

UNECE PPP Renewable Energy Questionnaire Results – Russia

Brief Overview

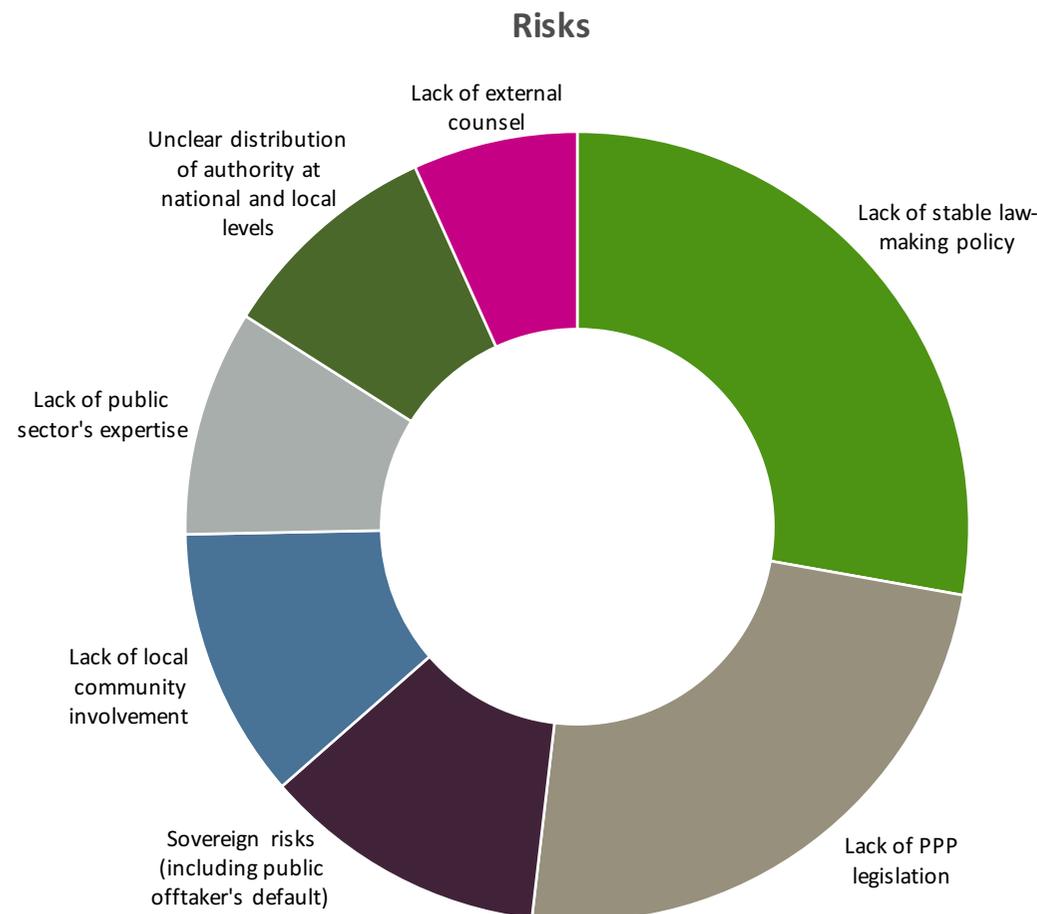
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31 March 2016

Renewable Energy PPPs in Russia: Summary of Risks from the Public Side

- 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

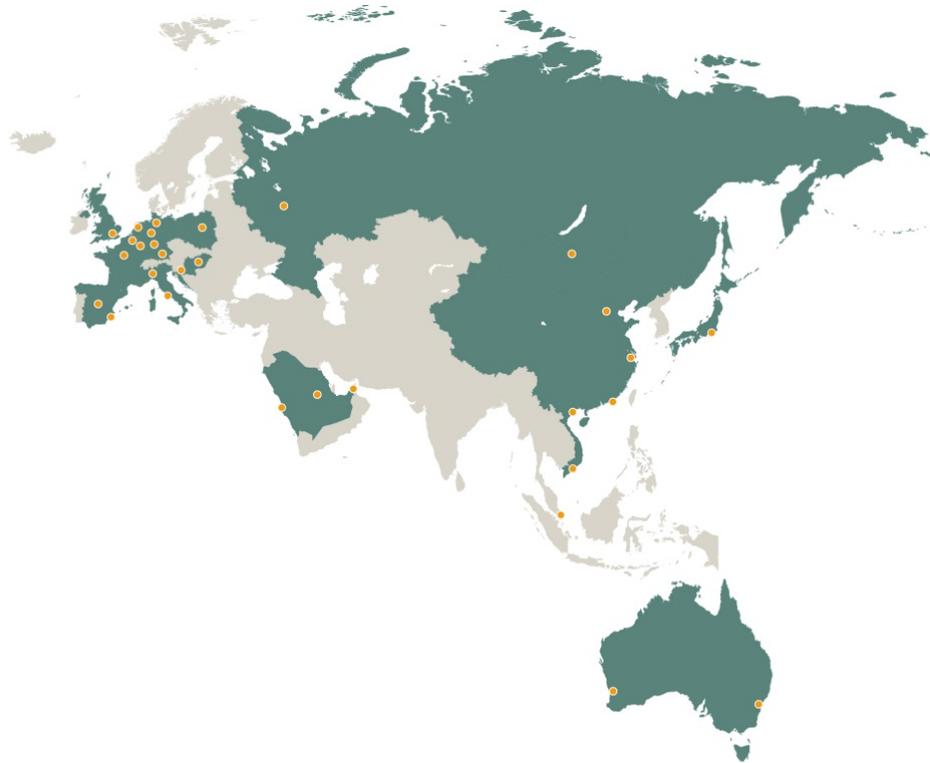
- Problems with property rights
- Problems with the regulators (lack of independence and effectiveness)
- Lack of clarity of tax laws
- Problems connected with international arbitration (recognition, enforcement)
- Problems with establishing legal entities
- Unclear / onerous environmental laws
- Unclear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