

2010 Industry Outlook

By Neda Simeonova

At the 2009 WEFTEC show in Orlando, Fla., Water & Wastes Digest conducted interviews with Klaus Andersen, executive vice president of Veolia Water Solutions & Technologies and CEO of Veolia Water Solutions & Technologies, Americas and Australia, and John Williamson, president of ITT Water & Wastewater. Editorial Director Neda Simeonova asked them to comment on the current state of the water and wastewater industry and offer their outlook on the challenges and opportunities facing our industry in 2010.



Klaus Andersen

Carbon Consciousness

Neda Simeonova: *In your opinion, what's in store for the water and wastewater industry in 2010?*

Klaus Andersen: I expect 2010 to be just as challenging as 2009. I know that the Federal Reserve Chairman Ben Bernanke has officially declared that the recession is over. Now he just needs to tell the water and wastewater industry that, so that the industry itself can start investing.

I think that we need to get consumer confidence back up so that they start buying and the industry can start investing again. I am looking forward to that happening, but I don't

think it will be any bit easier than in 2009.

In terms of Veolia Water Solutions & Technologies, I have no reason to believe that business will be any worse in 2010—quite the contrary, we are predicting growth. As far as the water and wastewater industry, that's beyond my control.

Simeonova: *What types of innovative approaches and emerging technologies is Veolia Water Solutions & Technologies prepared to employ in the coming year that will help address challenges and opportunities facing the water and wastewater industry?*

Andersen: I do believe that 2010 is also going to be the year where we talk more about carbon footprint and its effect on the economy, and specifically what its impact is going to be on the water and wastewater industry. Operations footprint is associated with energy consumption, so talking about carbon footprint in the context of water and wastewater treatment is often the same as talking about energy efficiency.

At WEFTEC.09, many exhibitors were promoting "green" or sustainable solutions. I noticed that a lot of people are talking about green technologies and want to understand this concept better and how to take it into account.

What we want to give our clients is the option of what we would call carbon-conscious technology solutions, and in 2010, we are presenting that indeed. We are offering innovative water and wastewater solutions that manage more effectively the carbon emissions of our technologies and improve energy and chemical efficiency.

Simeonova: *Do you foresee a lot of activity for carbon emission regulations in the future?*

Andersen: Specifically for the U.S., I guess we all are waiting to see what kind of law will pass. I think it is probably a fairly good bet that some type of carbon economy is going to be introduced. From a monetary standpoint, I am not sure how it is going to be introduced. Is it going to be emission caps per industry? Is it going to come from taxes, which is a tool that has been used in some other countries? I honestly don't know. My bet is that it is going to matter a lot more in years to come and facilities will have to make decisions that they have to live with for 20 or 30 years, so I expect that public officials and industry leaders will take this into account.

Energy-Efficient Opportunities

Neda Simeonova: *What types of challenges and opportunities do you see for the water and wastewater industry in 2010?*

John Williamson: The biggest challenge to the industry in 2010 is the economic crisis; for example, the availability of funds. That by itself presents both short- and long-term opportunities. Everyone is strapped for cash, and there is an opportunity in municipal water and wastewater to sell products that are energy efficient and reliable across all brands. Because you don't just buy a product and plug it in, you buy years of experience and the people who show up on site to make it work. So I think that's the biggest opportunity.

Long-term issues revolve around growing populations, and we have populations that are shifting to



John Williamson

Challenges and opportunities for the water and wastewater industry in 2010

urban centers. The challenge is to keep up with the demands on the municipal infrastructure for water and wastewater. There is a need for infrastructure rebuild in the developed countries; there is a need for infrastructure build in the developing countries; there's an environmental impact on both the rebuild or the building of infrastructure; and there's a huge cost issue, which is not just the cost of putting in infrastructure and the cost of maintaining it, but the growing cost of offsetting the environmental impacts.

Simeonova: What type of impact would carbon footprint have on the water and wastewater industry? What is ITT Water & Wastewater's approach on this issue?

Williamson: ITT Water & Wastewater approaches carbon footprint from a couple of different angles, but fundamentally it is the energy used in running our equipment that creates the biggest carbon footprint for our customers. That is obvious, so to that extent we're able to do our part in reducing the energy needed. There are number of ways to do that.

We have a very strong commitment to our own carbon footprint, and within our businesses at ITT Water & Wastewater, I signed a policy that we have voluntarily started to measure our own carbon emissions and set goals over the next decade to reduce them. No regulators are asking us to do that, but we are doing it as a signal to our employees and to our customers that this is an important issue in the world.

With our products, it is mostly energy efficiency and the resulting carbon footprint. Another critical

issue that has an indirect effect is the reduction of sludge. It is one of the most important issues—what do you do with the sludge? We think that we can play a role in addressing that issue as well.

Simeonova: What type of impact has the stimulus spending had on our industry so far, and what do you foresee for 2010?

Williamson: There are stimulus packages all over the world. Every major economy has some element of a stimulus package, including China and India. What we have seen is twofold. In the U.S., which is an extreme, we saw it actually retard investment for a long time until the last quarter of 2009. We are only now seeing results of the stimulus package on infrastructure. We remain pretty hopeful for 2010 because we are starting to see a great boost. In other countries, the stimulus packages tended to be smaller, less fanfare and more immediate. What we worry about is that there will be a vacuum after the stimulus; there will be this shadow to the stimulus.

The national demand is the national demand. When you accelerate that demand for any reason, you can create a hole on the other side. In Germany, for example, as an economic driver they did a much more effective Cash for Clunkers program, which was called something else, to keep their economy going. But that has played through, and now the car industry is starting to stag, as you could argue it might have naturally anyway.

That's the whole thing about stimulus packages: One school of thought is, "Don't do that, let it play out." But

we didn't, so we are seeing those two things just starting to take effect in the U.S. and a quicker effect in other countries—with a concern that now we're starting to see the hangover, if you will, in those other countries.

Simeonova: If you were to sum it up in just a few words—what do you expect from 2010?

Williamson: 2010 is going to be a challenging year, as well a breakthrough year. I think in some respect, the challenge goes to the municipalities in regard to funding. I think in every crisis there is an opportunity, and I think in 2010 we will see a lot of those opportunities come true. I think that there still will be investments in wastewater and water infrastructure, that we won't see that fall off at all; however, I think we will see a change in the thinking about how we go about it. **www**

Neda Simeonova is editorial director of *Water & Wastes Digest*. Simeonova can be reached at 847.391.1011 or by e-mail at nsimeonova@sgcmail.com.

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