

Australia Switchgear Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Australian switchgear market is expected to grow at a CAGR of 5.7% over the forecast period. Increasing electricity generation and consumption, along with the changing power generation industry dynamics, are expected to be the major drivers for the transmission and distribution of power, which is expected to drive the switchgear market in Australia during the forecast period.

Key Highlights

The primary driver of the Australian switchgear market is the upgradation and expansion of the electrification infrastructure, as well as the demand for electrical networks for industrial and residential utilities. The rise in the demand for renewable energy sources is also one of the primary driving factors.

The market is growing due to rising infrastructure development costs and legislative restrictions on extending the power grid in rural areas. Market expansion is also driven by government directives to replace outdated redundant systems in industrial organizations to ensure operational safety and security.

In March 2022, the Australian government announced an investment of AUD 17.9 billion (~USD 13.4 billion) toward new and existing infrastructure projects in the pipeline. With investments in these infrastructure projects in every state and territory, the government's rolling 10-year infrastructure investment pipeline is expected to increase from AUD 110 billion (~USD 73.8 billion) to over AUD 120 billion (~USD 80.5 billion).

Eastern Australia National Electricity Market (NEM) operates the world's most extensive interconnected power system that runs for more than 5,000 kilometers from North Queensland to Tasmania and central South Australia and meets the demand of more than 10 million end users. This is expected to drive the demand for switchgears during the forecast period.

The Australian switchgear market was impacted significantly by the COVID-19 pandemic as major suppliers of raw materials and finished products were hugely affected. The industry faced a reduction in production, disruption in the supply chain, and price

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fluctuations. The industry was also affected by the impact of the pandemic on the country's power sector.

Australia Switchgear Market Trends

High Voltage Switchgear to Have Significant Market Share

High-voltage switchgear is extremely popular in Australia as it comprises high-voltage components like circuit breakers and disconnectors. They are commonly used in city buildings, office spaces, offshore platforms, extensions, roofs, etc. High voltage switchgear is divided into two types, namely gas-insulated switchgear (GIS) and air-insulated switchgear (AIS) (AIS). GIS is widely used in power transmission, railways, and integrating renewable energy-producing units into the grid.

The demand for high-voltage switchgear is expected to be propelled by the country's potential to integrate renewable power generation units into the grid. For instance, according to the Australian Energy Market Operator (AEMO), the Australian grid could derive 75% of its electricity from renewables, mainly wind and solar, in the next five years.

Furthermore, the Australian Energy Market Operator (AEMO) introduced a 30-year roadmap to ramp up the transition to renewables with investments in the National Energy Market (NEM) in its Integrated System Plan (ISP) 2022. The step change scenario forecasts annual electricity consumption from the grid doubling by 2050 as transport, cooking, heating, and industrial processes are electrified, and 60% of current coal generation will exit by 2030.

According to the Electricity (Network Safety) Regulations, Western Australia, an electricity network operator or electrical contractor who intends to design, construct, commission, operate, maintain or decommission an electricity network must comply with the Australian Standard AS 62271 for high voltage A.C. switchgear and control gear.

The major factors driving the growth are the rising energy demand and the extension/replacement of old switchgear at sub-stations. Due to its space optimization, low maintenance, and protection against external elements, the demand for switchgear in Australia is expected to rise during the forecast period.

Adoption of Renewable Sources of Energy to Drive the Market

The Australian government is implementing reforms to foster the security of supply, including a retailer reliability obligation, adjustments to system operation, and planning for market design post-2025 at higher levels of variable renewables. This is expected to propel the demand for switchgear during the forecast period.

According to the Department of Climate Change, Energy, the Environment, and Water (DCCEEW), renewable energy sources accounted for 8% of Australian energy consumption in the previous year. 29% of Australia's total electricity generation came from renewable energy sources, such as solar (12%), wind (10%), and hydro (6%). The share of renewable energy in total electricity generation was the highest on record the previous year.

Further, as per Rystad Energy, rooftop solar PV installations are expected to increase to a total capacity of 94.7 gigawatts (GW) in the next five years. This growth is in an upward trend for the rooftop solar market due to government regulations and policies, especially feed-in tariffs (FiTs) that guarantee an above-market price for producers. Such development is expected to boost the demand for switchgear in the market during the forecast period.

According to Rystad Energy, between 8 and 9 GW of renewable energy capacity changed hands in Australia in 2021, rising from 2 to 3 GW in 2020. The country saw various developments propelling the demand for switchgear. For instance, in March 2022, the Queensland Government announced that its State-owned transmission company, Powerlink, would connect the MacIntyre Wind Precinct to the grid as part of an AUD 170 million (~USD 114.1 million) agreement. Construction of the MacIntyre Wind Precinct was expected to start in the second quarter of 2022.

In October 2021, the Federal Government released its long-awaited Australian Long-Term Emissions Reduction Plan, designed to

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achieve the now agreed, but not legislated, net zero emissions by 2050. Such initiatives taken by the government to achieve carbon neutrality further boost the demand for the market.

Australia Switchgear Market Competitor Analysis

The Australian switchgear market is fragmented due to the absence of a major player with a dominant market share. Major players in the market include ABB Ltd, Schneider Electric SE, and Tamco Switchgear Malaysia SDN BHD, among others.

In June 2022, Schneider Electric expanded its SF-6-free green and digital MV switchgear portfolio with GM AirSeT. The new GM AirSeT is the green and digital primary GIS technology for electrical networks and demanding applications in industrial buildings and critical infrastructure.

In June 2022, Schneider Electric introduced the PrismaSeT switchboard as a complete system-level architecture in Australia, adding to the EcoStruxure power story. The sheet metal for the next generation PrismaSeT is made in Australia, ensuring exceptional craftsmanship quality and contributing to the growth of the local industry. The PrismaSeT sets a high bar for switchgear innovation aimed at making installations more reliable.

Additional Benefits:

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

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