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Smart Meters

Industry Study with Forecasts for **2016 & 2021**

Study #2844 | February 2012 | \$4900 | 257 pages

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Advances will be driven by the rising share of smart meters in use, particularly advanced metering infrastructure (AMI) products, and by the greater number of smart meters to service.

US demand to see double-digit gains through 2016

Smart meter product and service demand in the US is projected to increase more than eleven percent annually to \$4.4 billion in 2016. Advances will be driven by the rising penetration of smart meters, particularly advanced metering infrastructure (AMI) products. In addition, the rising share of smart meters in use means that there are a greater number of meters to service, which will support demand for parts and services. The rising number of AMI meters will also generate demand for related products such as meter data management software. As mainly early generations of advanced meter reading (AMR) products, reach the end of their service lives, utilities will begin to replace these products.

In 2011, there were approximately 325 million electric, water and natural gas meters installed in the US, and 45 percent were smart meters. Through 2016, the penetration rate for smart meters is expected to continue to grow rapidly, rising to 63 percent of all meters installed. Following this strong growth, the penetration rate for smart meters is expected to continue to rise at a healthy, albeit slower pace, as several segments of the market begin to mature. By 2021, there will be approximately 285 million smart meters in use, nearing 80 percent of all meters installed. The highest penetration rate is forecast in electric meters, with smart meters representing over 90 percent of electric meters in use by 2021.

US Smart Meter Product & Service Demand (\$4.4 billion, 2016)

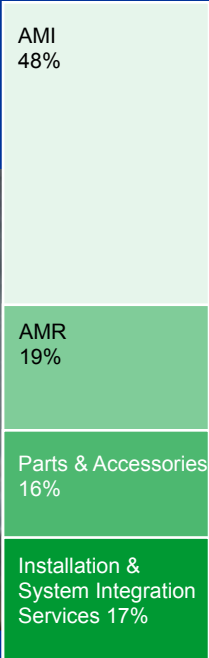


photo: Venture Chronicles

AMI meters to rise rapidly

Demand for smart meters will rise more than twelve percent annually to \$3 billion in 2016. Growth will be supported by continued efforts by electric utilities to increase the intelligence of the electric grid. Both the gas and water segments are also expected to see rapid growth in the use of AMI meters, albeit from a smaller base than the electric segment. In these markets, the added capabilities of AMI vis-à-vis AMR meters are less valuable to utilities. Still, the greater visibility provided by AMI meters and the declining cost difference between AMR and AMI products is supporting growth in the gas and water segments.

Northeast, Midwest to see fastest regional growth

Through 2016, demand for smart meters will grow most rapidly in the Northeast and Midwest regions, primarily because they are rising from a smaller base than the South and West regions. Utilities in the Northeast and Midwest have been slower to roll out large-scale smart meter installations, particularly installations of AMI meters in the electric market. In contrast, demand in the West region will decline from an elevated level as several large electric meter rollouts were completed in this region in 2011.

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Sample Text, Table & Chart

MARKETS

Smart Meter Demand

Electric utilities are the largest market for smart meter products. In 2011, electric utilities accounted for 64 percent of total demand. The size of the electric market reflects the large total number of electric meters in use, the relatively high penetration rate of smart meters in electric applications, and the high share of smart electric meters that use AMI technology. Smart meters are more prevalent than natural gas or water meters because nearly all US households and businesses have electric service, a large portion do not have natural gas service and a number utilize water service rather than a municipal water service, and therefore do not require natural gas or water meters of any type. Furthermore, because of the complexity of the electric grid and the need to constantly balance supply and demand to prevent problems in the grid, the electric market has been the earliest to adopt smart meters, particularly AMI products. In addition, AMI meters allow for demand response, time-of-use and variable pricing features that are especially important in the electric market to help utilities increase grid stability.

Through 2016, demand for smart meters in the electric market will continue to rise sharply, rising to \$2.6 billion. Growth will be driven by the steady penetration, particularly AMI penetration, of smart meters to 2011 levels. Smart meters will continue to be critical in utility efforts to increase the intelligence of the electric grid in order to improve the efficiency and reduce energy consumption, especially at peak demand. The electric market is expected to see the fastest growth of any smart meter market through 2016, although this pace will be a deceleration from the 2006 to 2011 pace, which was bolstered by several large-scale smart meter rollouts and stimulus funds from the ARRA of 2009.

Over the longer term, demand is expected to slow sharply after 2016 and 2021, rising just 1.9 percent annually, primarily due to

102

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SAMPLE TEXT

TABLE IV-3

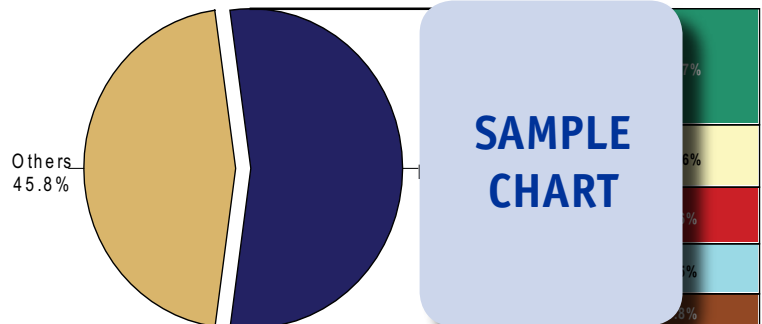
SMART METERS IN USE BY TYPE
(million units)

Item	2000	2005	2010	2015	2020
Meters in Use	2	2	2	2	2
Electric	1	1	1	1	1
Water	0	0	0	0	0
Natural Gas	0	0	0	0	0
Smart Penetration Rate (% total meters)	8	8	8	8	8
Electric	0	0	0	0	0
Water	8	8	8	8	8
Natural Gas	3	3	3	3	3
Smart Meters in Use	5	5	5	5	5
Electric	5	5	5	5	5
Water	0	0	0	0	0
Natural Gas	0	0	0	0	0

SAMPLE TABLE

CHART VII-1

SMART METER PRODUCT & SERVICE MARKET SHARE
(\$2.6 billion, 2011)

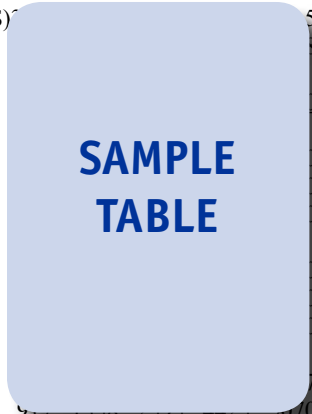


SAMPLE CHART

Sample Profile, Table & Forecast

TABLE VI-7
SOUTH SMART METER PRODUCT & SERVICE DEMAND
 (million dollars)

Item	2000	2005	2010	2015	2020
South Construction Expenditures (bil \$) \$ smart meters/000\$ construction					
South Smart Meter Products/Services					
By Subregion:					
South Atlantic					
East South Central					
West South Central					
By Market:					
Electric					
Water					
Natural Gas					
% South Smart Meter Product/Service Demand	9.1	10.0	10.9	12.0	13.0



COMPANY PROFILES

Datamatic Limited
 3600 K Avenue
 Plano, TX 75074
 972-234-5000
<http://www.datamatic.com>

Annual Sales:
 Employment:

Key Products: interface units, handheld com, g receivers

Datamatic provides advanced metering (AMR) and field data collection systems for electric, gas and water utilities. The privately held company conducts manufacturing and other operations at its headquarters facility in Plano, Texas.

The Company's AMR systems are available under the MOSAIC, FIREFLY and ROUTESTAR MVP brand names. The MOSAIC system enables the combination of mobile, walk-by radio frequency and full mesh network reading capabilities in a single system. Among the components of the MOSAIC system are FIREFLY meter interface units (MIUs), which store 240 days of usage profile data and can be utilized with virtually any utility meter. Datamatic's FIREFLY AMR system employs FIREFLY MIUs and features the PROFILEPLUS usage profiling capability, which provides data to help resolve billing disputes, identify leaks, prevent tampering, enable time-of-use billing and perform load studies, among other functions. The Company's ROUTESTAR MVP AMR offering is an enterprise route management meter reading system that supports the FIREFLY AMR system, has a scalable architecture and features an intuitive graphical user interface.

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"Smart meter demand in the South is forecast to rise 5.7 percent annually to \$1.3 billion in 2016, below the national average but with significant subregional variations. Advances will accelerate through 2021 as penetration rates for smart meters rise in the region. Smart meter demand will be aided by above-average economic activity and population growth, which will support above-average increases in building activity and thus in the total potential market for smart meters."
 --Section VI, pg. 147-8

OTHER STUDIES

World Robots

Global robot demand will rise 10.5 percent annually through 2016 to \$20.2 billion. Five countries -- the US, Japan, Germany, China, and South Korea -- will continue to dominate demand, with the US remaining the largest national market. Smaller, less expensive service robots will outpace more sophisticated, high-value industrial and medical robots. This study analyzes the \$12.3 billion world robot industry, with forecasts for 2016 and 2021 by type, market, world region and for 14 countries. The study also evaluates company market share and profiles industry players.
 #2950December 2012 \$6100

Sensors

US sales of sensors are forecast to climb at a 6.1 percent annual rate through 2016 to \$14.9 billion. Process variable sensors will remain the largest category, while chemical property sensors and proximity and positioning sensors will post the fastest growth. Motor vehicles will once again be the leading sensor market as production rebounds from recessionary lows. This study analyzes the \$11.1 billion US sensors industry, with forecasts for 2016 and 2021 by type and market. The study also evaluates company market share and profiles industry competitors.
 #2957October 2012 \$5100

Industrial Controls in China

Demand for industrial controls in China is projected to rise 13.6 percent annually through 2015 to 259 billion yuan. Advanced control products will continue to rise faster than conventional controls. Electrical and electronic equipment will be the fastest growing market, supported in part by the increasing penetration of industrial controls in this segment. This study analyzes the 137 billion yuan industrial controls industry in China, with forecasts for 2015 and 2020 by product and market. The study also evaluates company market share and profiles industry participants.
 #2817December 2011 \$5400

World Major Household Appliances

World demand for major household appliances (white goods) is forecast to rise 3.4 percent annually through 2015. The bedrock US market will recover from recent declines, while India will be the fastest growing market. "Smart" appliances -- which offer advanced features at higher prices -- will gain market share in developed markets. This study analyzes the 334.2 million unit world major appliance industry, with forecasts for 2015 and 2020 by product, world region and for 25 countries. The study also evaluates company market share and profiles industry players.
 #2822November 2011 \$6300

World Fuel Cells

Global commercial fuel cell product and service demand will more than triple by 2015, and claim nearly half of all fuel cell spending (including R&D funding and investment) by 2020. Electric power generation will remain the largest application through 2015, while portable electronics and other uses will grow the fastest. This study analyzes the \$780 million world fuel cell industry, with forecasts for 2015 and 2020 by product, chemistry, application, world region and for 15 countries. The study also evaluates company market share and profiles major players.
 #2769June 2011 \$6100

About The Freedonia Group

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