

Another Look at the Energy Strategy of Russia for the Period up to 2035

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Summary

At the Japan–Russia Energy and Environment Dialogue in Niigata on 30 October 2014, I stated that the “Energy Strategy of the Russian Federation for the Period up to 2035 (ES-2035)” would be approved by the end of 2014. More than a year has passed without the approval of the strategy. Why? When will a new energy strategy be approved?

Due to the continuous fall in the oil price on the world market, the discussion of the energy strategy was removed from the proposed agenda for the government meeting on 4 December 2014. The Prime Minister, Mr. Dmitry Medvedev, ordered the Ministry of Energy to submit a revised draft of the ES-2035 to the federal government by 1 October 2015. The ministry, together with the Institute of Energy Strategy and the Energy Research Institute of the Russian Academy of Sciences, worked out a new, significantly amended working draft of the ES-2035 by summer 2015. It took into consideration the new challenges and trends of world energy markets, as well as the impact of falling energy resource prices and technological, financial and other sanctions imposed by certain countries targeting the oil, gas and banking sectors of Russia. They prepared two scenarios: “Conservative” and “Target.” After open discussion, the ministry publicized the revised version of the ES-2035 draft as of 30 September 2015 on its website.

The high volatility of world energy markets, however, continued in the second half of 2015, with a general trend of the oil price falling. Without reliable and high-quality forecasts for the socio-economic development of the country for the next 10–15 years, discussing the major parameters of the ES-2035 is extremely difficult. Recognizing that, Prime Minister Medvedev ordered the establishing of a working group for the preparation of the “Strategy of Socio-Economic Development of Russia up to 2030” in July 2015. Its work, however, seems to be delayed.

Nevertheless, the upgrading of the ES-2035 draft has continued. For example, a “Stress Scenario” was developed by the end of February 2016. It assumed that the oil price would stay at the level of US\$31–33 per barrel in 2016–17, followed by an increase to US\$42 by 2020.

Refining the work on the ES-2035 draft continues in other directions, including the environment. In particular, societal opinion in Russia expects that the new version of the energy strategy will more completely reflect government measures for regulating the reduction of greenhouse gas emissions.

The time for considering all these new issues is running out. The protocol for the meeting of the Commission for Strategic Development of the Fuel and Energy Sector and Environmental Security on 27 October 2015 specifies mid-August 2016 as the completion time for the work on the ES-2035.

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