Distribution Transformer Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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Report description:

The global distribution transformer market is expected to register a CAGR of more than 5% during the forecast period 2022-2027. The COVID-19 pandemic caused the distribution transformer market to struggle to locate its operational and financial bases, and many operations were halted. The lockdowns impacted the financial health of the power distribution companies, which resulted in only necessary expenditures, such as for mitigation of faults. Factors such as growing demand for replacing/refurbishing aging distribution transformers and increasing access to electricity are expected to drive the market during the forecast period. However, delay in implementing electrification projects globally is likely to hamper the market's growth.

 The oil-filled segment is expected to dominate the distribution transformer market, as it is more efficient, has a longer service life, and features more reliable overload capabilities.

 Electrification projects are growing in the African and Asia-Pacific regions, with several initiatives suggesting that significant improvements are underway for improving the electrification rate. This is expected to create ample opportunities for the distribution transformer market players over the coming years.

 Asia-Pacific accounts for the majority share in the global distribution transformer market, owing to one-third of the world's population currently residing in India and China. The two countries account for a significant share of the global electricity demand.

Distribution Transformer Market Trends

Oil-filled Transformer Type to Dominate the Market

 Oil-filled transformers use liquids for cooling, making them highly suitable for outdoor applications. They are more efficient, have more extended service lives, and feature more reliable overload capabilities.

 A liquid is a medium used for enhanced cooling, and such kinds of transformers are a better option than the dry types. The biggest advantage of an oil-filled transformer is that it can handle higher ratings and overloads.

 Countries like India and China are expanding their transmission and distribution network to increase their electrification rates, which is expected to drive the oil-filled distribution transformer market. For instance, the Indian government aims to electrify all households under the Pradhan Mantri Sahaj Bijli Har Ghar Yojana.

 In April 2021, Adani Electricity commissioned synthetic ester oil-filled power transformers for its Mumbai transmission network. The transformer is likely to offer enhanced fire safety and better performance at higher temperatures. Similar projects are underway, signaling a preference for oil-filled distribution transformers.

 The Indian government announced a 100% village electrification target in 2018, and as of 2020, 2.4% of households remained unelectrified. A massive electrification project is ongoing to connect such households to the grid, which is expected to drive the market.

 In a bid to decarbonize its power sector, China is investing heavily in renewable energy, creating ample opportunities for distribution transformers to expand the country's market. The country is expected to increase its average annual investment in the distribution network, boosting the demand for oil-filled distribution transformers.

 Moreover, oil-filled distribution transformers are subject to periodic oil analysis, cleaning, and general inspection of working components, and repairing cost is lesser than dry-type distribution transformers. Hence, oil-filled distribution transformers are expected to dominate the distribution transformer market during the forecast period.

Asia-Pacific to Dominate the Market

 Asia-Pacific is expected to be the largest and the fastest-growing region for the market due to the increasing power generation capacity and electricity demand, particularly in China and India.

 China has witnessed high electricity demand, owing to the unprecedented growth of the economy, coupled with factors such as rapid industrialization and urbanization of electricity. China's economy has been growing rapidly in recent years and maintained a positive growth rate during the COVID-19 pandemic. Apart from that, China's electricity consumption grew to 7,510 TWh in 2020 from 4,702.6 TWh in 2011.

 In China, utilities and governments are developing new generation projects, particularly renewable energy ones, to meet the rising electricity demand. This is likely to require transmission and distribution infrastructure to accommodate these projects, which is expected to drive the growth of distribution transformers in the country.

 In March 2021, Siemens Energy AG received an order to supply distribution transformers for the 300 MW Yuhuan offshore wind power project phase I in Chinese waters. The project is located off the coast of Taizhou, Zhejiang province.

 In Australia, electricity infrastructure is nearing the end of its lifespan. It has become crucial to refurbish/renovate the electricity distribution network for increasing renewable energy generation. Moreover, the country has been taking initiatives to modernize its energy infrastructure, for which the government invests nearly USD 5 billion each year into the distribution network.

 The Indian government is strengthening its electrical network to build a strong and smart electrical grid throughout the country. As of February 2022, the Indian government had approved projects worth USD 4.12 billion under the Integrated Power Development Program to strengthen sub-transmission and distribution networks in urban areas of the country, which is expected to aid in the growth of the distribution transformer market.

 Owing to the abovementioned factors, the Asia-Pacific region is likely to dominate the market during the forecast period.

Distribution Transformer Market Competitor Analysis

The distribution transformer market is moderately fragmented. Some of the key players are Hitachi Energy Ltd, Siemens AG, Eaton Corporation PLC, Schneider Electric SE, and General Electric Company.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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