

# **Global Gas Flaring Reduction Public-Private Partnership – Update February 2004**

## **Summary**

Since the last status report from October 2003, Equatorial Guinea was welcomed as the newest member and Canada (through CIDA) is set to join the Partnership soon. Moreover, the Alberta regulatory experts will share their knowledge at a workshop in Indonesia (hosted by BPMigas), helping to build in-country capacity. Also, Iran has been visited, and the country has expressed an interest to join the Partnership. Discussions are on-going with Halliburton on the possibility of the secondment of a technical expert. Pledged funds have continued to be received, helping to implement the global as well as country work-programs. In that regard, the voluntary global standard on flare reduction has made progress and will be presented to the Steering Committee for endorsement.

## **Progress on Global Work**

### **1. Regulatory Issues**

The report giving an overview on the regulatory situation in forty countries and highlighting best practices in a few has been completed and is scheduled for printing. As a result of the regulatory workshop held in Calgary on October 2003, Indonesia expressed a strong interest in Canadian support in setting up a country specific approach to flaring regulation. It was agreed that BPMigas (the new upstream regulator in Indonesia) will host a capacity-building workshop for key Indonesian stakeholders on March 15/16.

### **2. Voluntary Global Standard**

Further progress was made by all Partners on the setting-up of a voluntary global standard for gas flaring and venting. The proposed standard was further refined at a workshop held in London in January, which will be followed up by more in-depth discussions focusing on giving the standard its final form, before presentation to the Steering Committee, for final endorsement by the Partnership.

### **3. Carbon credits**

Work on the development on CDM Baseline methodologies and processes has been on-going and preliminary results will be presented for discussion at a consultative workshop at the end of February 2004. Furthermore, gas flaring reduction projects are being identified in Algeria and Angola (LNG) where the methodology could help support obtaining carbon credits for emission reductions as a result of the projects' implementation.

### **4. Commercialization**

Commercialization possibilities for associated gas continue to be a major focal point, with the focus moving to an integrated approach showing how commercialization, regulatory issues, standards and carbon credits are inter-linked when it comes to finding

successful utilization options. Country work programs, (e.g., for Algeria) are in the process of identifying individually tailored solutions, however, obstacles remain (e.g., WAGP) to be addressed.

## **Progress on Country Work**

### **Algeria**

The work program is advancing well. The consultants for the capacity building for carbon credits (Econ from Norway) and the consultants for the associated gas utilization review (Nexant from the UK) have both begun carrying out their agreed tasks. During an mission in early January in-country task forces were set up within Sonatrach, but including other stakeholders to carry both projects forward. Progress has been swift and a workshop will be held end-February to select a gas flare reduction project to pursue as a possible PDD for the CDM Executive Board. Furthermore, progress has been made with the organization of the 2<sup>nd</sup> International Gas Flaring Reduction Conference to be held in Algiers May 10/11 this year.

### **Angola**

A consultant has been selected to carry out work clarifying the eligibility of the ALNG export project for carbon credits. They are scheduled to pick up their task soon.

### **Cameroon**

The study to establish whether associated gas can be commercialized through a combination of power generation, production of LPGs and condensate, and carbon credits is in its final stages. A workshop was held in January with all the local stakeholders, and financing options are also being discussed, including with the Bank.

### **Chad, Ecuador**

The report detailing the small-scale gas utilization in both countries will be published. The workbook helping to select such projects by providing a tool for early economic and financial analyses of a potential project has been placed on our web-site. Follow up work is being planned in Chad, looking at the possibility of employment creation and poverty reduction through the utilization of flared gas.

### **Indonesia**

Having joined the Partnership in September, Indonesia have been eager participants in the GGFR work. Of particular interest to the government have been the Partnership's activities on regulatory issues and on carbon credits. A regulatory capacity building workshop will accordingly be held in Bandung on March 15/16 hosted by BP MIGAS, with expertise coming from the AEUB.

### **Nigeria**

Progress has been made on the development of a legal framework for the gas sector by the consultants (IPA from the UK). In January a workshop was held in London discussing some of the preliminary results with the stakeholders. Other activities are still under consideration.

### **Other countries**

The Ministry in Brazil has expressed some interest in the Partnership, but a mutual agreeable time for a mission has yet to be found. Discussions with **Equatorial Guinea** are planned in early April on a work program. **Iran** was visited in February, and the country is keenly interested in joining the Partnership, pending internal discussions with all stakeholders in Iran, as well as among current partners of the GGFR. The study on the flaring situation in **Russia** is progressing and a mission will examine the possibility of cooperation with individual flare regions in the country.

### **Other Work**

A meeting was held with the General Accounting Office of the USA, as they have been requested by Senator Bingaman from New Mexico to carry out a major study on flaring and venting data, regulations, and economic and environmental aspects. We hope to liaise closely with them, as their work progresses. Tentatively the report is expected in August/September this year.