



## Smart grid can be incredibly useful in India: Mercom CEO

Mercom Capital Group, a global clean energy communications and consulting firm, has recently released its report on funding and mergers and acquisitions (M&A) activity for the smart (power) grid sector for the third quarter of 2013. According to the report, Venture Capital (VC) funding in Smart Grid comes in at USD 65 million in Q3 2013. In an interaction with *Bureaucracy Today*, Raj Prabhhu, CEO of Mercom Capital Group, talks about the future of Smart Grid technology in India.



RAJ PRABHU, CEO, Mercom Capital Group

"You need to have enough power transmission and generation capacity for Smart Grid to matter," the CEO says.

Prabhhu says the Centre allocating Rs 7,500 crore this fiscal to ensure Smart Grid technology across the nation can help solve critical energy issues in the country. "Smart Grid technology can play a meaningful role in India. Transmission and distribution (T&D) losses could be reduced and power-theft zeroed with Smart Grid technology. Demand response can also play a big role in India, especially for alleviating peak power shortages," he tells *Bureaucracy Today*.

On the challenges and opportunities for the implementation of power grid

technology in India, the CEO says, "The number one challenge is going to be that of investments, first in grid infrastructure and then in smart grids. There needs to be a sustained commitment from the Government for the transmission grid and it is important that the Government creates an atmosphere conducive for private and foreign investments to come into the sector. Without this, it would be a massive undertaking considering most of the utilities in India are facing huge losses."

Prabhhu says the Smart Grid sector saw an uptick in funding activity in the third quarter of 2013 after three successive dull quarters. "While Smart Grid VC funding in the third quarter of 2013



saw a slight uptick with USD 65 million in 12 deals compared to USD 50 million in 10 deals in the previous quarter, the sector has remained relatively flat at this level over the last eight quarters, with the exception of Q3 2012 when \$238 million was raised," he says.

He says some of the factors which facilitated the growth include the "Connected Home" concept gaining traction and a rare Initial Public Offering (IPO). "The third quarter saw a successful exit via the IPO with Control4, a provider of automation and control solutions for the Connected Home. Control4 raised USD 64 million," the CEO adds.

On whether he expects to see more transactions in the power grid sector, Prabhhu says, "Yes, we do expect to see more transactions in the future. It will be different for various countries and regions. For countries that already have meaningful installations of smart meters, it is important for them to leverage the mountains of data collected into useful applications."

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Venture Capital (VC) funding in the Smart Grid sector remained flat over the last eight quarters, with the exception of Q3 2012 when USD 238 million was raised. Total corporate funding in the sector was USD 129 million, including the USD 64 million raised in an IPO.

Prabhhu says, "In 2013, we have seen home and building automation companies receiving the most funding followed by grid optimisation and advanced meter infrastructure (AMI) and security companies. In Q3 specifically, these companies received USD 36 million in seven deals followed by grid optimisation companies with USD 20 million in one deal."

The companies that received the most funding in 2013 (as of September 30) include Space-Time Insight (USD 20 million), Enlighted (USD 20 million), On-Ramp Wireless (USD 15 million), C3 Energy (USD 15 million), Cylance (USD 15 million) and Sentient Energy (USD 15 million).

"Twenty-one investors participated in deals during the third quarter, notably including Bill Gates. However, Khosla Ventures was the only VC investor that participated in multiple deals," the CEO says.

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By Soma Chakraborty

Smart Grid technology is today's priority for efficient energy security and to solve critical energy issues in the country. However, the technology is still at its nascent stage in India. "Smart Grid as a concept is still at the very preliminary stage in India. For successful Smart Grid implementation, the initial focus needs to be on adequate power transmission and grid infrastructure. Smart Grid can be incredibly useful in India. For example, it could help with power thefts and could have helped prevent the mass grid failure that we experienced in 2012," says Mercom Capital Group Chief Executive Officer (CEO) Raj Prabhhu.

However, he cautions that Smart Grid is "not a cure for everything".

