

# Green light for green energy

Russia is well known for its enormous supply of fossil fuels but the Russian government, after many years of delay, is now set to stimulate renewable energy as well.

| by Valery Sorokin

The second legislative attempt to introduce Russia to the world of renewable energy has succeeded. The Federal Act on Electric Power was amended last November to include a breakthrough section setting up a solid framework for a national support system to develop energy produced from renewable sources. The previous attempt failed when the President vetoed a relevant bill in 1997. The Russian presidency of the G8 and its summit in Saint-Petersburg in June 2006, encouraged the Kremlin and the Government to sharpen its focus on renewable energy sources.

## Exotic |

The Russians had so far regarded the new energy possibilities as either exotic or redundant. Now issues of diversification, ecology and climate change are taking on a larger role. Russian business is increasingly pressed by politics and NGOs to “go green”. It has also discovered the commercial potential of this as yet untapped energy niche. Dozens of private companies and associations have been created or intensified their activities in the field. The efforts are spearheaded by Russia’s power giant RAO UES Russia and, more specifically, by its hydropower company RUSHydro.

The act defines ten types of renewable energy covered by the legislation. The biggest debate was over whether “big hydropower” and peat were to be included in the support scheme. It was decided to exclude peat and accept big hydropower under certain conditions. The act requires the government to set long-term targets for the share of renewable sources and to develop a programme to reach these targets.

## Certificates |

Financial support is based on the volume of renewable energy produced and sold on the market. It comes in three forms: subsidies for small generators, feed-in tariffs from network operators and mark-ups on wholesale market prices. Companies must be licensed by the Council of the Market, the future successor of the current RAO UES company. The Council, which will as a national regulator, will issue special “green” certificates.

The government still has to adopt the necessary legal framework and decide on the amount of subsidies. Time is short. The bulk of the work should be done by the time RAO UES Russia is dissolved in mid-summer. But Russia will not miss an opportunity to demonstrate progress at the July G8 summit in Japan. ■

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## Small fry

The share of renewable energy (excluding large hydro) in Russian power production is very small, less than 1%. Experts estimate power production based on renewables at 8700 GWh out of a total power production of some 950.000 GWh. Biomass-fuelled power stations make the largest contribution (5550 GWh), followed by small hydropower stations (2700 GWh) and geothermal stations (395 GWh). Production of wind power is negligible at 6.7 GWh. For solar and other forms of alternative energy, no figures are available.