

Partnership With Iceland in the Works

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The HS Orka geothermal energy plant stands behind August bathers at the Blue Lagoon spa at Grindavik, Iceland. **Arnaldur Halldorsson**

Russia plans to use Iceland's experience to develop its market for renewable energy sources, Energy Minister Sergei Shmatko said Monday.

An agreement may be signed with the Icelandic government to cooperate in the field of geothermal energy, he told Prime Minister Vladimir Putin at the Presidium meeting.

Shmatko said Iceland, which is a world leader in renewable energy, considers partnering with Russia a priority, and that the sides were discussing construction of a new geothermal power station in Russia.

He also said geothermal energy was one of the most promising renewable energy sources, with RusHydro, the country's largest renewable energy producer, already operating several geothermal power stations.

RusHydro currently operates two geothermal power plants on Kamchatka, with an overall capacity of 62 megawatts. Last month the company signed agreements to supply energy produced by one of the plants to mining operations in the region, it said in a statement.

“Geothermal energy is not very popular in Russia, taking into account it's geographically specific,” said UralSib analyst Alexander Seleznyov. He added that Iceland was likely to share technological developments in geothermal energy with Russia.

Shmatko reiterated the government’s plan to have 4.5 percent of energy produced in Russia by 2020 come from renewable resources.

He also said the government was discussing with Iceland the construction of an energy-efficient metallurgical plant on Kamchatka.

He didn’t specify when any of the agreements with Iceland might be signed.

“We are inspired,” Shmatko said, when asked by Putin whether he saw any prospects in this partnership.

“Good man,” Putin said, smiling.

Kamchatka is rich in nonferrous metal ores, silver, nickel, copper and platinum, and has good potential for metals production, said Andrei Tretelnikov, a metals and mining analyst at Rye, Man & Gor Securities. Gold, titanium and magnesium are also mined there, he said.

“So it makes sense to build a metallurgical plant in the region — from a logistics point of view,” he said.

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