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AES and Siemens create joint-venture for energy storage

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FILE PHOTO: A flag with the logo of German technology firm Siemens is seen at its branch in Berlin, Germany, May 30, 2014. Thomas Peter/File Photo

(Reuters) - American energy firm AES Corp ([AES.N](#)) and German engineering conglomerate Siemens AG ([SIEGn.DE](#)) on Tuesday said they were forming a joint venture to serve the rapidly growing energy storage market.

Demand for large-scale energy storage is growing as the price of advanced batteries tumble and nations turn to renewable energy such as solar and wind. Pairing big batteries and other storage systems with renewable energy improves reliability without creating climate-changing emissions.

The 50-50 joint venture, called Fluence, will sell the lithium-ion battery technologies currently sold by AES and Siemens([AES.N](#)), respectively.

"Right now this is a very fragmented market. You're bringing together two of the leaders," AES Chief Executive Andres Gluski told Reuters. Siemens technology focuses more on projects for individual companies and enterprises, such as universities and hospitals, while AES targets larger arrays that are incorporated into a region's electrical grid.

Last week, Tesla Inc ([TSLA.O](#)) beat out privately owned Lyon Group, working with AES, and dozens of other companies for a contract to install the world's biggest grid-scale battery in Australia.

The U.S. energy storage market alone is expected to increase tenfold from 2016 to 2022, to \$3.2 billion, according to a report this year by the U.S. Energy Storage Monitor.

AES and Siemens currently account for about 17 percent of installed energy storage, said Kevin Yates, president of Siemens' energy management division.

The joint venture will be based in Washington, D.C., with offices in Germany and other international locations.

AES subsidiary AES Energy Storage and Siemens' battery-based energy storage solutions group will be merged into Fluence, which will operate independently of its two owners.

Gluski said he could not say who top management would be until the company finishes undergoing regulatory processes later this year. The joint venture will start with about 100 people.

Gluski said Fluence expects to maintain the same base of American, Korean and Japanese battery suppliers as AES.

The companies expect the deal to close in the fourth quarter, pending regulatory approval.

Reporting by Melissa Wen; Editing by Peter Henderson and Leslie Adler