UNECE PPP Renewable Energy Questionnaire Results – Russia

Brief Overview

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Respondents have identified several major risks affecting PPP development in renewables sector in Russia from the public side.

The most important risks are "Lack of stable law-making policy" and "Lack of PPP legislation".

However, a new PPP Law (Law No. 224-FZ dated 13 July 2015) and regulations have recently entered into force in Russia, which may improve the situation.

Other risks include sovereign risks, lack of local community involvement and public sector's expertise, unclear distribution of authority and unwillingness to hire external counsel by the public sector.

See the comparative chart of risks illustrating the questionnaire results.
# Other Risks and Impediments

## Technical / market risks
- Lack of economic viability (high costs, low tariffs)
- Difficulties with importing goods or services (sanctions, restrictive customs control)
- Lack of partners (technology suppliers, EPC contractors)
- Monopolisation of the market
- Lack of expertise
- Lack of infrastructure
- Other

## Financial risks
- Lack of initial capital
- Currency risks
- Tariff risks
- Underdevelopment of debt obligations market
- Lack of equity investors
- Offtaker's insolvency risks
- Risks of refinancing
- Volatility of interest rate and lack of hedging instruments
- Other

## Legal and tax risks
- Problems with property rights
- Problems with the regulators (lack of independence and effectiveness)
- Lack of clarity of tax laws
- Problems connected with international arbitration (recognition, enforcement)
- Problems with establishing legal entities
- Unclear / onerous environmental laws
- Unclear / onerous securities laws and bankruptcy laws
Conclusions of the Survey

- Several types of risk and impediments hinder PPP development in the renewables sphere:
  - government risks
  - technical / market risks
  - financial risks
  - legal / tax risks
- To improve the situation, it is necessary to:
  - provide additional guarantees and incentives from the public side
  - maintain a clear and transparent government policy in this area
  - improve the overall economic environment
  - further develop general and area-specific legislation
  - engage external counsel more actively
Thank you!

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