Siemens taps the power of Australian energy

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Technology giant Siemens is looking to increase sales to Australian energy companies, where it predicts a potential doubling of its products' $6 billion market in the next five years.

The company, from Munich, Germany, specialises in technology for industry, energy and healthcare, and has 20 per cent of the Australian market in large-scale industrial equipment for companies in power generation, transmission and distribution.

As the market for its products grows, Siemens also expects to grow from that position.

"We see our share improving because of some of the solutions we can provide to Australia's energy needs," said Andrew Theodore, a Siemens Energy executive manager.

Mr Theodore couldn't say how much its market share would grow beyond 20 per cent, pointing out that factors outside the company's control would affect this.

A key one was the potential influence of a price on carbon – a big swing factor for project economics in the utility sector. The Gillard government wants to introduce a price on carbon on July 1 next year.

Mr Theodore said that from Siemens' perspective, a price of $20 a tonne on carbon would be "perfect".

"Through those sorts of signals we create an environment that has business certainty, that all players including ourselves can then start to make decisions for the mid-term," he said.

A $20 price, "would drive investment in better technologies, we don't have a bias," he said.

Siemens supplies both renewable energy and non-renewable energy power plants.

In Australia and New Zealand, it employs around 2500 people. In the year ended September 30, 2010, the company's revenue from Australia and New Zealand was $1.5 billion.

Siemens believes growth in the Australian market will follow global trends including climate change, demographic change and urbanisation.

In Australia these translate into a rush to reduce greenhouse emissions, an increasing demand for electricity and a highly urbanised, yet energy inefficient, population.

A hurdle for the company's growth plan was consolidating markets, Mr Theodore said.

"Our challenges exist where the market is moving into utility consolidation, for example in NSW and Queensland we are seeing major energy suppliers merging together as one entity – this will obviously restrict our share of the market," he said.

"Despite this we are optimistic that there are opportunities in other areas of the market like an expansion of renewables and energy efficiency," he said.

Acquisitions aren't on the radar in the short term, but in the mid-term the company sees possibilities.

Siemens may target more deals like its collaboration with wind desalination company Windesal, unveiled in May 2010, which will look at building wind-powered micro-desalination plants around the world.

These would provide potable water for areas around the facilities. Among a host of projects, the companies are looking at developing sites in South Australia.

The company's $US418 million acquisition of Israeli company Solel Solar Systems in 2009 gave it a stronger position in solar thermal power plants.

Siemens is using technology acquired in that deal in a solar flagships bid, vying to win funding in the solar thermal category. The company is bidding as part of a consortium with Parsons Brinckerhoff .

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