

SMART GRID: EXECUTIVE SUMMARY

- ❑ Smart grids (SG) are a key component of worldwide energy efficiency initiatives, promising improved grid reliability, loading and security, while paving the way for increased distributed generation (DG) and eVehicle penetration
- ❑ The IEA estimates US\$10trn of global electricity infrastructure investment over the next 20 years (50% generation, 50% T&D), with an increasing allocation to SG; specific projections for SG market size vary widely
- ❑ SG implementation is being led by simple smart meter programs but will increasingly evolve towards complex (& software-intensive) solutions
- ❑ Key deployment barriers remain interoperability (standards), utility business models & incentives, complexity (interdisciplinary) and cybersecurity
- ❑ Different regions are following different trajectories and strategies
 - an over-burdened grid and IT/communications company/technology heritages place the US at the vanguard of SG deployments
 - SG rollout in the EU has been relatively slow and basic, but is gathering steam
 - China has the most aggressive SG rollout globally, though is a challenging market for non-domestic vendors and is deploying more lagging-edge technology
- ❑ Major multinationals (communications, IT, energy ...) are already very active in the SG sector, but niches exist for innovative start-ups
- ❑ Investor interest has moved from hardware (smart meters, comms ...) to software (MDM, analytics, apps, security ...)
- ❑ Despite a slowdown in SG capital raising and M&A activity, strategics continue to look for critical portfolio bolt-ons