Vietnam Power Epc Market - Growth, Trends, Covid -19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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Report description:

The Vietnamese power EPC market is expected to register a CAGR of more than 3% during 2022 to 2027. In Vietnam, the power market is undergoing a significant transformation phase due to the efforts taken by the government to improve electricity access in the country, along with its plans to increase the share of renewables in the country's power generation mix. The COVID-19 pandemic negatively impacted the power market in Vietnam in Q1 of 2020. Lockdown measures imposed by the government in the country have caused a reduction in immediate electricity demand in commercial and industrial categories in Q1 of 2020. Factors like increasing power generation capacity are likely to drive the Vietnamese power EPC market during the forecast period. However, the upgradation of these power plants is difficult and costly, which is expected to slow down the market.

Key Highlights
The thermal segment, constituting sources such as coal, oil, and natural gas, which accounted for more than 66.0% of the total power generated in Vietnam in 2020, is likely to dominate the market.
Vietnam has some of the most significant renewable energy sources. For instance, wind energy resources have more than 311 GW potential. The Vietnamese government has planned to meet 10% of its energy demand from renewable by 2030. This may create several opportunities for the Vietnamese power EPC market in the future.
Government policies and support for electricity generation are expected to drive the market during the forecast period. Also, heavy investments in the transmission network are being made, further driving the power EPC market in Vietnam.

Vietnam Power EPC Market Trends

The Thermal Segment to Dominate the Market

Power comes from various sources ranging from fossil fuels like coal and oil to renewable sources like wind and solar. The energy mix for electricity generation is dominated by fossil fuels like coal, oil, and natural gas.
In 2020, more than 66% of electricity generated in Vietnam was through thermal power sources like coal, natural gas, and oil. The power generation mix is heavily skewed towards coal with a significant contribution because of cheaper domestic fuel availability. Its share in the mix has increased due to constraints in adding other conventional generation sources like hydro, nuclear, and gas.
Coal generation in the Southeast Asian country is expected to be 177.7 terawatt-hours by 2030, providing almost 39% of its total power generation. This scenario is expected to impact the market throughout the study period positively.
In December 2021, Mitsubishi and Korea Electric Power announced plans to begin the construction of the USD 2.2 billion Vung Ang II coal-fired power plant. The 1,200MW project is expected to start commercial operations in the third quarter of 2025.
Thus, with the existing and upcoming plans for thermal power plants, the segment is likely to dominate during the forecast period.

Government Policies and Support are Expected to Drive the Market

Government policies and support for electricity generation and the increase in investments for electricity transmission will drive the Vietnam Power market during the forecast period.
Vietnam has adequate power generation capacity, but it has some proportion of the population with limited access to electricity because of the lack of a proper grid network and infrastructure. To ensure the supply of reliable electricity for all, there is a demand for a transmission network. Thus, investments have been made to expand the transmission network in Vietnam.
As per Vietnam's Eighth Electricity Plan Draft, it is estimated that during the 2021-2030 period, Vietnam needs to build additional 500 kV substations with a total capacity of 86 GVA and approximately 13,000 kilometers of transmission lines.
Additionally, Vietnam's electricity capacity is expected to increase by an annual average of 5.7% between 2021 and 2030, reaching 129.5GW by 2030. Also, USD 148 billion worth of investments are planned to increase power generation and develop the electricity network, out of which 74% will be directed to power sources and 26% to grid development for 2021 - 2030.
In recent years, the Vietnamese government has also funded various transmission projects to ensure the reliable supply of electricity in multiple locations. Vietnam's Ministry of Industry and Trade (MOIT), under its draft PDP8, estimates the need for USD 32.9 billion to develop its power grids between 2021-2030. The plan proposes expanding a 500kV transmission system to transmit power from power source centers in the central and southern regions to larger load centers in the Red River Delta and Ho Chi Minh City.
In 2020, Vietnam generated 234.5 terawatt-hours (TWh) of electricity, up from 157.9 terawatt-hours (TWh) in 2015. The power generation capacity is expected to increase from conventional and renewable sources in the coming years. Through various government-led schemes, the country has made significant strides in improving access to power among communes and rural communities.
Therefore, government support and policies to ensure power distribution and allocation of investments to develop transmission lines and towers to cater to consumer demand are expected to drive the power EPC market in Vietnam during the forecast period.

Vietnam Power EPC Market Competitor Analysis

The Vietnamese power EPC market is moderately consolidated. Some of the key players in this market are JGC Vietnam, Doosan Heavy Industries Viet Nam Co. Ltd, Toshiba Corporation, Lilama Corporation, and IHI Infrastructure Systems Co. Ltd, among others.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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