

Final Report: Student Research Stay at St. Petersburg State University

M.A., Simon, Schöning

Institute for East European Studies

(Department of Economics, 5th Semester)

Transforming Isolated Power Supply in the Russian Arctic: Fossil Fuel Subsidy Reform and the Development of Renewable Energy Sources in the Republic of Sakha

2016

The initial idea for my research proposal focused on the socio-economic effects of renewable energy development in Russia (Title: “The socio-economic benefits of Climate Change Mitigation in Russia – A Regional Analysis for the Development of the Renewable Energy Sector”). In the context of climate change, the Paris Agreement and the gradual transition of the global energy sector towards renewable energy sources (RES), my aim was to investigate the state of renewable energy development in the Russian economy. Further investigation and the application of an economic model would have focused on the socio-economic benefits of enhanced renewable energy development in the country. During my stay at the St. Petersburg State University (SPBGU) I had the possibility to gain a very detailed and insightful overview of the RES sector in Russia. After gaining access to information discussed at various conferences and seminars, and after talking to experts involved in this field, I had to readjust the initial research proposal. The investment in RES in Russia has been severely influenced by recent economic developments. This is largely the result of western sanctions and counter-sanctions from the Russian side, following the developments in Crimea and Ukraine. International institutions, such as the World Bank and the International Finance Corporation (IFC), are no longer able to fund programmes in Russia. Hence, previous interventions, such as the IFC renewable energy programme in Russia, have been put on hold and are currently no longer pursued. This leaves any chances to develop RES with the help of foreign direct investment (FDI) in Russia stranded. The Russian state itself is only slowly undergoing a transition towards sustainability. Public awareness of sustainability issues or even climate change at large remains low. There are no clear incentives promoted by the Russian state government to invest in RES, and strategic plans for the sector, though formulated in official state documents, have at large not been implemented in recent years. Because of this, FDI has been the most important driver of RES development so far until recently. Gaining first hand access to this information forced me to rethink my approach and the focus of my research.

The adjusted focus of my research still lies on RES development, though, not in connection to socio-economic effects. The research now focuses on energy subsidy reforms and the fiscal gains attributed to subsidy reform and how such gains can be rechannelled in order to be invested in RES. This gives the federal state government, as well as regional governments and local municipalities the chance to develop RES, regardless of international sanctioning. By adjusting the research approach, I can now ensure that the results from my research have a high degree of applicability under the current political situation. This is especially relevant, regarding the urgency needed in mitigating climate change and the political uncertainties that are currently developing on the international stage. The new research proposal is titled: “Transforming Isolated Power Supply in the Russian Arctic: Fossil Fuel Subsidy Reform and the Development of Renewable Energy Sources in the Republic of Sakha”.

I was able to greatly benefit from the personal exchange with various personnel from the SPBGU, as well as members of NGOs (e.g. Greenpeace and WWF Russia). Members of the community at SPBGU, whom I have mostly been in touch with were the following: Natalia Petrova (Incoming Mobility Coordinator, Academic Office, SPBGU), Prof. Nadezda Pakhomova (Vice Head, Laboratory on Economic Performance and the Environment, SPBGU), Prof. Frederick van der Ploeg (Head, Laboratory on Economic Performance and the Environment, SPBGU), and Angelina Davydova (Senior Lecturer, SPBGU). There were also a number of conferences I attended, in St. Petersburg as well as in Moscow. Amongst others:

- “Economic Performance, Environmental Innovation, Climate and Energy Policy”, International Research Seminar, SPBGU, September 30th, St. Petersburg;
- “Renewable Energy XXI century: energy and economic efficiency”, International Congress REENCON-XXI, Student program at MGU Campus, October 10th -12th, Moscow;
- “Renewable Energy XXI century: energy and economic efficiency”, International Congress REENCON-XXI, Main conference by Skolkovo and RAS, October 13th-14th, Moscow;
- “CLIMATE AND ENERGY – SOLUTIONS FOR THE FUTURE” International Conference, Russian Social Ecological Union, Friends of the Earth Russia, November 1st-3rd, St. Petersburg; and
- “Russian Economy, Energy and Environment: How to Find A Balance for Sustainable Development?”, Clean Energy Forum 2016, European University St. Petersburg, 10th November, St. Petersburg.

In order to receive a better understanding of the topic of sustainability at the SPBGU campus, I joined the biological faculty at a series of events and workshops, held at the local faculty in St. Petersburg. This helped me to engage with a network of students and university staff, whom I have later questioned for my work on the UAS green paper on sustainability at university campuses. With most people I have been able to communicate throughout private emailing or via social networks. Attending the workshops also helped me to develop an understanding of the state and challenges of sustainability at the SPBGU and in the broader context of Russian public education. The most challenging part of my research stay was, at first, to build up a network of local activists and academics. After visiting her class on environmental journalism at the faculty for journalism at the SPBGU, Ms. Angelina Davydova supported me in my topic and my efforts of network building. Throughout her, I have been introduced to a number of people, from whose experience and insides I greatly benefitted. She has also played a crucial role in advising me on the details of my amended research proposal. Finally, Prof. Frederick van der Ploeg confirmed me in the selection and readjustment of my topic and supplied an applicable model, which I have utilized in my thesis. There were many things I have learned throughout my stay in St. Petersburg and Russia. I left Russia with a more detailed understanding of sustainability in Russia and RES especially. While there are many challenges ahead, economic and social ones, I am even more determined in my personal goal to work in the field of sustainability and renewable energy, preferably in an East European and Central Asian context.