



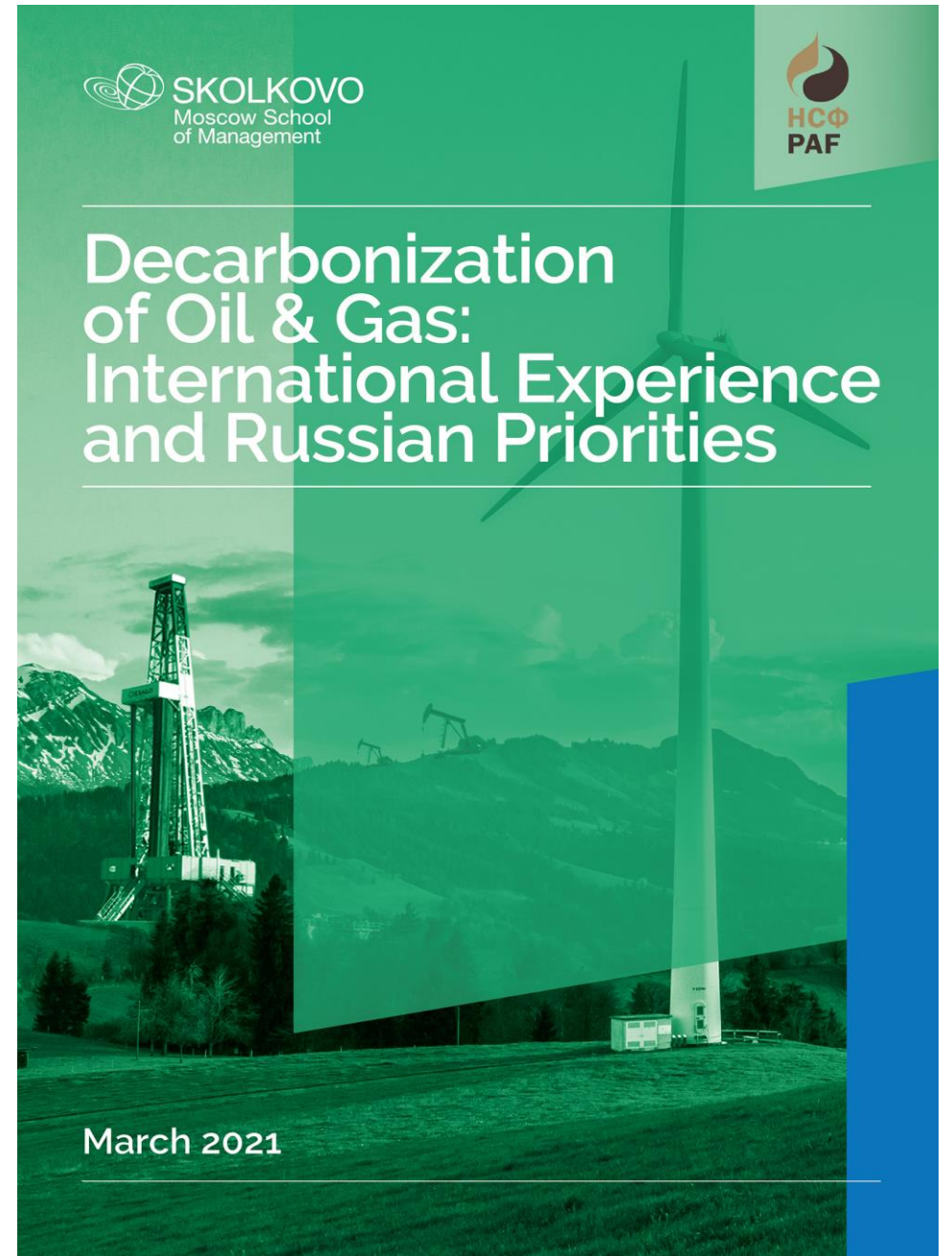
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**How Russian
companies are
adapting to the green
economy?**



https://energy.skolkovo.ru/downloads/documents/S_EneC/Research/SKOLKOVO_EneC_Decarbonization_of_oil_and_gas_EN_22032021.pdf



Current status of the main elements of the GHG emission regulation system

Element of the of GHG emission regulation	Document	Document status
Long-term goal of the Russian Federation for GHG emissions.	Decree of the President of the Russian Federation No. 666 dated November 4, 2020	Approved. The national target for emissions of 70% from the level of 1990 by 2030 has been set. Therewith, in 2017, emissions amounted to 50.7% of the level of 1990.
The strategy of social and economic development	Long-term development strategy of the Russian Federations with low GHG emissions by 2050	In progress. The draft Strategy was submitted by the Ministry of Economic Development to the Government in March 2020. Obviously, this Strategy will be adjusted before approval, taking into account the Presidential Decree No. 666 dated November 4, 2020. Expected to be approved in 2021.
Introduction of the national regulation on GHG emissions.	Federal Law "On Limiting GHG Emissions"	In progress. The draft law has been submitted to the State Duma. It conceptually corresponds to Presidential Decree No. 666 dated November 4, 2020. It includes vocabulary, obligation to monitor GHG emissions and mechanism for voluntary climate projects. No regulation is introduced as such, since it is not required to achieve the national goal by 2030. Expected to be approved in 2021.

What could be Russia's stakes in the energy transition?

- ✓ **Energy efficiency**
- ✓ **Renewables** (solar, wind, tidal, biomass – biomethane, pellets, small hydro), including potential export projects (Arctic wind, Yakutia solar + DC transmission)
- ✓ **Nuclear** (next generation reactors on fast neutrons)
- ✓ **Natural gas** replacing oil in transportation (maritime, road), LNG leadership
- ✓ **Hydrogen** (blue, green, yellow, turquoise?)
- ✓ **CCUS** (including for EOR)
- ✓ **Offsets** (including reforestation/ natural sinks investment projects)

Russian oil and gas companies' long-term targets for GHG emissions reduction

Company	Target	Target Year	Base Year	Reduction, %
Gazprom	Specific GHG emissions from natural gas transportation, total CO ₂ e per billion m ³ per km	2024	2018	3.8%
Gazprom Neft	No published GHG emissions reduction targets			
Zarubezhneft	No published GHG emissions reduction targets			
Irkutsk Oil Company	No published GHG emissions reduction targets			
LUKOIL	Official long-term targets are being expanded. The company is reportedly targeting carbon neutrality by 2050.			
NOVATEK	GHG emissions per unit of production in the Upstream segment	2030	2019	6%
	Methane emissions per unit of production in the Production, Processing and LNG segments	2030	2019	4%
	GHG emissions per ton of LNG produced	2030	2019	5%
Rosneft	Carbon intensity in upstream sector	2035	2019	30%
	Methane emissions intensity	2035		0.25%
Russneft	No published GHG emissions reduction targets			
Sakhalin Energy	No published GHG emissions reduction targets			
Sibur	Specific GHG emissions from gas processing	2025	2018	5%
	Specific GHG emissions from petrochemistry	2025	2018	15%
Surgutneftegaz	No published GHG emissions reduction targets			
Tatneft	Carbon intensity	2025	2019	10%
		2030	2019	20%
	*strategic target: carbon neutrality by 2050			

Decarbonization strategy development

Carbon footprint assessment and disclosure - revision of methods for calculating the company's direct (scope 1) and indirect (scopes 2 and 3) GHG emissions, development of methods for GHG emissions forecasting, preparation of reports on GHG emissions resulting from the oil and gas sector's operations (scope 1, as well as those classified under scopes 2 and 3) in the preceding 5-year period, with application of generally accepted methods for calculating emissions and further independent auditing. And the real challenge is do companies let third parties do this independently or do they do it on own data gathering.

Scenario analyses of the company's climate risks as per the TCFD's recommendations, rating, and risk prioritization.

Development of the company's climate strategy, setting out mid- and long-term climate targets for the company's GHG emissions.

Changes to corporate governance system - identification of executives responsible for implementing the climate strategy and introduction of relevant top-down decarbonization targets and decarbonization key performance indicators (KPIs). Upgrading the importance of climate governance - in many cases companies corporate climate functions are transferred in the Strategy or Finance departments and controlled personally by CEOs. The best practice is also to have decarbonization integrated into strategy and investment decisions, through internal CO₂ pricing.

Methods of decarbonization regarded by the Russian oil and gas companies

