

Wednesday, July 7, 2010 As of 12:00 PM EDT New York 100° | 78

More

News, Quotes, Companies, Videos

SEARCH

## BUSINESS

U.S. Edition

Today's Paper

Video

Blogs

Journal Community

Log In

[Home](#) [World](#) [U.S.](#) [New York](#) [Business](#) [Markets](#) [Tech](#) [Personal Finance](#) [Life & Style](#) [Opinion](#) [Careers](#) [Real Estate](#) [Small Business](#)
[Asia](#) [Europe](#) [Earnings](#) [Economy](#) [Health](#) [Law](#) [Autos](#) [Management](#) [Media & Marketing](#) [Energy](#) [More Industries](#)
TOP STORIES IN  
Business1 of 10  
**BP Steps Up  
'Charm Offensive'**2 of 10  
**Steel Industry Cuts  
Back**3 of 10  
**China Reviews  
Google License**

JULY 7, 2010, 12:00 P.M. ET

## CANADA VENTURE: "Toilet To Tap" With H2O Innovation &gt; HEO.V

## Article

 Email  Printer Friendly
Share: [facebook](#)
 Text 
Introducing **FINS.com**, the financial job resource.

Start looking &gt;

from  
THE WALL STREET JOURNAL.

By Laura Kusisto

Of DOW JONES NEWSWIRES

The secret behind the enviably green lawns at this year's U.S. Open at Pebble Beach is recycled sewage. Quebec City-based H2O Innovation (HEO.V) helped design the system that provides filtered wastewater to the golf course in water-starved southern California.

The Professional Golf Association agreed to a pilot using recycled water. But H2O Innovation Chief Executive Frederic Dugre says it won't be long before reusing water will be as unremarkable as recycling paper or glass bottles. "Water reclamation, even for drinking water, is becoming a no-brainer," Dugre says.

When California's Orange County started recycling wastewater using H2O Innovation's system, skeptics dubbed the program "toilet to tap." Now the county, which reuses 70 million gallons per day, has grabbed the attention of other communities desperately short on water. Global Water Intelligence estimates the water recycling market will grow 18% by 2016.

More than one billion people worldwide lack access to safe drinking water, so the demand for innovative treatments is massive. Dugre sees the most potential in India, the MENA region (Middle East and North Africa) and Eastern Europe.

Recently, H2O Innovation partnered with an Indian company to build water treatment systems there. Four months in, the partnership has won C\$2.2 million worth of contracts.

"India has huge potential," analyst Lawrence Casse says. "People are going off-grid increasingly," he says. "They're totally bypassing the municipal water system and building their own wastewater and drinking water systems."

Recycling water may be virtuous and increasingly necessary, but it's not always easy convincing people to sprinkle their lawns, let alone fill their drinking glasses, with scrubbed-up sewage. To reassure them, H2O Innovation relies on its track record of having installed more than 500 membrane filtration systems transforming polluted lake water into tap water. "It's the last place you want to take risk," Dugre says.

Dugre co-founded H2O Innovation 10 years ago, after the e. coli outbreak in Walkerton, Ont. highlighted the vulnerability of small-town water systems. "I had to do something to come up with better, accountable solutions for small and mid-sized communities," Dugre says.

H2O Innovation designs water-treatment systems for municipalities and industry using membrane filtration, a system that's more energy efficient and reliable than traditional chlorine treatment. Chlorination can fail if the chemical balance or temperature is wrong. But membrane filtration creates a physical barrier, according to Dugre, because water passes through pores too small for contaminants such as iron or salt.

The company specializes in building systems for communities under 50,000 people, which larger companies might not consider worthwhile. Its grown by consolidating a fragmented industry, acquiring nine companies in the last 10 years.



[My Journal](#)  
[Portfolio](#)

[WSJ Japanese](#)  
[WSJ Portuguese](#)  
[WSJ Spanish](#)

Copyright ©2010 Dow Jones & Company, Inc. All Rights Reserved