

# Russian Federation - Sakhalin

## General Information

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### ETS Description

Sakhalin is regarded as a testing ground for identifying GHG regulation measures that can be extended to other Russian regions. In January 2021, the Russian Ministry of Economic Development, in cooperation with the regional government, approved the “Roadmap for the Implementation of an Experiment to Establish Special Regulation of GHG in the Sakhalin Region”. The overall aim of the roadmap is to ensure that Sakhalin achieves carbon neutrality by 2025, and includes plans for a pilot carbon trading system.

In 2022, the State Duma approved a “Federal Law on Conducting an Experiment to Limit GHG Emissions in Selected Federal States of the Russian Federation”, introducing mandatory emissions reporting and verification requirements for regulated entities and obliging them to comply with the allocated emissions allowances. The law also sets a legal basis for allowance circulation between entities. The Sakhalin Pilot ETS was mandated to launch in September, but the start has been delayed pending cap-setting and allowance allocation processes.

The Sakhalin government approved a list of 50 regulated entities, emitting at least 20,000 tCO<sub>2</sub> per year, in 2022, and a carbon registry started operating in test mode in September that year. The first compliance period is set to start in 2024. Covered entities will have to surrender allowances for all their covered emissions, and allocation is expected to be based on free allocation.

In 2023, regulated entities submitted their first verified emissions reports for 2022, which became the basis for setting individual caps for 35 entities in September 2023.

### ETS Status

under development

### Jurisdictions

Sakhalin

## Emissions & Targets

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### Overall GHG Emissions excl. LULUCF (MtCO<sub>2</sub>e)

12.3

### GHG reduction targets

**BY 2025:** carbon neutrality of Sakhalin (Roadmap for the implementation of an experiment to establish special regulation of greenhouse gas emissions in the Sakhalin Region)

## Size & Phases

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## Sectors and thresholds

Power, oil, gas and coal mining, heavy industry, transport (including aviation and maritime)

**INCLUSION THRESHOLDS:** Facilities emitting more than 20,000 tCO<sub>2</sub> per year.

## Number of entities

Individual caps are set for 35 entities.

## Flexibility & Linking

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### Offset credits

The use of domestic offset credits will be allowed. No further details on their use are publicly available.

## Compliance

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### Monitoring, Reporting, Verification (MRV)

**REPORTING:** Reporting is required annually for installations above the 20,000 tCO<sub>2</sub>/year threshold. Annual emission reports must be submitted by July 1<sup>st</sup> of the following year.

**VERIFICATION:** Emissions data reports and their underlying data require third-party verification by an accredited auditor.

### Enforcement

The penalty for not complying with the individual allocated caps is set at RUB 1000 per tonne of tCO<sub>2</sub>e (USD 11.74).

## Other Information

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### Institutions involved

**Russian Ministry of Economic Development:** Coordinator of the Sakhalin pilot.

**Government of Sakhalin Region:** Implements Sakhalin pilot, in close coordination with **Ministry of Economic Development**

**JSC Kontur:** An operator of Russian national carbon registry.

### Regulatory Framework

[Federal Law on Limiting Greenhouse Gas Emissions](#)

[Federal Law on Conducting an Experiment on Limiting Greenhouse Gas Emissions in Selected Federal States of the Russian Federation](#)

[Order of the Ministry of Economic Development on approval of the methodology for determining projected GHG emissions caps within the experiment on limiting of GHG emissions in regions of the Russian Federation](#)

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