Will Russia's Low-Carbon Development Strategy Drive the Development of Climate Policy?

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Russian climate policy accelerated under the influence of the Paris Agreement. This article discusses whether Russia's Low-Carbon Development Strategy will drive the implementation of climate policy goals. An analysis of certain provisions of the Strategy shows that the list of measures to achieve low-carbon development does not make state climate policy priorities explicit. The projected energy mix in Russia in 2060 includes coal, renewables, waste incineration, and petroleum gas. Unfavorable external factors could cause stagnation in Russia's energy transition if the government postpones further strengthening of the national climate policy, and if companies are cut off from access to international green technologies markets.

On October 29, 2021, Government Order No. 3052-p adopted the Low-Carbon Development Strategy establishing Russia's commitment to achieving carbon neutrality by 2060.[1] Earlier, in November 2020, Presidential Decree No. 666 updated Russia's Nationally Determined Contribution (NDC) to the Paris Agreement, establishing that by 2030 economy-wide greenhouse gas emissions should not exceed 70 percent of 1990 emissions, as determined by the need for sustainable social and

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economic development, and the absorption capacity of forests and other natural ecosystems.[2] What does this strategy mean for Russia's climate policy, apart from meeting its formal requirements?

Russia's Low-Carbon Development Strategy is not a law, but a strategic guidance document. The Strategy contains two scenarios that differ in the set of measures they prescribe for decarbonizing the Russian economy—"inertial," or business as usual, and "intensive," or target, scenarios. In the intensive scenario the key task is to ensure the competitiveness and sustainability of Russia's economic growth in the context of the global energy transition. Under the Paris Agreement, parties agreed to contribute regularly to the overall temperature goal of not exceeding 1.5 degrees Celsius of warming, and to "strive" to report their low-emission development strategies to the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC).[3]

In the rather lengthy language of the Paris Agreement, two goals are set. First, as aforementioned, limiting temperature increase to 1.5 degrees Celsius. Second, the greenhouse gas emissions (GHG) goal of achieving a balance between emissions and removals, that is, zero emissions—also known as carbon neutrality—by 2050.[4] The agreement represents a bottom-up approach, and leaves it to states to decide at what pace, by what means, and at what scale to implement their commitments. Nevertheless, the Paris Agreement is very clear about the desired collective outcome. This clarity makes it possible to establish a "carbon budget"—an allowable total of human-made GHG emissions over a given period of time, based on an end-of-period global warming target.

The global carbon budget is already known. According to the Intergovernmental Panel on Climate Change's Sixth Assessment Report, to stay within a warming limit of about 1.5 degrees Celsius, global GHG emissions must peak by 2025 at the latest and be reduced by 43 percent by 2030; at the same time, methane emissions need to be reduced by about one-third.[5] A warming limit of about 2 degrees Celsius requires that global GHG emissions peak by 2025 at the latest and be reduced by 25 percent by 2030.[6] There are states that have legislated national carbon budgets and low-carbon development strategies based on their NDCs. However, it should not be forgotten that achieving net-zero emissions is the common responsibility of all countries. NDCs and low-emission strategies are inherently linked: the NDC sets intermediate deadlines on the way to achieving carbon neutrality. But does this kind of link work in the case of Russia?

As previously noted, the interim target set by Russia's NDC is to reduce emissions by 30 percent of 1990 levels by 2030.[7] According to official data,[8]

compared to 1990, total emissions in Russia have decreased by 35 percent without land-use, land-use change, and forestry (LULUCF) considered. LULUCF is a term that encompasses "any process, activity or mechanism which removes a greenhouse gas from the atmosphere, [also] referred to as a 'sink.'"[9] Russian forests absorb billions of tons of carbon dioxide equivalent each year, so this amount is deducted from the Russian national carbon footprint created by economic activities. All parties to the UNFCCC that have forests and other sinks make these calculations as part of the standardized requirements for reporting national inventories.[10]

Including LULUCF, the Russian NDC allows GHG emissions to increase by 5 percent from 1990 levels. The "intensive scenario" of Russia's Low-Carbon Development Strategy prescribes carbon neutrality to be achieved by 2060, which requires reducing emissions by 70 percent from 1990 levels.[11] However, the scenarios of the Strategy do not refer to any forecasts regarding future economic development of the country, so there is no clear vision of what exactly would drive Russian GDP growth until 2060. This is a very important question in the context of current world energy transition.

The Strategy nevertheless contains a list of measures necessary for the implementation of the intensive scenario. The first one is "introduction of financial and fiscal policy measures stimulating the reduction of human-made greenhouse gas emissions in the most inefficient carbon-intensive sectors of the economy."[12] However, the wording "the most inefficient carbon-intensive sectors" is a very vague formulation. The most carbon-intensive sector in Russia, as in the rest of the world, is the energy sector (which includes transport). There remains substantial doubt that special legal regimes on the subnational level will be able to stimulate emission reduction without a fundamental revision of national tax and budget legislation.

The second measure is linked to the establishment of a national system for promoting GHG emission reduction and sustainable development within the mechanisms under Article 6 of the Paris Agreement.[13] Article 6 of the Paris Agreement provides a framework for cooperation among countries to reach their NDCs through the formation of an international carbon market.[14] In establishing such a system, it should be borne in mind that all reduced GHG emissions from Article 6 projects will be transferred to the country that financed the project or purchased the carbon units. Indeed, this system will work externally rather than internally, regulating Russia's international climate aid to developing countries, but not counting towards emissions reductions within Russia itself.

The third measure considers substitution of some coal-fired power with carbon-free and low-carbon generation, growth of electricity generation to meet the needs of the economy through carbon-free generation, and reduction of emissions from existing coal-fired stations.[15] Science has made clear that achieving carbon neutrality requires replacing coal entirely for both electricity and heat.[16] If part of Russia's coal-fired power generation remains, mechanisms for offsetting emissions from these coal companies need to be considered. Nevertheless, the Strategy remains silent on this point.

The Strategy also contains a controversial climate change issue: waste incineration. Waste incineration does not stimulate the creation of a circular economy, which is required for carbon neutrality. First, waste incineration is a carbon-intensive process. Second, non-recyclable and recyclable waste can be used as a fuel for a waste incinerator, so waste prevention and recycling become less important.[17]

Overall, the list of measures in the intensive scenario does not make state climate policy priorities explicit. The projected energy mix in Russia in 2060 includes coal, renewables, waste incineration, and petroleum gas.[18] The most important thing to note is that the Strategy does not propose coherent systematic measures to recover losses from future declining oil and gas exports, and to diversify the economy. In addition, as mentioned above, the Strategy is not based on a forecast of Russia's economic development, nor does it provide an analysis of global energy and critical energy technology development scenarios. Thus, there is clear evidence that the Strategy will not drive the development of Russia's climate policy.

So, what will drive the development of Russia's climate policy and what does a Strategy need to take into account to be effective? In the past, Russian climate policy mainly developed due to external pressure—either political (for example, the EU Carbon Border Adjustment Mechanism) or market (requirements by investors, exchanges, stakeholders, and/or partners). Today, these drivers are weakened, but new ones have not yet appeared, nor have they been taken seriously by the Russian establishment. Importantly, effective Russian climate policy should consider both macroeconomic drivers and domestic drivers. Strict climate policy would enable Russia to increase its competitiveness and strengthen its trade position, especially as it pivots to the East. Domestic drivers are connected to rising concerns about the impact of climate change (melting of permafrost, forest fires, heat waves, flooding etc.) on Russian companies, economic sectors, and people. Climate change is not only about politics, but also about adaptation.

The Ukrainian crisis has had both negative and positive effects on Russian climate policy. On the one hand, the sanctions regime has made the supply of technologically advanced equipment (which is often energy- and material-efficient) for Russian industry complicated. On the other hand, despite the current geopolitical situation, numerous regulations have been passed to incentivize Russian climate policy. For example, in 2022, regulatory frameworks on climate projects[19] and subnational emission trading systems[20] were developed.

It is highly unlikely that Russian oil bans (or in other words, price caps on Russian crude oil) will have an impact on Russian climate policy development in the near future. Over the next few years, mandatory GHG emission reporting for Russian companies will be fully implemented.[21] Based on GHG emissions data from companies, Russian authorities plan to set industry-specific targets for reducing carbon dioxide emissions.[22] As for the long-term, unfavorable external factors could cause stagnation in Russia's energy transition if the government postpones further strengthening of the national climate policy, and companies are cut off from accessing international green technology markets. In order to strengthen national climate policy and thereby decrease Russia's carbon footprint, clearer goals and performance indicators must be set. At the same time, Russia's coal regions and (rural) poor require infrastructure during the transition to a low-carbon economy. ***f***

ENDNOTES

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