



# AEB Business Quarterly

Association of European Businesses

Quality • Information • Effective • Lobbying • Valuable • Networking

Summer 2013



## Energy Services Companies in Russia

**With AEB analysis of:**

**Reality of ESCO business in Russia / Challenges of adapting the European ESCO model to Russia /  
Legal aspects of ESCO implementation in Russia**



# MIOGE

## 12-я МОСКОВСКАЯ МЕЖДУНАРОДНАЯ ВЫСТАВКА **НЕФТЬ И ГАЗ**



**25-28**

**ИЮНЯ 2013**

**МОСКВА  
ЭКСПОЦЕНТР**



# RPGC

## 11-й РОССИЙСКИЙ НЕФТЕГАЗОВЫЙ КОНГРЕСС

**25-27**

**ИЮНЯ 2013**

**МОСКВА  
ЭКСПОЦЕНТР**

**ГЛАВНЫЕ  
МЕРОПРИЯТИЯ ГОДА  
ДЛЯ ГЛАВНОЙ  
ОТРАСЛИ РОССИИ**



**Dear Readers,**



Welcome to the Summer edition of the AEB *Business Quarterly*, which is devoted to a relatively new business sector in Russia: Energy Services.

Russia is the fourth-largest energy consumer in the world. According to World Bank research, Russia's theoretical potential for energy saving was 45% of the country's total primary energy consumption in 2005. Currently, the energy losses each year due to old, inefficient buildings, factories, and heating systems equal the amount of energy that many European countries consume in a year. Given that the Russian economy depends heavily on energy production and exports, there is a need to address this issue systematically.

Energy efficiency issues have already been given a high priority by the Russian government. New energy efficiency measures have been adopted since 2009, giving rise to an Energy Service Company (ESCO) market. For Russia, the ESCO industry is comparatively new, and is still in the early stages of development. But its potential is enormous and surely it will serve as a catalyst for the effective modernization of the Russian economy and, hence, increased foreign investment.

The AEB and the European Bank for Reconstruction and Development (EBRD) plan to introduce an energy efficiency label to the Russian market. This label will hopefully be available soon, giving companies the opportunity to offer their energy efficient products to the Russian consumer based on this voluntary certification.

This issue of *Business Quarterly* magazine provides you with the expert opinions of specialists in the sphere of energy efficiency in Russia. The articles include those from representatives of the leading companies in the Russian market. In addition, you will, as usual, get a chance to acquaint yourself with updates from the AEB's committees and our members' news, as well as to see a list of our new members, all of whom we are pleased to welcome to the AEB.

*I wish you all the best ahead!*

Dr. Frank Schauff  
Chief Executive Officer  
The Association of European Businesses

#### **AEB SPONSORS 2013**

Allianz IC OJSC • Alstom • Aon Hewitt • Atos • Awara Group • Bank Credit Suisse (Moscow) • BNP Paribas • BP • BSH Group • Cargill Enterprises Inc. • Clifford Chance • CMS, Russia • Continental Tires RUS LLC • Deloitte • DHL • DuPont Science & Technologies • E.ON Global Commodities SE • Enel OGK 5 • Eni S.p.A • Ernst & Young • GDF SUEZ • Gestamp Russia • HeidelbergCement • ING Commercial Banking • INVESTMENT COMPANY IC RUSS-INVEST • John Deere Agricultural Holdings, Inc. • KPMG • LEROY MERLIN Russia • MAN Truck & Bus AG • Mercedes-Benz Russia • Messe Frankfurt Rus, O.O.O • METRO Group • Michelin • MOL Plc • Novartis Group • OBI Russia • Oranta • Pirelli Tyre Russia • PwC • Procter & Gamble • Raiffeisenbank ZAO • ROCA • SERVIER • Shell Exploration & Production Services (RF) B.V. • Statoil ASA • Telenor Russia AS • TMF Russia • Total E&P Russie • Volkswagen Group Rus OOO • Volvo Cars LLC • VSK • YIT Rakennus Representative Office • YOKOHAMA RUSSIA LLC • Zurich Insurance Company



## AEB BUSINESS QUARTERLY, Summer 2013

### CEO Letter

Introductory words from Dr. Frank Schauff, Chief Executive Officer of the Association of European Businesses in the RF

1

## Energy Service Companies in Russia

### Introduction and General Overview

#### Energy Service Companies in Russia: a 250 year old idea coming to fruition?

Jeroen Ketting, Managing Director, Lighthouse Group;  
Chairman, AEB Energy Efficiency Committee

4

#### Pseudo Energy Service in Quasi-Market Economy

Boris Portyankin, President of the Association of Energy Service Companies and Manufacturers of Metering Instruments,  
New Dimension

6

#### Adapting the European ESCO model to Russian market: opportunities and challenges

Vincent de Rul, General Director, Fenice Rus.

9

#### Energy performance contracts & energy service companies: legal requirements & challenges

Dominique Tissot, Partner, CMS, Russia

12

#### Expectations and reality of ESCO business in Russia

Sergey Borovkov, General Manager, Lighting Business Consulting LLC

15

#### A Russian view on ESCO sectors

Stanislav Ovchinnikov, Marketing Director, ESCMO

16



Expectations and reality of ESCO business in Russia, p. 15



Annual General Meeting, p. 24



HR Conference "10 years of HR in Russia: Achievements & Prospects", p. 26

#### Energy Services Contracts in Russia

Jean Gravelier, Business Development Manager,  
Schneider Electric

17

#### Performance contracts at AvtoVAZ – a key source of energy savings

Maxim Grishin, President's adviser, JSC AvtoVAZ

19

#### Equipment manufacturers and ESCOs: natural partners to provide buildings energy savings

Paul Alias, Marketing director, Legrand Russia, CIS

20

#### The public sector: ESCOs – the key to the largest Russian energy efficiency market

Anastasia Nazarenko, Senior Consultant, Lighthouse Group

21

#### EnPCs in the public sector

Alexey Zakharov, Product Development Manager, Energy Efficiency and Climate Change Team, European Bank for Reconstruction and Development

24

#### AEB and EBRD back labelling to promote energy efficiency in Russia

Natasha Khanjenkova, Managing Director, Russia, EBRD

26



Performance contracts at AvtoVAZ – a key source of energy savings, p. 19

## AEB Updates

### Networking

27

### Committee Updates

31

### Member News

33

### Appointments

36

### New Members

37



The Forth Northern Dimensional Forum, p. 25

## Association of European Businesses

### Board

Reiner Hartmann (Chairman)  
Olga Bantsekina (Deputy Chair)  
Roger Munnings (First Deputy Chairman)  
Gerald Sakuler (Deputy Chairman,  
Treasurer)  
Christian Becker  
Jon Hellevig  
Jeroen Ketting  
Philippe Pegorier  
Vesa Vertanen

### Council of National Representation

Austria – Dietmar Fellner  
Belgium – Tikhon Evdokimov  
Czech Republic – Yana Ilovicna  
Denmark – Aage V. Nielsen  
Finland – Teemu Helpolainen  
France – Luc Charreyre  
Germany – Michael Harms  
Greece – Stefanos Vafeidis  
Hungary – Sandor Rethi  
Iceland – Ingolfur Skulason  
Italy – Costante Marengo  
Ireland – Declan O'Sullivan  
Lithuania – Julius Salenecas  
Montenegro – Luka Nikčević  
Netherlands – Lodewijk Schlingemann  
Poland – Karolina Skrobotowicz  
Sweden – Frederik Svensson  
Turkey – Ali Tunc Can  
UK – Don Scott

### Auditing Commission

Koschier Marco (Chairman)  
Roman Semiletov  
Gerard Uijtendaal  
René Pischel

### Chief Executive Officer

Dr. Frank Schauff

Publication name/Наименование издания: AEB Business Quarterly magazine/ Ежеквартальное деловое издание АССОЦИАЦИИ ЕВРОПЕЙСКОГО БИЗНЕСА

Published by/Учредитель: Non-profit making partnership "Association of European Businesses"/Некоммерческое партнерство "АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА"

Chief Editor/Главный редактор: J. Bendel/Бендель Ю. Э.

Publication volume and number/Номер выпуска: 2 (29), 2013

Released date/Дата выхода в свет: 5 June, 2013/5 июня 2013 г.

Circulation/Тираж: 16,000 copies /16 000 экз.

Cost/Цена: Distributed free of charge/Бесплатно

Publisher's address/Адрес издателя, редакции: 16, bld. 3, Krasnoprolletarskaya str., 127473, Moscow, Russia/Россия, 127473, г. Москва, ул. Краснопролетарская, д. 16, стр. 3

Printed by/Типография: MEDIACOM, Stolovy per. 6, 121069, Moscow, Russia/«МЕДИАКОМ», Россия, 121069, Москва, Столовый пер., д. 6

The AEB Business Quarterly is registered with Rosohrncultura, Certificate registration ПИ № ФС77-24457/СМИ "Ежеквартальное издание АЕБ" Зарегистрировано в Росхранкультуре, свидетельство о регистрации ПИ № ФС77-24457

All copyrighted images are taken from Katerina Grekova, www.shutterstock.com and www.dreamstime.com/Фотографии: Екатерина Грекова, www.shutterstock.com, www.dreamstime.com The opinions and comments expressed here are those of the authors and do not necessarily reflect those of the Non-profit making partnership "Association of European Businesses"/Мнения/комментарии авторов могут не совпадать с мнениями/комментариями учредителя публикации, Некоммерческого партнерства "АССОЦИАЦИЯ ЕВРОПЕЙСКОГО БИЗНЕСА"

# ENERGY SERVICE COMPANIES IN RUSSIA: A 250 YEAR OLD IDEA COMING TO FRUITION?



**Jeroen Ketting**, Managing Director, Lighthouse Group;  
Chairman, AEB Energy Efficiency Committee;  
Member of the AEB Board

*"We will leave a steam engine free of charge to you. We will install the engine and will take over for five years the customer service. We guarantee you that the coal for the machine will cost less than you spend at present on fodder for the horses, and that it will do the same work. And all that we ask of you, is that you give us a third of the money which you save."*

[James Watt, 1736-1819]

The idea of energy performance contracting is about 250 years old, but we are still struggling to make ESCOs and energy performance contracting work. ESCOs, or Energy Services Companies, offer energy efficiency improvement services by which the remuneration of the ESCO's services is linked to the projects' performance (performance-based contracting). This means that a part or all of the ESCO's revenue is directly linked to the amount of energy saved.

I recently participated in a meeting between the home-owners association of the apartment building where I live in Moscow and the local management company that is responsible for providing the communal services to us, the owners. When one of my neighbours complained that the light in the hallway is on twenty-four hours a day, the representative of the management company replied, "You are not paying for those lights, so why worry about it?" That, unfortunately, is still typical of the way most people still think about energy.

But, as the Russians say: "Hope dies last". There is a small but determined group of people who strive to save energy through entrepreneurship. Energy Service Companies represent entrepreneurship in its purest form as the ESCO invests and risks its own money by tying its fate to the actual performance in energy, and thus money, saved.

The ESCO business is complex because an ESCO would typically include the development and design of energy efficiency projects, installation and maintenance of energy efficient equipment and measurement, and the monitoring and verification of the project's energy savings.

Finance for the investment is usually either provided by the ESCO from its internal funds or by the customer. Also Third-Party Funding (TPF) is widely practiced, meaning a financial institution finances the ESCO or its client. The funding provided is often backed by a guarantee of the projected savings.

The ESCO business is complicated also because it brings together know-how, technology, energy, money and legislation, and it only works when these are all in harmony.

The world's biggest ESCO market, the USA, has a yearly turnover of over \$5 billion. In the EU, the most successful ESCO markets can at best be measured in the hundreds of millions of dollars. Most ESCO markets are driven by solid public policies and legislation. In most ESCO markets projects are mainly for public entities and institutions. Over 75% of the ESCO projects in the USA involve educational, health and municipal entities at the municipal and state level.

Not every country has the right mix of components to create an interesting ESCO market. In some countries there

is no direct need for one because, for example, they have effective mandatory demand-side management programs. It is still to be seen whether Russia will be able to produce the right policy environment for a healthy and sizeable ESCO market.

If Russia manages that, the potential is large as there is a huge public sector that could benefit from ESCO activities. In addition, the private sector is feeling the squeeze of rising energy costs, so it also provides opportunities for the ESCO business. The potential size of the ESCO market here can in theory be compared to the US market.

Today however, the successful ESCO projects that have been implemented in the public and private sector can still be counted on the fingers of one hand. Public policy and legislation in support of the ESCO sector are still wanting in Russia, and a savings culture still has to take root. But a relatively small group of enthusiasts continues to show engagement and entrepreneurship in Russia's ESCO sector and from time to time successful ESCO projects are implemented.

Many of these enthusiasts are represented in this *Business Quarterly* and I hope that reading about their ideas, results and plans you will become an ESCO enthusiast as well.

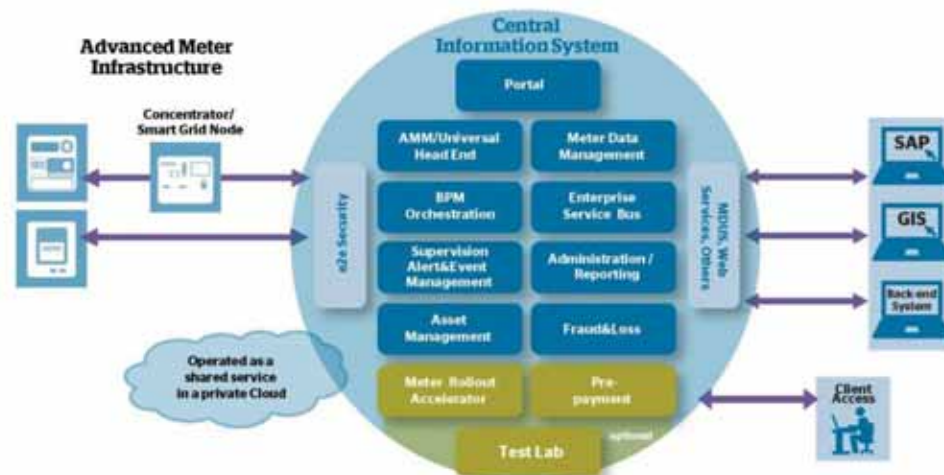
If James Watt could think of the ESCO model 250 years ago, we should be able to implement his ideas today! **BQ**



# Интеллектуальный учет как сервис. Решение ASGS компании Atos

Atos предлагает операторам сетей эффективное и привлекательное по своей стоимости решение для интеллектуального учета ASGS (Atos Smart Grid Solution). Это масштабируемое решение обеспечивает техническую эксплуатацию всей инфраструктуры интеллектуального учета в соответствии с требованиями завтрашнего дня при минимальных эксплуатационных затратах.

В последнее время во многих странах были созданы правовые условия для регионального развертывания систем интеллектуального учета. Внедрение таких систем требует глубокого понимания данной технологии, качественной реализации и использования опыта интеграции. Это гарантирует эффективную и экономичную эксплуатацию всех компонентов системы интеллектуального учета. Компания Atos обладает компетенциями по всей цепочке создания стоимости в интеллектуальной сети, предоставляет все компоненты программных решений, необходимые для обработки данных счетчиков и технической эксплуатации оборудования.



## Решение ASGS

Компания Atos предлагает решение, спроектированное и разработанное для большого количества интеллектуальных счетчиков (до 60 миллионов) - решение ASGS. На базе этого решения компания Atos отвечает за проектирование, разработку и сквозную интеграцию самой большой системы интеллектуальной сети учета в Европе (планируемый объем — 35 млн. интеллектуальных счетчиков во Франции).

### Стандартное решение состоит из следующих компонентов:

- Универсальный модуль (UNE) обеспечивает связь с интеллектуальными счетчиками и концентраторами от различных производителей.
- Модуль Автоматизированного управления счетчиками (AMM) собирает и проверяет полноту данных счетчиков, отвечает за настройку параметров и обновление встроенных программ концентраторов и интеллектуальных счетчиков.
- Модуль Управления данными счетчиков (MDM) обеспечивает хранение, агрегацию, проверку и коррекцию данных счетчиков.
- MDUS выполняет функции соединения ASGS с SAP/Службами для обеспечения расчетов с потребителями и управления потребителями в системе SAP/IS-U.
- Корпоративная сервисная шина осуществляет координацию и контроль всех бизнес-процессов.
- Модуль наблюдения и мониторинга обеспечивает эффективный контроль и техническую эксплуатацию инфраструктуры счетчиков.
- Средство администрирования позволяет управлять правами доступа и параметрами системы.
- Модуль отчетов предоставляет возможность подготовки самых разных отчетов со специальными механизмами фильтров и запросов.
- Веб-портал для санкционированного доступа администраторов/операторов сети и потребителей.
- Модуль управления устройствами отслеживает развертывание и состояние программного обеспечения счетчиков и концентраторов.

- Модуль управления ресурсами накапливает и сохраняет все статистические и динамические данные, получаемые с счетчиков и концентраторов.
- Уникальное решение обеспечения сквозной безопасности для эксплуатации интеллектуальных счетчиков.

## ASGS как разделяемый сервис

В качестве решения для разделяемого сервиса компания Atos предлагает всем подключенным операторам сети возможность использования ASGS из частного облака. В таком решении каждый оператор в равной степени имеет доступ ко всем функциям.

В нашем центре обработки данных Tier3+, на платформе высокой доступности, функционирует центральная информационная система. Atos выполняет все требования по безопасности, доступности и эффективности центра обработки данных, управление которым осуществляется с применением самых современных методов. Каждый заказчик получает собственный экземпляр установленной системы. Это позволяет каждому сетевому оператору работать исключительно со своими счетчиками и соответствующими данными о потребителях полностью независимо от других операторов. Для оператора это означает максимально возможный уровень безопасности и доступности системы при минимальных затратах на инвестиции и эксплуатацию информационной системы. Частное облако представляет собой проверенную модель, успешно используемую компанией Atos для других групп клиентов.

## Преимущества

- Синергия, полученная от применения бизнес-модели разделяемого сервиса, гарантирует сетевым операторам самые низкие капитальные и эксплуатационные затраты в процессе внедрения и использования инфраструктуры интеллектуальных счетчиков.

- Повышение качества информации о потреблении/производстве, получаемой от интеллектуальных счетчиков.
- Одна и та же инфраструктура может быть использована для счетчиков разных видов энергоресурсов (газ, центральное отопление, вода). Это автоматически приводит к дальнейшему росту эффективности.
- Система сквозной безопасности гарантирует полную защиту связи между интеллектуальным счетчиком и центральной системой.
- Использование стандартизированного протокола интеллектуального счетчика обеспечивает самую высокую степень эффективности и функциональную совместимость аппаратных компонентов.

В настоящее время в Италии по принципу разделяемого сервиса Atos эксплуатирует примерно 3 миллиона интеллектуальных счетчиков электричества и газа.

## Почему Atos

Atos является ведущей международной компанией по предоставлению услуг в области информационных технологий с годовым доходом 8,8 млрд. евро (по состоянию на 2012 год) и штатом, насчитывающим 76 400 сотрудников в 47 странах мира.

В области интеллектуальной Энергетики компания Atos может привлечь более 3 000 экспертов с компетенциями во всех основных областях энергетики и коммунального хозяйства. Компания Atos выгодно выделяется среди других поставщиков ИТ-услуг, поскольку она оптимально охватывает всю технологическую цепочку, начиная от датчиков до панелей управления. Это обеспечивает идеальное сочетание индустриальных знаний и компетентности в области ИТ.

### Контакты в России:

Atos IT Solutions and Services,  
1-й Кожевниковский пер.6/1, Москва, РФ  
Тел. +7 495 7372513; +7 495 7372599  
e-mail: info.it-solutions.ru@atos.net  
[www.atos.net](http://www.atos.net)

# PSEUDO-ENERGY SERVICE IN A QUASI-MARKET ECONOMY



**Boris Portyankin**, President of the Association of Energy Service Companies and Manufacturers of Metering Instruments, New Dimension

In 2009, Russia adopted Federal Law No. 261-FZ On Energy Savings and Improvement of Energy Efficiency, which provides for a relatively new form of business in Russia, an energy service contract with an Energy Service Company (ESCO) as a contractor. In developed countries, ESCOs are the main tool to identify and monetize saving by implementing new technologies, equipment and innovation solutions.

In Russia, however, there is no mass implementation of energy solutions, especially where they are most needed, in the utilities sector. The structure of energy services under the law proved inapplicable to the realities of the Russian economy, as it is being implemented in an over-simplified and abridged form of "performance contracting".

In brief, it can be formulated as follows: the cost of an energy service contract may not exceed the amount (percent) of savings resulting from its fulfillment. Such a narrow view of energy services restricts the scope of their application in Russia, and makes them too complicated in terms of accounting and recording of the obtained results and impossible from the perspective of the whole economy.

The so-called EnPC (Energy Performance Contract) model appeared in the mid-80s, and became popular among public officials by offering a theoretical possibility to finance energy savings work without allocating money from the budget. The EnPC approach

was in demand throughout the world, especially during the crisis. It is this model that the Russian law is attempting to implement as the only possible model for ESCOs.

This approach may have grave consequences, as it does not factor in the historical, technological, geographical or financial conditions which make it possible to use this kind of a model. Moreover, there is a risk of stifling the nascent energy saving culture that was nurtured in Russia before the energy saving law.

Then, ESCO activities were based on setting up optimized energy resource consumption at the facilities subject to accounting, and identifying and eliminating the sources of losses by repairing equipment. Before the energy savings law was adopted, such companies had united into an interregional association, and started to develop and implement rules and standards regulating their activities.

However, the energy savings law defined ESCO activities otherwise, identifying ESCOs with EnPCs. It adversely affected the work of ESCOs, and facility owners practically stopped allocating funds for the creation of

basic conditions for energy savings. Most projects remained incomplete, and many contracts were terminated. Accounting arrangements practically ceased, especially in heat supply, as heat is the most expensive energy resource in Russia, ten times more expensive than water, gas or electricity.

In a market economy, provision of energy resources to a consumer is impossible without accurate measurement of what is consumed, when, and the quality of the resource consumed. When such resources are measured at the point of consumption, they actually become commodities, as the metering device determines their volume, consumer value and market price.

In Russia, most facilities have no consumption accounting at all, and the consumer pays for access to the resource, rather than for the commodity, while the government continues to establish consumption rates and standards on an administrative basis. That is why, without energy resource accounting, there can be no market relations in the utilities sector.

Obviously, the main objective of ESCOs is to create a system of energy resource accounting. But the energy





savings law completely confused the issue by making an energy service contract equivalent to an EnPC. Now, no one is willing to spend money on energy savings, or on accounting arrangements.

Everyone is expecting that the costs of accounting and energy savings measures will be borne by the ESCO, which will make a small economic miracle at each specific facility at its own expense and at its own risk. Consumers will have energy inspections, automated accounting equipment, and capital improvements of their facilities for free. Various intermediaries, like managing and operating companies, local administrations, energy saving centres, and other bodies that own energy consuming facilities, will try to make money out of the ESCO.

But the problem is that there are no such miraculous ESCOs anywhere in the world. In Russia, the EnPC ideology was naively identified with ESCOs' real work. An ESCO's objectives have nothing to do with patching budget holes or solving the problems of officials and

owners that are not willing to spend money on energy saving. Its goal is to identify and use the savings obtained at a customer's facility in ways that are acceptable in specific economic conditions and at the same time enable the ESCO as a commercial organization to make a profit in the foreseeable future.

In no country is the EnPC the only model for ESCOs. It is only a small part of the many types of energy service provided by ESCOs. An ESCO's order portfolio may or may not include EnPCs. An ESCO may work both at public and private facilities performing work from energy inspection and designing energy saving measures, to replacement or modernization of utility equipment, setting up operation modes of household appliances, optimization of energy consumption, making repairs, and everything else that is wanted in the market and which the customer is willing to pay for.

ESCOs that use only EnPCs are not a mass phenomenon, even abroad. In fact they are quite rare. Such ESCOs are more often cultivated for advertis-

ing purposes by large corporations as part of "innovation centres," research institutions, or technopolises to which delegations from developing countries are brought on excursions. Their experience is interesting, but not relevant to Russian conditions.

One more national peculiarity of ESCOs in Russia is that Russian ESCOs were deprived of the main function of all energy service activities, that is carrying out an energy inspection. Only after conducting its own inspection, can an ESCO assume the obligations and risks of obtaining a share of the savings it can provide to the customer within a certain period. It is the target setting stage – inspection – and further target attainment stages ensured by an ESCO under an energy service contract that distinguishes an ESCO from an ordinary contractor carrying out the work to achieving energy savings.

The Russian energy savings law first of all cut out the initial stage for every ESCO, the energy audit of the facility. Energy inspections can legally be performed only by specialized com-








★ EARLY YEARS PRE-SCHOOL ★ CAMBRIDGE CHECKPOINT ★ IGCSE ★ A LEVEL ★ CAMBRIDGE PRE-U ★

AIS is a family of international schools in Moscow and St. Petersburg

**AIS offers:**

- Full range of education on one site including Early Years Pre-school, Primary and Secondary schools
- Access to a full, enriched and creative Cambridge International curriculum (Cambridge Checkpoint exams, IGCSE, A-level, Cambridge Pre-U)
- Excellent computer and IT facilities
- Completely modernised building with light, fully furnished and spacious classrooms
- Modern Foreign Language lessons (French, Spanish, Italian, German)
- Comprehensive Afterschool Programme including Art, Music, Dance, Drama, Football, Swimming, Chess, Athletics, Tennis, Volleyball, Downhill Skiing, Skating, Piano, Guitar, Violin, Yoga, Ballet, Karate and Gymnastics
- School meals four times a day including breakfast, lunch, snack and dinner
- Up to two-hour homework time organised at school

[www.atlanticschool.ru](http://www.atlanticschool.ru)
[admissions@atlanticschool.ru](mailto:admissions@atlanticschool.ru)



panies mandatorily included in a list of self-regulatory organizations. The only work product of the companies proliferating immediately after the adoption of the law is making energy certificates and submitting them to these self-regulatory organizations, which then send it to the Ministry of Energy for approval.

Although the guarantor of the energy certificate accuracy is the Ministry of Energy, hardly any ESCOs will rely on its calculations in order to define contractual obligations or calculate commercial risk. ESCOs will have to conduct their own energy inspections and document their results separately, since the energy certificates made by non-interested parties are for the most part inapplicable and drawn up only for reporting purposes.

Evidently, those who contemplated all these mandatory, self-regulatory organizations of energy audit companies did not think of the outcome. Thus for ESCOs, energy inspection (target setting) and implementation of results (target achievement) were disconnected from each other because of the absurd bureaucratic procedure introduced by the 2009 law.

But that is not all. In the utilities sector, there appeared an almost insuperable barrier for ESCO activities. Though apartment houses have great energy saving potential, the legislator left no chance for ESCOs here either. According to the existing procedure, even to drive a nail into the outer wall of a house, a general meeting of its residents must be convened and votes of the apartment owners totalling over 50% of the house area have to be collected.

To reconstruct an apartment house (including its extension or build-up), construction laws require collecting the votes of 75% of apartment owners. And for an ESCO to perform this or that energy saving measure, Part 4 of Article 19 of the energy savings law requires not 98%, not even 99%, but 100% of votes! Moreover, the cost of organizing such general meetings may be ten times higher than the cost of the ESCO's work.

Let's have a closer look at this legislative barrier. Part 4 of Article 19 of the energy savings law sets forth requirements for the terms of ESCO's

making an energy service contract with "the person responsible for keeping an apartment house," that is a managing organization, a condominium or a housing cooperative. To make the contract, such a managing organization, condominium or housing cooperative has first to obtain the power to sign such a contract by holding a general meeting of residents and collecting at least 50% of the votes.

And there is more. Having obtained the power to sign a contract with an ESCO, the managing organization, condominium or housing cooperative will have to obtain the individual written consent of each apartment owner separately to any action prescribed by the energy service contract, which has already been approved by the general meeting. And if just one apartment owner does not give his or her consent, the energy savings law renders the contract void. This means that if one apartment owner lives in another city or country, the public prosecutor's office or a court may also deem the energy service contract made by an ESCO void.

Clearly such requirements are not practical for energy service contracts. With such risks, any *bona fide* ESCO will keep away from apartment houses. Far less will it raise funds or risk its property.

So the law declaratively calls for energy savings and improvement of energy efficiency in apartment houses ,on the one hand, but eliminates every

possibility of using an energy service contract to do so, on the other.

While housing laws require 50% agreement of all residents, the energy saving law demands 100% agreement, confirmed in writing! Is such unanimity possible in a liberal country with deeply-rooted values of non-conformism and individual freedom?

In my opinion, there are no comparable examples of obligations to hold general meetings with a strictly prescribed legal procedure of making collective resolutions on trivial household issues anywhere in the world. In view of the commitment of the Russian housing laws to collectivist methods of making decisions by apartment owners, supposedly to protect their individual rights, we cannot hope that this situation will ever change.

However, we would like to believe that the evident absurdities and barriers will be removed from the energy savings law, especially in respect of such new and promising form of business as ESCOs.

The impossibility for ESCOs to operate within the law will inevitably lead to numerous abuses. In some regions, schemes of mass population deception by falsifying metering data are already being implemented under the slogan of energy service development. If such processes are not nipped in the bud, and the law is not changed, the consequences for energy savings development and the improvement of energy efficiency will be negative. **BQ**



# ADAPTING THE EUROPEAN ESCO MODEL TO THE RUSSIAN MARKET: OPPORTUNITIES AND CHALLENGES



Vincent de Rul, General Director, Fenice Rus

**W**hen considering the potential for improvement of the energy efficiency of a facility, the most efficient and reliable partner is an Energy Service Company (ESCO). Indeed, the ESCO will define the best technical solution, will implement the project in due time, will arrange financing of the project, will make a commitment on the quality of work and services and on the reliability of modernized equipment, and so the client will receive guaranteed results in the form of achieved savings.

When contracting with an ESCO for such a project, the final client (private or public) will not have to invest a single rouble, and will receive a guarantee that his energy bill will decrease during the whole life of the contract. It looks like ESCOs have in their hands Aladdin's Lamp, and they are proposing to their clients to make more than three wishes. This is partly true, but actually the difficulty is not to find Aladdin's Lamp, but to know how to get the genie out of it!

In Europe, where the ESCO business is well developed, well understood and widely spread, you can easily find an operating manual for doing ESCO business. The legal, technical and financial mechanisms exist to make such business profitable, with an acceptable level of risk. Actually, the ESCO business is more about risk management: the ability to identify risks and to mitigate, accept and share them.

The main risks are the ones we expect when doing such business:

- Technical risks: as through the technical solution the ESCO will guarantee results,
- Financial risks: as the ESCO will support investment and own equipment,
- Operational risks: as the ESCO will have the responsibility of the Operation & Maintenance (O&M) of the modernized assets for the duration of the contract (standard is from 7 to 12 years, depending on project characteristics),
- Legal and fiscal risks: in Europe they are fairly well defined and manageable through the corresponding legislation which usually takes into account the ESCO model and corresponding contractual scheme.

This of course does not mean that life for ESCOs is easy in Europe. It is still a risky business, but the keys to making it profitable are well known by the professional operators in this market.

## The energy service efficiency is the result of several improvements proposed by an ESCO and implemented together with the customer

### INTERNATIONAL OVER THE VALUE CHAIN



## ESCO (Energy Services Company)



Know-how of best available technologies and equipments

Good understanding of energy uses in the production process

Optimized way to operate the energy and utility plants

Best practice to maintain a L/T high efficiency and reliability, reducing costs

### CRITICAL SUCCESS FACTOR



Finally, the market risk usually cannot be managed directly but through some specific mechanisms, which depend mainly on the characteristics of the project and of the client.

What about transposing such a business model to the Russian market? Are we still speaking about Aladdin's Lamp, or we are getting closer to "Lost in Translation"?

### **ESCO model for Russian market: Aladdin's Lamp or "Lost in Translation"?**

If you have your own European manual for the "Perfect ESCO" and try to apply it to the Russian market, you will face difficulties that are not only linked to the quality of "Google translation." To illustrate the problems, I will take a few examples of the difficulties that can arise, and some solutions that can be implemented. This is of course not to be considered a Russian manual for the "Perfect ESCO", as I am pretty sure that cannot be created, but it shows some of the challenges and opportunities of this market in Russia.

Your difficulties will start when you try to define in which category of contract (according to fiscal authorities) it is possible to classify the Performance Contract (the standard model of contract in Europe) between an ESCO and its client. Is it a service contract? Is it an investment contract? Is it a contract to exchange goods and materials? As long as you cannot classify your activity, and thus the corresponding contract in a conventional form, you will be questioned by public and fiscal authorities.

In Russia there tend to be two main answers. Some companies will simply limit the scope of the ESCO's activities (audit, engineering, financing, construction, commissioning, operation and maintenance) to the activities that can be classified under the same category. In such a way, you will have ESCOs that will propose only audit and engineering, including from time to time acting as an EPC contractor (Engineering, Purchase, Construction).

Others will propose financing (through a loan or leasing solution). Very few ESCOs will propose only the O&M activity (it is the one which requires specific know-how and experience). This solution is perfectly adapted to the market as a way to get round the

difficulties. But in some way, it represents a de-rating of the ESCO's potential, both for the ESCO itself and also for the client.

The other solution is to maintain the full ESCO range of activities under the same entity, adapting the contractual scheme to the requirements of Russian law. This is feasible, and represents the only way to be able to make a commitment to the client on the achievement of the saving, accepting that the ESCO remuneration is based on actual saving.

Fortunately, things are changing, slowly but in the right direction. Since the last change in the law (in particular the Federal Law 261 on Energy Efficiency) it has become easier to define a recognized contractual scheme corresponding to the standard ESCO model.

### **What about outsourcing?**

As you will have understood by now, the principle of an ESCO business is to have remuneration based on the actual saving that will be generated by the project. To be able to make such a commitment, and to guarantee the efficiency and the reliability of the system, over a period of years, it is necessary to have, as far as possible, control over the new assets. Furthermore, such assets represent the best technologies and usually require specific organization for the implementation of the appropriate O&M.

This means outsourcing to the ESCO the O&M of the new assets.

If we look at industrial sector in Russia, most companies are fully integrated, and may have the capability to implement with their own resources some complex projects like energy efficiency ones. So

when you propose to externalise part of the activity, and even transfer people to the payroll of the ESCO, which is the standard way to organize outsourcing of the O&M, this will be looked at negatively. Once I was told, when discussing with an industrial partner such outsourcing, that it would be just like "cutting out an organ from the body." It is then necessary to explain the advantages of adopting such a scheme, and present the benefit of externalising some responsibilities to professional partners who can bear them.

By the way, also on this matter things are improving: the incentive for a company to concentrate on its core business and work with professional partners on other topics (like an ESCO for the optimisation of energy efficiency) is becoming obvious in most sectors, both private and public.

### **What's next?**

The Russian market is not yet ready for a full and quick development of the ESCO business as we know and understand it in Europe. But that does not mean that those who are making it happen should give up, or be afraid of what must be done to succeed. In the end, it took more than 200 years to transform the idea of James Watt into real business. Russia started to look seriously at its potential for energy saving and energy efficiency improvement less than five years ago. Furthermore, there is such energy and creativity in this country that almost anything is possible and potentially profitable.

My advice: do not count the cost of your personal energy, if you want to undertake energy efficiency projects in Russia!

**BQ**



# LEGRAND ENERGY EFFICIENCY



Legrand lighting management solution for an office space 400 m<sup>2</sup> with daylight, vacancy-based control + daylightbased control

1

SAVING ON ENERGY<sup>(1)</sup>

**13 500 Rub**

2

► Payback 2 years max

3

GREENHOUSE GAS (GHG) EMISSIONS AVOIDED<sup>(2)</sup>

**467 kg | CO<sub>2</sub> eq. | year**

(1) based on EN 15 193

(2) Greenhouse Gases (GHGs) include water vapour, ozone, carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O). They are measured in CO<sub>2</sub> equivalent units

Note: A vehicle with an average consumption of 4.5 l/100 km emits 11.8 kg of CO<sub>2</sub>/100 km i.e. 0.118 g of CO<sub>2</sub>/km



## MEASUREMENT OF ELECTRIC POWER AND SUPERVISION

Potential savings for an 300 m<sup>2</sup> group of offices

SAVING / YEAR **23 970 Rub / 1000 kg eq. CO<sub>2</sub>**

► Payback 2 years max



## CAPACITOR BANKS WITH REACTIVE COMPENSATION

Case of 1000 m<sup>2</sup> commercial building that wants to reduce its energy bill

SAVING / YEAR **55 000 Rub / 1600 kg eq. CO<sub>2</sub>**

► Payback 2 years max



## GREEN SWITCHES AND TIMERS

service of 100 people equipped with computers linked to green switchers and timers

SAVING / YEAR **20 000 Rub / 760 kg eq. CO<sub>2</sub>**

► Payback 3 years max



## DRY TRANSFORMERS

Case of a transformers 24 kV / 1000 kVA with low losses for industrial facility application that wants to reduce its energy bill

SAVING / YEAR **12 000 Rub / 816 kg eq. CO<sub>2</sub>**

► Payback 3 years max

## Responsible, clearly displayed information

Every Legrand Energy Efficiency solutions are easy to identify, carrying a specific symbol. The Eco-label displays main indicators: the financial savings, the payback period and the equivalent weight of CO<sub>2</sub> saved.

**legrand®**

[www.legrand.ru](http://www.legrand.ru)

# ENERGY PERFORMANCE CONTRACTS & ENERGY SERVICE COMPANIES: LEGAL REQUIREMENTS & CHALLENGES



Dominique Tissot, Partner, CMS, Russia

Increase, dated 23 November 2009 (referred to below as the "Law"), as well as a full spectrum of secondary legislation which was developed in order to give effect to this law.

In accordance with the Law, all state (regional and municipal) programs must provide for the increased use of energy efficient technologies and secondary energy sources and/or renewable energy sources with specific energy saving targets to be met within the next 15 years. In order to facilitate the efficient use of energy resources and to support and encourage energy saving, new public procurement rules have been introduced, as well as incentives e.g. investment tax credits, accelerated depreciation of assets classified in the top energy efficiency classes and

partial compensation for interest payable on loans granted by Russian banks.

Also, tariff-regulated companies transferring energy resources will be able to take advantage of different incentives for a maximum period of five years through either a gross-up of their proceeds by the amount of expenses incurred for actions aimed at reducing energy losses or retention of the economic benefit generated by investments in energy efficiency and energy saving.

However, these measures are limited in their effect and scope of application. To date, investment in energy efficient technologies in Russia has been low compared with the rest of the world.

Among the key barriers to the development of the Russian sustainable

**S**ustainable energy supply will be one of the key challenges of the forthcoming decades in most countries, but particularly in Russia. Fortunately, the Russian authorities and companies have understood that the application of energy efficiency technologies can allow them to save cash and reduce the impact on the environment.

But the challenges are numerous and dealing with them requires considerable political support. Urgent action is required to achieve, notably, an increase in tariffs and termination of cross subsidies, the completion of energy accounting systems across the country, the modernization of energy generation, transportation and consumption, the establishment of independent energy efficiency management bodies and a specific system of penalties and incentives. Last but not least, both an increase in public awareness and sensitivity to environmental challenges as well as a new culture of energy consumption are key to the successful implementation of any environmentally-driven energy efficiency measures.

Russian leaders have admitted that the modernization of the economy will not be possible until there is some development of energy effective systems. A first step towards encouraging the use of energy efficient technologies was made by the Federal law, On Energy Saving and Energy Efficiency





energy market are tariffs, which are still too low. Most experts agree that an increase is crucial to make projects in the sphere of energy efficiency financially viable. Also the paucity and high cost of financial resources available in the Russian market, the lack of understanding of the energy efficiency business and prospects, and the low level of public awareness and sensitivity to ecological and energy consumption issues, make it quite difficult to attract private investment into the Russian energy efficiency market.

That being said, several notable mechanisms were introduced in Russian legislation that should help to make the development of projects in the sphere of energy efficiency more attractive.

In this respect, in particular the Law introduced the concept of the Energy Performance Contract (EnPC). The key feature of this type of contract is that the investor is remunerated out of the profits generated from the measures taken on energy savings, the price being fixed depending on the achieved results or upon the level of perfor-

mance of the contract i.e. subject to the actual value of the energy savings.

The Law provides for a number of mandatory terms to be included in an EnPC, e.g. on the volume of energy saving guaranteed by the executor and the expiration date of the agreement (which may not be less than the term necessary for the achievement of the volume of energy resource savings set by the agreement).

EnPCs usually cover planning, financing, implementing and monitoring of energy efficiency measures where the ESCO provides energy saving guarantees expressed in monetary and/or physical terms.

Apart from "pure" EnPCs, the Law also provides for the possibility of introducing clauses concerning energy service agreements into contracts of sale, purchase, supply or transfer of energy resources (except natural gas).

Generally speaking, two main ESCO business models can be envisaged:

*The shared savings model* – under that scheme the ESCO finances the

project by covering the project costs, through own funds and/or debt financing) and assumes both the performance (energy savings guarantee, and credit risks. The energy saving is split between the ESCO and the client according to the EnPC terms.

Clearly this model requires financially strong ESCOs to either finance the project on their own or attract financing based on solid guarantees (assets pledge, group guarantee, etc.). In principle, by putting all cost and risks onto the ESCO, this model should help develop the ESCO market and its attractiveness to Russian clients. In practice, though, only a few ESCOs are financially strong enough so far in the Russian market to self-finance their activities and/or attract outside funding. Moreover the costs of financing, as well as the lack of financial solutions from Russian banks adapted to the specifics of the ESCO business, also hinder development.

*The guaranteed savings model* – under this model the ESCO guarantees a certain level of energy savings and takes

## CMS, RUSSIA

**C/M/S**  
Law.Tax

innovative  
**reliable**  
20 years in Russia  
experienced thorough professional pragmatic

11 Gogolevsky Blvd.  
Moscow, Russia, 119019  
T +7 495 786 4000

 **KEY CONTACT:**



**Dominique Tissot**

Partner | Tax  
Head of Energy Efficiency  
T +7 495 786 3088  
E [dominique.tissot@cmslegal.ru](mailto:dominique.tissot@cmslegal.ru)

[www.cmslegal.ru](http://www.cmslegal.ru)

the energy savings risk (performance risk). The client provides the financing and takes the credit risks. If savings are higher than planned, the surplus is split between the client and ESCO, based on EnPC terms. This model requires a high degree of trust between the various project participants (ESCO, client and bank) and so is probably more relevant for more mature countries due to the lack of understanding of the energy efficiency business in Russian companies and the short history of financing ESCO businesses in Russia at present.

This new type of contract is also aimed at allowing companies from the *public* sectors as well as state authorities and state companies to invest in energy efficient and/or renewable sources of energy at limited cost. Little or no up front investment is required from them as the investor is paid from the profits generated by the energy savings.

But the difficulty is that these projects, mostly in the housing and utilities sectors (heat, water, etc.), usually require substantial investment, with a long payback. So investors look for financial guarantees from banks and



the region/municipality, as well as guarantees on tariffs, and modernization of installations (measurement and verification, operations and maintenance).

In this respect, the Russian law on concessions might facilitate the financing of projects in the sphere of energy efficiency through the conclusion of Private-Public Partnerships (PPPs). This is an instrument for providing public services while sharing financing and/or responsibility between the private and public sectors.

This law is the backbone of the PPP framework which opened the way for the implementation of PPP ventures in many parts of the public sector, including transportation, ports, airports, pipelines and other infrastructure, as well as housing and communal services, energy, medical, sports, recreational and educational facilities.

However, investing in the public sector is still risky due to the political character of such projects, the weaknesses of, and loopholes in, procurement law and the budget code of the Russian Federation covering these payments.

In the end, to modernize, Russia needs to find ways to grow more productively. And in this respect, it can opportunistically take advantage of its rich, diversified energy resources to grow in an energy efficient and carbon neutral way, yet through economically attractive measures without equivalent among the BRIC countries. **BQ**



**LIGHTHOUSE**  
from idea to business

Since 1999, Lighthouse provides hands-on business support, management services and strategic advice to companies active on the Russian market. Every year, Lighthouse supports over 150 companies and organizations with their activities on the Russian market.

**Lighthouse offers:**

Market Entry	Business Establishment	Project Management	Strategic Advice	Commercial & Sales Support
--------------	------------------------	--------------------	------------------	----------------------------

**5 reasons to work with us:**

1. A mix of Western and Russian staff with a strong affinity with Russia and in-depth knowledge of the Russian business environment
2. A team with a practical, problem solving attitude combined with a strong analytical basis
3. Tailor made approach, also for small and medium size businesses
4. One-stop-shop for all challenges related to activities in Russia
5. Strong presence in Russia for over 10 years with us Moscow based office

**CONTACT US TO FIND OUT WHAT LIGHTHOUSE CAN DO FOR YOU**  
First one-hour consult is free of charge

**Office:**  
Ulitsa Mytnaya 3, 10th floor, off. 41,  
119049 Moscow, Russia  
Tel: +7 495 9800979  
Tel/Fax: +7 495 5029286

[www.thelighthousegroup.ru](http://www.thelighthousegroup.ru) | [info@thelighthousegroup.ru](mailto:info@thelighthousegroup.ru)



# EXPECTATIONS AND REALITY OF ESCO BUSINESS IN RUSSIA



Sergey Borovkov, General Manager, Lighting Business Consulting LLC

In Russia, Philips Lighting started to investigate the energy service company (ESCO) business model in 2009 when the new law, №261-FZ, on Energy Saving was adopted. At the time, taking into account the state of lighting systems in the country and the lack of money and real interest in improving them, I thought usage of Energy Performance Contracts (EnPCs) could make a breakthrough in lighting projects because this business model supposes minimal or no customer involvement in financing the project or the selection of the technical solution.

Looking back and evaluating the actual results, I see that the ESCO business is developing more slowly than I expected at the end of 2009 when law 261-FZ was adopted. Why? What went slower than expected? What are the main difficulties of Russian ESCOs? Let's look at the biggest roadblocks that restrain the development of the ESCO business in Russia.

**Legislation.** *De jure*, EnPCs are not considered as investment contracts, and this creates difficulties for ESCOs when they are participating in municipal or government tenders (e.g. in street lighting projects). According to the law, in the majority of cases, participants are obliged to provide a security deposit of, on average, 10%. This requirement is absolutely valid for the standard cases with governmental financing. But *de facto* an ESCO is investing its own or borrowed money in the project. This

leads to extra costs that ESCOs finally add to the contract. Alignment of *de jure* and *de facto* issues, and changing the legal status of EnPCs to investment contracts would create proper conditions for the development of the ESCO business in Russia.

**Quality of data.** ESCOs bear huge risks in the projects. One of the biggest is the guarantee of achieving energy savings. To minimize this risk, it is vitally important to establish the baseline and precisely measure and verify results. If the second issue is under control of the company, the first one very much depends on customers' data. Due to historical conditions in design and exploitation of industrial or street lighting systems, finding precise data on current energy consumption and the working hours of installed equipment is difficult for the ESCO. Understanding these problems, an ESCO is forced to run the risks associated with data quality and unreliability, and the price of the contract reduces its attractiveness. Implementation of modern control systems, especially in street and industrial lighting, and splitting of the electrical networks for lighting and other purposes, would significantly increase transparency and the reliability of the data, and decrease the risks to ESCOs.

**Project financing.** By the nature of business and circumstances, Russian ESCOs are not very big companies, hav-

ing limited assets, which leads to limitations on banking financing. Even with their technical capacity and the customers' demand for service, in practice ESCOs cannot expand their business for the reasons mentioned above. Financial barriers are one of the main roadblocks inhibiting the expansion of the ESCO business. To eliminate this roadblock will need mechanisms for loan refinancing. At the moment, the European Bank of Reconstruction and Development (EBRD) is working on this subject. But still, there is no clear idea of when the process will be finished.

**Total cost of ownership.** The budget systems of our municipalities are deeply rooted in Soviet practice. Even now, investments in, and exploitation of, street lighting systems are financed from different categories in the budget. The ESCO business is built on the model called Total Cost of Ownership (TCO), but unfortunately its basic principles are unknown to municipal authorities (when we are talking about street lighting projects). This mismatch between the traditional and the new ways of thinking on financing projects creates stress on the decision-making side. Changing the point of view of the project's decision makers, explaining TCO principles to them, is one of the time-consuming aspects of the project. But these efforts are paying off, otherwise we would not be looking at a growing number of EnPCs.

## Proposals and recommendations:

1. Creation of refinancing mechanisms for ESCO companies would boost attractiveness of the business and increase number of ESCO projects;
2. Remove contradictions between the *de jure* and *de facto* status of EnPCs and consider them as investment contracts.
3. Increase the knowledge level about TCO and basic ESCO business principles, especially among government decision makers.

BQ





# A RUSSIAN VIEW ON THE ESCO SECTOR



Stanislav Ovchinnikov, Marketing Director, ESCMO

A clear picture of the Russian ESCO, or Energy Service Company, remains rather difficult to obtain. In the international literature, authors state that an ESCO is a private or a public company that implements special projects to improve energy efficiency and lower costs for energy users. ESCOs are usually able to install and maintain high-quality energy equipment, to finance energy efficiency projects and to monitor project energy savings. These services are usually included into the project's cost.

There is no state support for the ESCO sector. Most projects are financed from an ESCO's own funds. Russian banks rarely try to finance energy efficiency projects.

Russia is the fourth-largest energy consumer in the world. Its potential for energy saving is high. In Russia, the ESCO sector is new. Some foreign companies are trying to promote projects, but there is no information about the results and no research has been done in this area. However, there is enough information available to declare that the level of energy efficiency in Russia is low because of the following factors:

- Strong administrative barriers are one of the main issues. Local authorities are unaware of energy efficiency problems and have no interest in reducing energy costs. In this case it is often difficult for ESCOs to persuade them to cooperate in energy efficiency projects.
- Lack of experience of Russian banks with financing ESCOs' projects, and

the high credit risk of energy efficiency projects. Lack of experience in cooperation between ESCOs and banks. No guarantees of return of investments.

- Lack of information on energy efficiency opportunities, as is common in developing countries. For example, top managers are usually unaware of opportunities which the modernization of their equipment may bring. This leads to inefficient energy project development.
- Lack of incentives. For example, if individuals in an organization are not motivated to cut energy costs, they will have no incentive to improve energy efficiency. Another example is that maintenance staff may have an incentive to minimize capital costs of equipment but have no incentive to minimize running costs. This might be considered as a hidden cost. Personal motivation is a very important factor, and managers should take it into consideration in order to reduce their energy costs.
- Non-payment of electricity bills, which is common in Russia.
- Lack of competition in the Russian energy market.
- Russian bureaucracy.
- Lack of skills of ESCOs' staff.
- Weak legal base for energy efficiency projects.

However, energy efficiency problems are widely discussed within the Russian government, and laws are being drafted to change the situation. According to Art.16 of the Federal Law No. 261-FZ, On Saving Energy and Increasing Energy Efficiency, and on Amendments to Certain Legislative Acts of the Russian Federation, which was adopted on 23 November 2009, state organizations, companies implementing energy savings measures that are financed through the governmental budgets and Russian Federation industrial companies with annual energy consumption exceeding RUB 10 million are obliged to undergo energy audits before the end of 2012,

and once every five years thereafter. Other organizations may do the same. According to Article 19.1 of the law, an energy service contract is a type of civil law contract under which a contractor attempts to increase the efficiency of energy consumption on the part of the customer.

Energy audits, also known as energy assessments or surveys, are a preliminary requirement for efficiency programs. They attempt to balance energy inputs with use, and serve to identify all the energy streams in a facility. After an energy audit, an energy passport is issued which includes all information and recommendations.

What is the aim of this law? The main reason is to build a legislative base for future ESCO development, and to oblige companies to think about their energy costs, and how to reduce them. This may result in significant investments in the ESCO sector in future. Another aim is to bring energy efficiency standards up to international levels in order to attract foreign investors.

Moreover, the Federal Energy Service Company was established in order to strengthen the control of energy service market and to supervise the implementation of Federal Law 261 FZ.

In conclusion: the Russian ESCO market has a high growth potential. Most projects are financed from ESCO funds or by their customers. Russian banks are only starting to offer leasing contracts. The Russian government is taking measures to develop the ESCO sector. After the requirement to conduct an energy audit, many audit companies appeared. However the legislation has significant gaps in terms of rights and the funding of energy efficiency contracts. The Russian ESCO market may benefit from foreign investment, but now the unknown payback period of energy investments represents a high risk.

More research is needed on this subject due to the lack of information about the Russian ESCO sector. **BQ**

# ENERGY SERVICES CONTRACTS IN RUSSIA



Jean Gravellier, Business Development Manager, Schneider Electric

**A**n Energy Performance Contract (EnPC) means any type of contract supplying services with the aim of energy efficiency improvement and for which the remuneration is contractually linked with the level of improvement achieved by these services. In Europe, these EnPCs have become one of the key policy tools for improving energy efficiency. In its 2010 report on the European ESCO market survey, the Institute for Energy at the European Commission (JRT EIT) estimated the amount of these contracts at nearly EUR 9 billion for the 27 members of the Union. Of these 9 billions, France and Germany alone accounted for 80%.

EnPCs represent only a part of a broader set of so-called “energy services contracts” that integrate the operation of facilities, delivery of fuel, and maintenance services under a total or partial guarantee. The contracts themselves can be sold in a flat mode or with a total or capped profit-sharing related to savings. Similarly, delivery of equipment where the supplier offers a technical guarantee subject to penalties for failure to achieve the guaranteed level is also a form of energy services contract.

In France, the Ministry of Ecology, Sustainable Development, Transport and Housing has analysed the situation of energy performance contracts in 2011. It is interesting to note that “obstacle” is the leitmotiv of this report: legal obstacles, technical obstacles, economic and financial obstacles. For the French Ministry, performance contracts suffer from a lack of definition; guarantee

mechanisms are deficient. The report speaks of a “nascent appropriation of the new contractual field”. There are difficulties in quantifying the savings to be achieved and of taking into account changes in energy costs, and difficulties in getting an objective base line which is a condition for calculating the remuneration under the contract.

If we look closely, these problems in France could be described identically in Russia, except that France already generates a volume of EUR 2.4 billion in energy performance contracts per year. We must therefore do more than just talk.

In Russia, we can indeed speak of obstacles to concluding contracts with public sector companies due to limited time commitments for budgetary organizations. But who prevents us achieving energy performance contracts in the industrial sector? And which conditions are problematic?

## Clarify all roles and responsibilities

The manufacturer must clearly understand his own interest when undertaking an outsourcing operation. It must analyse its strengths, its core business, but also the added-value it can hope to receive from a provider of energy services. Often, an industrialist sees only the financing issues and is not willing to challenge his own expertise. Often he is still ready to buy technology or know-how but is wary of losing control of its operation to a third party.

In my view, the performance contract provides considerable expertise, technology and management skills, but it serves primarily to establish a dialogue and constructive challenging of industrial practices. It generates a more objective and standardized procedure, it provides a structure for the energy management of the company. Finally it involves more than just delivery of equipment. Preparatory works such as audit, contract negotiation and setting up a base line are all useful for the manufacturer as information can help shape a new image of the com-

pany management. For this reason, the manufacturer must select an energy services company based on criteria of competence (not just technical skills) and not only according to finance.

## The financial criterion is not the first

The issue of funding the contract performance is secondary. If it is based on a reliable, credible and bankable partnership, then project funding will be found. Performance contracts can be financed by a third party or by the manufacturer itself. A financial institution will more readily finance a project if it can assess the quality of the “technical and managerial signature” of an energy service company.

## Introduction of contractual flexibility

The relative lack of development of energy performance contracts in Russia is due to the fact that the parties want too specific contractual commitments and do not accept a flexible interpretation of the contract. Often, the federal regulation says too much and requires the parties to submit to binding contractual obligations. In reality, only the parties can define what suits them.

The performance contract presupposes an agreement in principle between the parties about what each does. This agreement will result in a contract which clarifies the roles and responsibilities of each party. Is it really useful to penalize a contractor who does not reach hundreds of guaranteed savings when it has already achieved 40 or 60% savings? Chemical purity does not exist; it is necessary to define an objective contractual base line, but the parties must agree that much can change and a flexibility in interpretation is required throughout the life of the contract. In short, the principle of contract performance should remain as much as it can a win-win scheme.

Based on these three conditions, a manufacturer can find a reliable energy services company with which to embark on the path of improving energy efficiency. Here we must emphasize,

in my opinion, the equipment suppliers, as Russian industry will be much more open to a technology management approach. European experience relevant to Russia is in several areas:

**Infrastructure Building:** in Mitelfart (Denmark), the municipality entrusted Schneider Electric, after a tendering process, with the renovation of 97 municipal buildings (184,000m<sup>2</sup>) with the aim of covering the renovation investments by generated savings. An audit conducted on eight pilot buildings showed potential gains of 24% compared to the average consumption of the last three years. An investment plan worth EUR 6 million was developed with a gradual classification of measures according to the return time on investment (from 2 years to 10 years). In the contract signed with the municipality, the savings to be achieved were limited to 85% of the potential savings in order to reflect unquantifiable and unpredictable factors. The period of investment has been spread over three years, after which a maintenance and guarantee period lasts for 10 years. The contract provided that in the event of non-achievement of

the contractual performance, the energy services company must pay the difference between actual performance and contractual performance or re-invest in order to achieve the contracted performance. After a few years of operation, the contract has made an average of 21% energy savings for the municipality, or EUR 0.5 million per year.

**Industry:** In a subsidiary of a glass-maker in France, Schneider Electric managed a true turnkey energy control project, including the phases of audit, energy expertise, proposals, implementation of technical solutions and project management. Five areas of the plant were analysed in detail and made the subject of proposals for energy savings. A system for heat recovery from fumes at the outlet of the furnace was installed, using electrostatic filters with a steam generator and a steam turbine. Existing compressors were replaced and the power supply was switched from 200 to 400V in order to allow variable speeds. Finally, the fans of the cooling towers were equipped with variable speed drives. Total estimated earnings of this investment (of around EUR 3 mil-

lion) provided a return on investment in 8 to 10 years. The customer funded this through a lease with several French banks. They have been particularly sensitive to the contribution of Schneider Electric not only for estimating correctly the savings but also for project management and meeting deadlines.

A similar approach was used by a French mining and metallurgical group. Investments were made in energy recovery with the installation of a heat pump at the outlet of the cooling water circuits, then in lighting, then in building management. Finance for these investments (EUR 0.5 million) was secured by an assignment of debt with a de-consolidating scheme according to IFRS norms for the two parts.

Industry thus provides a test-bed for energy performance contracts. Governments should encourage freedom of contract and not restrict it. Manufacturers must develop genuine partnership strategies and be less reluctant to sign contracts with major partners who have strong expertise in their fields so they can achieve great success with energy efficiency. **BQ**



## Allianz has developed and launched an exclusive VMI Programme for AEB members – Allianz MedExpert

Allianz MedExpert – Our contribution to the benefit of your employees

### Advantages of Allianz MedExpert

#### Flexibility

- wide range of programs and options as well as numerous medical facilities
- available for relatives
- additional options for pregnancy and childbirth

#### Regional coverage

- the same pricing model as for Moscow program
- considerable discounts
- full flexibility of the clinics at the same time

For more information please visit our website  
[www.aeb.ru/membership/vmi](http://www.aeb.ru/membership/vmi)

#### Quality

- all employees have the same wide coverage and access to the same first class services regardless of the program level

#### Transparency

- the pricing of the programs is independent of the number of insured and every AEB member has access to the same competitive prices

#### Value for money

- small and medium sized companies can achieve significant savings relative to comparable VMI programs

#### Price stability

- option to enter into a two years contract as a solid basis for budgeting purposes

**Allianz** 

OJSC IC Allianz, 30 Ozerkovskaya emb., Moscow, 115184, License by the Federal Service for Financial Markets C N°0290 77



# PERFORMANCE CONTRACTS AT AvToVAZ – A KEY SOURCE OF ENERGY SAVINGS



Maxim Grishin, President's Adviser, JSC AvToVAZ

**E**SCO-operated, performance-based energy service contracts have become a key source of energy savings at JSC AvtoVAZ. Performance contracts make possible the implementation of modern technical solutions, generating considerable savings in economically effective projects and complying with energy efficiency legislation. I am pleased to share the experience of AvtoVAZ working with an ESCO to optimize its energy consumption.

A lot has been said about Russia's energy consumption in recent years. Attention has been paid to the question at national level and the relevant legislative action has been taken, particularly the Federal Law (23 November 2009) № 261-FZ, On Energy Savings and Energy Efficiency Improvements. Expert opinion on the results of its execution and its effectiveness vary.

During an energy efficiency seminar, the head of energy at a major metallurgical plant commented on the issue of participation in state financed energy efficiency programs and the utilization of tax incentives, saying that his company never counted on help from the state and would rather not have the state interfere in the implementation of the plant's energy efficiency initiatives. Such an attitude, though radical, presents the position of a commercial entity making real efforts to reduce its energy bills.

In my opinion, this law, if properly interpreted, will help development. One of the requirements of 261-FZ for a com-

pany whose energy bill exceeds 10 million roubles is having an energy passport, prepared after an energy audit by an appropriate energy audit company. Audit procedures include identification of the company's energy savings potential, suggestions for energy efficiency measures and an analysis (if possible) of the company's energy efficiency program.

An energy service contract, whose realization results in the reduction of total energy consumption, definitely has a place in such a programme.

It is worth noting that even though there is a lot of scepticism with respect to the legislator's methods and approach to decreasing national energy consumption, in my opinion this is a unique chance for energy maintenance heads at production plants to implement the efficiency projects they have been unable to find room for in a company's budget for years.

Depending on the availability of financial resources, companies choose the most effective ways of financing their projects. As a representative of the energy management system of AvtoVAZ, I can state that the best way for us to generate energy savings under the current conditions is performance-based contracts.

Whereas internally generated administrative consumption-cutting and energy efficiency measures do not require significant, if any, investment, energy efficiency projects generally deal with the replacement of equipment. Despite the fact that projects bring savings and reduce energy consumption, getting the investment budget for them is usually a difficult task.

Performance-based contracts are easily approved since they require no investment by the company and they improve the P&L by reducing operating expenses. This is especially useful when borrowing facilities are fully utilized.

Performance-based contracts, most of which were entered into during the economic crisis period, made it possible for AvtoVAZ to save more than 5% of

its annual energy consumption, mostly due to the existence of performance contracts. There are several projects realized by Fenice, a specialized ESCO in the EDF group. Under performance-based contracts, we share with Fenice the savings in energy resulting from the modernization of the centralized compressed-air production system, the automated control of heating systems and compensation for active and reactive energy. AvtoVAZ's share of nett savings amounts to millions of dollars per year.

Reporting savings generated from performance contracts is important. It is necessary to trace how a company reports the energy savings data to the appropriate internal and external bodies.

The effect on a company from the realization of performance contracts is a decrease in the company's total consumption and its energy bill. The savings are decreased by the payments made to the ESCO for their services in order to arrive to the nett economic effect.

For national energy statistical purposes, the decrease in kW/h terms and the respective decrease in monetary terms are important. This data is included in the energy passport, whose aggregation and analysis is done for the purposes of "inventorisation" of Russia's energy balance. It is also important for the specific consumption indicators at plant and technological process level, and ideal for benchmarking purposes.

The nett cost of sales decrease, though, is the amount that is brought to the attention of the finance and economics department of the company. Both figures should be explicitly indicated in the company's energy efficiency programme in order to provide transparency and to act as a single source of data.

Over the past three years AvtoVAZ has felt a positive effect from this approach. In my opinion, energy service performance-based contracts could become best practice for energy efficiency solutions for Russian production companies.

**BQ**

# EQUIPMENT MANUFACTURERS AND ESCOs: NATURAL PARTNERS TO PROVIDE BUILDING ENERGY SAVINGS



Paul Alias, Marketing Director, Legrand Russia, CIS

ensure an effective service and reduce conflicts of interest, ESCOs work independently of equipment suppliers.

## EQUIPMENT MANUFACTURERS AND ESCOs: NATURAL PARTNERS

The ultimate purpose of ESCOs is to propose energy efficiency contracts guaranteeing investors and operators an overall reduction in their energy bills. Equipment manufacturers are a natural partner for ESCOs in this context, and provide them with support through information and/or training on the available solutions for an optimized approach to energy efficiency: measuring, presence detectors and lighting management, dry-type transformers, power factor compensation, etc. For example, measuring solutions enable ESCOs to perform energy audits by taking local or remote consumption readings in both new and existing buildings. ESCOs are thus very much at the heart of the pursuit of energy efficiency, combining efficiency and effectiveness while optimizing human and financial resources over the long term.

## PRACTICAL SOLUTIONS FOR ENERGY SAVING IN COMMERCIAL BUILDING

The measurement and visualization of consumption are necessary preliminaries before analyzing and setting up action plans. For practical energy saving, there are easy-to-install and ready-to-use solutions:

- (1) Lighting: presence sensors (for occupancy or vacancy; and for daylight detection) can save up to 55% of lighting energy consumptions offices.
- (2) Office work-station equipment (computers, printers, fax, coffee machine, etc.), when plugged to "green sockets" linked to timers, will cut electrical consumption during nights and over week-ends.
- (3) Emergency Lighting: the use of LED technology will extend their lifespan and reduce consumption.
- (4) Scenario switches in meeting rooms will not only enable all-off functions to save energy, but will also improve comfort and working productivity. This is a reminder that energy saving is not only a question of technology but is also dependent on individual behavior change.

**BQ**

## SERVICES DEDICATED TO OPTIMISED OPERATIONS

As the business model of European energy suppliers is being fundamentally reworked to take account of the need to provide innovative services matching new environmental restrictions, the role of Energy Services Companies (ESCOs) is that of third-party operators. They need to be able to perform building energy audits and consumption analysis, then put in place action plans involving quantifiable amounts of energy savings and, where appropriate, the use of renewable energy sources, while providing a guarantee of lasting long-term results. Corrective action plans are used to ensure achievement of the targets set by thermal management regulations and eco-labels. To



# THE PUBLIC SECTOR: ESCOs – THE KEY TO THE LARGEST RUSSIAN ENERGY EFFICIENCY MARKET



Anastasia Nazarenko, Senior Consultant, Lighthouse Group

**T**he public sector is one of the most energy-intensive parts of the Russian economy, ahead of the agriculture, construction and machinery sectors. The energy consumption of public buildings is equivalent to nearly 10% of the budget of an average Russian region. At the same time, during mandatory energy audits of public buildings, the energy saving potential has been calculated at 30-45% of the energy consumed, equalling several billions of dollars.

Despite this, ESCOs have not yet been able to tap into this potential market because of the inconsistent legal framework within which the ESCO businesses in Russia must operate. Other problems are the lack of available capital and the low motivation for energy efficiency in the public sector. This makes energy performance contracting (EnPC) with public sector clients a high-risk business. Intensive consultations with the Russian ESCO sector have shown that companies are willing and able to execute energy service projects in the public sector. However, these companies require technical support in mitigating the project risks associated with the discrepancies between tender procedures and the legislative framework, as well as help from the government to build capacity for EnPC projects in the public sector.

The public sector is potentially the largest market for ESCOs in Russia. One of the objectives of the government is to reduce energy consumption in public buildings by at least 15% in the period of 2011-2015 without additional investment. EnPCs could be an ideal solution. Importantly, they could also improve the comfort level of the teachers and students, doctors and patients, civil servants and other users of the public buildings by upgrading the ventilation, heating and lighting systems. Nevertheless, despite the interest in ESCO activities in the public sector, both by ESCOs and municipal governments, up to now there have been almost no examples of successfully completed EnPC projects in the public sector in Russia.

In this article I will describe the main challenges which ESCOs face when trying to tap into the EnPC potential of the public sector. While studying the ESCO and EnPC financing markets, I interviewed twenty of the largest Russian ESCOs. The following five challenges for ESCOs in the public sector became evident based on the practical experience

of these companies: the small capacity of the EnPC market in the public sector; the human factor in the execution of EnPCs, discrepancies in the legal framework, imperfections in tender procedures and the lack of available capital.

One of the challenges for ESCOs is the lack of practical experience in executing EnPC projects in the public sector because of the small size of the market. It is supply-driven, so the few existing projects are based on direct arrangements between ESCOs and municipal governments. Generally speaking, the ESCO designs the project and prepares the tender documents, so that it is appropriate for only one company. This individual approach to projects limits the scalability of the ESCO business and gives opportunities mainly to companies which are already supplying goods or services to these municipalities. For this reason, some of the ESCOs currently implementing EnPCs in the public sector are spin-offs from regional energy suppliers and IT integrators.

The second challenge of the ESCO business is the human factor, which can





impact on the successful implementation of energy saving measures in a public building. The human factor is manifested in the lack of awareness, motivation and culture of energy saving by public clients. During the energy audits of schools and kindergartens in various regions, ESCOs have identified unregistered energy consumption for purposes like a car wash, a fitness club and even a sauna. Using energy resources for non-core activities is more common among public sector clients than implementing energy saving measures.

First of all, managers of public buildings have no direct motivation to sign an EnPC. The part of the energy savings attributed to the public client cannot be spent on salaries or bonuses, but needs to be invested into further improvement of energy efficiency, so the building owners do not “feel” any money resulting from the savings. Secondly, energy efficiency may be a key term in regional and municipal government policy, but mid-level decision-makers have no knowledge of it and no instructions on how to treat EnPC projects. Neither can they perform regular verification procedures and execute payments to the ESCO under the budgetary code. Finally, the level of energy saving literacy of building operators is still extremely low. These operators tend to be rather conservative, and one course on the use of energy efficient equipment provided by an ESCOs is not enough to counteract this.

The third challenge for ESCOs is the legislative framework, which does not take into account the nature of EnPC contracts and the specific risks of initiating and executing these projects. Such risks include mistakes in determining the baseline during the initial energy audit, difficulties of verification of savings in comparable conditions, and excessive bureaucratic requirements for an EnPC. Such risks directly influence the size of the remuneration of the ESCO.

Consulted ESCOs have noted the low efficiency of the mandatory energy audits in public buildings and on existing energy passports. A lot of companies performing energy audits launched this new service because of the growing demand for mandatory audits, but they do not have the required expertise and professional staff. Energy audits are performed in 72 hours, often without even visiting the actual site. The access to primary data

in the public sector also needs considerable improvement. Currently around 30% of the public buildings are still not equipped with heating meters, and more than 50% lack cold water meters.

Project risks associated with the verification of energy savings in comparable conditions are not regulated by the current contractual arrangements and legislative framework. There is no commonly used methodology, or standards of measurement and verification in comparable conditions, which would be widely accepted by the ESCOs, public clients and financiers. Thus, the verification process can lead to disputes between the parties and last for several months. Some ESCOs have encountered an intentional increase of energy consumption by public sector clients through installation of new and more powerful equipment or inappropriate usage of resources, for example using hot water to get better ice on a school skating rink. Resulting from this, companies are forced to establish an on-site project office or install automated remote control monitoring and metering devices, which are usually not included in the project budget.

As energy service activities and EnPCs are not clearly defined in Russian legislation, the contract can be interpreted by the public client in its own favour. Public entities enforce the same require-

ments for an EnPC as for a standard civil works contract, including mandatory expertise of the project plans, design documents and other paperwork.

Discrepancies in the legislative framework are closely linked to the fourth challenge of the ESCO business in the public sector: the imperfections of tendering procedures. The tender process for EnPC projects falls under the standard rules of state procurement without taking into account the nature of energy service activities. For example, a factor like the accumulated savings attributed to the client is not taken into consideration.

One of the main factors contributing to the rapid development of the ESCO business in the public sector worldwide is the standardization of the building stock and the opportunity to use economies of scale when executing a number of identical projects. But the current tender legislation in Russia makes this nearly impossible, as ESCOs need to sign separate contracts with every public building operator, each time completing the full paperwork.

The fifth challenge for the ESCO in Russia is the lack of available capital. There are four groups of ESCOs operating here: engineering companies and equipment producers, spin-offs from energy suppliers, spin-offs from IT integrators, and subsidiaries of finan-



cial institutions like Gazprombank and Sberbank. Only the last group has free access to financial resources to invest into EnPCs. The most active ESCOs, which have the right technical expertise to implement projects in public buildings, are small and medium-sized engineering and construction companies, which have minimal assets and their own capital. Banks offer such companies loans on general terms with interest rates of at least 15% with high requirements for down-payments and collateral. Lack of available funding limits the possibility of an ESCO to execute large-scale projects and forces ESCOs to form consortia in order to jointly fund and execute projects.

All the above challenges are constraints on the development of ESCO markets everywhere. They were successfully overcome in some of the developed countries with the support of government, assistance from international financial institutions and initiatives for sector associations and partnerships. Experience in Eastern European countries shows that technical assistance to

public clients in the preparation of tender documents and drafting contracts can create confidence on the part of the ESCOs and stimulate EnPC activities in the public sector. The awareness and motivation of public clients can be raised by creating a set of clear official instructions and recommendations. Awareness campaigns are also important for creating a positive image for energy efficiency and raising knowledge about energy-saving technologies and measures among the general population.

Both ESCOs and financial institutions note that execution of several show-case pilot projects in the public sector can boost activity. At the moment, stakeholders have a shortage of practical knowledge of EnPC mechanisms and project risks. Evaluation of a real-life project can help create an effective risk management program and allow financial institutions to develop special financial instruments, such as factoring of receivables under an EnPC.

In order to build capacity for the EnPC market in the public sector, the initial efforts of the energy service community should be concentrated on organiz-

ing and streamlining the EnPC process in one segment with the lowest possible risks. In the Russian market, this is the street lighting segment. EnPC projects in street lighting can be implemented in a controlled environment with minimum human factor risk, and can be easily replicated, scaled up and adapted to any Russian region. Systematic development of the ESCO business in the street lighting segment will attract third-party funding to the sector and demonstrate the benefits of EnPCs to Russian municipalities.

The willingness and ability of ESCOs to engage in EnPC projects with public sector clients is clear, but the young ESCO sector needs support from the Russian government, and technical assistance from international institutions, in order to jump-start activity on a wider scale and tap into the substantial potential that exists. But the main step towards the development of the ESCO market in the public sector is raising awareness among policy makers, managers of public buildings and the population at large. We hope that this edition can contribute towards achieving this important objective. **BQ**



**FENICE RUS LLC** is one of the first Russian energy service companies. It was established in 2009 by EDF Fenice, Italy, a provider of energy, environmental and energy efficiency services ultimately controlled by the French energy holding EDF Group.

Using the know-how and the professional competences of its parent company, **FENICE RUS** provides energy efficiency services to industrial companies operating in various sectors

**FENICE RUS** has already implemented a number of major energy efficiency projects for industry on the basis of an innovative model of energy service contracting.

**FENICE RUS** is an ideal partner for industrials, public or private, seeking tailored energy solutions.

Zemlianoy Val str., 8  
105064 Moscow Russia  
tel. + 7 495 781 9335  
fax +7 495 781 9336

[www.fenicerus.ru](http://www.fenicerus.ru)  
[fenice.rus@fenicespa.com](mailto:fenice.rus@fenicespa.com)





# ENPCs IN THE PUBLIC SECTOR



**Alexey Zakharov**, Product Development Manager, Energy Efficiency and Climate Change Team, European Bank for Reconstruction and Development

Despite several unresolved issues in connection with public procurement and budget legislation (covered by other authors in this magazine), there are a number of Energy Service Companies (ESCOs) in Russia that have accumulated large portfolios of public sector EnPCs worth several million dollars in future savings. The key barrier to a faster uptake of market opportunities faced by these companies is not the lack of capital, or legislative hurdles (these constraints are at the bottom of the list), but rather a lack of capacity on the part of beneficiaries of these projects to prepare quality tender documents for the public facilities in need of an energy efficiency upgrade.

This bottleneck is not specific to Russia though. In other markets where the European Bank for Reconstruction and Development (EBRD) operates and where it has supported ESCOs, such as Bulgaria and Romania, ESCOs face the same challenges. To tackle this problem in a consistent manner, the EBRD has ensured that in Russia and other mar-

kets where the Bank is investing (or is planning to invest) in ESCOs and EnPC projects (such as Ukraine, Poland and western Balkans), public sector clients are offered technical assistance provided by high-quality international and local consultants hired by the EBRD in order to prepare and implement EnPC tenders, thus helping to create the basic market demand for ESCO services. These consultants' services are paid for by a grant from the Global Environmental Facility (GEF)<sup>1</sup>.

The program combines advisory services with investment support to enable regions and/or municipalities to develop and implement energy efficiency programmes in public buildings. It consists of the following components:

- Technical assistance programs to selected regions/municipalities for developing and implementing energy efficiency projects in public buildings. This includes preparation of the pilot project, including an energy audit of buildings, development of the investment plan, financial model,

monitoring and verification procedures and training, preparation of model EnPCs and tender procedures and documentation, training for staff of the municipality and potential participants in the tender (ESCOs, engineering companies).

- Policy support to the Ministry of Economic Development and local authorities to develop the necessary regulations to ensure the successful implementation of the projects, and their scaling up.
- EBRD financing of Energy Efficiency projects in public buildings through the following options:
  - A direct loan to a private company, a so-called ESCO, implementing the energy efficiency project.
  - Loans or guarantees of loans to dedicated energy efficiency financing facilities to be established by Russian banks, other financing companies or companies active in the energy services sector (private and publicly owned) or regional government authorities.

In May-June this year, the city of Omsk will call for tenders for EnPC projects as part of a large program of creating a market for such projects in the public sector, supported by the GEF grant.

A total of about 14 buildings, all of them schools and kindergartens, will be offered to potential ESCOs for energy efficiency upgrades through concluding an EnPC between the winning bidder and the school or kindergarten in question. Next year, two or three more cities will join the pilot regions' club, while Omsk should see buildings put out to tender on a larger scale.

And here is where the issue of availability of capital comes to the fore. Although the EBRD is able to provide long-term financing to ESCOs directly, it is unlikely that many engineering companies will be willing to take on large sums of long-term debt for the



<sup>1</sup> Global Environmental Facility (GEF) is an international climate change donor agency under the auspices of the UN. The GEF-funded program runs for 5 years from November 2010 to October 2015. In early 2011, the EBRD hired a consortium of Russian and international consultants with expertise in the technical, legal and financial issues related to energy performance contracting to support the EBRD in implementing the Program.



benefit of third parties (schools, hospitals and the like). The Bank therefore expects that the market will get a serious development boost only when there are a number commercial entities willing to use their capital for the sole purpose of buying receivables on concluded EnPC contracts from ESCOs though factoring transactions. The EBRD is searching for such players and is ready to consider different approaches from a variety of sponsors (ESCOs, banks, public authorities, etc.) in order to create a financial instrument suitable to their needs. Such a facility, when it emerges, will help ESCOs get refinanced. That in turn will free up capital for new EnPC tenders.

The EBRD is also actively involved in shaping the legislative landscape of the public EnPC sector, which has quite a number of hurdles to overcome. The Bank is working both with the Ministry of Economic Development on addressing the issues and through other forums (for example the Working Group of the Duma Energy Committee). One of the significant outcomes worth mention-

ing are two amendments to procurement legislation that will take effect from 1 January 2014.

The first links the collateral requirements of ESCOs to savings (as opposed to linking them to the volume of client's energy consumption as is done today; utility bills are always much larger than savings).

The second makes EnPCs eligible for the competitive negotiation type of tender envisioned in the Federal Contract System Law, the new procurement law that will come into effect on 1 January 2014. Competitive negotiation, officially called a "two-stage tender", is a radical departure from the one-stage tender of today, under which ESCOs cannot comment on the adequacy of a range of tender requirements and specifications proposed by clients.

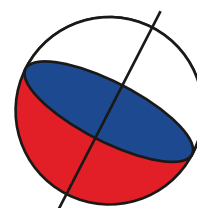
That said, of the public sector EnPCs, it should also be noted that a breakthrough has already been achieved in the area of industrial EnPCs. In December 2012, the EBRD financed one of the first dedicated industrial sector ESCOs in Russia,

Fenice Rus, a 100% subsidiary of an Italian ESCO, EDF Fenice (which is ultimately controlled by EDF, Électricité de France). The EBRD provided Fenice Rus a seven-year local currency loan equivalent to EUR 20 million to fund the energy efficiency investments that the company will be making under its growing portfolio of industrial EnPCs. Fenice Rus has been active in the Russian industrial market since 2009 when it signed the first EnPC with AvtoVAZ, the largest carmaker in Russia.

The EBRD's work on the development of the market for energy performance contracting is integral to the Bank's Sustainable Energy Initiative (SEI), which places an important emphasis on promoting energy efficiency investments across all sectors by combining financing with technical assistance and policy dialogue aiming to catalyze such investments. Since the launch of its SEI in 2006, the Bank has invested over EUR 2.4 billion in energy efficiency projects in Russia, resulting in annual CO<sub>2</sub> reductions of over 18.1 million tonnes. BQ

# RUSSIA CONSULTING

## Accounting • Tax • HR • Office • IT



- **Expertise from one source:** In-house experts in accounting and IFRS, tax and IT
- **Strong team:** 150 accountants in our Moscow office, with a pre-defined support structure
- **Convenient office hours:** Our reception works from 8 a.m. until 10 p.m. including Saturdays
- **Know-How:** Proven expertise in the three major ERP systems - 1C, SAP and Navision
- **International presence:** Offices in Moscow, St. Petersburg, Aktau, Almaty, Kiev, Minsk, Frankfurt and Warsaw
- **IT Security:** We run our own server system with multi-stage back-up procedures and zero down-time
- **Transparency:** Quarterly overview of the most important indicators on the balance sheet, income statement and taxation
- **Quality assurance:** Our in-house compliance department ensures quality and SOX compliance
- **Communication:** All our accountants speak English and/or German
- **10 Years of success:** Over the last decade we have been successfully advising companies on their business set-up in Russia / CIS, Poland and Germany

# 10 YEARS

## 2003-2013



**Ulf Schneider**  
Moscow  
Managing Partner

+7 / 495 / 956 55 57  
info@russia-consulting.eu  
www.russia-consulting.eu

# AEB AND EBRD BACK LABELLING TO PROMOTE ENERGY EFFICIENCY IN RUSSIA



**Natasha Khanjenkova, Managing Director, Russia, EBRD**

tion of European Businesses as a clear champion of energy efficiency equipment in this country.

The endorsement label scheme is being developed in stages. The first equipment type to be covered by the label is stationary electric motors, a segment that is one of Russian industry's huge energy users. This will be followed by labelling for energy efficient windows, refrigerators and other equipment types yet to be determined.

It is important to be able to link the increased consumer awareness generated by the label scheme to the avail-

ability of the finance needed to buy such equipment.

This is why the AEB's decision to work closely with the EBRD's Russian Sustainable Energy Finance Facility (RuSEFF (see [www.ruseff.com](http://www.ruseff.com)), as well as with local banks showing an interest in energy efficiency investments, is to be welcomed.

The AEB endorsement label scheme will take time to implement, but it marks a first step in educating not only the buying public but also sales staff about the importance of this issue.

**B**uying energy efficient household goods can still be difficult in Russia. Sales staff in most shops tend to promote wares on the basis of the attractiveness of their design or the additional functions they can perform, but are at a loss when asked which particular model is the most energy efficient.

The fact that the AEB and EBRD are cooperating to make it easier for buyers to invest in energy efficient equipment is therefore both a timely and welcome development.

It offers an important opportunity for Russia since companies investing in modern energy efficient equipment can help to reduce costs and improve their competitiveness, not to mention the environmental benefits.

One of the tangible outcomes from the cooperation between the AEB and the EBRD is the development and roll-out of an energy efficiency endorsement label. Such endorsement labels have proven extremely effective in many other countries – from the USA to China, and from India to Australia.

These labels help to transform the market by creating consumer awareness of the benefits of energy efficiency by helping to distinguish energy efficient equipment from that which is more energy-intensive. Companies that have adopted such labels in other countries have seen their sales and market share of energy efficient equipment increase.

The AEB Board's decision to take on the role of label scheme owner and operator in Russia places the Associa-

## THE AEB CONFERENCE CENTRE IS AVAILABLE FOR YOUR MEETINGS AND CONFERENCES



- Up to 3 rooms, accommodating 10-70 people
- 5-minute walk from Novoslobodskaya metro station
- Equipped with WiFi and a modern air conditioning system
- Multimedia overhead projectors, professional audio equipment, laptops, flip-board available for your convenience
- Coffee breaks
- Affordable pricing, with even better rates for AEB members



**Contact: Vera Solovaya**

Email: [vera.solovaya@aebrus.ru](mailto:vera.solovaya@aebrus.ru), Tel.: +7 (495) 234 27 64 ext. 149



# NETWORKING

## Annual General Meeting

On 18 April 2013, the AEB held its Annual General Meeting at the Swissôtel Conference Centre. Most AEB members and many distinguished guests participated. Attendees were greeted by Reiner Hartmann, AEB Board Chairman, Fernando Valenzuela, Head of the Delegation of the European Union to the RF, and Tatyana Valovaya, Member of the Board, Minister for Macroeconomics and Principle Directions of Integration, Eurasian Economic Commission.

Reports on the achievements and results of 2012 were delivered by Frank Schauf, AEB CEO, Donald Scott, Chairman of the Council of National Representation and Marco Koschier, Chairman of the Auditing Commission.



L-R: Jon Hellevig, Member of the Board, AwaraGroup; Philippe Pegorier, Member of the Board, Alstom Russia; Frank Schauf, AEB CEO; Donald Scott, Chairman of the CNR; Reiner Hartman, Chairman of the Board

The 2012 Annual Report, 2012 Financial Report, and 2014 Budget were presented.

The Association is pleased to announce the re-election of Frank Schauf as the AEB Chief Executive Officer and the election of René Pischel as an AEB Auditing Commission member.



Antonio Linares, Country Manager and Managing Director, ROCA; Frank Schauf, AEB CEO

The Meeting was followed by Grand Reception. We would like to thank the platinum sponsor of the Reception LAUFEN and the gold sponsor ROCA for their support.



Reiner Hartmann, Chairman of the AEB Board

## Sponsors of the Grand reception:

The platinum sponsor:

**LAUFEN**  
Bathroom Culture since 1898 [www.laufen.com](http://www.laufen.com)

The gold sponsor:

**Roca** THE LEADING GLOBAL BATHROOM BRAND  
[www.roca.com](http://www.roca.com)

## Swiss EuroReception

The Embassy of Switzerland and the Association of European Businesses held the Swiss EuroReception. Numerous guests had the pleasure to view an exhibition of the prize-winning and nominated watches of the "Grand Prix d'Horlogerie de Genève". The Reception took place at the residence of the Swiss Embassy, 28 November, 2012.

We kindly thank the sponsors of the reception: platinum sponsor **Phillip Morris Sales and Marketing Ltd** as well as gold sponsor **Syngenta**.



L-R: Ruslan Kokarev, AEB COO; Olga Bantsekina, Deputy Chair of the AEB Board, Chair of the AEB HR Committee, Chief representative, Coleman Services UK; Philippe Pegorier, President, ALSTOM Russia, Member of the AEB Board; H.E. Pierre Helg, Ambassador of Switzerland to the RF; Jacques Derron, Head Economic Affairs and Science; Svetlana Lomidze, AEB External Relations Director



### Polish EuroReception

On 22 January, 2013 the Polish Embassy opened its doors to high-ranking guests, top businessmen, AEB member company representatives and the media. We wish to acknowledge our sponsors: the gold sponsor **ORANTA**, the silver sponsor Lindab as well as sponsors **Bella** and **Vinogradnie Vina**.



H. E. Wojciech Zajaczkowski, Ambassador of Poland to the RF



The reception was accompanied with wonderful music



Guests at the reception

### Italian EuroReception

H.E. Antonio Zanardi Landi, the Italian Ambassador, and his spouse kindly hosted a reception for AEB members at their residence on 26 March 2013. We heartily thank the sponsors of this high-level event: platinum sponsor **FIAT** and silver sponsors **Chiesi**, **Enel**, **Eni**.



L-R: Frank Schauf, AEB CEO; H.E. Antonio Zanardi Landi, Ambassador of Italy to the RF; Reiner Hartmann, AEB Board Chairman



L-R: Enrico Viale, CEO, Enel O&G S; Giuseppe Valenti, Deputy General Director, Eni Energia

### The Fourth Northern Dimension Forum

On 4 April 2013, the Fourth Northern Dimension Forum was held in St. Petersburg, with more than 350 delegates attending. The Forum was organized by the Northern Dimension Business Council and the AEB.

This year's Forum was devoted to important issues associated with deepening trade and economic cooperation, and moving from predominantly trade activity to investment in various sectors of the national economies within the Northern Dimension area. Special attention was paid to the regions of the North-Western Federal District of the Russian Federation and neighbouring European regions.

We acknowledge the General Partners of the event **Fortum** and **Severstal**, our silver sponsors **Ego-Translating**, **Pepeli-aeV Group** and **Vodokanal of Saint Petersburg**; as well as sponsors **NovoNordisk**, **MAERSK Line** and car sponsor **Porsche** for supporting the event.



L-R: Rune Aasheim, Consul General of Norway in St. Petersburg; Reiner Hartmann, Chairman of the AEB Board; Alexei Mordashov, General Director of JSC Severstal, Co-chairman of the Northern Dimension Business Council; Peter Balas, Deputy General Director, DG Trade, European Commission; Mikael Aro, President and CEO, VR-Group; Sergey Zimin, Investment Ombudsman in the North-Western Federal District; Frank Schauf, AEB CEO



## Trends and prospects for the Russian pension system

On 9 April 2013, the AEB held an open event "Trends and Prospects for the Pensions System in Russia." The event was moderated by Alexander Lorenz, Chairman of the AEB Insurance & Pensions Committee, Raiffeisen Pension Fund. The audience was given a comprehensive update on pension reform and the market, as well as an analysis of the likely future of the pension system in Russia. The event also made possible exchanges of experience in the practical implementation of different pension solutions. The event was kindly sponsored by Raiffeisen Pension Fund.



L-R: Alexander Lorenz, Chairman of AEB Insurance & Pensions Committee, Chairman of the Council, Raiffeisen Pension Fund; Olga Trubach, Pensions Business Development Manager, ZAO ALICO Insurance Company; Arkady Nedbai, President, NPF Allianz; Leonid Zubarev, Senior Partner, CMS Russia

## Briefing by Igor Artemiev, Head of the Federal Antimonopoly Service



L-R: Ole-Bjorn Sjulstad, General Director, Telenor Russia AS; Alex Stoljarskij, Beiten Burkhardt, Chairman of the AEB Legal Committee; Igor Artemiev, Head of the FAS; Natalia Khanjenkova, Managing Director, EBRD; Frank Schauf, AEB CEO.

On 25 April, 2013 the AEB held a briefing with Igor Artemiev, Head of the Federal Antimonopoly Service of the Russian Federation. The meeting was co-chaired by Frank Schauf, AEB CEO, and Alex Stoljarskij, Chairman of the AEB Legal Committee. The issues discussed at the briefing included: current practice after the implementation of 3<sup>rd</sup> antimonopoly package, further changes to competition law (exclusion of notifications in merger control etc.), Strategic Sectors Law (FL-57), the parallel import issue, current practice under 223-FZ (procurement state-controlled companies) and its further development, and advertising law (financial services advertising: current FAS practice). The AEB highly appreciates the fact that Mr. Artemiev and his colleagues observe the tradition of regular meetings with representatives of European companies in Russia.

## HR Conference "10 Years of HR in Russia: Achievements and Prospects"



L-R: Ruslan Kokarev, AEB COO; Olga Bantsekina, Chair of the AEB HR Committee, Deputy Chair of the AEB Board, Chief representative, Coleman Services UK; Tim Carty, Partner, Ernst & Young, Former Chair of the AEB HR Committee

The 10<sup>th</sup> Jubilee AEB HR Conference, titled "10 Years of HR in Russia: Achievements and Prospects," took place on 16 May 2013 at the Marriott Grand Hotel, Moscow.

The conference focused on the developments in implementation of HR practices and strategies within the last decade and gave an overview on the future of personnel management in Russia.

This year, the HR Committee offered an interesting programme with four special sessions prepared by the following Sub-Committees: Assessment, Training & Development, Compensation & Benefits, Labour Law, and Recruitment.

We kindly thank the silver sponsors of the conference: **Businessland, Coleman Services, FutureToday, IWM, TMF Group and Work Service.**



Michael Germershausen, Antal Russia, Managing Director, Chair of the Recruitment Sub-Committee



Ekaterina Ukhova, Partner, Ernst & Young, Chair of the Compensation & Benefits Sub-Committee



L-R: Daria Kiseleva, C&B Manager, Sberbank; Elena Loginova, Senior Vice President, HR Director Renaissance Credit; Alexandra Ivanova, Director, Talent & Rewards for Russia & CIS, Towers Watson; Florin Petrescu, Head of HR, Russia & CIS, Citibank; Nikolai Romanov, Human Resource Consulting, PwC



## Briefing by Timur M. Suleimenov, Minister of Economy and Financial Policy, EEC



Timur M. Suleimenov, Minister of Economy and Financial Policy, Eurasian Economic Commission

On 17 May 2013, a briefing by Timur M. Suleimenov, Minister of Economy and Financial Policy, Eurasian Economic Commission, was held at the AEB Conference Centre. The briefing was dedicated to intellectual property issues: trademarks, establishment and administration of Unified Customs Union Register of intellectual property objects and parallel import; technical implementation of the information exchange process between the Customs Union parties; administrative barriers cutback in customs administration.

The event was opened by Reiner Hartmann, AEB Board Chairman and Ruslan Kokarev, AEB COO, and chaired by Wilhelmina Shavshina, Deputy Chairwoman of AEB Customs and Transport Committee, Legal Director, DLA Piper and Eugene Arievidh, AEB Intellectual Property Committee Chairman, Principal, Baker & McKenzie.

The event was widely covered in mass media.



L-R: Wilhelmina Shavshina, Deputy Chairwoman of AEB Customs and Transport Committee, Legal Director, DLA Piper; Eugene Arievidh, AEB Intellectual Property Committee Chairman, Principal, Baker & McKenzie; Reiner Hartmann, AEB Board Chairman; Timur M. Suleimenov, Minister of Economy and Financial Policy, Eurasian Economic Commission (EEC); Samat Aliyev, Deputy Director, Entrepreneurship Department, EEC; Rustam Akberdin, Director of Entrepreneurship Department, EEC; Askar Kishkembayev, Head of Secretariat, EEC

## 10<sup>th</sup> Flagship Conference titled “Russia: What Strategy in a Changing World”

On 21 May 2013, AEB held its 10<sup>th</sup> Flagship Conference titled, “Russia: What Strategy in a Changing World”.

The Conference was dedicated to the following issues: the challenges and possibilities of Russia's presidency of the G20; Russia's key role for the European and national economies as an oil and gas exporter; existing tools and achievements in development, modernization and innovation within the Russian economy. Panel sessions were moderated by Reiner Hartmann, Chairman of the AEB Board and of the AEB Energy Committee, Alexander Ivlev, Country Managing Partner for Russia, Ernst & Young and Michael Akim, Director of Strategic Development, ABB.

The topics discussed at the event, raised a keen interest of the guests and media representatives.

We express sincere gratitude to the gold sponsors **Telenor** and **Shell** as well as the silver sponsor **E.ON**.



L-R: Alexander Ivlev, Country Managing Partner for Russia, Ernst & Young; Sergey Storchak, RF Deputy Finance Minister; Odd Per Brekk, Senior Resident Representative, IMF in the RF; Igor Yurgens, Vice-President, RSPP, Chairman of the Board, INSOR; Roger Munnings, Independent Director, JSFC Sistema, AEB Board Member



L-R: Reiner Hartmann, Chairman of the AEB Board and of the AEB Energy Committee; Vladimir Feygin, President, Institute for Energy and Finance; Jacques de Boisseson, General Representative in Russia, Total; Igor Ignatiev, Deputy Country Chair in Russia, Shell; Maxim Shirokov, General Director, E.ON Russia



L-R: Michael Akim, Director of Strategic Development, ABB; Alexander Idrisov, Managing Partner, Strategy Partners Group; Dominique Fache, President, Foundation Sophia Antipolis; Irina Bakhtina, Director Communications, Board Member Unilever; Vadim Kulikov, Head of Kulikov Innovation Centre, Chairman of the Board, Ecowave Technologies



# AEB COMMITTEE UPDATES

## CONSTRUCTION EQUIPMENT COMMITTEE

### Open event "Construction Equipment Industry in Russia: Prospects and Developments in the Current Economic Realities"



L-R: Frank Schauff, CEO, AEB; Andrey Komov, AEB Construction Equipment Committee Chairman, Volvo Vostok; Timur Mikaya, Head of Automobile and Agricultural Engineering Department, Ministry of Industry and Trade of the RF; Pavel Antonov, AEB Construction Equipment Committee Statistics working group Chairman, CNH-KAMAZ Commerce; Mumin Azamkhuzhaev, President, Caterpillar Eurasia; Sergey Ramzhaev, Head of Import Support Department, EuroChem; Dmitry Serbin, PJT GM, Government Regulation Department, Komatsu CIS

On 22 April 2013, the AEB Construction Equipment Committee held an open event "Construction Equipment Industry in Russia: Prospects and Developments in the Current Economic Realities".

Participants included foreign and Russian construction equipment manufacturers, Russian mineral and chemical, construction equipment and builders associations, the Head of the Automobile and Agricultural Engineering Department of the Ministry of Industry and Trade, Timur Mikaya, as well as the press.

The event focused on topical issues for the industry: market overview, its investment attractiveness and the latest legislative changes.

The participants had an opportunity to learn about activities of the Committee in 2012, its statistics programme and to discuss localization experience and the impact of introduction of the disposal fee on producers and consumers of construction equipment.

## HEALTH AND PHARMACEUTICALS COMMITTEE

### Round-table on Treatment Standards and Modernization of Drug Provision System

On 4 April 2013, the Health and Pharmaceuticals Committee held a Round Table on Treatment Standards and Modernization of Drug Provision System within the framework of the 4<sup>th</sup> Northern Dimension Forum in St. Petersburg. The event was co-chaired by Sergey Smirnov, Chairman of the Health and Pharmaceuticals Committee and Alexander Borisov, General Director of NTFF Polysan. The lively discussion included such topics as

- Treatment standards and economic aspects of healthcare system;
- Treatment standards and drugs lists in the state procurement system at the federal and regional levels;
- Experience of regional healthcare authorities in the field of treatment standards;
- Experience of the Northern Dimension countries in the field of drug provision systems and treatment standards;
- Accessibility and availability of drugs within the framework of the existing system and development prospects;
- Dialogue of healthcare organizers, expert community and pharmaceutical industry on linkage between treatment standards and the drug provision system.



Alexander Khadjidj, Chief Clinical Pharmacologist of the Healthcare Committee of the Government of St. Petersburg



Mikhail Kasatkin, Deputy Chairperson of the Healthcare Committee of the Government of St. Petersburg and Sergei Smirnov, Chairman of the AEB Health and Pharmaceuticals Committee, Vice President of Novo Nordisk



Guests at the Round Table

## HUMAN RESOURCES & MIGRATION SUB-COMMITTEE

### Open meeting on “Legislative Regulation of Workplaces: certification, compensations and distance work”

On 16 April 2013, the HR&Migration Sub-Committee of the AEB North-Western Regional Committee held an open meeting on “Legislative Regulation of Workplaces: certification, compensations and distance work”. The Chief Labour Inspector of St. Petersburg, Olga Frolov was the guest speaker. She elaborated on the latest amendments as regards to the certification of workplaces. Such issues as guarantees and compensation for work in harmful/hazardous conditions, recent developments and legislative regulation of distance work, were also touched upon.

## REAL ESTATE COMMITTEE

### Open event “Green Building: from Theory to Practice”

On 25 April 2013, the AEB Real Estate Committee held an open event titled “Green Building: from Theory to Practice”. The welcome speech was made by Christophe Vicic, COO of Jones Lang LaSalle, Chairman of the AEB Real Estate Committee and Jeroen Ketting, General Director of Lighthouse Group, AEB Energy Efficiency Committee Chairman, AEB Board member.

During the event, specialists covered such topical issues as: certification market overview in Russia: LEED and BREEAM; DGNB Certificate – the Central European premium quality building label for sustainability beyond green and energy efficiency; legal grounds for green building in Russia; development prospects for national “green” standard in Russia; experience of South Gate Industrial Park – first BREEAM certified logistics property in Russia.

The AEB kindly thanks YIT, the platinum sponsor and Ruukki, the silver sponsor of the event, for their support.



L-R: David Simons, Managing Director, Radius Group; Gerald Sakuler, Deputy Chairman of the AEB Board; Anna Minayeva, Lawyer, Beiten Burkhardt; Christophe Vicic, COO, Jones Lang LaSalle, Chairman of the AEB Real Estate Committee; Jeroen Ketting, General Director of Lighthouse Group, AEB Energy Efficiency Committee Chairman, AEB Board member; Maxim Kobert, KdAI Board Member; Ksenia Agapova, Sustainability Manager, Jones Lang LaSalle; Victor Verma, General Manager, YIT Elmek LLC, AEB REC Project Management & Ancillary Services Working Group Chairman; Rashid Ismailov, Director, Green Standard Center, RF Ministry of Natural Resources; Mark Pollitt, Head of Office Agency, Cushman & Wakefield, AEB REC Industry sub-sectors Working Group Chairman; Dmitry Yuryev, Design and Pricing Director, Ruukki Rus LLC

## SAFETY, HEALTH, ENVIRONMENT & SECURITY COMMITTEE

### Open event “Corporate Social Responsibility: incentives or obligations?”

On 23 April 2013, the AEB SHES Committee organized an open event titled “Corporate Social Responsibility: Incentives or Obligations?”. The event provided the audience with an opportunity to receive first-hand information on challenges and opportunities as well as best practices in the CSR sphere in Russia. The high-profile speakers representing both international and Russian companies shared their extensive experience in the CSR sphere.

We would like to thank the silver sponsor of the conference, Total E&P Russie.



Guests at the event



L-R: Alexandr Barkhatov, Financial Corporation Uralsib; Natalia Poppel, OJSC Severstal; Alexey Akulov, Vneshekonombank



L-R: Irina Shubina, Deputy Head of Communications, “Total E&P”; Sergey Bourtsev, Managing Director, ERM Eurasia Ltd.; Alex Stoljarskij, AEB Legal Committee Chairman, Senior Associate, Beiten Burkhardt; Igor Reichlin, AEB PR&Communications Committee Chairman, General Director “Reichlin & Partners” LLC; Frank Schauff, AEB CEO



# MEMBER NEWS

## Incredible Guinness World Record attempt in Russia

This year may bring yet another amazing sounding Guinness World Record with **ALPE consulting** right in the middle of it. Race Across Russia ([www.raceacrossrussia.ru](http://www.raceacrossrussia.ru)) – or RARUS – is an unofficial non-stop 24-hour solo race covering an audacious distance of 10,000 kms and a total difference in altitude of 90,000 metres. Four racing cyclists from Austria will attempt to cycle from Moscow all the way across Russia to Vladivostok in 14 days starting on 1 August 2013.

The entire project in Russia is being managed by **Most Management's** General Director Paul Bruck, an Austrian with 25 years' experience in Russia. The main sponsor of the event is heavyweight **SAP CIS**, along with **Jaguar Land Rover, Continental, Hotel Baltschug Kempinski** and **Liebherr Russia**. The event is supported by the Austrian Chamber of Commerce "Advantage Austria" and the Austrian embassy in Russia. Alexander Schachner, General Director of ALPE consulting, a SAP Gold Partner, is driving a Land Rover as part of the support team accompanying the racers from start to finish.

SAP and ALPE consulting are developing a mobile application which will give everybody the possibility for live tracking of the bikers.

Good luck to Alexander and Paul and their fellow countrymen and women from the entire ALPE consulting team!

## ALPE consulting

### SAP project at SEW Eurodrive – St. Petersburg

ALPE consulting started in the middle of April its Fit Gap Analysis and plans to finish its investigation stage by the end of May. The Go-Live date is forecast to be the beginning of 2014. As a world leader in drive technology and a pioneer in drive-based automation, Sew-Eurodrive has established a reputation for quickly solving the most difficult power transmission and motion-control challenges.

### SAP Roll-Out at Mahle RUS

Mahle offers unique systems competence in the internal combustion engine and engine peripherals. Mahle Technologies RUS plans to increase its presence on the Russian market by building a distribution center in Obninsk, Kaluga region. Local business operations would be integrated into the Mahle SAP ERP system within a global template. ALPE consulting has started the first workshops for the project, and the planned Go-Live date is January 2014 with functional scope of FI, CO, SD, MM and WM.

### SAP Roll-Out at Kermi Russia:

From the 13<sup>th</sup> to the 16<sup>th</sup> of May a SAP Kick-Off Workshop took place at Kermi GmbH in Plattling, close to Regensburg, Germany.

The workshop involved experts in Finance, Controlling, Sales & Distribution and Material Management from ALPE consulting and Kermi. The SAP Roll-Out project will commence in June and Go-Live is scheduled for 1 January 2014. As part of the AFG Arbonia-Forster-Holding AG with its head-

quarters in Lower Bavaria, Kermi is among the leading European manufacturers of heating technology and shower enclosures.

## Beiten Burkhardt

### Beiten Burkhardt advises Schneider Electric on the acquisition of ZAO GK Electroshield

The international law firm Beiten Burkhardt advised Schneider Electric – international company with its headquarter in France, global specialist in energy management – relating to the receipt of approval from the government Commission for Control over Foreign Investments in the Russian Federation regarding the acquisition of full ownership of the Russian electrical engineering company ZAO GK Electroshield – TM Samara.

Over several months Beiten Burkhardt supported Schneider Electric during negotiations with the competent authority – the Federal Antimonopoly Service, and prepared the necessary documents for the filing of an application for approval of the transaction by the government Commission (consisting of 20 government representatives). Prime Minister Dmitry Medvedev, Chairman of the Commission, approved the transaction for a total value of EUR 510 million. The approval of the government Commission was a necessary precondition for the closing of the deal at the end of March 2013.

Alex Stoljarskij has already participated in the legislative process relating to control over foreign investments in strategic sectors of the Russian economy as a representative of the AEB in Russia and was a member of the working group at the Russian State Duma. Implementation of this project further cemented the recognized competence of Beiten Burkhardt Moscow office in providing comprehensive support for foreign investments in Russia, including in sectors of national strategic importance.

## BNP Paribas ZAO

### BNP Paribas ZAO announced a new structure

BNP Paribas ZAO announced a new structure of its Corporate Banking Europe – Russia set-up, effective 1 April 2013.

BNP Paribas (BNPP) said the new Corporate Banking Europe structure for Russia, which will further strengthen one of the companies core business lines in Russia.

The newly created department of Corporate Banking Europe – Russia (CBE-R) combines the existing Client Coverage organization for its natural resources clients (Energy & Commodities Finance Russia) as well as its Client Coverage & Flow Banking Product set up for Russian corporates and European subsidiaries of large and medium-sized European corporates serviced by BNPP Group worldwide.

The new Department includes 32 Relationship Managers and Product Specialists, servicing clients for both loan and debt products, cash management as well as supply chain financing and export finance solutions under the leadership of Frank Sibert.

## Cesar Satellite Group

### Cesar Satellite became a member of "Promotion of Development and Use of Navigation Technologies" (GLONASS NCP) Non-Commercial Partnership

In April 2013 the Cesar Satellite Group of Companies became the tenth member of GLONASS Non-Commer-



cial Partnership. Cesar Satellite will work to contribute to development of GLONASS technologies, including ERA-GLONASS, an emergency response system.

"Currently, the Cesar Satellite Group of Companies renders a full range of services, with some envisaged within the ERA-GLONASS system. 24-hours a day, seven days a week and 365 days a year more than 100,000 clients can count on our assistance in the event of a traffic accident or any other road emergency. Information received from the vehicle allows registration of the accident, dispatch of the emergency response services, as well as reconstruction of the emergency circumstances.

"We understand the importance and significance of the ERA-GLONASS Project for Russia where casualty rate attributable to traffic accident still remain extremely high," says Leonid Ogarev, President of the Cesar Satellite Group of Companies.

### Dentons

#### **New international firm Dentons launches in the legal services market**

Dentons, the new international law firm, combining Salans, Fraser Milner Casgrain LLP (FMC) and SNR Denton, has started operating in the legal services market.

Clients will now be able to call on over 2,500 lawyers and professionals in 79 locations in 52 countries across Europe, the CIS, the US, the UK, Canada, Asia Pacific, Central Asia, the Middle East and Africa. The firm will become the seventh largest law firm in the world by number of lawyers and professionals.

Dentons is polycentric with no single headquarters and no dominant national culture. The firm provides clients with legal talent from diverse backgrounds and countries and with deep experience in every type of law including civil law, English common law, US common law, and others.

Dentons offers practical business solutions oriented towards getting a deal through or a dispute resolved. The firm will continue to uphold the highest standards of quality in its legal services. Whatever the scale or scope of the client's business needs, Dentons will provide the attention its clients need and deserve.

A dynamic and personalized tool on the firm's new website ([www.dentons.com](http://www.dentons.com)) illustrates how Dentons works to assemble a team of lawyers and professionals, customized to the needs of each client, drawing from knowledge of 24 sectors and expertise in 36 practices.

### Kempinski Moscow

#### **Hotel Nikol'skaya Kempinski Moscow welcomes its first guests in the heart of Russia's capital**

Hotel Nikol'skaya Kempinski Moscow welcomed its first guests in May 2013. After painstaking reconstruction, the complex of buildings located at the corner of Nikol'skaya Street and Lubyanka Square opened its doors as the Kempinski group's second hotel in the Russian capital. At this point, one third of the rooms and suites, the lobby bar, MosaiK restaurant and all the conference facilities are fully operational, with additional restaurants, bars and the spa set to open later this year. The Nikol'skaya is the second



Kempinski managed property in the city after the Hotel Baltchug Kempinski Moscow. Guests are only a few minutes' walk from the Bolshoi Theatre, the Duma and GUM. In total, Nikol'skaya Kempinski will have 211 spacious rooms and suites, some of them overlooking the Kremlin and Red Square. The conference facilities are ultra-modern and are designed to host events for as few as 16 or as many as 180 people. The interiors have been designed by Leo International Design Group, which has united historical legacy and ultra-modern amenities: as seen in Belle Epoque style inspired lobby lounge, or the MosaiK signature restaurant with historical mosaics saved during the reconstruction. The hotel is planned to have six restaurants and bars.



### Legalife

#### **Legalife is announcing a series of seminars on Russia's laws**

The law firm, Legalife, is conducting an ongoing series of seminars on the laws of the Russian Federation offered to executive managers, lawyers and chief accountants. The seminar series, entitled "Operating in Russia", covers a multitude of topics, including:

- labour issues;
- Russian entity financing, including permanent establishments and subsidiaries;
- pros and cons of the subsidiary, branch office, and representative office;
- taxation & shareholders' rights and obligations;
- protection of intellectual property;
- inter-company transactions (transfer pricing rules); and,
- various other topics.

Frank Sibert has worked in the banking industry for 24 years, with a strong focus on coverage and product solu-

tions in Energy & Trade Finance as well as Structured Debt Finance in Europe and the US. Frank joined BNP (Suisse) SA in Geneva in 2005, working in the Commodity Finance & Structured Debt Department. Most recently he has been heading Energy & Commodity Finance Russia, servicing both large and medium-sized companies in the natural resource sector in Russia.

The new set-up complements the creation of Corporate Banking Europe within BNP Group and will further strengthen the scope and level of services to Russian corporates under its "One Bank for Corporates in Europe" Strategy.

### Regus

#### The opening of the 8<sup>th</sup> Regus business centre in Moscow

Regus is delighted to announce the opening of its 8th business centre in Moscow 'Krasnaya rosa' business park.

Named the Red Rose for its bold, brick-built exterior, the comfortable centre is on the third floor of an attractive building with arched windows and a contemporary styled reception. This centrally located loft-style office building is in an established 5.7 hectare quarter that's home to Russian corporations in online search, digital marketing communications, banking, electronics and private investment. The quarter is also home to large international firms in aggregates, consulting and advertising. The Krasnaya Roza district is convenient for public transport, being close to the central road network that includes the Garden Ring, Komsomolsky Prospekt and the Third Transportation Ring. It's also good for commuters, with the Park Kultury metro within a five-minute walk. Access to Moscow's airports and railway stations is easy, and the centre is close to all amenities. The Regus centre offers 60 fully serviced office ready-to-go, 3 meeting rooms with video-conferencing equipment and a cosy business lounge for mobile workers. For more information, please visit [www.regus.ru](http://www.regus.ru).

### RH Partners Russia

#### New partnership between RH Partners Russia and Demimpex ME

RH Partners Russia is glad to inform about a new successful project with Demimpex ME.

Demimpex ME is a worldwide export company that benefits from a solid track record and an unrivalled 40 years' expertise in export activities across the globe, specializing in new vehicles, spare parts, tyres and lubricants.

Following the sustainable development of the company and in response to the growing demand, Demimpex ME starts up their activities in Russia, distributing premium quality industrial lubricants and tyres. To operate locally they have chosen RH Partners to recruit and out-staff their personnel and manage all HR related and administrative issues. This partnership will allow Demimpex to increase its profit and market share in Russia as well as minimize the biggest part of administrative and juridical risks and expenses related to development of new territories and employment of highly qualified specialists.

Thanks to RH Partners' full-scaled and customized out-staffing service, which enables managers to focus on the company's core business, and excluding workload on HR, administrative and accounting services for any HR related issues in

Russia, Demimpex ME receives a very strong support in their business development in Russia and CIS countries.

### Staffwell

#### Master class "Careers in Finance and Business"

Mark Amelin, Staffwell Executive Director, joined fellow panelists at the Plekhanov Russian University of Economics to deliver a presentation on the ACCA and CIMA International Finance Qualifications

Mark Amelin, Staffwell Executive Director, presented his master class "Careers in Finance and Business" at the Plekhanov Russian University of Economics.

The training was designed by Mr. Amelin for financiers and MBA program graduates interested in the international qualifications ACCA and CIMA.

Earlier this year, Mr. Amelin presented his training class, titled "Finding a Good Job", to managers and financial professionals at the launch of the CIMA qualification component of the PWC Academy, and again at the annual forum of financial recruitment agencies held in the Moscow branch of the Institute of Management Accountants.

#### Staffwell is a Partner in the International Conference "Life after the Cyprus Crisis: Tax Upgrade"

The Legal Insight Magazine, in association with International Tax Associates, and supported by the Russian branch of the International Fiscal Association (ROS-IFA) will host a conference on the topical issues of international taxation called "Life after the Cyprus Crisis: Tax Upgrade". Staffwell will join in the capacity of an official partner. The conference takes place on June 4, 2013 in Moscow.

The recent events in Cyprus drive home the need for more detailed analysis of the evolving situation in countries frequented by foreign company groups. Russian experts will discuss solutions with their foreign colleagues for problems arising out of the Cyprus crisis, and current trends in those countries that are most frequently used in Russian corporate tax structures.



### AEB Membership Benefits

#### Effective Lobbying

Advocating members' interests to public officials, legislators and business decision-makers in Russia and the EU. Cooperating with the Russian authorities to solve business issues and effective interaction with lawmakers.

#### Quality Business Information

Publications: AEB Business Quarterly, Membership Directory, Position Paper, Real Estate Monitor, How to Invest in Russia, monthly AEB News. Regional presentations and business development missions to the regions. More than 20 sector and issue-based committees and working groups in Moscow, St. Petersburg, Krasnodar and Yekaterinburg.

#### Valuable Networking

Organising open meetings, conferences, political briefings and other high-profile events with prominent government and business leaders. Regular social events, including embassy EuroReceptions Government and business contact information in Moscow and the regions. Online access to Member Database.

#### Marketing Opportunities and Visibility

Internet links and banners. Advertising opportunities in AEB publications. Sponsorship opportunities during AEB events.

# APPOINTMENTS

## Human Search AB



### **Denis Panov appointed Head of Moscow office of Human Search AB**

Human Search announces the appointment of Denis Panov as Head of its Moscow office. Denis joined the Human Search team in March 2012. His promotion follows a strong growth in the company's operations in Russia and the CIS. In his new position Denis will be responsible for the acquisition and development of international clients. Prior to joining Human Search, Denis worked for more than 10 years in various Russian and international companies in B2B sales and sales management positions. In 2003 he got a PhD degree (Nizhny Novgorod State University). Denis holds a second university degree in marketing; he also completed the Presidential Program on training managers (LINK, Innovation Management).

## Jones Lang LaSalle



### **Leonid Zakharov joined Jones Lang LaSalle in St. Petersburg**

Leonid Zakharov has been appointed Head of Strategic Consulting in St. Petersburg. Prior to joining Jones Lang LaSalle he worked in Knight Frank St. Petersburg for more than 6 years.

In his new position Leonid will continue to develop Strategic Consulting services in St. Petersburg, coordinate the work of the department, be responsible for the attracting of new clients and lead Jones Lang LaSalle's consulting projects in the North-West region.

Leonid has over 10 years of experience in the commercial and residential real estate market in St. Petersburg. He specializes in concept development, business planning, investment and technical consulting. Prior to joining Jones Lang LaSalle, Leonid worked as a Project Manager in the Strategic Consulting department in Knight Frank St. Petersburg, where he was in charge of most complex and projects including international accounts management.

His portfolio includes such large projects as the Saint-Petersburg Plaza office complex (concept adjustment, technical consulting during the construction, investment consulting on financing schemes and exit strategy, setting work of a management company), Leontievsky Mys high-class residential complex (technical and economic monitoring over construction, business plan), concept development of the Moskovskaya-Tovarnaya territory, concept development of the Osinovaya Roscha, Ust-Luga, Imperia-Farma, UltraStar logistics complexes, regional projects in commercial real estate in Volgograd, Chelyabinsk, Petrozavodsk and Vologda.

## Pepeliaev Group

### **Vladimir Sokov has been elected a senior partner of Pepeliaev Group**



As a partner in the firm, Vladimir Sokov became head of Pepeliaev Group's corporate division in February 2009. Since 1 March 2013, Vladimir became a senior partner. Before joining Pepeliaev Group, Vladimir headed up the Moscow office of international law firm Hannes Snellman. Before working at Hannes Snellman, in 2005-2006, Vladimir was a partner at ETL Law Offices.

Vladimir specialises in corporate law. Across almost fifteen years of his professional career, he has handled major projects involving mergers and acquisitions of companies. He has also successfully been involved in many legislative initiatives involving corporate issues, having been instructed by well-known international and Russian companies. Vladimir has extensive experience of advising in areas such as real estate and antimonopoly regulation. He has been actively involved in projects such as: the acquisition by SCA of the Georgia-Pacific businesses; and providing legal support on the development of the Shtokman deposit; providing legal support on drafting the regulatory and legislative basis for hosting the football World Cup 2018 at the behest of FIFA.

Vladimir and the lawyers of our corporate practice have provided ongoing support to companies such as: Energy Standard Group, Hoffmann La Roche, MSD Pharmaceuticals, NovoNordisk, Auchan, Shtokman Development, Volkswagen, Skamol, Rosneft, Johnson & Johnson, Becton Dickinson, Omya Rus and Gals Development among others.

## Staffwell

### **Staffwell has appointed Maxim Kaurov to the position of Executive Director**



Staffwell, one of Russia's leading recruitment and executive search firms, is pleased to announce the appointment of Maxim Kaurov as Executive Director and member of the Company's Executive Management Team.

In addition to continuing to lead Staffwell's Oil & Gas, Energy, and Industrial sectors, Maxim will now also assist the management team with further developing and implementing the company's strategy and goals.

Previously, Maxim was a Senior Director (since 2012) and Business Development Director (since 2010) responsible for Staffwell's Oil & Gas, Energy, Industrial and IT sectors. Before joining the Staffwell team, Maxim worked as an Account Executive at the Moscow office of a global recruitment company (since 2007) and a Partner and Sales Manager for a catering company in Irkutsk (since 2003). Maxim is Russian, resides in Moscow, speaks fluent English, and has a degree in international relations from Irkutsk State University.



# NEW MEMBERS



## DAT-Rus Ltd.

DAT-Rus Ltd. is the Russian subsidiary of DAT Deutsche Automobil Treuhand GmbH, the oldest supplier of IT-services and software products for the automotive market in the fields of repair service, vehicle maintenance, buying and selling of used cars, claims in motor insurance, etc.

DAT-Rus is responsible for adaptation and implementation of DAT software as well as customer support in Russia and the CIS.

Key products available today in Russia are:

SilverDAT II Russian version the effective application for repair cost calculation and communication, gives the possibility to get a complete and accurate damage costs calculation, based on the original technology and labour times from car manufacturers.

SilverDAT online – evaluation of used vehicles and sales management the unique instrument of used car sales management, taking into account the various factors affecting the residual value of the vehicle.

[www.datrus.ru](http://www.datrus.ru)



## ECUSTOMS

ECUSTOMS Company Limited is a customs representative and provides services in the field of customs affairs on the basis of Certificate of Registration in the Register of Customs Representatives number 0430/00 dated 31 January 2013. Core assets: customs clearance, logistics, consulting on customs legislation and assisting in certification. Regions of activity: Moscow and the Moscow region, Sheremetyevo airport, St. Petersburg, Smolensk, Belgorod, Bryansk, Pskov region and Vyborg.

Our priorities: quality of services, an integrated approach to clearance, full compliance of services with Russian legislation. Our advantages: 100% electronic declaration (including the preliminary declaration), remote declaration through the E-declaration Centres with the possibility of customs clearance of goods at any customs/logistics terminal in the RF. We promote the development of companies and solve all problems of transportation, shipping, customs clearance and storage processing.

[www.ecustoms.ru](http://www.ecustoms.ru)



## Evans Property Services

Evans Property Services, an international real estate investment boutique, provides a full range of real estate invest-

ment, brokerage and relocation services to Russian and international customers. We work in residential and commercial real estate assisting with purchase, sale, lease, relocation and property management in both central and suburban Moscow. Our primary area of expertise is the premium market segment, and sixty percent of our clients are members of the expat community in Moscow. We also assist Russian buyers with their investment and lifestyle purchases in Moscow.

[www.evans.ru](http://www.evans.ru)



## Hotel Nikol'skaya Kempinski

MOSCOW

### Kempinski Moscow

Nikol'skaya Kempinski Moscow luxury hotel is a complex of historical buildings, located at the corner of Nikol'skaya street and Lubyanka square. The hotel has 211 rooms and suites, including Orlov suite and two Presidential suites. The guests enjoy innovative culinary experience in six restaurants and bars, the main attraction being the MosaiK restaurant with its international cuisine, open kitchen and restored mosaic arches, created in 1907 by French architect E. Nierman. The conference facilities include a Grand Ballroom, three meeting rooms and a Boardroom. Wellness facilities include the Spa with 10-metre indoor pool, fitness centre and Nikol'skaya Health Club. Get Your "keys" to exquisite accommodation, gourmet temptations, high culture and first-rate shopping in the heart of Moscow!

Hotel Nikol'skaya Kempinski, Nikolskaya Str. 12, tel.: +7 495 967 7776

[www.kempinski.com](http://www.kempinski.com)



## Mersen

Global expert in materials and solutions for extreme environments as well as in the safety and reliability of electrical equipment, Mersen designs innovative solutions to address its clients' specific needs to enable them to optimize their manufacturing processes in sectors such as energy, transportation, electronics, chemical, pharmaceutical and process industries.

[www.mersen.com](http://www.mersen.com)



## Mitsubishi Corporation

### Mitsubishi Corporation

Mitsubishi Corporation is a global integrated business enterprise that develops and operates businesses across virtually every industry including industrial finance, energy, metals, machinery, chemicals, foods, and environmental

business. Mitsubishi Corporation's current activities are expanding far beyond its traditional trading operations as its diverse business ranges from natural resource development to investment in retail business, infrastructure, financial products and manufacturing of industrial goods.

With over 200 offices and subsidiaries in approximately 90 countries worldwide and a network of over 500 group companies, Mitsubishi Corporation employs a multinational workforce of nearly 60,000 people.

[www.mitsubishicorp.com](http://www.mitsubishicorp.com)



### Open Link

Founded in 1992, OpenLink ([www.openlink.com](http://www.openlink.com)) is the global leader in transaction lifecycle management solutions for the commodity, energy and financial services industries. OpenLink's products address portfolio management, trading, risk management, and operations processing for both financial and physical assets.

Owned by leading private equity investment firm, Hellman & Friedman, OpenLink is a global software and services business that has grown both organically and through strategic acquisitions, to achieve revenues in excess of \$300 million. The company serves over 500 clients, including prominent financial institutions, central banks, insurance companies, asset managers, and corporations. OpenLink has 1,300 employees in 13 global offices including Moscow.

[www.openlink.com](http://www.openlink.com)



### SATO

SATO is one of Finland's leading corporate investors in housing. The company has existed for more than 70 years and owns around 23,000 homes in Finland's largest centres of urban growth. Since 2008 SATO offers rental apartments in St. Petersburg. By 2013 SATO opened their rental homes in 9 properties in St. Petersburg: in Central, Petrogradskiy districts, on Krestovskiy and Vasilievskiy islands and in Udelniy Park.

[www.satodom.ru](http://www.satodom.ru)

## SUPPORT PARTNERS

### Support Partners

Support Partners is an executive recruitment boutique devoted to the manufacturing, consumer and banking sectors. Established in 2009, the firm combines unique local executive search expertise with the latest Western technologies and unmatched customer care. Our searches have taken us from busy Moscow to the snows of Sakhalin, and the sands of Kazakhstan, from the roles of CFO to Plant Managers and Sales Directors. Being an exclusive Russian member firm of IRC Executive Search, a renowned international alliance of executive search firms, we maintain the high service standards that our clients are used to in Europe and the US.

We deliver best-in-class executive search and related HR consulting services and always "hungry" for new challenges.

[www.support-partners.ru](http://www.support-partners.ru)



### Vaillant Group

Vaillant Group is the leading European producer of heating equipment, based in Remscheid city in Germany. It is an international group of companies with more than 135 years' of tradition, and yet is still a family-owned company.

The company's portfolio includes 8 heating equipment brands provided worldwide. In Russia we have 2 brands available on the market: Vaillant – the major, premium brand and Protherm – a performance segment brand.

The Russian office of the Vaillant Group company was open in 1994. In nearly 20 years we have come a long and fascinating way, having become one of leading suppliers of the Russian heating equipment market.

Today the Vaillant Group Russia LLC has:

- Offices in Moscow, St. Petersburg, Yekaterinburg, Saratov, Rostov-on-Don;
- Wide network of regional representatives;
- Warehouse terminal in Bryansk;
- More than 100 authorized service centers;
- Professional education programs, certification of installing and service organizations.

[www.vaillant.ru](http://www.vaillant.ru)



### X-PM CIFAL

Created in France in 2001, X-PM is an international specialist in project management. X-PM fulfills over 100 project management assignments yearly and is present in Brazil, China, India, Singapore and Russia.

To ensure the success of its clients' projects in Russia and the CIS, X-PM CIFAL – a joint venture with French group CIFAL, a historical B2B services provider in Eurasia – proposes to multinational corporations and mid-size companies high-caliber interim managers, familiar with the local business environment.

X-PM CIFAL interim managers who are provided to reinforce a clients' project team are directly operational senior executives, all with a successful track record. Their assignments strictly correspond to the project duration (1 year as an average). Clients do not have any commitment to managers after the project's completion. During their assignments, X-PM CIFAL interim managers are integrated in the clients' organization and are performing operational managerial tasks. However, their intervention is linked to X-PM CIFAL fees and they do not appear on the clients' payroll.

Examples of projects: integration of an acquisition, brown-field and green-field industrial projects, turnaround, performances optimization in Finance, IT, HR, Purchasing, Logistics and Supply Chain etc.

**ASSOCIATION  
OF EUROPEAN BUSINESSES**

Russian Federation, Ul. Krasnoproletarskaya 16, bld. 3  
127473 Moscow, Russian Federation  
Tel.: +7 (495) 234 27 64. Fax: +7 (495) 234 28 07  
info@aebrus.ru. http://www.aebrus.ru



**АССОЦИАЦИЯ  
ЕВРОПЕЙСКОГО БИЗНЕСА**

Российская Федерация, 127473, Москва,  
ул. Краснопролетарская, 16, строение 3  
Тел.: +7 (495) 234 27 64. Факс: +7 (495) 234 28 07  
info@aebrus.ru. http://www.aebrus.ru

**AEB MEMBERSHIP APPLICATION FORM / ЗАЯВЛЕНИЕ НА ЧЛЕНСТВО АЕБ**

Please fill out the Application Form in CAPITAL letters, sign it and fax it: 234 28 07/

Заполните заявление печатными буквами и пришлите по факсу 234 28 07

Calendar year / Календарный год: 2013 ☐ (Please check the appropriate box/boxes / Укажите соответствующий год/года)

Name of your AEB Contact / Ваше контактное лицо в АЕБ: \_\_\_\_\_

**1. COMPANY / СВЕДЕНИЯ О КОМПАНИИ**

Company Name in full, according to company charter. (Individual applicants: please indicate the company for which you work /  
Название компании в соответствии с уставом. (Для индивидуальных членов – название компании, в которой работает заявитель):

Legal Address (and Postal Address,  
if different from Legal Address) /  
Юридический и фактический адрес,  
если он отличается от юридического:

INN / KPP / ИНН/КПП:

Phone Number / Номер телефона:

Fax Number / Номер факса:

Website Address / Страница в интернете:

**2. CATEGORY / КАТЕГОРИЯ:**

**THE CATEGORY IS DETERMINED ACCORDING TO THE COMPANY'S WORLD TURNOVER**

Please indicate your AEB Category / Отметьте категорию	Company's world-wide turnover (euro per annum) / Мировой оборот компании (евро в год)	AEB Membership Fee / Членский взнос в АЕБ
<input type="checkbox"/> SPONSORSHIP / Спонсорство	–	10,000 euro/евро
<input type="checkbox"/> CATEGORY A / Категория А	>500 million/миллионов	6,300 euro/евро
<input type="checkbox"/> CATEGORY B / Категория Б	50–499 million/миллионов	3,800 euro/евро
<input type="checkbox"/> CATEGORY C / Категория С	1–49 million/миллионов	2,200 euro/евро
<input type="checkbox"/> CATEGORY D / Категория Д	<1 million/миллионов	800 euro/евро
<input type="checkbox"/> INDIVIDUAL (EU/EFTA citizens only) / Индивидуальное (только для граждан Евросоюза/ЕАСТ)	–	800 euro/евро

**Any non-EU / non-EFTA Legal Entities applying to become Associate Members must be endorsed by two Ordinary Members  
(AEB members that are Legal Entities registered in an EU / EFTA member state or Individual Members –  
EU/EFTA citizens) in writing/**

Заявление любого юридического лица из страны, не входящей в Евросоюз/ЕАСТ, и желающего стать членом АЕБ,  
должно быть письменно подтверждено двумя членами АЕБ (юридическими лицами, зарегистрированными  
в Евросоюзе/ЕАСТ, или индивидуальными членами – гражданами Евросоюза/ЕАСТ)

**Individual AEB Membership is restricted to EU / EFTA member state citizens, who are not employed  
by a company registered in an EU / EFTA member state /**

К рассмотрению принимаются заявления на индивидуальное членство от граждан Евросоюза/ЕАСТ,  
работающих в компаниях, страна происхождения которых не входит в Евросоюз/ЕАСТ

**Please bear in mind that all applications are subject to the AEB Executive Board approval /**  
Все заявления утверждаются Правлением АЕБ

**3. CONTACT PERSON / INDIVIDUAL MEMBER / КОНТАКТНОЕ ЛИЦО / ИНДИВИДУАЛЬНЫЙ ЧЛЕН**

Title, First Name, Surname / Ф.И.О:	
Position in Company / Должность:	
E-mail Address / Адрес эл. почты:	



<b>4. COUNTRY OF ORIGIN / СТРАНА ПРОИСХОЖДЕНИЯ</b>	
<b>A. For a company / Компаниям:</b> <b>Please specify COMPANY'S country of origin /</b> Указать страну происхождения компании <sup>1</sup>	
<b>or B. For an individual applicant /</b> <b>Индивидуальным заявителям:</b> <b>Please specify the country, of which you hold CITIZENSHIP /</b> Указать гражданство	
<p><b>Please note that only EU / EFTA members can serve on the Executive Board and the Council of National Representatives/</b>          Внимание! В Совет национальных представителей и Правление могут быть избраны члены, представляющие страны Евросоюза или ЕАСТ.</p> <p><b>Please fill in either A or B below/ Заполните только графу А или В</b></p>	

<b>5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ</b>			
<b>Company present in Russia since: _____ / Компания присутствует на российском рынке с: _____ г.</b>			
<b>Company activities/</b> Деятельность компании	<b>Primary /</b> Основная:		<b>Secondary /</b> Второстепенная:
<b>Company turnover (euro)/</b> Оборот компании (в Евро)	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<b>Number of employees/</b> Количество сотрудников	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<p><b>Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) /</b>          Краткое описание деятельности Вашей компании (для включения в базу данных АЕБ и публикаций АЕБ)</p>			

<b>6. HOW DID YOU LEARN ABOUT THE AEB / КАК ВЫ УЗНАЛИ ОБ АЕБ?</b>	
<input type="checkbox"/> <b>Personal Contact /</b> Личный контакт	<input type="checkbox"/> <b>Internet /</b> Интернет
<input type="checkbox"/> <b>Media /</b> СМИ	<input type="checkbox"/> <b>Event /</b> Мероприятие
<input type="checkbox"/> <b>Advertising Source /</b> Реклама: _____	<input type="checkbox"/> <b>Other /</b> Другой: _____

**Signature of Authorised Representative of Applicant**  
**Company /** Подпись уполномоченного лица заявителя:

\_\_\_\_\_

\_\_\_\_\_

Date/Дата:

**Signature of Authorised Representative of the AEB /**  
**Подпись Руководителя АЕБ:**

\_\_\_\_\_

\_\_\_\_\_

Date/Дата:

<sup>1</sup> Location of a parent company or of the main shareholder / Местонахождение головной конторы или основного учредителя.

Austrian   
We fly for your smile.

# Новое искусство путешествий.

Созданный заново для Вас: незабываемый опыт путешествий в бизнес-классе Austrian Airlines.

Удовольствие от путешествия на дальние расстояния:

- полностью горизонтальная кровать длиной почти 2 метра с регулировкой мягкости, функцией массажа, увеличенным личным пространством
- изысканное меню от DO & CO, широкая винная карта и венская кофейня на борту
- шеф-повар и сомелье на борту
- более 100 часов развлечений: кино, аудио, шопинг-приложения – в цифровом качестве на сенсорных экранах 15 дюймов
- первоклассный сервис и австрийское гостеприимство на борту



Advertising

A STAR ALLIANCE MEMBER 

[www.austrian.com](http://www.austrian.com)

Накопите мили по программе Miles & More. Информация и бронирование по тел. 8 (495) 995 0 995, на сайте [www.austrian.com](http://www.austrian.com) и в Вашем туристическом агентстве.  
Новый рейс из Вены в Чикаго - 5 дней в неделю с 17 мая.

# Our business – the world of communications



 telenor Norway

 telenor Sweden

 telenor Denmark

 telenor Hungary

 telenor Montenegro

 telenor Serbia

 uninor India

 telenor Pakistan

 grameenphone Bangladesh

 dtac Thailand

 DiGi Malaysia

 GLOBUL Bulgaria

VimpelCom Ltd. in 17 countries

For the last 20 years Russia is a strategically important market for Telenor. We are one of the biggest foreign investors in the country's telecommunications having invested more than \$2.6 bn since 1992. And we are proud that our main investment in Russia, VimpelCom Ltd., has become a global mobile carrier operating in 17 countries across the world.

 telenor  
group

[www.telenor.ru](http://www.telenor.ru)