Perspective of sustainable development of Russian gas sector

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Research Question
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- Sustainability development implementation will lead to implementation of market principals?
Relevance
Relevance

- Gas is a finite product, hence a sustainable development policy delays its depletion
  - Russia is one of the most energy intensive countries in the world
  - Russian gas flaring amounts to a third of the country’s export volumes (50 bcm/year)
  -Leaks during transmission account to 5% of flows
Needs of implementation of sustainable development for Gazprom

- Europe is the target market
- Future cost reductions
Methodology

Agency principle relations

- Gazprom as a political tool
- Gazprom as an economic actor

→ Conflict of priorities
→ Sustainable development favours the economic side of Gazprom’s actorness
Methodology

Levels of analysis:
- level of policy priorities,
- level of implementation
- level of impact.
Level of priorities
Policy priorities: evolution

- 1995 – first annual ecological report
- Environmental committee starting from 2001
Policy priorities: evolution

- 2008 – Gazprom environmental policy – planned actions
  - Development of gas fields in Western Siberia,
  - Optimizing Gas extraction in the upstream.
  - Gas losses mitigations at transmission.
  - Domestic market gas prices increase
### Policy priorities: evolution

#### Business goals of Gazprom

<table>
<thead>
<tr>
<th>R&amp;D</th>
<th>Transmission</th>
<th>Processing, Power industry, Gas supply program</th>
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<tbody>
<tr>
<td>• monopoly</td>
<td>• high leaks of gas</td>
<td>• entire hydrocarbon chain from production to</td>
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<td>• limit of its capacity</td>
<td>marketing</td>
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<td>• increase its economic value through</td>
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<td>diversification of its business: electricity</td>
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<td>market, associated gas by oil extraction, LNG,</td>
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<td>CNG, supply with gas of all regions in Russia.</td>
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Level of implementation
Strategy and implementation

In Gazprom’s view sustainable development means “intensive economic growth accompanied by maximal conservation of natural resources and preservation of a favourable natural environment for future generations”
Strategy and implementation:

action plan

- Compliance with all standards set by the Russian Federation legislation and international legal
- Securing resource conservation, reducing negative environmental impacts and taking all possible measures to conserve the climate and biodiversity as well as to compensate for possible environmental damage
- Enhancing energy efficiency of production processes at all stages
- Consistently streamlining both the Company's environmental activity and its management system
- Preventing pollutions
- Continuously improving labour and industrial safety at its production facilities
- Taking into account the interests and rights of indigenous minorities with respect to their traditional lifestyle and original habitat retention
- Effectuating supply with gas of population centres and expanding utilization of natural gas as vehicle fuel
- Ensuring broad availability of environmental data on Gazprom's operations as well as transparency of its environmental activities and relevant decisions
Strategy and implementation: mechanisms

Short term

- ISO 14001
- Participating in global, including international, programs
- Keeping record of eco-economic and environmental aspects
- Sufficient organizational, material, human and financial resources
- Environmental certification of products
- Internal environmental training system and motivating personnel
- Actively interacting with civil society

Long term

- Cooperating with all organizations engaged in energy production and supply
- Planning target-oriented activities
- Taking reclamation and other technical and organizational actions
- Arranging for and conducting investigations on renewable
- Considering environmental factors
- Performing and stimulating scientific research
- Applying the best available technologies in all production areas
Level of impact
Impact

- Market development
- Market restriction
Environmental and social perspectives

Economic profit maximisation
Equal price yield
Gas losses mitigation
Conclusion
Conclusion

- Changing policy priority – impact at the level of implementation – possible depolitization through liberalization of the gas sector