

THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM – 2009

4–6 JUNE 2009, ST. PETERSBURG

ENERGY EFFICIENCY AND ALTERNATIVE ENERGY SOURCES

Moderator:

Mikael Lilius, Senior Advisor, Fortum Corporation; Chairman of the Board, Huhtamäki Oyj

Panellists:

Sergey Shmatko, Energy Minister of the Russian Federation

Vyacheslav Sinyugin, Deputy Energy Minister of the Russian Federation

Mauri Pekkarinen, Minister of Economic Affairs of Finland

Maria Van Der Hoeven, Minister of Economics of Netherlands

Miguel Sebastian, Minister of Industry, Tourism and Trade of Spain

Binyamin Ben Eliezer, Minister of Industry, Trade and Labor, Israel

Nobuo Tanaka, Executive Director, International Energy Agency

Discussion participants:

Jean-Francois Cirelli, Vice Chairman & President, GDF SUEZ

Mikhail Slobodin, President, IES, Chairman of the Board of Directors, TGC-5

Bernhard Reutersberg, Chairman of the Board of Management, E.On Ruhrgas AG

Jussi Pesonen, President & CEO, UPM-Kymmene

Vasily Zubakin, Acting CEO of the Board, RusHydro

Ole Johansson, President & CEO, Wärtsilä

Opening the session on energy efficiency and alternative energy sources, the moderator, Mikael Lilius, highlighted that the problems of energy efficiency rank very high on the global agenda, especially given the expected supply contraction. Therefore, issues related to CO2 emissions and climate change will remain crucial global problems. Answering the moderator's question on the key points of the Russian government's agenda regarding energy efficiency issues, Deputy Energy Minister Vyacheslav Sinyugin pointed out that the respective issues rank very high among the government's current priorities and that it is currently working on a stable long-term programme. He also mentioned the high priority accorded to improving energy efficiency.

Mauri Pekkorinen, Finland's minister of economic affairs, focused on the successes his country has already achieved in energy efficiency on the consumption side. He commented that Finland had an even more ambitious target of reducing energy consumption by approximately 11% from planned levels by 2020. Among the key measures, Pekkorinen cited new and highly efficient generation technologies and state-supported energy efficiency programmes as key ways to achieve these results.

Maria Van Der Hoeven, the Netherlands' minister of economics, focused on the significant potential of energy savings on the demand side. She commented on the improvement in consumption practices, mentioning that the Dutch government plans to implement savings programmes in 500,000 houses in the short term and 2.4mn houses in the medium term.

Miguel Sebastian, Spain's minister of industry, tourism and trade, spoke on the subject of renewable energy sources, an area in which Spain has achieved material progress having approximately 13% wind power generation capacity. As a result, Spain, according to Sebastian, currently exports more renewable energy than wine.

Benjamin Ben Eliezer, Israel's minister of industry trade and labour, focused on attracting private venture capital into the energy saving programmes and highlighted the practical solutions that the government has achieved in this area.

Nobuo Tanaka, executive director of the International Energy Agency, highlighted the long-term economic effects of investments into energy saving technologies. According to his calculations, \$1 invested in this area leads to \$1.5 savings in OECD countries and up to \$3 savings in the emerging economies. He also mentioned some specific recommendations to Russia, including demand-side efficiency and economic stimulus. Following Tanaka's speech, the moderator asked the audience to participate in an interactive survey, answering the question: What do you believe should be the main focus area in terms of improving energy efficiency in Russia? The two most popular answers were: 1) industry; and 2) utilities infrastructure, with most panelists in agreement.

The representatives of the energy companies focused on specific issues, discussing energy efficiency technologies which are currently at a very early stage of implementation. Vasily Zubakin, CEO of the board of RusHydro, commented on the un-utilised hydrological potential in the Russian economy. Mikhail Slobodin, president of IES-Holding, focused on the need to stimulate demand efficiency in order to achieve long-term saving effects. He also mentioned some examples of successful implementation in this area.

Closing the session, the panellists delivered their messages to the participants of the upcoming forum in Copenhagen, re-iterating the necessity for the long-term incentives in the energy efficiency area.