New Policy Instruments to Promote Better Air Quality and beyond through Application of BATs in the Russian Federation

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MAJOR NATIONAL ENVIRONMENTAL REGULATION ISSUES

- National Environmental norms and standards are generally strict
- Pollution limits establishment system at the enterprise level is “flexible” and allows to set “relaxed” not-limiting values
- Environment pollution fees are low and thus do not stimulate entities to introduce “greener” technologies
- No economic incentives for turning “green”
- State Environment Control authorities do not have objective information on pollution scales (no continuous monitoring)
- Results and considerations of the State environmental expertise used as non-binding recommendations, not directly preventing potentially environmentally damaging activities
- Administrative barriers adversely affect the investment climate

POLITICAL MEASURES ARE URGENTLY NEEDED TO IMPROVE THE SITUATION IN THE RUSSIAN FEDERATION

Striving for sustainable development → breaking the economic growth/environmental degradation trend

Lack of a strong environmental regulatory system leads to increased environmental damage and adverse public health effects caused by economic development
LEGAL STEPS TOWARDS CHANGING THE CURRENT SITUATION

Federal law no.219-FZ “On amendments to the Federal law “On environmental protection” and other legal acts of the Russian” aimed at enhanced environmental protection regulation and introducing incentives for economic entities to apply best available techniques

ADOPTED 21/07/2014

- Group economic entities by their environmental impact and apply different regulation approaches
- Introduce an electronic register of all economic entities (enterprises)
- Re-launch of the State Environmental Expertise and EIA
- Introduce BAT-based environment regulations for major enterprises
- Introduction of Integrated Environmental Permits
- Modernization of the environmental payment system and introduction of economic incentives to reduce pollution
- Improvement of industrial environmental monitoring, including application of CEMs
- Gradual shifting of the new environmental system till 2021 and beyond

GROUPING OF ENTERPRISES (4 CATEGORIES)

1. Major polluters
   - State Environmental Expertise
   - State registration of entities effecting the environment
   - BAT-based regulations, integrated permits
   - Environmental accounting and industrial monitoring
   - CEMs installation
   - Reporting on environmental development programmes/improvement activities

2. Middle level polluters
   - Environmental declaration, including estimated levels of pollution (certified)

3. Marginal level polluters
   - Reporting on Environmental pollution

4. Insignificant polluters
   - Periodical checks
   - Shortened list of pollutants under regulations (tens instead of thousands)
   - Application of indication pollutants used as baseline for pollution limit setting and control
   - 1-year reporting period on pollution fee payments (instead of 3-months periods)

For Major polluters: one integrated environmental permit for 7 years, subject to extension (instead of various permits for emissions, releases, waste deposition)

For Middle and Marginal level polluters: pollution declaration, environmental reporting and compliance with environmental regulations (instead of various permits for emissions, releases, waste deposition)

For Insignificant polluters: On environmental regulation measures to be applied
1. Establishing of the enterprise information system

2. State registration of entities (enterprises)

3. Grouping of entities with focus on those falling under BAT regulations

4. Selection of up to 300 entities to participate in pilot application of BAT and integrated environment permits

STATE REGISTRATION OF ENTERPRISES

Enterprise database, including information on emissions, discharges and waste generation

Information provided and updates by legal entities (enterprises)

Categorization of enterprises with differentiated regulation measures

Environmental impact-related information is publicly available

STATE REGISTRATION OF ENTERPRISES

≈ 15,000 enterprises
90% pollution

BAT-BASED ENVIRONMENTAL REGULATIONS

Major polluting sectors

<table>
<thead>
<tr>
<th>Energy</th>
<th>Pulp and paper</th>
<th>Chemical</th>
<th>Petro-chemical</th>
<th>Metallurgy</th>
<th>Waste water treatment/processing</th>
<th>Cement, glass production</th>
<th>Food production, livestock husbandry</th>
</tr>
</thead>
</table>

= 15 000 enterprises
90% pollution

<table>
<thead>
<tr>
<th>Technique</th>
<th>Best</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology, technique (including approach to design, construction, operation and end-of-life solutions)</td>
<td>Limited adverse impact on the environment, resource-efficient</td>
<td>Application and exploitation is economically feasible</td>
</tr>
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**INTEGRATED ENVIRONMENTAL PERMITS**

- Unified permitting procedure – one permit – one permitting organisation
- Environmental protection to be achieved through BAT application

**Issuing conditions for existing enterprises:**

- BAT-based emission/discharge limit values and environmental practices (measures) established
- Developed Environmental/Resource Efficiency programmes/strategies

**MODERNIZATION OF ENTERPRISES BASED ON ENVIRONMENTAL EFFICIENCY IMPROVEMENT PROGRAMMES**

**Activities**
- Equipment replacement, construction/installation of modern machinery, units, pollution treatment equipment
- Scheduled implementation of activities, pollution reduction projections

**Environmental Efficiency Improvement Programmes**

1. Establishment of the Inter-ministerial commission for Environmental Efficiency Improvement Programmes assessment and adoption
2. Pilot projects implementation
   - up to 300 enterprises, major polluters;
   - all new enterprises;
   - enterprises participating on voluntary basis
3. Nation-wide application of experience gained through pilots
4. Control and assessment of programme implementation/progress made

**Timeframe:**
- 14 years for major (backbone) enterprises (employing 25% of the population in a given location or at least 5 thousand employees) and strategic enterprises
- 7 years for other entities/enterprises
**ECONOMIC INCENTIVES**

- Full compensation of interest paid on investment credits focused on environmental measures
- Environmental fees to be accounted for and subject to tax deduction (profit tax)
- Additional depreciation coefficient “2” for BAT equipment (if in compliance with adopted charter of BATs)
- Increased environmental fee coefficient to stimulate application of BAT
- Costs for pollution abatement and BAT application to be deducted from environmental fees (up to 100%)
- “Zero” environmental fees for entities fully shifted to BAT

**TAX CODE of the RUSSIAN FEDERATION**

**IMPLEMENTATION CONTROL MECHANISMS**

**Environmental Expertise**
- Environmental expertise of enterprise development projects (identification and addressing of negative environmental effects of planned activities)

**Periodical Inspections**
- Periodical inspections, systematic assessment of compliance with environmental policies and regulations

**CEMS application**
- CEMS application at pollution sources (emissions, discharges) with online data and information access and exchange systems

**Transition from inspections to reporting**
- Shifting responsibility of compliance with regulations and proper reporting to entities/enterprises with penalties for violations
NEW ENVIRONMENTAL POLICY IMPLEMENTATION TIMELINE

2015-2018
State registration of enterprises
Introduction of all incentive mechanisms
Adoption of all by-laws
Publication of Russian national BREF documents

2019 - 2022
Establishment of the Inter-ministerial commission for Environmental Efficiency Improvement Programmes assessment and adoption
Shift to BAT and integrated permits for:
- 300 major polluter entities;
- All new enterprises,
- Volunteer enterprises
Increased environmental fee coefficient to stimulate application of BAT (levels comparable with pollution abatement costs)

2022 - 2030
Transition to BAT and integrated environmental permits for all entities/enterprises

THANK YOU FOR YOUR ATTENTION!

СПАСИБО ЗА ВНИМАНИЕ!