

Market News

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CHINA'S SMART GRID BOOM

[Source: forbes.com]

China has surpassed the United States to become the world's largest energy user, according to Paris-based International Energy Agency. As a growing Chinese middle class demands cars and homes with modern appliances, it will continue to drive up China's energy consumption.

Achieving greater energy efficiency has become a top priority of China's leaders. According to China Daily, China's state-owned State Grid Corp. plans to invest \$586 million constructing smart grids that incorporate wind and solar energy, energy storage, energy transmission monitoring, intelligent substations, and smart meters.

There are plenty of opportunities for Western companies in China's soaring clean tech industry. Green Chip Stock, an investment research service, reported several promising deals by Western companies in China's booming smart grid market:

Last month (May 2010), Siemens (NYSE:SI) struck a deal with holding company Wasion Group (3393:HKG) to conduct feasibility studies in an effort to launch new smart grid pilot projects in the Middle Kingdom.

IBM (NYSE:IBM) is investing heavily in China's smart grid future, having just recently unveiled its Energy and Utilities Solutions Lab in Beijing. According to management, IBM expects the China revenues of its energy and utilities division to grow by \$400 million from now until 2014 – thanks primarily to China's smart grid development.

And GE (NYSE:GE) recently announced that it will be partnering with the City of Yangzhou to build a smart grid demonstration center. The goal will be to deploy some of the tested technologies within four years.

Cisco, Accenture, Hewlett-Packard, and Oracle are also vying for a piece of China's smart grid boom.

Over the next 10 years, China is expected to spend more than \$100 billion upgrading its power distribution system. As Jack Perkowski wrote on the Forbes China Tracker blog, China's smart grid market is dominated by a few large state-owned companies. However, if a company has the world class technology, it will find a receptive market in China.