

U.S. Company Says Opportunity for Energy Savings Is Now

By [The Moscow Times](#)

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Workers for state-owned electricity grid MRSK, one of Echelon's major Russian customers, doing work on a power line.

U.S. energy-saving group Echelon expects to double sales of its smart meters in Russia in 2013 as it seeks to offset stagnant Western markets by responding to a growing Russian political will to cut energy waste.

Russia wants to reduce energy intensity, a measure of usage, by 40 percent by 2020 to modernize Soviet-era companies.

Prime Minister Dmitry Medvedev has said that in some cases those companies are only 5 to 10 percent as energy-efficient as foreign rivals.

Echelon, which operates in Russia in partnership with local firm EnergoAuditControl, said it should sell 200,000 meters in Russia next year. That's up from 100,000 in 2012.

Other businesses are starting to follow state-owned Russian Railways in using the devices to measure their electricity usage more accurately.

"With Russian Railways using the meters ... and seeing that they work, other people are going to start to take notice," said Echelon senior vice president for operations Russell Harris.

The company was increasingly targeting emerging markets such as Russia after seeing opportunities dry up in the struggling economies of the United States and Europe, he said.

"Due to the economic situation in the EU, there are many fewer tenders being released now [than in] 2008-10," Harris said. "Given the continuing recession in many areas of the U.S., regulatory agencies have been reluctant to approve new projects."

"To find growth, we need to turn to markets that have opportunities and compelling business cases to deploy our systems, markets such as the BRICS countries," he said, making a reference to Brazil, Russia, India, China and South Africa.

Russian Railways has installed Echelon's smart meters in power stations across its sprawling network, helping it measure power consumption and detect and counter power surges.

Echelon's Russian growth forecasts are partly a consequence of the government target to reduce energy intensity.

After Russian Railways, Echelon's other major Russian customer is electricity grid MRSK, also controlled by the state, Harris said.

A World Bank report said Russia wastes as much energy in a year as France consumes, a situation exacerbated by the common practice of opening windows in winter to cool overheated homes.

Echelon's growth plan mirrors advances by cleaning group Ecolab, which grew its Russian business from \$30 million to \$130 million on the back of last year's acquisition of water treatment group Nalco.

Nalco has a joint venture with oil giant LUKoil to provide energy chemicals in Siberia.

Harris said Echelon's expansion in Russia could be greater were it not for high import duties for its smart meters, which are manufactured in China.

"We want to lift trade barriers such as import duties, which for advanced meters are 40 percent ... quite onerous," he said.

He added that he had talked with Jabil Circuit, a U.S. electronics manufacturer with operations in Tver, about manufacturing locally.

Russia's scheduled entry into the World Trade Organization later this year is expected to boost trade with international peers, although Harris said the effect will "take some time" to kick in.

"The pipeline of opportunity is now," he said.

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