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INDEPENDENT NEWS FROM RUSSIA

Energy Saving Slow to Catch On Despite 2020 Deadline

By The Moscow Times

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Even with the advent of electricity meters, Russians are proving reluctant to use energy-efficient light bulbs. **Denis Grishkin**

The world's top oil and gas producer may be watching its energy riches blow away in the wind. Russia, in 2008, was wasting enough energy to power Britain for a whole year.

It was then that President Dmitry Medvedev set a target to reduce energy intensity, a rate of waste measure, by 40 percent by 2020. Russian companies were 10 to 20 times less energy efficient than their foreign rivals, he said.

Not enough has changed since Soviet times, critics say, and wide-open windows remain a typical way of cooling overheated housing blocks. Even today about one-fifth of Russian boilers date back to the era of cosmonaut Yury Gagarin's space flight in 1961, or earlier.

"We are two and a half times less energy efficient than other comparative modern countries

in Europe," said Vasily Belov, head of the energy-efficiency cluster at the Skolkovo Foundation, a government-sponsored science park.

Raw economics, not environmental qualms, have won the energy-efficiency drive powerful backing from President-elect Vladimir Putin to the monolithic oil and gas companies.

But progress grinds against grassroots skepticism and entrenched attitudes.

High-rise apartment blocks, and other buildings, absorb the biggest share of Russia's energy — about 35 percent. Industry follows with 29 percent and transport, 21 percent.

In one such block sits Denis Platonov, a 31-year-old Muscovite and married father of two, warily watching his electricity meter.

Before heat and power even arrives in the Platonovs' apartment, a large amount is wasted — 30 percent of heat and 11 percent of electricity is lost in transmission.

The potential energy-saving boon of combined heat and power systems, common in Russian apartments, is nullified by 200,000 kilometers of aging heat-supply pipes and decrepit equipment.

The Platonovs' meter is a rarity in Russian flats, but something that could be commonplace if an energy-saving law is implemented scrupulously. They look at their bill with suspicion.

"It's rather difficult to look at this paper and understand how much energy we consumed because these are just assumptions," said Platonov, a sales representative for a software company.

"There are a lot of mistakes, sometimes it seems like the managing company is trying to cheat you."

"I'm not going to agree to pay twice as much for energy-saving appliances because I am not sure that they will help me to save energy — if you compare the expenditure with the benefits, it is unreasonable."

Valery Sazhenkov is vice president of Schneider Electric Russia, a French company that is seeing growing demand for its energy-efficiency devices in Russia.

"The most difficult task is to transform public awareness on an everyday level," he said. "Here there is a need for definite measures in schools, university education and upbringing to orientate people toward energy efficiency."

The first steps have been taken, such as smart energy bills showing different tariffs, allowing consumers to run appliances more cheaply at night, he said.

But for a public keen to give their shiny new toys a spin after decades of empty shops and drab interiors, thrift can be hard.

"During the Soviet Union we had a lot of problems buying a new refrigerator, buying a new washing machine," said Maxim Titov of the World Bank's International Finance Corporation

(IFC).

“If you talk to a guy in Siberia, he will tell you: ‘For 20 years I was dreaming of buying a four-wheel drive. I will do it. I will not buy a bicycle.’”

Upgrading Russia to decent energy-efficiency standards would cost $320 billion, but this could pay for itself in four years, according to the IFC’s calculations.

It is vital if Russia is to avoid economic stagnation by the middle of the century, as fossil fuel reserves go into decline, said Igor Bashmakov, director of the Center for Energy Efficiency in Moscow.

He expected oil production to start declining before 2020 and gas after 2040.

“Energy efficiency is a real key to survival,” Bashmakov said.

President-elect Putin included the development of energy-saving goods, as well as more energy saving in private homes, in his manifesto.

Energy efficiency does not seem to have riled Russia’s powerful oil and gas industries, compared with efforts to promote renewable power that have run into resistance from the oil lobby.

Titov, program manager for sustainable energy finance at the IFC, argued that Russia’s sprawling energy industry, which faces rising costs to tap new resources and keep the oil and gas flowing, stands to gain from a reduction in domestic consumption.

“I think [abundance of resources] was a reason initially why we were not concerned. But now I see that this is changing. If we decrease our energy consumption, here in Russia, we can export more,” he said.

Oil and gas giant Gazprom plans to spend 1.75 trillion rubles ($60 billion) in 2013, as it seeks to boost gas production to compensate for long-term decline in its giant, low-cost gas fields in western Siberia.

Energy saving may seem uncontroversial, but results are slow to appear.

“Everything that has been planned is happening, but rather slowly and on a small scale and very strongly varies from region to region,” said Alexei Kokorin, head of climate and energy at WWF Russia.

Some areas have been fast movers — the Rostov region cut energy use in public buildings by 11 percent a decade ago, when it installed hundreds of heat, water, gas and electricity meters. While similar success stories can be found, Russia faces a shortage of experts to develop and implement legislation, Bashmakov of the IFC said.

Add to that the consequences of the 2009 economic downturn, which pushed up the energy intensity of the economy, because big energy consumers, such as oil and gas companies, were less affected by the recession than their lower-consuming cousins in manufacturing.

“We are lagging behind this target to reduce energy intensity by 40 percent by 2020 due to the two years that we lost during the crisis,” Bashmakov said.

The International Energy Agency reckons that Russia will not hit its 40 percent goal until 2028 — eight years later than intended.

Companies, rather than private households, have been more attuned to energy saving. Rising energy costs have sharpened the incentives for industrial users to watch the meter, while householders are shielded to some extent by government-controlled electricity tariffs and, in the run-up to elections, caps on petrol prices.

“The excuse of low energy prices has to a large extent gone away. So all the signals to save energy are there,” said Peter Hobson, senior banker at the European Bank for Reconstruction and Development.

“The main constraint is that it is not in the culture to try to reduce consumption, it’s just not what people are focusing their efforts on,” Hobson said.

A firm with spare capital is more likely “to spend it on increasing production and trying to build new markets than they are on something boring like energy efficiency.”

That is a view that finds echoes in the microeconomy of Denis Platonov’s Moscow apartment.

How will he react if the government bans energy-wasting incandescent light bulbs, as in the European Union?

“I will leave this country,” he says, without smiling.

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