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Linkages between Russian Energy & Climate Policies towards Copenhagen

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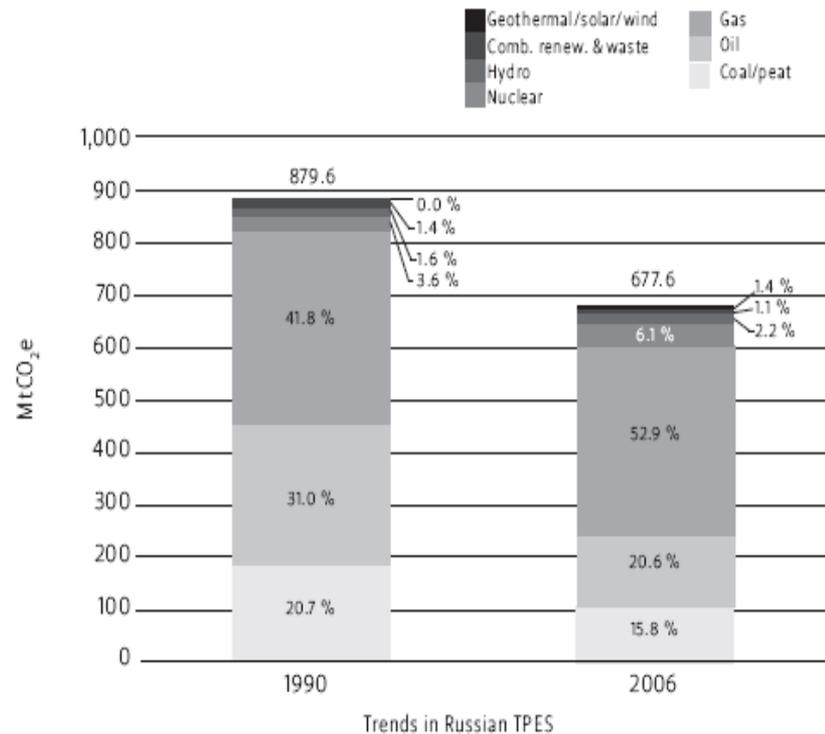
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I Energy policies and their impact on emissions



Linking Russia's energy and climate policies



- 81,5% of Russia's GHG emissions from the energy sector (2004)



Relevant energy policies

- Energy efficiency policies
 - increasing energy efficiency by 40% 2007-2020 Decree 889, 4 June 2008
 - Renewable energy policies
 - share of renewable energies in Russian electricity generation from less than 1% to 4.5% by 2020
 - But replacing gas?
 - Reversing 'dash-for-gas' by 'call-for-coal'
 - Russian energy strategy until 2020
 - Potentially major impact – but is this realistic?
 - Nuclear
 - Replacing old capacity → no impact?
 - Energy price policies - unclear
- Energy efficiency policies likely to have a significant impact on emissions – if implemented



Lessons from energy efficiency policies

- 1996 Law on energy saving
 - General ideas rather than practical measures
 - Financing unclear
 - Regional level responsible for implementation, lack of clear division of responsibilities
 - Lack of private sector obligations?
 - Energy Efficient Economy –programme under ES2020
 - Unambitious targets to improve efficiency – no measures needed
 - The great majority of the energy intensity reduction due to structural reasons
- Crucial to establish a clear division of responsibilities, legal obligations to energy users and solid financial structure to ensure implementation



II Russian position for Copenhagen

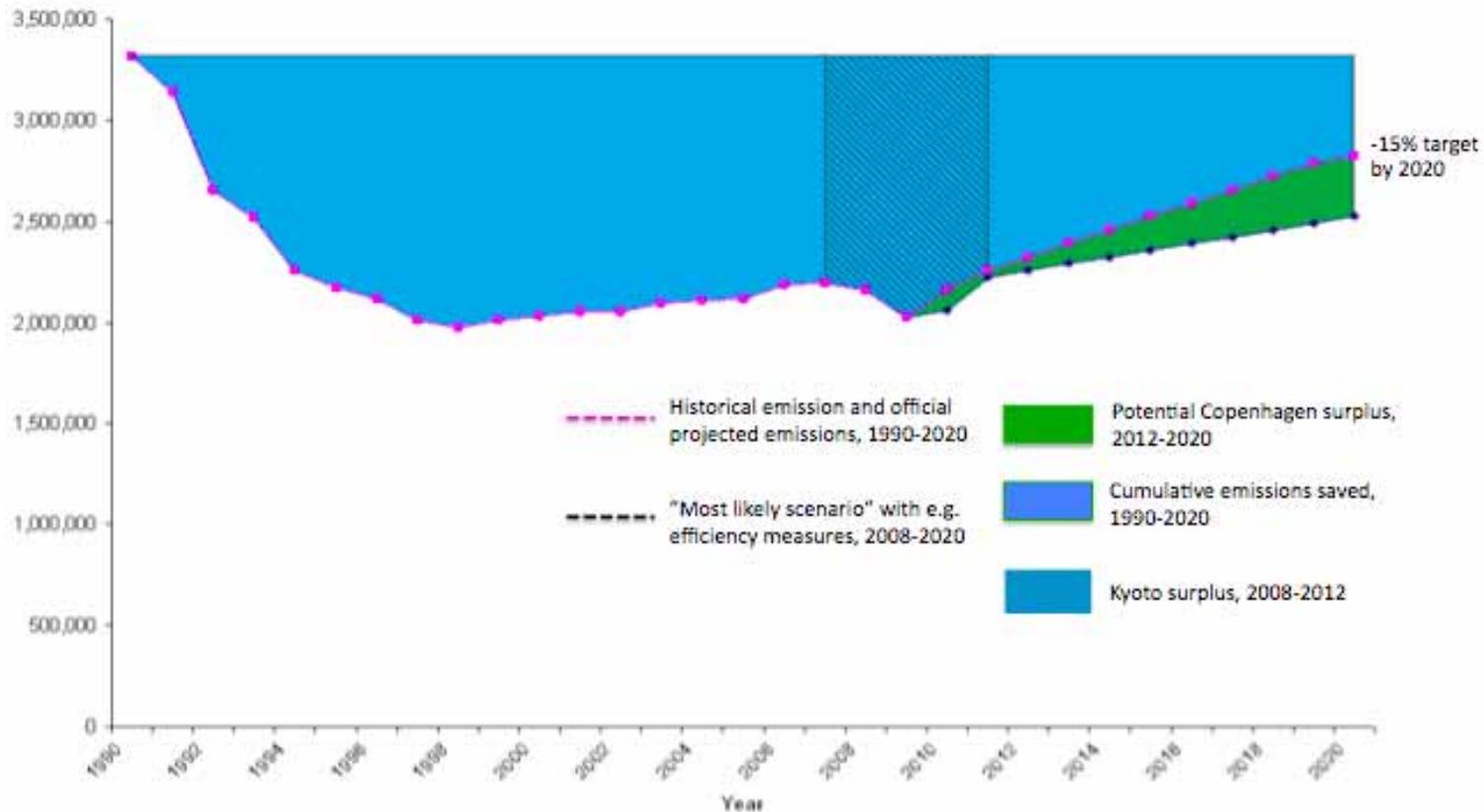


Russian Copenhagen target: Emissions growth

- Medvedev: 10-15% emission reduction 1990-2020, translates into 30 Gt reduction over 30 years
 - 2007 emissions 34% below 1990 → allows ca. 30-35% growth between 2007-2020
 - Economic crisis: 2009 estimated some 40% below 1990 (no data available yet)
 - Alternative expert estimate of 2020 emissions: 25% below 1990
- 'Copenhagen surplus'



Russian post-2012 target & surplus



Source: Spencer & Korppoo, unpublished



Surplus carry-over in Copenhagen?

- Banking between Kyoto commitment periods
 - 'Moral' justification of carry-over of surplus even if new legal instrument beyond the Kyoto Protocol
 - Russian 2008-2012 surplus about 5 Gt – ca. 3% of Annex I 1990 emissions i.e. 10% of a 30% reduction target
 - Copenhagen surplus could add 2 Gt – ca. 1.2% of Annex I 1990 emissions
- Undermines the environmental integrity of the pact
- Avoid full carry-over & another over-allocation in Copenhagen
- **Therefore, important to demonstrate that Russian government assumptions on emission growth are exaggerated**



III Mismatch between energy policies and Copenhagen position



Mismatch of energy & climate policies

- Russia's energy policies suggest that deep emission reduction commitments would be possible to accept with no or easy measures
- But still only 10-15% reduction 1990-2020
 - Economic growth expectations unrealistically high
 - GHG growth expectations unrealistic too: 1% p.a. 2000-2007, assumes over 2% p.a. until 2020
 - Leaving headroom 'just in case'?
 - Russian government interested in other aspects of international climate policy than solving the climate problem?



Benefits from linking energy and climate?

- Demand for Russian gas increases due to climate policies?
 - Makes sense to improve energy efficiency to save gas for export
- Credible energy efficiency policies could justify sales of surplus allowances
 - AAUs backed by real reductions, no fear of emissions bouncing back towards 1990 when economy grows
- Project mechanisms could finance some of energy efficiency policies
 - Improves the competitiveness of the economy
- Lack of coordination between policies?
 - Missing out some of the potential benefits now as energy and climate policies not linked



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