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French Join the Effort for Energy Efficiency

By Roland Oliphant

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France has joined a growing stampede of Western countries seeking to cash in on Russia's energy efficiency drive.

Tuesday saw the inaugural meeting of the new Russian-French Center for Energy Efficiency, a bilateral initiative for exchanging ideas and directing funding to relevant research projects.

"It's a long path, and this is only the beginning," French Ambassador Jean de Gliniasty said at a reception to mark the opening of the center Tuesday night attended by representatives of major French and Russian energy firms.

"France has great experience in reducing energy consumption, and the task of reducing demand in Russia is enormous. We hope we can help with that," said Menno Grouvel, the president of Vega Energy and Development who will direct the center.

In some industries Russian producers use three to four times more energy than Western European businesses engaged in the same kinds of production, and the country could save as much energy as France consumes annually, according to Maxim Titov of the International Finance Corporation.

An IFC-World Bank report published in 2008 estimated that Russia needed $320 billion of investments to tackle energy inefficiency.

Grouvel said the new center would focus on identifying upcoming projects and getting French companies involved; supporting such projects during their lifetime; and creating a framework of legislation to facilitate the development of the sector.

He pointed to joint ventures between French electricity giant EDF and Inter RAO as examples of early projects.

Western firms have been waking up to the opportunities since a framework law on energy efficiency was passed in 2009, setting new guidelines in electricity production and consumption, construction and public sector procurement.

There are still 50-odd amendments to be passed to make the framework law practicable, said Dominique Tissot, a partner at the CMS law firm who specializes in tax and energy law. "But it was a powerful signal that it is on the political agenda," he said by telephone.

The French have come to the party relatively late.

The Russian-German Energy Agency was founded in 2008 with basically the same task.

And in December 2010 the Russian Energy Agency signed a memorandum of understanding with the Russian-Finnish Energy Club on development of energy efficiency and renewables.

Like the German and Finnish counterparts, the idea of the Russian-French center is to share expertise — and crucially give French firms a foot in the door of an anticipated energy efficiency bonanza.

But Grouvel denied that there was any element of competition with the other centers. "It's more of a facilitation center than a commercial outfit," he told The Moscow Times.

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