

## STATE REGULATION AND MANAGEMENT IN THE ENERGY SECTOR

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Original Article

## STATE REGULATION IN LIMITING GREENHOUSE GAS EMISSIONS IN THE CONTEXT OF THE TRANSITION TO LOW-CARBON ENERGY IN THE RUSSIAN FEDERATION

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**Abstract.** In the Fuel and Energy Complex of Russia, in accordance with the Energy Strategy, one of the objectives in combating climate change is the implementation of state regulation of greenhouse gas emissions and other anthropogenic impacts of the sectors of the Fuel and Energy Complex on the climate, in view of the international obligations of the Russian Federation. In this area of public relations, state regulation, in particular, is performed through the adoption of appropriate regulations and the creation of an effective legislative framework. In general, laws aimed at regulating relations in limiting greenhouse gas emissions is at the stage of formation. When developing laws and regulations within the state regulation of those relations, it is advisable for developers of draft instruments to strive for the establishment and application of a unified terminology. A unified terminology will ensure consistent system regulation. It is also advisable to develop regional and sectoral regulation.

**Keywords:** energy law, climate projects, limitation of greenhouse gas emissions.

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Issues of environmental protection and the impact of economic activity on the environment, as well as issues of sustainable development, climate change occupy a significant place within the state regulation of economic activity in general. These issues are of particular importance in the context of the need to limit greenhouse gas emissions and transition to low-carbon energy.

In the Fuel and Energy Complex of Russia, in accordance with the Energy Strategy, one of the objectives in combating climate change is the implementation of state regulation of greenhouse gas emissions and other anthropogenic impacts of the sectors of the Fuel and Energy Complex on the climate, in view of the international obligations of the Russian Federation.

In this area of public relations, state regulation, in particular, is performed through the adoption of appropriate regulations and the creation of an effective legislative framework. It should be noted that at present there is an active formation of the legal framework, in connection with which, as Viktoria V. Romanova correctly notes, comparative legal studies of the laws of various states that establish legal regimes for climate

projects, fixing requirements for participants in climate projects, regulators, and controllers are of particular relevance [1].

The basis for the formation and implementation of climate policy in the Russian Federation is Executive Order of the President of the Russian Federation No. 61-rp, dated December 17, 2009, “On the Climate Doctrine of the Russian Federation”. The Climate Doctrine was approved in order to implement coordinated actions aimed at ensuring the safe and sustainable development of the Russian Federation in a changing climate. Pursuant to the Executive Order of the President of the Russian Federation, a comprehensive plan for the implementation of the Climate Doctrine of the Russian Federation for the period up to 2020 was approved. In order to limit greenhouse gas emissions in industry and the energy sector, in particular, measures were planned to implement a set of measures to limit greenhouse gas emissions from the generation of energy from fossil fuels; as well as on the implementation of measures to increase the use of renewable energy sources for the generation of heat and electricity; on the introduction of innovative technologies based on the use of atomic energy; on the development and

implementation of pilot projects for the construction and pilot operation of facilities in energy industry for capturing and storing CO<sub>2</sub>, etc.

In Executive Order of the President of the Russian Federation No. 752, dated September 30, 2013, "On Reducing Greenhouse Gas Emissions", the Government was instructed to:

a) Ensure by 2020 the reduction of greenhouse gas emissions to a level of no more than 75 percent of the volume of those emissions in 1990; and

b) Approve, within a 6-month period, an action plan to ensure the established amount of greenhouse gas emissions, providing for the development of indicators for reducing greenhouse gas emissions by sectors of the economy.

By Order of the Russian Government No. 504-r dated April 2, 2014, an action plan was approved to ensure by 2020 the reduction of greenhouse gas emissions to a level of less than or equal to 75 percent of the volume of those emissions in 1990. Along with other activities, the development of procedural guidelines and guides for quantifying the volume of greenhouse gas emissions by entities engaged in economic and other activities in the Russian Federation was also envisaged; development of procedural guidelines for conducting a voluntary inventory of greenhouse gas emissions in the constituent entities of the Russian Federation; development of procedural guidelines for quantifying the volume of indirect energy emissions of greenhouse gases; development of procedural guidelines for the quantitative determination of the volume of greenhouse gas removal. It also provided for the development of the concept of the draft Federal Law "On State Regulation of Greenhouse Gas Emissions".

Since the creation of a developed national system of accounting (monitoring, reporting and verification) of anthropogenic greenhouse gas emissions in the Russian Federation is a prerequisite for the development and implementation of effective state policies and measures aimed at reducing anthropogenic greenhouse gas emissions into the atmosphere and mitigating climate change in accordance with accepted international obligations, the Concept for the Development of a System for Monitoring, Reporting and Verification of Greenhouse Gas Emission Volumes in the Russian Federation was approved [2]. This Concept defines the goals, objectives, principles and stages of the introduction of reporting in entities.

In accordance with the requirements of the Framework Convention and the Kyoto Protocol, the Russian Federation has formed a Russian assessment system, as well as a Russian Registry of Carbon Units. In accordance with Russian Government Decree No. 278-p dated March 1, 2006 [3], the results of the assessment are reflected in the

national inventory, which is submitted annually to the Secretariat of the Framework Convention [4].

Procedural guidelines and guides for quantifying greenhouse gas emissions by entities engaged in economic and other activities in the Russian Federation [5]; procedural guidelines for quantifying the volume of indirect energy emissions of greenhouse gases [6]; recommended practice for conducting a voluntary inventory of greenhouse gas emissions in the subjects of the Russian Federation [7] and others have been approved at departmental levels.

Pursuant to Executive Order of the President of the Russian Federation No. 666, dated November 4, 2020, "On Reducing Greenhouse Gas Emissions" [8], the Russian Government approved the strategy of social and economic development of the Russian Federation with a low level of greenhouse gas emissions for the period up to 2050 [9]. The Strategy defines measures to ensure by 2030 the reduction of greenhouse gas emissions by up to 70 percent compared to the 1990 level, in view of the maximum possible absorbing capacity of forests and other ecosystems and subject to sustainable and balanced social and economic development of the Russian Federation, and also determines the directions and measures for development with low greenhouse gas emissions by 2050. The strategy emphasizes that "various policy measures are used to implement international climate agreements at the supranational, national and subnational levels, stimulating, among other things, the technological transition of the world's energy from generation based on hydrocarbons and other fuels to carbon-free energy resources and energy resources with low greenhouse gas emissions." Among the measures to implement the strategy, it is envisaged, in particular, the adoption of sectoral and regional plans for adaptation to climate change and energy transition.

At the end of 2021, the Law "On Limiting Greenhouse Gas Emissions" came into force in Russia [10]. The Law defines the basis of legal regulation of relations in economic and other activities that are accompanied by greenhouse gas emissions and are carried out in the territory of the Russian Federation, as well as on the continental shelf, in the exclusive economic zone of the Russian Federation, the Russian sector of the Caspian Sea. Article 2 of this Law defines the basic concepts necessary to regulate public relations in limiting greenhouse gas emissions. In particular, it contains definitions of the concepts of greenhouse gases (gaseous substances of natural or anthropogenic origin that absorb and re-emit infrared radiation); inventory of anthropogenic emissions from sources and removals by sinks of greenhouse gases (a systematized set of information containing a description of greenhouse gas emissions and greenhouse gas removals based on official statistical information); regulated entities (legal entities and individual entrepreneurs whose

economic and other activities are accompanied by greenhouse gas emissions, the mass of which is determined in accordance with Article 7 of the Federal Law “On Limiting Greenhouse Gas Emissions”); greenhouse gas emissions (emissions into the atmosphere of greenhouse gases generated as a result of economic and other activities over a certain time interval); greenhouse gas removal (natural process or type of economic and other activity, as a result of which greenhouse gases are extracted from the atmosphere and accumulated in other components of the natural environment, natural, natural and anthropogenic and anthropogenic objects); greenhouse gas emissions registry (state information system containing reports on greenhouse gas emissions); climate project (a set of measures to reduce (prevent) greenhouse gas emissions or increase the greenhouse gas removals); climate project executor (a legal entity, individual entrepreneur or individual implementing a climate project); carbon unit (verified result of the implementation of a climate project, expressed in the mass of greenhouse gases equivalent to 1 ton of carbon dioxide), and others.

In order to implement this law, the relevant subordinate legislation is being developed and adopted.

It should also be noted that Federal Law No. 34-FZ dated March 6, 2022 “On Conducting an Experiment to Limit Greenhouse Gas Emissions in Certain Subjects of the Russian Federation” was adopted, which comes into force on September 1, 2022. The Federal Law grants the subjects of the Russian Federation the right to conduct experiments on limiting greenhouse gas emissions in their territory in order to achieve carbon neutrality and proposes to conduct the first such experiment in the territory of the Sakhalin Region from September 1, 2022 to December 31, 2028 inclusive. The aim of the experiment is to achieve carbon neutrality in the region. Article 2 of the said law also defines the basic concepts: greenhouse gas emissions quota (the amount of permissible greenhouse gas emissions characterizing their mass and established for a regional regulated entity in accordance with this Federal Law in order to achieve carbon neutrality in the territory of the participant of the experiment); quota fulfillment unit (verified result of fulfillment of the established quota, expressed in the difference between the established quota and the actual mass of greenhouse gas emissions equivalent to one ton of carbon dioxide; verification (procedure for verifying and confirming the accuracy of information on the mass of greenhouse gas emissions and greenhouse gas uptake, as well as information on the fulfillment (non-fulfillment) of the quota, carried out in accordance with Article 10 of the Federal Law “On Conducting an Experiment to Limit Greenhouse Gas Emission Volumes in Certain Subjects of the Russian Federation”), etc.

Russian Government Decree No. 12712p-P11, dated December 28, 2020, approved the Action Plan (Roadmap) for the implementation of an experiment on the establishment of special regulation in the territory of the Sakhalin Region in order to create the conditions required for the introduction of technologies aimed at reducing greenhouse gas emissions, working out the methodology for creating a system for verification, accounting for emissions and greenhouse gas removals.

In accordance with the approved roadmap for the experiment, a complete inventory of greenhouse gas emissions and removals is being carried out in the region, and work is underway to create a system for quoting greenhouse gas emissions and trading such quotas. As a result of the experiment, it is planned to create the first regional emissions trading system in Russia and ensure the achievement of carbon neutrality in the region in 2025.

In accordance with international standards, state standards have also been adopted in Russia [11]. For example, the National Standard of the Russian Federation: Greenhouse Gases — Carbon Footprint of Products — Requirements and Guidelines for Quantification identical to the international standard ISO 14067:2018: Greenhouse Gases — Carbon Footprint of Products — Requirements and Guidelines for Quantification (IDT).

It is also supposed to develop and adopt additions and amendments to tax laws in order to stimulate the reduction of greenhouse gas emissions during economic activity [12].

In general, laws aimed at regulating relations in limiting greenhouse gas emissions is at the stage of formation. When developing laws and regulations within the state regulation of those relations, it is advisable for developers of draft instruments to strive for the establishment and application of a unified terminology. For example, in by-laws, as well as in strategic, policy, departmental documents, the terms ‘energy transition’, ‘global energy transition’, ‘decarbonized economy’, ‘climate transition’, ‘transition to low-carbon energy’, ‘energy resources with a low level of greenhouse gas emissions’. In order to ensure a systematic and effective regulation of relations in limiting greenhouse gas emissions, it is advisable to define the content of these and other terms at the legislative level. A unified terminology will ensure consistent system regulation. It is also advisable to develop regional and sectoral regulation. In accordance with the Climate Doctrine approved by Executive Order of the President of the Russian Federation dated December 17, 2009 No. 861-rp “On the Climate Doctrine of the Russian Federation”, the implementation of climate policy involves the development of federal, regional and sectoral programs and action plans based thereon. And in accordance with Article 6 of the Law “On Atmospheric Air Protection”, the subject of the Russian Federation is entitled to adopt and implement regional programs



in atmospheric air protection, including in order to reduce emissions of pollutants into the atmospheric air, reduce the use of petroleum products and other fuels, the combustion of which leads to atmospheric air pollution, and stimulate production and the use of environmentally friendly fuels and other energy carriers. At the company level, in order to ensure that the activities of entities, including entities of the fuel and energy complex, comply with the requirements of the laws currently in force, including key indicators of greenhouse gas emissions, it is advisable to develop local corporate documents and it is advisable to introduce a compliance control system in the form of the development of appropriate programs that are part of corporate management activities.

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