

# Why The Consumer Will Be King of Home Energy Management in 2010

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If 2009 was the year that the smart grid became a hot buzz word and utilities first started to look into energy management devices for their customers, 2010 will be all about how to tackle the emergence of the consumer energy management market. If you need any more proof that home energy management devices and tools are heading straight for the consumer in 2010, just check out the [green blogosphere in recent weeks](#).

In early January, the Consumer Electronics Show, the harbinger of next-generation gadgets and gizmos, featured its biggest showing of consumer-facing home energy management in my recollection, and at least [five different home energy management devices](#) launched, from heavyweights like General Electric, Control4 and Best Buy. A couple weeks later news broke that [Apple has filed for a patent](#) that focuses on managing the energy of its computing devices, suggesting that the firm has been eyeing the home energy management space. And this week Blue Line Innovations announced that it has started [selling the PowerCost Monitor](#), a \$99 energy management tool, to consumers via Fry's Electronics.

The folks at Blue Line Innovations told me that, while the utility market has been Blue Line's primary focus since its 2003 launch (utilities have bought the bulk of the 100,000 PowerCost Monitors Blue Line says have been installed so far), in the last few months the company has shifted its "primary focus to the consumer." CEO Peter Porteous reiterated to me in an email from CES that the consumer needs to remain the focal point for the home energy management market to make sure the end user is actually engaged in the product.

Analysts have maintained — rightly so — that the utility distribution channel would be the dominant channel for energy information displays in the short term. [Pike Research Managing Director Clint Wheelock put out](#) a report in December 2009 that says "the retail channel may become an important channel for these devices in 3 to 5 years," but that "the early market will be driven by utilities." Yet when a market could be big in three years, clearly companies need to start positioning themselves now to ride a soon-to-break wave.

Remember that the smart grid stimulus funds, which got everyone all excited to enter the home energy management space via utility deals, were already allocated in late 2009 and those funds have just started to trickle down to the third party vendors. If you aren't at end stage discussions with utilities you may already be too late ([this week we reported that Tendril already has a pilot project deal with ComEd](#)). A lot of the venture capital funds that were invested into energy management that are focusing on the utilities channel, like Tendril, were also doled out last year.

Throughout 2009, the home energy management device makers have also been realizing that while utilities are the earliest market, they're not always the fastest at signing deals or actually rolling out technology. That's one reason companies like EcoFactor, which makes smart thermostat software, have been looking to sell to broadband service providers (cable and DSL providers) because, as the startup told me, the broadband companies at least will probably move faster on the technology front than many utilities. Some utilities in 2009 were also banking on stimulus funds to help with, or expedite, home energy pilot project testing, but in some cases those funds didn't come through, resulting in a delay of the rollout of energy management pilots.

The most important reason for focusing on the consumer for the home energy management market, is that the end consumer market will be a whole lot bigger. Utilities may or may not end up offering their customers energy management products. If they do, many are likely to offer consumers a choice of providers. And the company who makes their devices the most consumer-friendly (as opposed to utility-friendly) will be able to win out in those cases competitively even if it is through the utility channel. As Gartner analyst Zarco Sumic told us, in the long run, "The vendors that will dominate will be the ones who know how to market, sell and meet the needs of the consumer space. It is a consumer technology play. It is not a utility play."

As a result of some of these recent market shifts, will we see home energy management makers that have recently focused on the utility market (like AlertMe) start shifting their focus back to the consumer? Perhaps. At the least, they'll likely start moving to embrace both markets equally. At the end of the day the best strategy, like Blue Line Innovation's Porteous said to me, is to make the device for the consumer first, as they'll be the ones to be using it, and the utility second. Because if utilities install these things and no one actually uses them, the whole market will suffer.