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**Smart Grid for SMEs – developing a strong UK supply chain**

**8<sup>th</sup> October 10-11 Carlton House Terrace**

**Smart Grid Forum meeting 22<sup>nd</sup> October**

On 8<sup>th</sup> October, **BEAMA**, with private equity company **Inflexion**, hosted a one day conference on the future of the Smart Grid market and opportunities for SMEs and start ups in the UK and abroad.

55 people from 49 organisations attended: DECC, Ofgem, ENW, EA Technology, Energy Innovation Centre , TSB.....

The focus of the event was to answer the following key questions:

- How is UK government incentivising investment?
- What is the expected level of investment in smart grid technologies?
- Where are the opportunities for UK businesses?
- How can we optimise UK export potential?
- What are the barriers to SMEs?
- How can we overcome these and develop opportunities?

- BEAMA are looking at how best to support SMEs in the sector of Smart Grids through the BEAMA Emerging Markets group:

*A new sector group in BEAMA incorporating **Smart Grids, Smart Housing and Electric Vehicle Infrastructure**, in addition to future technology markets / innovations in the electrotechnical industry relating to smart grid.*

- BEAMA recognise the opportunities for UK business in this growing market, and equally the challenges to SMEs in entering this broad market sector.
- Outputs from the event are also informing BEAMAs future strategy in how to tackle the changes in the market which are significant for UK business.
  - In BEAMAs existing power sector and Emerging Markets.
    - BEAMA Business Development project - Delta & Chiltern Power
  - Working towards a Sector Strategy to ensure the supply chain in the UK can support the future needs of the electricity sector.

Some key highlights

## EXPORT POTENTIAL

- ✓ The export potential for Smart Grids is significant for UK business and BEAMA are starting to engage more closely with UKTI to support trade events in China / India and Middle East.  
***Need better visibility of the UK supply chain for export and inward investment.***
- ✓ While UKTI have significant focus on China and India for export it is commonly felt that these markets are notoriously difficult to engage with especially as an SME - therefore the support from UKTI and trade organisations like BEAMA will be key - ***Brazil / middle east also highlighted as key markets***
- ✓ A growing smart grid market in India, with expected large scale investment in EV infrastructure and smart metering – Value to UK business £123 million PA.

Some key highlights

## SME Barriers to market - RISK and UNCERTANTY

- ✓ Investors need confidence in order to support market growth. Due to the level of uncertainty SMEs often engage at project / pilot level
- ✓ Financing innovation at project level does not always translate to marketable products - additional support for SMEs is required to help progress from pilot to BAU – especially if the commitment from the market is uncertain and the step change from pilot and subsidy. ‘Feast and Famine is very bad for investors’ - this is especially relevant given the step change from ED1 to ED2 (big concern for SMEs).

***How do we fund the step change- Green investment bank? Other sources?***

***How can SMEs access private finance? - need to de-risk the technologies and services***

- ✓ Involving the manufacturing community and SMEs at scoping stage for projects could help to frame projects to best support the progression to BAU after project completion.

*There was an action taken by the Energy Innovation Centre and TSB to look at how they can work more closely at the scoping phase for innovation projects in order to involve the wider community early on. (Cornwall Development Council - technical design team work with project partners to develop scope)*

Some key highlights

- ✓ There is a need for more effective ways of engagement in the market for SMEs
  - strengthen partnerships in the industry
- ✓ Complex contracts and terms deter SME participation
- ✓ Need to protect IP
- ✓ Information about the opportunities available and market progression is fragmented – role of WS5?
- ✓ To date there is no high level ‘unifying ‘ vision of what the smart grid will be and the scale of investment and when. DECC roadmap to 2030 will be key and this should consider the supply chain for smart grids.
- ✓ BEAMA’s role – to share capabilities / ideas – not just to the DNO community but the wider smart grid ecosystems (large private companies e.g. Super markets)

Some key highlights

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**Yselkla Farmer will be distributing a more detailed report early next week**

**Yselkla manages the Emerging Markets group at BEAMA and is a participant in the forum (WS3 and WS7)**

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