

Report Says Domestic Inefficiency Critical Energy Issue

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The International Energy Agency stressed in its annual World Energy Outlook report released last week that while Russia will remain crucial to the international energy market, its domestic inefficiencies are enormous.

Russia wastes almost one-third of the energy that it uses — an amount similar to that consumed by Britain every year, the report said. Potential yearly savings of natural gas alone, about 180 billion cubic meters, are equivalent to Gazprom's entire annual export volumes.

Speaking at Moscow's Skolkovo School of Management on Friday, IEA head Maria van der Hoeven said Russia's total carbon-dioxide emissions from today through 2035 will be more than 50 percent of the European Union's. Russia's gross domestic product is 12 percent of the EU's.

Details in the report showed that the average on-road consumption of the Russian car fleet is

more than 13 liters per 100 kilometers, compared with 8 liters in the European countries of the Organization for Economic Cooperation and Development.

Russian residential energy use is twice as high as in Canada — the OECD country with the closest average temperatures, the report said.

But despite the waste, Van der Hoeven was positive about Russia's ability to raise its energy efficiency, noting that Russia already had the requisite legislative and institutional framework in place.

The former Dutch minister for economic affairs quoted 19th-century Prussian chancellor Otto von Bismarck. "Russians harness their horses slowly but drive fast," she said.

While efficiency savings are crucial for Russia domestically, the report also emphasized that the country will remain a cornerstone of the global energy economy.

Internal revenues from fossil fuel exports will rise from \$255 billion in 2010 to \$420 billion in 2035, and the oil and gas industry will require annual investment of \$100 billion, the report said.

Along with the other BRIC countries, Russia will continue in its role as a key exporter. "Decisions made in Beijing, Moscow and New Delhi on energy will affect everyone," Van der Hoeven said.

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