

Brief on Climate Policies: the Russian Federation

Terms and definitions

CS-2035 — Program for the development of the domestic coal industry until 2035

ES-2035 — Energy Strategy of Russia for the period up to 2035

ETS — Emissions trading system

Law-296 — Federal Law No. 296-FZ dated July 2, 2021, On Limiting Greenhouse Gas Emissions

Law-34 — 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

LTS — Strategy of Socio-Economic Development of Russia with a Low Level of Greenhouse Gas Emissions Until 2050

NDC — Nationally Determined Contribution

Resolution No. 518 — Resolution of the Government of the Russian Federation No. 518 dated March 30, 2022, On the Procedure for Determining the Fee for the Provision of Services by the Registry Operator for Conducting Operations in the Carbon Units Registry

RRO — Regional Regulated Organizations

| Level | Block | Description |
|----------|-----------------|--|
| 1 | Overview | |
| 1.1 | Description | <p>Russia's geography and nature make it particularly vulnerable to the impacts of climate change, while traditional models of economic development create significant challenges for transition. 67% of the country's territory is in permafrost, and the average warming rate in Russia is approximately 2.5 times higher than the global average.</p> <p>Russia is party to the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement, having accepted the latter in 2019. During the first commitment period under the Kyoto Protocol, Russia participated in international carbon markets via the Joint Implementation mechanism.</p> |



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| | | <p>At the national level, with adoption of Law-296, Russia has created a framework for corporate accounting of greenhouse gas emissions for major emitters and established the foundation for a national market of a special type of carbon offsets (the so-called carbon units or <i>углеродные единицы</i> in Russian). It is a type of asset that results from the voluntary implementation of the so-called climate projects.</p> <p>In 2022, Russia initiated a regional experiment, in the Far East of the country at the first stage, which may lead to the creation of a national pilot ETS in Russia. Law-34 regulates this experiment. The law also regulates the establishment of a special type of carbon credits (the so-called quota fulfillment units).</p> <p>Sakhalin region was the first constituent entity¹ to begin the net-zero experiment. Sakhalin region aims to achieve carbon neutrality by December 31, 2025. This experiment tests the idea (principles) of a carbon market based on setting an administrative non-transferable limit (the so-called quota) on greenhouse gas emissions by regulated organizations in the region. Also, it allows to use of both the “carbon units” generated by climate projects under Law-296, and the other type of carbon credits generated under Law-34.</p> <p>In 2021, Russia adopted² LTS, which contains the goal to significantly reduce its net emissions by 2050 and achieve carbon neutrality by 2060.</p> |
| 1.2 | Annual emissions, world rank, with and without LULUCF | <p>In 2021, Russia was the fourth largest greenhouse gas emitter behind China, the US, and India.³ In addition, it is the world’s third-highest carbon emitter by historically accumulated emissions, responsible for some 6.8% of global cumulative CO₂.⁴</p> |

¹ Constituent entity is synonymous with “region”, “subject”. The term “regions” will be used hereinafter for simplicity.

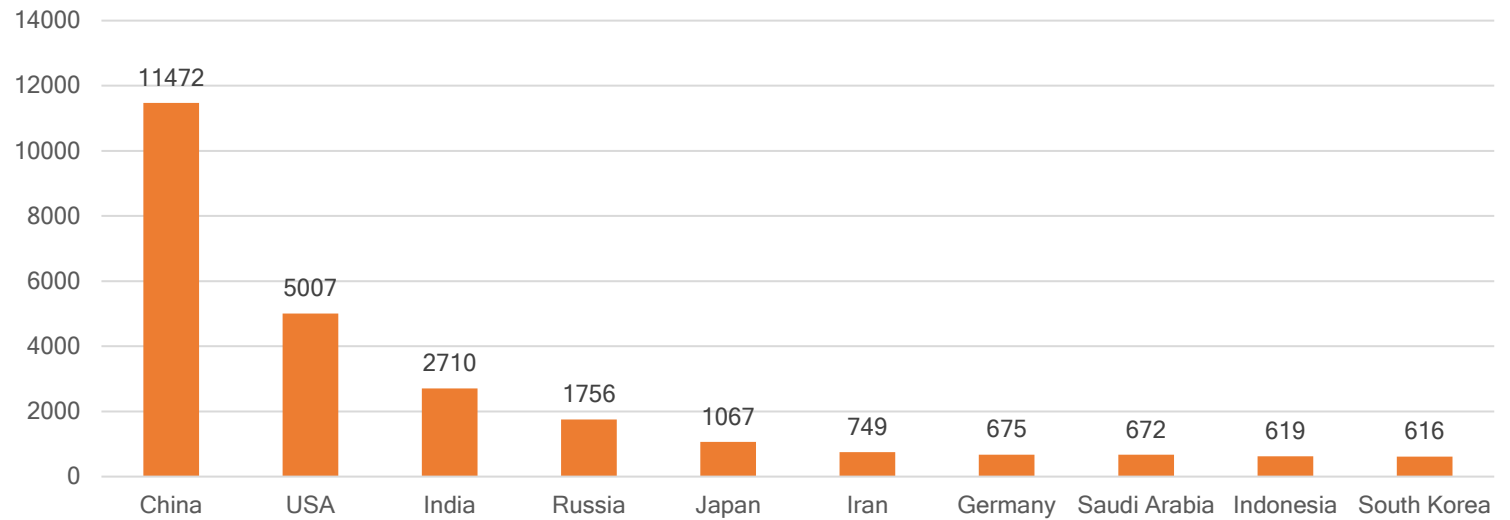
² Adopted by Directive of the Government of the Russian Federation of October 29, 2021, No. 3052-R.

³ The Carbon Brief Profile: Russia. URL: <https://www.carbonbrief.org/the-carbon-brief-profile-russia/> (accessed: July 25, 2023).

⁴ Share of global cumulative CO₂ emissions. Cumulative emissions are calculated as the sum of annual emissions from 1750 to a given year. This includes fossil fuel and industry emissions. Land use change is not included.



Top 10 CO₂ emitting countries (as of 2021, metric tons of carbon dioxide)



Source: Global Carbon Atlas. URL: <https://globalcarbonatlas.org/emissions/carbon-emissions/> (accessed: August 3, 2023).

Annual CO₂ emissions from fossil fuels and industry in 2021 without LULUCF:

- Russia – 1.76 billion t;
- World – 37.12 billion t.

Annual share of global CO₂ emissions – 4.73%.

The dynamics are presented below.



| | | <i>GHG emissions, million tons of CO₂ equivalent</i> |
|-----|-----------------------------------|---|
| | | <p style="text-align: center;"> — GHG emissions excluding LULUCF — LULUCF emissions — GHG emissions including LULUCF </p> |
| | | <p><i>Source: OECD. URL: https://www.oecd.org/climate-action/ipac/dashboard?country=RUS (accessed: August 3, 2023).</i></p> |
| 1.3 | Annual emissions in 1990 and 2005 | <p>1990: with LULUCF — 3.1 billion t CO₂-e. 2005: with LULUCF — 1.44 billion t, without LULUCF — 1.9 billion t CO₂-e. Emissions in 2019 with LULUCF stood at – 1.58 billion t, without LULUCF – 2.1 billion t CO₂-e.⁵</p> |
| 1.4 | Emissions per capita, world rank | <p>Russia (2021)⁶ — 12.1 t. World (2021) — 4.69 t. <i>Carbon dioxide (CO₂) emissions from fossil fuels and industry. Land use change is not included.</i></p> |

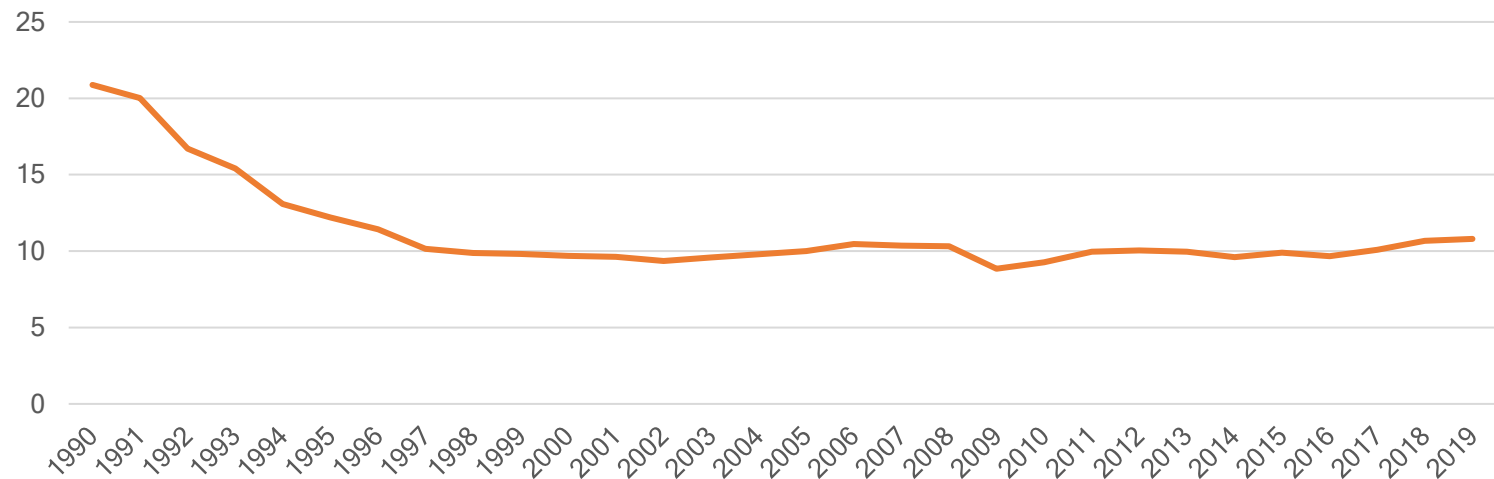
⁵ URL: http://downloads.igce.ru/publications/nac_soobs/NC-8_BR-5_rus.pdf (accessed: July 25, 2023).

⁶ Global Carbon Project, UN World Population Prospects. URL: <https://ourworldindata.org/co2/country/russia> (accessed: July 25, 2023).



The dynamics are presented below.

GHG emission intensities per capita, million tons of CO₂-e, per capita; including LULUCF



Source: OECD. URL: <https://www.oecd.org/climate-action/ipac/dashboard?country=RUS> (accessed: August 3, 2023).

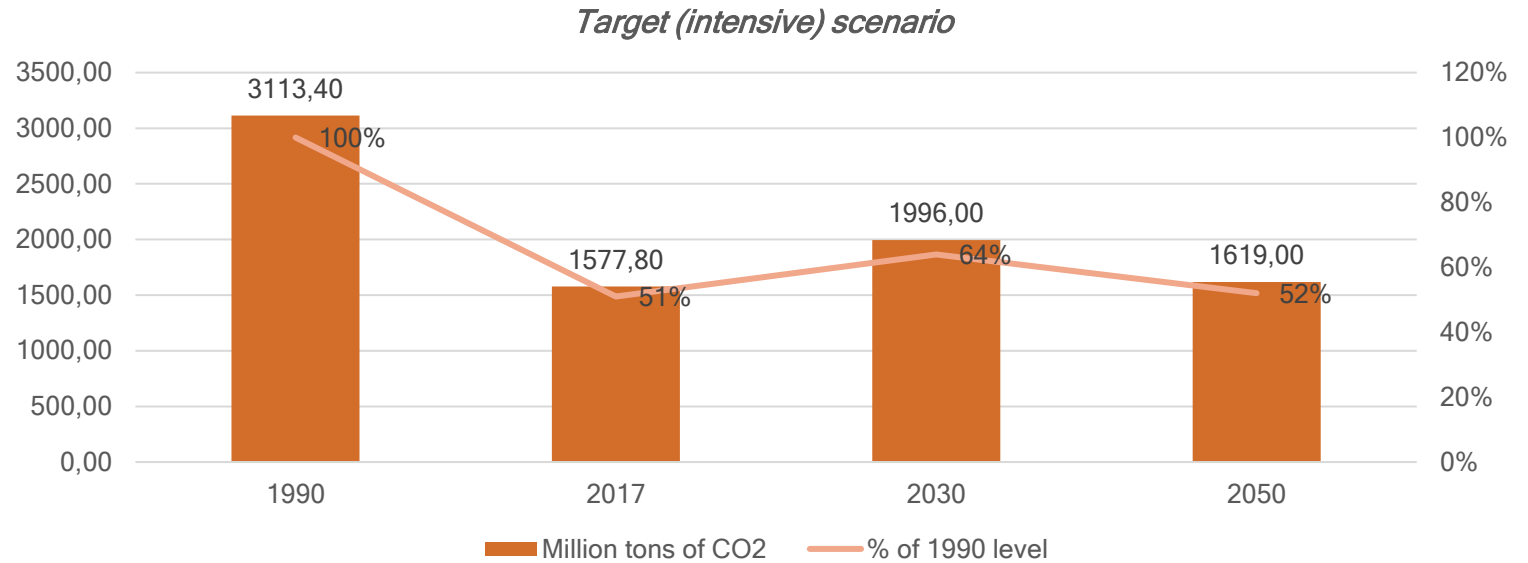
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| 2 | NDC and other national climate goals | |
| 2.1 | NDC | To reduce greenhouse gas emissions to 70% relative to 1990 levels by 2030, "taking into account the maximum possible absorptive capacity of forests and other ecosystems and subject to the sustainable and balanced socio-economic development". Year of communication: 2020. No updates to this NDC have been made so far. |
| 2.2 | National climate goals | Carbon neutrality |





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| | | <p>According to the statement of the President of the Russian Federation of October 13, 2021, Russia is planning to reach carbon neutrality by 2060. Carbon neutrality by 2060 is also stated as one of the outcomes of following targeted pathway under LTS.</p> <p>Other climate-related goals</p> <p>LTS sets other decarbonization and climate-related goals as part of the scenario labeled as “Target (Intensive)”. These include <i>inter alia</i>:</p> <ul style="list-style-type: none">– reducing greenhouse gas emissions by 60% by 2050 compared to 2019 levels and by 80% compared to 1990 levels;– halving the economy’s carbon intensity by 2050;– reducing the accumulated volume of net greenhouse gas emissions in the Russian Federation by 954 million t CO₂-e by 2050. The pathway assumes an increase in emissions from 1,584 million t in 2019 to 1,673 million t in 2030 due to projected economic growth. |
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Source: Michael Oshchepkov, *Russia Has Set an Ambitious Goal for Reducing Emissions by 2030*. URL: <https://www.climatescorecard.org/2021/07/russia-has-set-an-ambitious-goal-for-reducing-emissions-by-2030/> (accessed: August 3, 2023).

Moreover, LTS provides for:

- support measures for the adoption, replication, and scaling of low-carbon and carbon-free technologies;
- stimulation of the use of secondary energy resources;
- change in tax, customs, and budget policies;
- development of green finance;
- measures to preserve and increase the absorption capacity of forests and other ecosystems.



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| | | <p>Russia has the largest technical potential for renewable energy in the world and could be a major clean energy exporter if it developed these resources.⁷ Russia's renewable energy policy sets the target of electricity generated from renewable sources, excluding hydropower with capacity over 25 MW, at 4.5% by 2024 and over 6% by 2035.⁸</p> <p>The national energy efficiency policy sets the target of decreasing the energy intensity of GDP by 12% in 2025 and by 23% by 2030 compared to 2016 levels.⁹</p> <p>Russia has the second largest coal reserves in the world, less than the US but more than Australia.¹⁰</p> <p>The country plans to increase its domestic coal production to 530 million t annually by 2024 and to 668 million t annually by 2035, according to its Energy Strategy, which was adopted by the government in April 2020.¹¹</p> |
| 3 | Climate policy and carbon pricing instruments | |
| 3.1 | Key laws and policies | <p>The development of climate-related regulation in Russia gained significant momentum starting in 2019-2020 and continues. Additionally, several enactments have been adopted earlier that are related to environmental protection and can be regarded as climate-related measures.¹²</p> |

⁷ Russia's Renewable Energy: Prospects in an Era of Geopolitical Confrontation. URL: <https://www.innovationreform.org/wp-content/uploads/2023/06/EIRP-Report-Russia-Renewable-Energy.pdf> (accessed: July 25, 2023).

⁸ Guidelines for the Policy of the Russian Federation in Increasing Energy Efficiency Based on the Use of Renewable Energy Sources until 2035 (adopted by Directive of the Government of the Russian Federation of January 8, 2009, No. 1-p).

⁹ Comprehensive Action Plan to Improve the Energy Efficiency of the Russian Economy (adopted by Directive of the Government of the Russian Federation of April 19, 2018, No. 703-p).

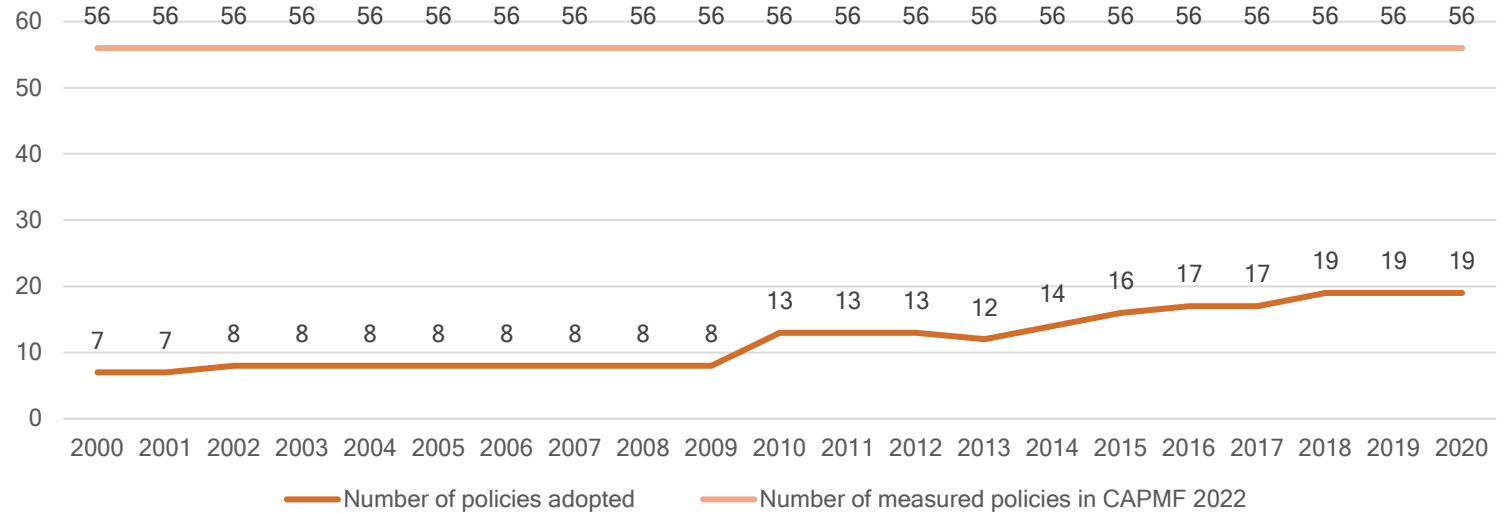
¹⁰ Coal Reserves by Country. URL: <https://www.worldometers.info/coal/coal-reserves-by-country/#russia> (accessed: July 25, 2023).

¹¹ Regulation of the Government of the Russian Federation No. 1523-p of June 9, 2020. URL: <https://www.eprussia.ru/upload/iblock/2b6/2b6966bd7674bf2e4273d6b36eba75cc.pdf> (accessed: July 25, 2023).

¹² OECD. URL: <https://www.oecd.org/climate-action/ipac/dashboard?country=RUS> (accessed: July 25, 2023).



Number of climate actions and policies adopted



Source: OECD. URL: <https://www.oecd.org/climate-action/ipac/dashboard?country=RUS> (accessed: August 3, 2023).

Federal Law No. 7-FZ dated January 10, 2002, On Environmental Protection.

Law-296. The law contains many referring norms, and therefore a number of by-laws were adopted in 2021 and 2022.

Law-34.

Decree of the President of the Russian Federation No. 666 dated November 4, 2020, On Reducing Greenhouse Gas Emissions.

Directive of the Government of the Russian Federation No. 1523-r dated June 9, 2020, On the Energy Strategy until 2035.

Directive of the Government of the Russian Federation No. 2979-r dated October 22, 2021, On Adoption of the List of Greenhouse Gases Subject to State Accounting of Greenhouse Gas Emissions and the Greenhouse Gas Cadaster.

LTS.



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| | | CS-2035. |
| 3.2 | Carbon tax | No direct carbon tax. |
| 3.3 | Carbon levies and fees | No direct carbon levies or fees. Although Russia has a system for regulating emissions of pollutants into the atmosphere and charging fees for such emissions, this system does not cover CO ₂ emissions and does not regulate them. Methane is the only gas that is regulated within this system and is also classified as a greenhouse gas according to the Russian legislation. |
| 3.4 | Emissions trading | Though there is no national emissions (cap-and-trade) trading system in place or under development, there are elements of both voluntary carbon trading (see section 3.4(a)) and compliance carbon trading (see section 3.4(b)). |





| Voluntary Crediting Mechanism | | |
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| 3.4 (a) | Description and key operating rules | <p>The base climate law on limiting carbon emissions (Law-296) introduces elements of a national voluntary offset market resulting from the voluntary implementation of the climate projects (a voluntary crediting mechanism). The law sets out basic requirements for activities that generate carbon units that may be used by their owners for achieving corporate climate targets or other purposes.</p> <p>Legal entities, individual entrepreneurs, or individuals are entitled to implement climate projects. In Russia climate project means a set of measures ensuring the reduction (avoidance) of greenhouse gas emissions or an increase in the absorption of greenhouse gases. The specific list of measures that can comprise a climate project and (or) be implemented within its framework is not regulated.</p> <p>For a set of activities to qualify as a climate project, the project must undergo validation (evaluation and confirmation of the project's compliance with established criteria for climate projects). Validation is carried out by independent expert organizations accredited by the Federal Accreditation Service (Rosaccreditation). Such organizations are referred to as validation bodies.</p> <p>As a result of implementing a climate project, a special kind of carbon credits, carbon units, can be issued.</p> |
| 3.4.1 (a) | Geography | The whole territory of the Russian Federation. |
| 3.4.2 (a) | Admitted entities | Legal entities, individual entrepreneurs, and individuals. |
| 3.4.3 (a) | Covered greenhouse gases | CO ₂ , CH ₄ , N ₂ O, SF ₆ , GFU, PFC, NF ₃ . |
| 3.4.4 (a) | Covered industries | No direct regulation. |



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| <p>3.4.5 (a)</p> | <p>Key regulators</p> | <p>The Government of the Russian Federation defines the main directions and rules of voluntary crediting mechanism, etc.</p> <p>The Ministry of Economic Development of the Russian Federation carries out operational management of voluntary crediting mechanism (including by approving individual rules and procedures, criteria for climate projects, etc.), etc.</p> <p>The Ministry of Natural Resources and Environment of the Russian Federation approves methodologies, including the ones for quantitative measurement of greenhouse gas emissions, etc.</p> <p>The Federal Service for the Supervision of Natural Resources checks certain information about greenhouse gas emissions provided by the respective voluntary crediting mechanism participants, takes measures in response to detected violations of the current legislation, etc.</p> <p>The Federal Accreditation Service (Rosaccreditation) accredits validation and verification bodies.</p> |
| <p>3.4.6 (a)</p> | <p>Eligible carbon credits, issuance and circulation</p> | <p>Carbon credits issued in accordance with Law-296 are referred to as “carbon units”.</p> <p>A carbon unit is defined as a verified result of climate project implementation expressed in the mass of greenhouse gases equivalent to 1 t CO₂.</p> <p>For carbon units to be issued into circulation, the results of climate project implementation must be verified. Such results are contained in the climate project implementation report. The issued carbon units are credited to the carbon units registry account of the legal entity that implements the climate project.</p> <p>The circulation of carbon units (including their transfer to third parties) is not directly restricted. Carbon units can be used, among other things, through their offsetting.</p> |
| <p>3.4.7 (a)</p> | <p>Accounting for carbon assets and operations</p> | <p>Accounting for carbon units and operations with them are carried out within a special information system called the carbon units registry.</p> <p>The operator of the carbon units registry is a legal entity authorized by the Government of the Russian Federation to maintain the carbon units registry (registry operator). In 2022, a private company called Kontur was designated as the operator.</p> |





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| | | <p>The operator creates and maintains the carbon units registry at its own expense, charging fees from registry users. The Government of the Russian Federation sets the maximum fees for the carbon units registry services. Within these limits, the operator independently sets the tariffs and publishes them on the registry's website.¹³</p> <p>According to the Resolution No. 518, such limits are as follows:</p> <ul style="list-style-type: none"> – opening an account in the carbon units registry — not more than RUB 18,000 (USD 189); before opening an account in the carbon units registry the transaction participants and the registry operator should sign the basis of agreements. Accounts may be without simultaneously crediting them with carbon units; – registration of a climate project — not more than RUB 18,000 (USD 189); – crediting carbon units to the account when they are issued into circulation as a result of the implementation of the climate project — not more than RUB 20 (USD 0.2) for each carbon unit; – crediting carbon units to the account in the carbon units registry, writing off carbon units from this account, offsetting carbon units — not more than RUB 5 (USD 0.05) for each carbon unit; – changing information about the climate project and (or) transaction participant — not more than RUB 1,000 (USD 10.5). <p>To date, 6 climate projects have been registered, 84,461 carbon units have already been issued, and 953,321 carbon units are scheduled to be issued.¹⁴</p> |
| 3.5 (a) | Carbon reporting | |
| 3.5.1 (a) | Covered entities | <p>Regulated entities under Law-296 include legal entities and individual entrepreneurs whose economic and other activities simultaneously meet the following requirements:</p> <ul style="list-style-type: none"> – are accompanied by greenhouse gas emissions with a mass equivalent to 150 thousand or more t of CO₂-e per year until January 1, 2024, or 50 thousand or more t of CO₂-e per year from January 1, 2024; |

¹³ Average annual exchange rate for 2023: USD 1 = RUB 95.

¹⁴ Website of the Carbon Units Registry. URL: <https://carbonreg.ru/en/> (accessed: August 14, 2023).



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| | | <p>– comply with the production processes and (or) types of economic and other activities established by the Government of the Russian Federation.</p> <p>Legal entities and individual entrepreneurs who are not considered regulated entities but wish to provide corresponding reporting in the manner established for regulated entities.</p> |
| <p>3.5.2 (a)</p> | <p>Reporting description and procedure</p> | <p>Greenhouse Gas Emissions Reporting</p> <p>According to Law-296, regulated entities annually submit greenhouse gas emissions reports to the Ministry of Economic Development of the Russian Federation by July 1 of the year following the reporting year.</p> <p>The greenhouse gas report contains information on the mass of greenhouse gas emissions resulting from the economic and other activities of the respective entities during the calendar year, as well as the original data based on which the mass of these emissions is determined.</p> <p>The report is submitted online, into the greenhouse gas emissions registry. This registry operates within the framework of the existing state information system in the field of energy saving and energy efficiency improvement.¹⁵</p> <p>The operator of the registry, the Ministry of Economic Development of the Russian Federation, verifies the submitted reports and notifies the entity within 5 business days of the acceptance of or refusal to accept the report with a reason for the refusal. In the case of refusal, the respective entity submits a revised report to the registry within 20 business days from the date of notification.</p> <p>The Federal Service for Supervision of Natural Resources assesses the accuracy of information regarding methane, which currently considered as a pollutant, after the report is accepted and the information is included in the registry.</p> <p>Climate Project Implementation Report</p> <p>The legal entity that implements the climate project, prepares implementation report. The report should include, among other things, information on the reduction (prevention) of greenhouse gas emissions or the increase in greenhouse gas sequestration resulting from the implementation of the climate project. The Ministry of Economic Development of the Russian Federation establishes the form of a report and the procedure for its submission.</p> |

¹⁵ Website of the greenhouse gas emissions registry. URL: <https://co2.gisee.ru/> (accessed: July 25, 2023).



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| | | <p>Information contained in the climate project implementation report is subject to verification. Verification is performed by a legal entity or an individual entrepreneur accredited in the national accreditation system as a body for validation and verification of greenhouse gases.</p> <p>Upon verification, the legal entity that implements the climate project, submits the report to the registry operator using an online system along with the verification report including a positive verification conclusion. The verification conclusion includes, in particular, the reporting period for which the results of the climate project implementation are considered.¹⁶</p> <p>The carbon units registry operator puts information about the climate project and the verification of its results into the carbon units registry.</p> |
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¹⁶ Resolution of the Government of the Russian Federation No. 455 dated March 24, 2022, On Approval of the Rules for Verification of the Results of Climate Project Implementation. URL: <http://government.ru/docs/all/139944/> (accessed: July 25, 2023).





Regional ETS Pilot

3.4
(b)

Description
and key
operating
rules

As to compliance, Law-34 (see section 3.1) establishes the Regional ETS Pilot, in the Sakhalin region at the first stage, which contains certain elements of a typical ETS based on cap-and-trade system principles, but with specific parameters that make it different from most ETSs in other countries. Sakhalin is regarded as a testing ground for identifying greenhouse gas emissions regulation measures that can be extended to other Russian regions.

A list of regulated entities (RROs) emitting at least 20,000 t or more CO₂-e per year, were approved by the Sakhalin government for participation in the experiment. Such organizations will have to reduce emissions by 550 thousand t of CO₂-e cumulatively by 2025.

Regional ETS Pilot establishes the specified cap (quota) mechanism. A quota is a non-transferable value of allowable greenhouse gas emissions set for RROs. Quotas for RROs are set to achieve carbon neutrality in the Regional ETS Pilot.

The quota methodology is based on the level of historical emissions.

If an RRO meets the quota in the reporting year, the authorized body makes a decision based on the evaluation of the RRO's quota performance to issue a special kind of carbon credits, the so-called quota fulfillment units, in the amount corresponding to the difference between the set quota and the actual mass of greenhouse gas emissions.

To meet the quotas, RROs are also allowed to use the carbon offset units (issued in accordance with Law-296) and quota fulfillment units they own, offsetting them in the carbon units registry. The information about the offsetting of carbon units and quota fulfillment units is confirmed by the registry operator and is reflected in the RRO's carbon reporting.

If an RRO exceeds the quota, it must independently calculate the fee for exceeding the quota by multiplying the amount of greenhouse gas emissions above the quota, taking into account the offset carbon units and (or) quota fulfillment units, by the corresponding rate of the said fee. The fee rate for exceeding the quota is equivalent to 1 t CO₂ is set at RUB 1,000 (USD 10.5).

Further, the authorized body evaluates the RRO's fulfillment of the quota.

If an RRO does not exceed the quota, the authorized body, based on the results of assessment, shall decide to issue quota fulfillment units in the amount corresponding to the difference between the established quota and the actual mass of greenhouse gas emissions. These units shall be subject to crediting to the RRO's account in the carbon units registry.



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| 3.4.1 (b) | Geography | Territory of a region of the Russian Federation participating in the experiment (currently – Sakhalin region). |
| 3.4.2 (b) | Covered entities | A legal entity or individual entrepreneur conducting certain GHG-emitting activities with total emissions of 20,000 t or more CO _{2-e} per year (for Sakhalin region). The scope of the total emissions can be changed in other regions of the Russian Federation according to the respective federal law. The list of activities includes stationary combustion of gaseous, liquid and solid fuels, flaring of hydrocarbon mixtures — natural gas or associated petroleum gas, technological operations in oil and gas exploration, production, processing, transportation, storage, etc. All activities are listed in the Annex to Resolution of the Government of the Russian Federation No. 355 dated March 14, 2022. ¹⁷ |
| 3.4.3 (b) | Covered greenhouse gases | CO ₂ , CH ₄ , N ₂ O, SF ₆ , GFU, PFC, NF ₃ |
| 3.4.4 (b) | Covered industries | No special regulation regarding the industries, just activities (see 3.4.3(b) above). |
| 3.4.5 (b) | Key regulators | <p>The Experiment Coordinator (the Ministry of Economic Development of the Russian Federation) determines the procedure for classifying legal entities and individual entrepreneurs as participants in the experiment, coordinates the program for conducting the experiment, approves the methodology for determining the projected quotas, etc.</p> <p>The Government of the region participating in the experiment approves the list of participants in the experiment, decides on the approval and adjustment of quotas, establishes the procedure for preparing the regional greenhouse gas inventory and its structure, etc.</p> <p>The authorized body of the regional government (the Ministry of Ecology and Sustainable Development of the Sakhalin Region) sets quotas for participants in the experiment, organizes public discussions on the program for conducting the experiment and the projected quotas, evaluates the RRO's fulfillment of the quota, etc.</p> |

¹⁷ Resolution of the Government of the Russian Federation No. 355. URL: <http://publication.pravo.gov.ru/Document/View/0001202203150019?ysclid=lkrx52b9nj755172185&index=1/> (accessed: July 25, 2023).



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| <p>3.4.6 (b)</p> | <p>Eligible carbon credits, issuance and circulation</p> | <p>The following carbon credits exist within the framework of the Regional ETS Pilot:</p> <ul style="list-style-type: none"> – Carbon units issued in accordance with Law-296; – A special type of carbon credits known as “quota fulfilment units”. <p>A quota fulfilment unit is defined as a verified result of meeting the established quota, expressed as the difference between the established quota and the actual mass of greenhouse gas emissions equivalent to 1 t CO₂.</p> <p>If a regulated entity meets its quota in a reporting year, the authorized body, based on the assessment of quota performance, makes a decision to issue a special type of carbon credits called “quota fulfilment units” in an amount corresponding to the difference between the established quota and the actual mass of greenhouse gas emissions. Based on this decision of the authorized body and an application from the regulated entity, the operator issues the quota fulfilment units to the account of the regulated entity in the carbon units registry. No other method of issuing quota fulfilment units (such as free distribution or auction sales, etc.) is established.</p> <p>The circulation of quota fulfilment units (including their transfer to third parties) is not directly restricted in accordance with relevant regulations.</p> |
| <p>3.4.7 (b)</p> | <p>Accounting for carbon assets and operations</p> | <p>Accounting for quota fulfilment units and conducting operations with them are carried out within a special information system called the carbon units registry.</p> <p>The operator of the carbon units registry is a legal entity authorized by the Government of the Russian Federation to maintain the carbon units registry (registry operator). In 2022, a private company called Kontur was designated as the operator.</p> <p>The operator creates and maintains the carbon units registry at its own expense, charging fees from registry users. The Government of the Russian Federation sets the maximum fees for the carbon units registry services. Within these limits, the operator independently sets the tariffs and publishes them on the registry’s website.¹⁸</p> <p>The tariffs are described in section 3.4.7(a).</p> |

¹⁸ Average annual exchange rate for 2023: USD 1 = RUB 95.



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| 3.5 (b) | Carbon reporting | |
| 3.5.1 (b) | Covered entities | Under Law-34, reporting is mandatory for RROs. |
| 3.5.2 (b) | Description and reporting procedure | <p>RROs annually submit carbon reports to the greenhouse gas emissions registry by July 1 of the year following the reporting year. The first carbon reports were to be submitted by companies in 2023, and caps will be set starting from 2024. Failure to submit or late submission of the report, as well as submission of unreliable information will entail a warning or administrative fine.</p> <p>Carbon reporting is generated by an RRO and includes:</p> <ol style="list-style-type: none"> 1) Verified [by verification bodies] information on the mass of greenhouse gas emissions generated from the economic and other activities of the RRO within the experiment participant's territory for the previous calendar year, as well as the information based on which the mass of these emissions is determined; 2) Verified information on the compliance (non-compliance) with the quota established for the respective RRO; 3) Information on the current balance of carbon units in the RRO's account in the carbon units registry, as well as information on the offsetting of carbon units in case the RRO has made such an operation; 4) Information on the current balance of quota fulfilment units in the RRO's account in the carbon units registry, as well as information on the offsetting of quota fulfilment units in case the RRO has carried out such an operation; 5) Verification report regarding the RRO's information on the mass of its greenhouse gas emissions; 6) Verified report on the RRO's quota compliance; 7) Information on the excess quota fee, including the amount of the payment made (in case of quota excess); 8) Payment document confirming the payment of the fee for exceeding the quota (in case of quota excess). <p>The information and documents specified in points 2, 4, 6-8 above are included in the carbon reporting starting from the calendar year following the first year for which the quota has been set.</p> <p>The initial carbon reporting period is the calendar year in which the respective legal entity or individual entrepreneur is classified as an RRO.</p> |





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