

Hydroelectric catastrophe in Russia

Latest industrial accident points to serious infrastructure failures

Niall Green
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An explosion at Russia's largest hydroelectric power station August 17 has killed or injured scores of workers. Others are still missing, presumed dead. The blast at the Sayano-Shushenskaya station in the southern Siberian region of Khakassia is one of the worst industrial accidents in recent Russian history.

It is believed that an oil-filled transformer at the plant exploded during repairs, bringing down the ceiling of the turbine hall, which then rapidly flooded. Officials from the government in Moscow and RusHydro, the hydroelectric company that owns the station, initially announced that 11 workers were killed and another 14 people injured.

Claims made on some web sites that Chechen separatists had bombed the power station were quickly dismissed by the Kremlin and RusHydro.

After a rescue operation involving teams of divers working in the extremely cold water that had flooded the turbine room, the total number of dead from the accident has risen to 67, with a further 8 workers unaccounted for. Officials have stated that it is unlikely that any more survivors will be found.

The kilometre-long, 245-metre-high dam itself was reportedly undamaged by the blast, which destroyed 2 of the plants 10 turbines. A third turbine was badly disabled. The plant is one of the largest hydroelectric stations in the world, and provided a quarter of RusHydro's electricity output.

At least two large aluminum smelters near the station have been forced to switch to alternative sources of electricity after the accident. Power shortages were reported after the accident as far away as Tomsk, 600 miles from Sayano-Shushenskaya.

A statement from RusHydro warned that the cost of the damage to the plant would be "billions of roubles"

and that it would take several months to return to normal operations. News of the explosion caused the company's shares to drop by 17 percent on the London Stock Exchange, while trading was suspended in Moscow. The company is partly owned by the Russian government.

Emergencies Minister Sergei Shoigu contradicted the assessment of the company, claiming that it would take much longer to fix the plant. "We're probably talking about years rather than months to restore three of the 10 turbines," he told state television. Shoigu estimated that the cost of repairing the turbine hall would be 40 billion roubles (US\$1.3 billion).

Russian President Dmitry Medvedev ordered Shoigu and Energy Minister Sergei Shmatko to Siberia to take personal control of the situation and initiate an inquiry.

The accident caused a 5-kilometre-long spill of 40 tonnes of oil into the River Yenisei, which flows into the Arctic Ocean. Many fish farms along the river have reportedly been damaged by the pollution.

Relatives of the dead and missing reacted angrily during a public meeting with senior company and government personnel the day after the explosion, according to Reuters news agency. "They do not care what has happened to our men," one person shouted at officials at the meeting. "We want to know the truth."

"The state and the owners just cared about profit," said another relative.

RosHydro underwent a major restructuring in 2007, leading to a large increase in profits. The company made a gross profit of 22 billion roubles (US\$660 million) in the year up to June 30, 2009—double the profit of the previous year.

Responding to this anger, and concerns among the wider public, Russian Prime Minister Vladimir Putin visited the power station on Friday, where he promised

to pay each of the accident victims' families 1 million roubles (US\$30,000) in compensation.

Commenting on the conditions at the plant that led to the disaster, Putin stated: "The tragic events at the Sayano-Shushenskaya have clearly shown how much we need to do to ensure the safety of hydropower facilities."

The prime minister, who was president of Russia from 2000 to 2008, stated that the country's infrastructure was comparable to that of a "wartime frontline." In an earlier statement, Putin claimed that the government would act to "check on all strategic and vital parts of infrastructure and work out a plan for their regular upgrade."

Built in 1978, the plant suffered from problems early on. In the 1980s, the station was found to have problems that threatened the safety of workers and the surrounding environment, according to journalist Sergei Leskov, writing last week in the web site *Inauka.ru*. Sayano-Shushenskaya was one of several hydroelectric stations built in Siberia at the time, all of which have suffered, with much of the rest of the infrastructure built during the Soviet period, from chronic underfunding. This problem has intensified markedly since the end of the USSR in 1991 and the restoration of capitalism.

While the ex-Stalinist bureaucrats and nouveaux riches that form the current Russian elite looted billions of dollars from the previously nationalised industries, the infrastructure of Russia and the other ex-Soviet states was left to rot. In recent years, corresponding with an upturn in revenues from Russia's oil and gas exports, Kremlin officials began to point to the poor condition of the nation's infrastructure as a matter requiring urgent attention.

During trade talks with China in 2007, Russia's economic development and trade minister stated that the government planned to invest US\$1 trillion in the country's infrastructure by 2020. Last year, Russian Deputy Prime Minister Sergei Ivanov stated that the country had to spend 4 percent of its GDP on infrastructure improvements—up from the current total of 2.5 percent.

Much of this projected spending was to go to energy and transport projects, but other essential areas of the economy are also in dire need of investment. Last year, Alexander Malakh, head of Rosvodokanal, Russia's

biggest water utility, claimed that the country required an expenditure of US\$40-US\$50 billion just to maintain its water supply network.

Given the decades of neglect, even these figures would be inadequate. Moreover, such spending would be focused on the demands of Russian and international big businesses rather than the general needs of the population and the safety of workers.

Since the onset of the global recession and the fall in the price of oil, it is now unlikely that much of this infrastructure spending will come to pass.

Anatoly Ballo, deputy chairman of Vneshekonombank, a key private lender to state sponsored projects, told an economic conference in September 2008 that the world financial crisis had badly affected Russian plans for investments. "The infrastructure of our financial markets does not correspond to our transport and infrastructure needs," Ballo said.

Combined with falling state revenues from oil and the crisis of the Russian finance sector, foreign investment into Russia is drying up and is unlikely to improve as foreign capital retreats to prop up ailing Western financial institutions.

In May, a massive gas explosion in Moscow injured several people. A gas pipeline in the city exploded, sending flames 100 metres into the air, and requiring 20 fire crews to subdue the inferno. City officials said the accident was the worst gas fire in Moscow for decades. Accident investigators blamed the aging and dilapidated pipeline network for the blast, which was only the most prominent example of gas explosions across the country in recent years.



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