

Contact:

Carole Jacques
Lux Research, Inc.
(646) 649-9585
carole.jacques@luxresearchinc.com

TODAY'S BROKEN POWER GRID TO BE REPLACED BY A SMARTER POWER WEB

Lux Research report predicts that focus energy efficiency and grid reliability will drive a \$65 billion market opportunity in 2013

New York, NY – November 18, 2008 – The power grid today is wasteful, costly, inefficient and dumb – and ill-equipped to address many pressing energy issues, from the need to focus on climate change and carbon cost, to the demand for high reliability. However, the advent of distributed generation, distributed storage, and distributed intelligence will change power infrastructure into an intelligent and more nimble power web, according to a new report from Lux Research, “Alternative Power and Energy Storage State of the Market Q4 2008: Weaving the \$65 Billion Power Web.”

“Smart grid technologies, like advanced metering infrastructure and demand response services, will enable the transformation of the current grid to a more reliable and intelligent power web,” said Ying Wu, Senior Analyst at Lux Research. “They will also allow carbon-saving technologies, from plug-in hybrid electric vehicles to renewables like solar and wind, to be better integrated into the energy mix.”

To analyze the latest technology and business development trends in Alternative Power and Energy Storage markets, Lux Research updated its Q2 2008 State of the Market Report by incorporating up-to-date information in 2008 investments, market growth, and key announcements by technology developers. Report highlights include:

- The market for metering hardware and software plus networking technologies for the smart grid is already \$2.7 billion in 2008 and will grow to \$4.7 billion in 2013.
- Light electric vehicles will be dominated by hybrid electric vehicles (HEV) in the next two years. Plug-in HEVs (PHEVs) and full electric vehicles (EVs) will only enter the market after 2010. In total, the light electric vehicle market will grow from \$551 million in 2008 to \$3.1 billion in 2013.
- Lithium raw materials will not be a constraint in the near term for growth in transportation lithium-ion batteries, although prices will be volatile, and investors will jump in to fund mining activities.
- Investment in alternative power and energy storage is shifting from batteries and fuel cells to smart grid technologies that VCs hope will have a faster payback time – smart grid technologies garnered \$262 million in investment from 2007 through mid-2008.

“In the next five years, transportation and utility markets will see higher rates of growth for energy storage technologies like Li-ion and other large format batteries,” said Wu. “After down time for investments in 2009 and 2010, with stagnant VC investments and decreased IPOs, financing in alternative power and energy storage will see resurgence in 2011 and beyond.”

“Alternative Power and Energy Storage State of the Market Q4 2008: Weaving the \$65 Billion Power Web” is part of the Lux Research Alternative Power and Energy Storage Intelligence service. Clients receive: 1) regular market overview reports; 2) ongoing technology scouting reports and proprietary data points in the weekly Lux Research Alternative Power & Energy Storage Journal; and 3) on-demand inquiry with Lux Research analysts. For information on how to become a client, contact John Schwartz at john.schwartz@luxresearchinc.com or (646) 649-9582.

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