

Friday, January 15, 2010

DRSG members tell 200 House members about smart grid jobs

Representatives of the Demand Response & Smart Grid (DRSG) Coalition yesterday presented their views on smart grid development, job creation and economic recovery to over 200 members of the US House of Representatives, DRSG Coalition Executive Director Dan Delurey told us yesterday. The House Democratic Caucus invited the coalition to do so at an “issues retreat,” he added.

EnerNOC CEO Tim Healy told the lawmakers about how the DR aggregator

not only grew its staff by 65% in the depths of the recession -- 2008-2009 -- but also provided over \$100 million in payments to C&I customers in the US in 2009, Rick Counihan, vice president of regulatory affairs for the firm, told us yesterday. Boston-based EnerNOC now employs over 400 people.

Those payments for DR could have led to over 2,000 added jobs at EnerNOC customers’ facilities, Healy said during yesterday’s issues summit, quoting Bureau of Labor Statistics data on the mean annual income for a civilian worker in the US.

“Of course we don’t know what each of these companies did with the money,” Counihan added, “but we do have anecdotal evidence that, in some cases, it has led to them either hiring someone or

keeping on someone they otherwise would have had to lay off.”

The amount of money EnerNOC, which is not in line to receive any DOE smart grid grants, was “able to put back into the pockets of business owners” with whom it works “certainly hit home” with the lawmakers, said Counihan.

The representatives were “clearly very interested” in all that the smart grid executives had to say, he added. “Some are more familiar with the smart grid than others,” thus the meeting made some newly aware of the smart grid as a growth sector.

Executives from other DRSG member firms including, Honeywell, Ice Energy, Landis & Gyr and Whirlpool, spoke to lawmakers, too. Honeywell and

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Publishing Schedule Notice:

We will observe Martin Luther King, Jr’s birthday Monday and will publish our next issue on Tuesday, Jan 19.

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Echelon expands deal with big Brazilian meter maker

Grid infrastructure firm Echelon, of San Jose, Calif, entered a technology licensing deal with Brazil’s largest meter maker, ELO Sistemas Eletronicos, of Sao Paulo. Under the five-year deal of undisclosed value, ELO can use Echelon’s Networked Energy Services products to build smart meters and then sell them in Brazil and elsewhere in Latin America.

The agreement expands a November pact between the firms that made ELO an Echelon value-added reseller, letting it build applications that work on Echelon’s meters and other hardware but not to build meters itself (SGT, [Nov-10](#)). “This deal is very important for us, because it gives us a great entrance to a very large emerging market with a leading, very sophisticated supplier that has good local knowledge,” Jeff Lund, Echelon’s vice president of business development, told us yesterday. “It also drives home the idea that we have a system many people can supply components to, so it matters tactically and strategically.”

Echelon sells meters, networking software and communications gear that lets utilities map and monitor their service area. Its meters permit remote

disconnect and prepaid plans, Lund said -- features some others do not. Itron is among its principal competitors in the smart meter market.

Echelon uses data concentrators, mounted on or near low-voltage transformers, to gather IP-based data using any cellular technology -- CDMA, EVDO or GSM, for example -- and to then transmit that data over the power lines.

“By using the power lines, we drive down costs and also supply information that utilities need,” Lund said. “Often utilities have paper records of which meters are connected to which transformers. When we install our system, they realize their records aren’t accurate because we automatically map the meters to the transformers.”

He said that by using PLC data communications, Echelon “creates a grid that is actually smart, not just smart endpoints connected to a non-smart grid.”

Echelon’s Networked Energy Services software, that Lund described as a smart grid operating system, presents the data and allows the use of applications built by VARs. Such applications might include meter data-

management or an outage-management system, he added.

Echelon’s system also permits upgrading the firmware in its meters remotely, Lund said. The meters have an open interface, letting VARs add features to them.

Echelon got its start outside the US and is still very active there, with VARs in Denmark, Germany, Sweden and Switzerland, Lund said. In the US, its largest customer is Duke Energy, having bought 200,000 Echelon meters for use in Ohio, he added.

ELO has about a 40% share of the smart meter market in Brazil where Lund said the government plans to replace every one of the country’s roughly 60 million meters with a smart meter by 2021. Gaining the technology to build meters in Brazil will give ELO a competitive advantage, since high tariff barriers there add to the cost of imported meters, Lund said. ELO could not be reached for comment yesterday.

“The belief is ELO is going to be a dominant supplier of smart meters not just in its home market but throughout neighboring countries,” Lund said.

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Whirlpool are “involved in smart grid grants, so they spoke about what that means for them in terms of hiring ... and the types of skilled jobs that come with the smart grid,” Delurey told us.

Whirlpool’s president, Michael Todman, spoke to lawmakers about the firm’s \$19.3 million SGIG award (SGT, [Nov-05](#)) and said that “80% of the proceeds are going right into payroll,” Delurey recalled.

DRSG Coalition members made several policy suggestions in the name of creating more jobs and contributing to US economic recovery via the smart grid industry, including:

- Providing more stimulus funds to DOE to award grants to some of the applicants that missed out in the fall.

DOE was “delighted by the quality of the application pipeline [and was] oversubscribed 4-1 in terms of the number of applications and 5-1 in terms of the dollar amount of applications we were able to provide,” Matt Rogers, senior adviser to

the secretary at DOE, said during a White House press office briefing in October (SGT, [Oct-27](#)).

- Establishing a temporary investment tax credit to spur near-term smart grid business activity in the same way that tax policy has been used to support development in the area of renewable energy technology. “Not everything fits into a grant program,” Delurey said. “There’s attractiveness when you have an investment tax credit because you know that if you qualify for it, you will get it. That’s a different path than a competitive grant program.”

The tax liability question now holding up contract negotiations with DOE smart grid grant recipients -- that might only be resolved via an act of Congress (SGT, [Jan-14](#)) -- was not addressed in yesterday’s gathering, he added.

- Finally, enacting the existing provisions of the American Clean Energy & Security Act to create smart grid peak drop goals and integrate smart grid into the Energy Star Program.

Peak DR goals in that act encourage

the use of smart grid technologies to help utilities cut peak demand (SGT, [Jun-29](#)). The provisions in the House and Senate bills vary but are aimed at the same end goal: “harvesting some of the potential that FERC showed exists” in its National Assessment of Demand Response and a National Action Plan on Demand Response, Delurey said yesterday.

That report showed that the US “could see almost five times as much demand response as it has today and reduce our peak load and the need for expensive carbon and heat emitting peaking plants significantly,” FERC Chairman Jon Wellinghoff said in July (SGT, [Jul-22](#)).

The DRSG Coalition doesn’t believe there should be a “hard line between energy efficiency and smart grid,” Delurey told us in July, when we pointed out that the government could soon start using Energy Star, the efficient-appliance rebate program, to get the word out about needed energy consumer participation in the smart grid (SGT, [Jul-09](#)).

Pelosi, others talk jobs

“The smart grid is about jobs,” House Speaker Nancy Pelosi, D-Calif, said in a statement that DRSG distributed to the press yesterday. “And the clean energy jobs of the future are created by smart grid companies every day. Investing in the smart grid means investing in every state in ways that provide local jobs and local benefits as well as supporting our economic recovery and our environmental goals.”

“We look to the smart grid for an innovative way to create jobs in the short term while laying a foundation for long-term economic growth,” House Democratic Caucus Chairman John Larson, D-Conn, said in a prepared statement. “It was important to hear from the DRSG coalition and its cutting-edge companies to get their perspective. It is clear that a part of maintaining US competitiveness includes supporting the smart grid.”

In part since the smart grid is, with each passing month, getting more mainstream media coverage, “policymakers want to understand it,” Delurey noted, “but it’s important they understand ... why it creates jobs and economic growth.”

Delurey was not quick to call yesterday’s discussion a turning point: “I’m not sure you know turning points until you look at them in your rear-view mirror,” he said. “But this was a very focused discussion. It was a good day for

3 stories in 2 minutes

Article describes Boeing’s

entry into smart grid: Boeing won a \$17.2 million DOE grant to demo military-grade cyber security (SGT, [Dec-02](#)), and was one of the few grant winners from outside the power industry, noted a recent online post. How did that happen? Boeing’s decision to return to the power industry evolved from discussions with Consolidate Edison in New York, for which it developed a SCADA system 25 years ago, said [a report](#) from *Electric Light & Power*. Just over a year ago, Con Edison shared its security concerns with Boeing and the latter realized it could use its defense-industry expertise in the utility industry, the story said, quoting Tim Noonan, vice president of Boeing’s advanced global services and support.

Tendril’s Enwall speaks

with *Entrepreneur*: “The next step for us is to go from 1,000 users this year to 50,000 users next year, in 10 different states,” Tim Enwall, president of Tendril Networks, told a questioner during a recent [webcasted interview](#) with *Entrepreneur Magazine*. The maker of in-home energy management systems said he started his career as an electrical engineer and computer scientist at

Apple, where he realized that “I loved business and I loved the idea of bringing value to society through business.”

China to spend billions

on smart grid next year: China’s smart meter roll-out will in 2011 require 21 billion RMB (US\$3.1 billion), up from 16 billion RMB in 2010 and 12 billion in 2009, Cogo Group told the press yesterday, quoting the China Electricity Council. The firm, a provider of customized module and subsystem design solutions in China, sees itself capitalizing on China’s expected smart meter upgrade over the next five years, the firm said yesterday -- without announcing any new partnerships or new contracts but with the notation that Cisco and GE are set to pursue the market. Total expenditures budgeted for the upgrade of the country’s smart grid will reach 280 billion RMB (US\$40 billion) in 2011, Cogo said. That’s up from 220 billion RMB in 2010 and 180 billion in 2009. Chinese utilities plan to upgrade about 300 million commercial and residential meters, so they may transmit data in near-real-time. Cogo recorded US\$3 million in smart meter revenue in the third quarter of 2009, it said.

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educating policymakers about the smart grid. The dots were connected in terms of the ability of the smart grid to create jobs and be a part of economic recovery.”

The DRSB Coalition took pains to point out that “with the stimulus act and the amounts dedicated to smart grid, that it was a down-payment -- that the investment will be large” for a fully functioning modern grid, Delurey said. “We tried to make the case that with a little bit of additional support, great things can happen.”

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