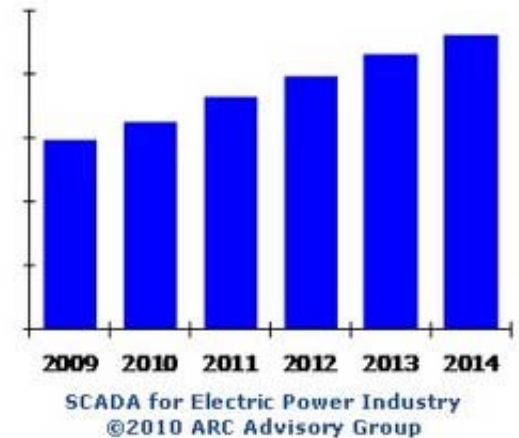


# July 2010 Automation & Control News

## ARC says Electric Power SCADA Market to grow 9%

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July 15, 2010: The worldwide Electric Power SCADA market will grow at a compound annual growth rate (CAGR) of 9.3 percent from 2009 through 2014. A new report published by ARC Advisory Group projects this substantial growth will result from a confluence of new technology and worldwide infrastructure spending fueled by sovereign investment programs. These sovereign investment programs are focused on the expansion of grid capacity in emerging markets, plus upgrading of aging transmission and distribution infrastructure, and improvement of reliability and efficiency.



The expansion and modernization efforts in China and India, and the Smart Grid initiative in the United States will provide the stimulus for exceptional growth in worldwide SCADA sales to the electric power industry. "These concurrent sovereign investment programs have the common goal of increased grid efficiency and responsiveness. Modern SCADA systems support these goals by enabling improved control and monitoring while serving as the backbone for energy management, distribution management, and smart grid initiatives," according to Clint Reiser, Enterprise Software Analyst, and the principal author of the new report entitled "SCADA Systems for the Electric Power Industry Worldwide Outlook."

### Emerging Market Investments

China, India, and several Middle Eastern countries are allocating substantial amounts of capital to electric power grid expansion and modernization projects. China is in the midst of a large-scale, nationwide grid extension and modernization project. The focus of this effort has evolved along with the urbanization of China. What began as an effort to supply electricity to the majority of the country's population has gradually shifted focus toward grid modernization and efficiency. In 2010, Chinese government and industry leaders have stated that a "unified strong and smart grid" system is going to be built across the country by 2020. SCADA sales will increase as a fraction of grid investment in China with this shift in focus toward additional grid intelligence, efficiency, and overall unification and modernization.

India's Restructured Accelerated Power Development and Reforms Program (R-APDRP) has the objective of reducing aggregate technical and commercial (AT&C) losses down from the current average of 33 percent to 15 percent or less. The Indian government has committed over Rs. 51,000 (\$10.5 billion) to this sustained loss reduction program. ARC believes that the R-APDRP program will stimulate substantial investment in SCADA systems. The Indian government has designated 87 communities with populations of 400,000 or more that are eligible for SCADA/distribution management systems (DMS) under this program.

### The U.S. "Smart Grid"

The American Recovery and Reinvestment Act (ARRA) allotted \$4.5 billion (\$8 billion including private matching) to modernize the electric grid, enhance security of U.S. energy infrastructure and ensure reliable electricity delivery to meet growing demand. Over \$500 million of the investments have been categorized as distribution investments and over \$5 billion as integrated or cross-cutting projects. Much of these investments

focus on improvements in grid automation, control, and real-time information management — all of which are functions supported by power distribution SCADA systems. A number of utilities have named SCADA or distribution management systems as a core element in these upcoming government-backed projects.

About ARC: Founded in 1986, ARC Advisory Group is the leading research and advisory firm for industry. ARC's coverage of technology from business systems to product and asset lifecycle management, supply chain management, operations management, and automation systems makes it the go-to firm for business and IT executives around the world. For the complex business issues facing organizations today, ARC analysts have the industry knowledge and first-hand experience to help clients find the best answers.

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