

Market News

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HUGE MARKET FOR SMART GRID DEVELOPMENT IN CHINA

[Source: environmentalleader.com]

The value of China's smart grid market is projected to rise from \$22.3 billion to \$61.4 billion over the next five years, providing a market unrivalled by any in the world, according to research firm Zpryme.

The size of China's smart grid market will provide an unmatched economy of scale, but the country's protectionist policies will continue to pose major obstacles, the Zpryme report said.

The biggest slice of the Chinese smart grid will be in transmission and distribution (T&D), which Zpryme projects will grow from \$4.5 billion in 2010 to \$21.2 billion in 2015, an annual growth rate of 36.4 percent.

But foreign firms' best chance of success is through providing IT and networking systems to automate distribution and manage electricity demand, the report said. China's capabilities in this area are still limited, Zpryme said.

Market research firm SBI Energy estimates that the world market for smart grid software and data management applications will grow to \$2.9 billion in 2015.

Zpryme predicts that global blue chip companies such as GE, Siemens and IBM, and more specific smart grid-focused companies such as Telvent and Landis+Gyr, will continue to move into the Chinese smart grid market without significant competition in 2011. These operations will take the forms of joint ventures, domestic firm partnerships, pilot projects and independent Chinese operations.

At the same time, Chinese smart grid firms will increasingly move beyond their nation's borders, Zpryme said.

China's ambitious smart grid plans are part of the government's plans to meet soaring demand, move electricity from resource centers in the west to load centers in the east, and meet goals on carbon emissions and renewable energy.

The country has a goal of reducing the carbon intensity of its economy by 40 to 45 percent between 2005 and 2020. China also aims to meet 15 percent of energy demand from renewable energy by 2020.

But while China has made great strides in renewable installations – this year becoming the country with the most installed wind power capacity – much of that power has nowhere to go. About 30 percent of wind turbines in China are not connected to a transmission network, Zpryme said.

And while utilities in the U.S. are trying to retrofit their infrastructure with smart grid technology, China will be building that technology into a slew of new transmission



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networks. The new power lines are expected to reach 20 GW of capacity by 2020, and include the world's first 1,000 kv alternating power line.

China's centralized, state-owned transmission companies and streamlined regulation will also make such infrastructure projects much faster to build than in the U.S., Zpryme said.

Last October Pike Research predicted that one of 2011's top smart grid trends would be the smart meter and AMI focus shifting toward Europe and China.