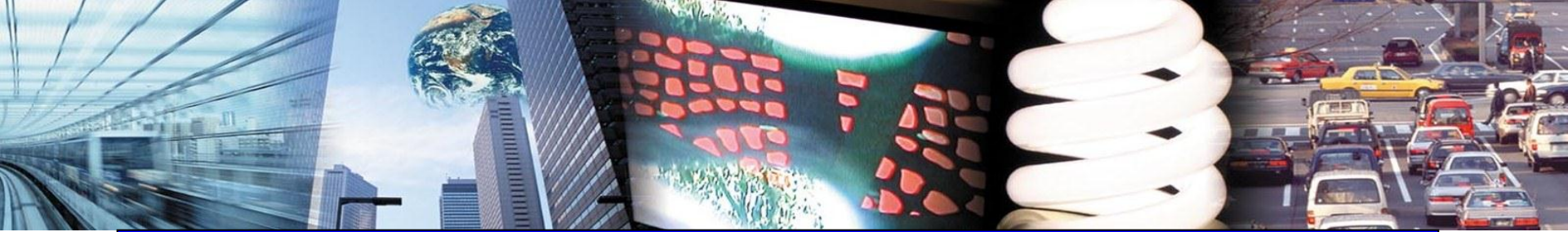


Asia-Pacific
Economic Cooperation



Background - APEC's Intensity Goal

- 2007 Sydney APEC Leaders' Declaration on Climate Change, Energy Security and Clean Development –
 - “Agree to work towards achieving an APEC-wide regional aspirational goal of a reduction in energy intensity of at least 25 per cent by 2030 (with 2005 as the base year)”
- APERC's research suggests that this energy intensity improvement goal for 2005-2030 will be
 - easily exceeded under business-as-usual
 - but inadequate to deal with the climate change problem

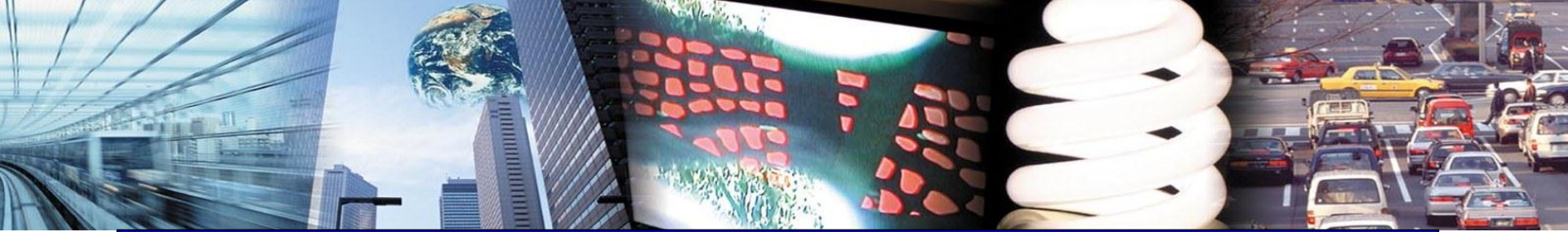


Background – Response of APEC Ministers and Leaders

- 2010 Fukui APEC Energy Ministers Declaration instructed EWG to
 - “assess the potential for reducing the energy intensity of economic output in the APEC economies...beyond the 25% aspirational goal already agreed by APEC Leaders with the assistance of APERC, EGEDA and EGEEC”
- 2010 Yokohama APEC Leaders Growth Strategy
 - “APEC will assess the potential for reducing the energy intensity of economic output in APEC economies between 2005 and 2030, beyond the 25 percent aspirational goal already agreed to by APEC Leaders in 2007”

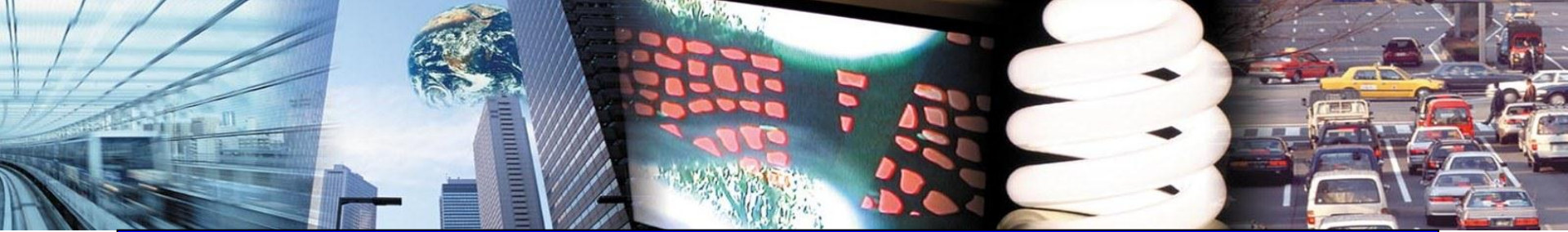


APEREC's Proposal to EWG 40



Overview of Proposal

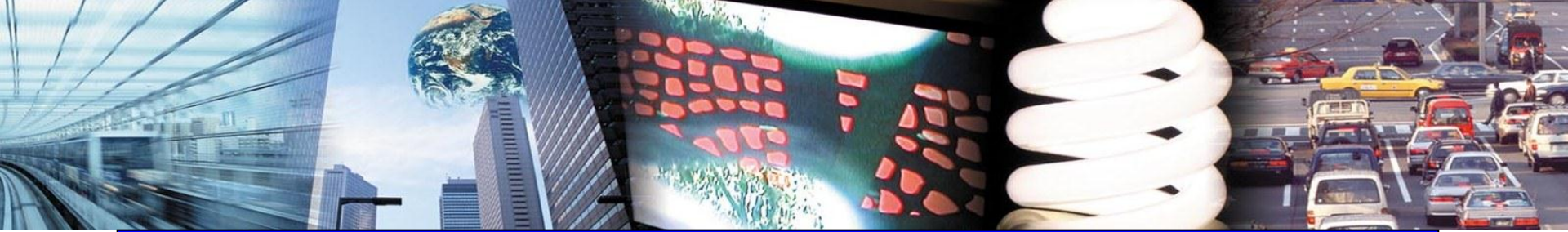
- APERC, in consultation EGEDA and EGEEC, will provide EWG with several alternative projections of 2005-2030 APEC energy intensity reduction
- Based on this information, EWG can decide what level of intensity reduction goal is appropriate to recommend to the Energy Ministers



APEREC's Proposed Intensity Projections

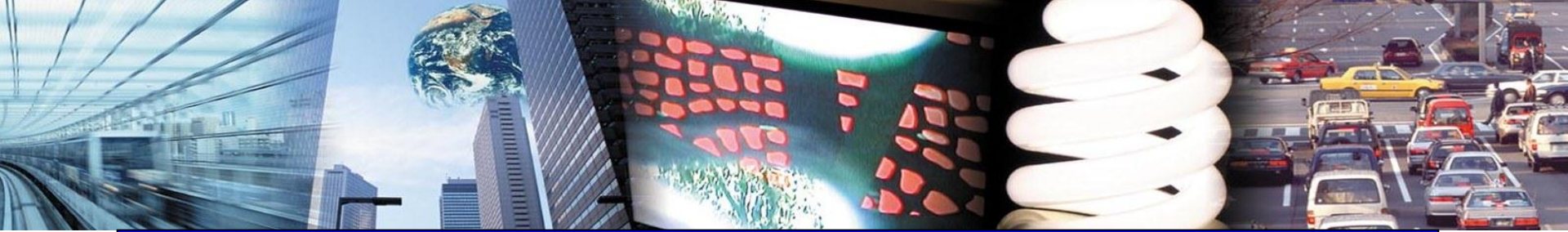
APEREC proposes provide EWG with intensity reduction projections under three scenarios:

1. *Business-as-Usual* – No new policies
2. *Current Pledges* – Based on goals APEC economies are setting for themselves
3. *450 PPM Scenario* – Based on reductions APEC economies need to contribute if global temperature increases are to be limited to 2° C



1. Business-as-Usual Projection

- No new policies assumed
- Policies already adopted (that is, necessary legislation in place and necessary regulatory approvals obtained) will be fully implemented



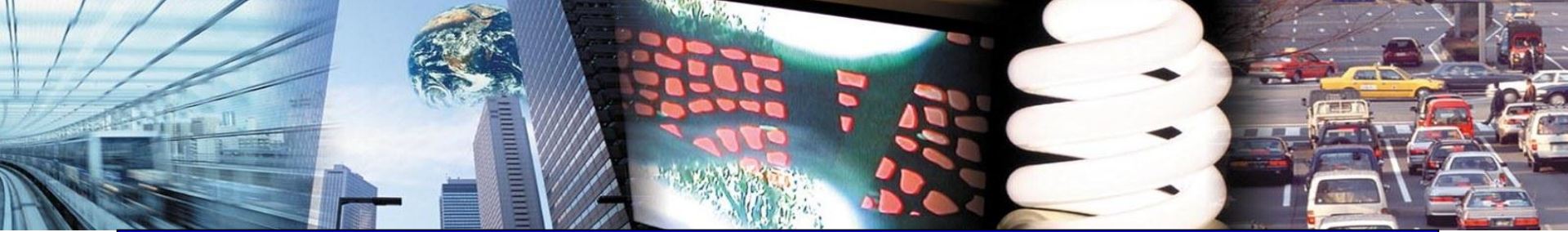
2. Current Pledges Scenario

- APEC economies successfully achieve their own announced energy/emissions goals, including:
 - Copenhagen Accord submissions
 - Other publicly announced policy goals
 - Any outcomes of Cancun COP16
- APERC will model the energy intensity impacts of each economy's goals, based on reasonable assumptions of how the economy might achieve those goals



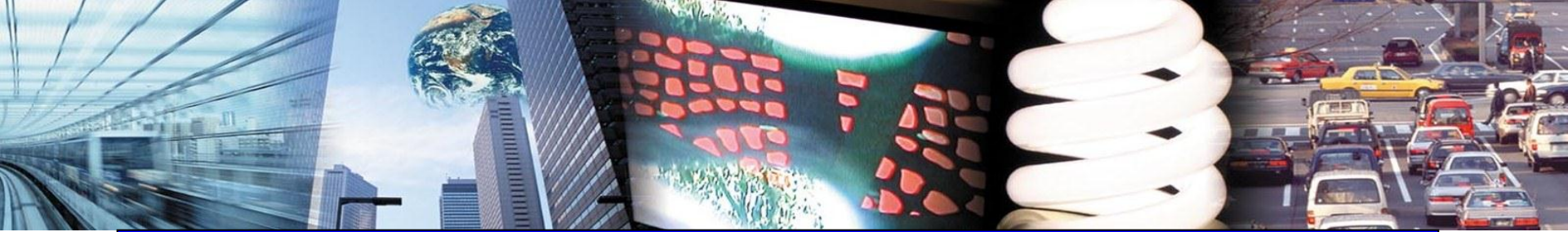
3. 450 PPM Scenario

- This scenario will be built on the work APERC has already done for the *Pathways* report (as discussed in Monday's APERC workshop)



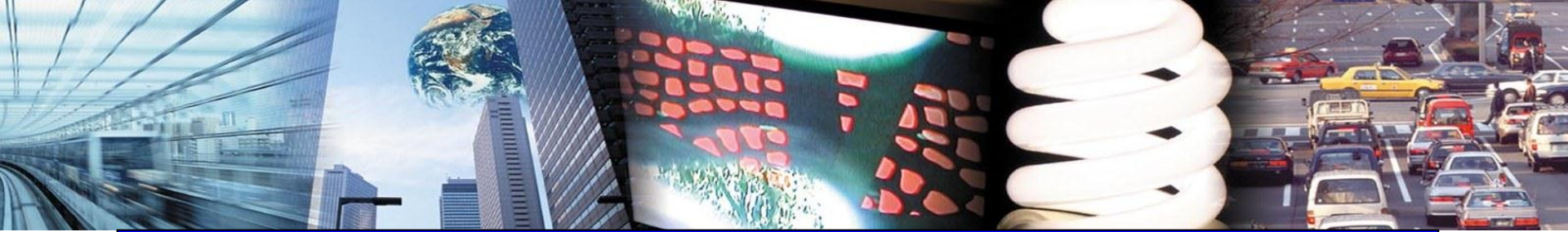
Resources Available

- APERC will initially build on the projections in the *APEC Energy Demand and Supply Outlook 4th Edition* and the *Pathways Report*
- At a later stage, APERC will update the projections using the models being developed for the *APEC Energy Demand and Supply Outlook 5th Edition*
- APERC will seek to draw on the data and expertise of other groups as appropriate, including the EGEDA, EGEEC, IEA, and research institutes in member economies



Economy Reviews of APERC's Projections

- Each economy *may* peer review the projections if they wish
- APERC remains responsible for the projections
 - The projections are not a commitment by any economy
 - The review process is *not* a form of climate negotiation



Time Schedule

- EWG 41 – Canada – April 2011
 - Update on progress,
 - Preliminary findings based on *Outlook 4th Edition* and *Pathways* models
- EWG 42 – Late 2011
 - Preliminary findings based on *Outlook 5th Edition* models
- EWG 43 – Early 2012
 - Final findings, based on *Outlook 5th Edition* models