Power 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:

Power Market is projected to register a CAGR of over 3% during the forecast period.

COVID-19 negatively impacted the market in 2020. Presently the market has now reached pre-pandemic levels.

Key Highlights
Over the medium term, factors such as the growing electricity generation along with energy consumption demand, with changing power generation industry dynamics, are expected to drive the demand for the power market.
On the other hand, the phasing out of coal-based power plants, which account for a major share of power generation around the globe, and volatile crude oil prices leading to delays in several upstream projects are expected to hinder the growth of the Power Market.
Nevertheless, the increasing closures of fossil-fueled generation, an influx of wind, solar, small hydro, and other renewables-based power generation, rising electric vehicle and heat pump demand, and increasing export requirements via interconnectors have resulted in increased requirements for installation of Transmission and Distributions (T&D) lines, creating several opportunities for the major companies.
Asia-Pacific is expected to be the largest market during the forecast period, owing to the high urbanization growth rate and growing electricity demand, mainly from China and India.

Power Market Trends

Thermal Source for Power Generation to be the Largest Market

Power generation uses a variety of 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, with the three constituting almost 65% of the global energy mix.
The power generation mix is heavily skewed toward coal, with a major contribution, because of cheaper domestic fuel availability. Its share in the mix has increased over the years due to constraints in adding other conventional generation sources-hydro, nuclear, and gas.
Coal thermal power plants are the most widely used thermal power plant and are expected to have the largest share in the electricity power (global) supply, in 2025, in the world. More efficient technologies like Ultra Supercritical Coal Technology, which reduces pollution (per KW), are likely to replace aging power plants.
As per BP Statistical Review of World Energy 2022, in 2021, a coal-based thermal power plant holds the largest share in total global power generation. Globally, the amount of power generated from coal remained the dominant fuel for power generation in 2021, with its share increasing to 36%, up from 35.1% in 2020. In 2021, coal-based power generation had reached 10244 TWh.
In March 2022, Comision Federal de Electricidad (CFE), the state-owned electric utility of Mexico, issued direct awards on five projects expected to add 2.26 GW of gas-based power generation capacity. Wartsila was awarded contracts to build two internal combustion engine power plants: the 429 MW CCI Mexicali Oriente plant in Baja California, and the 202 MW CCI Parque Industrial in Sonora. The other three are combined cycle plants: CCC San Luis Potosi (442MW) in CCC San Luis Potosi and the 932MW CCC Salamanca plant in Guanajuato, both awarded to Mitsubishi Power; and finally, CCC El Sauz ll (256MW) in Queretaro, with the contract going to TSK and Siemens Energy.
In November 2021, Wartsila signed a contract with the Brazilian?Ministry of Mines and Energy to supply three gas engine power plants with a combined output of 150 MW in Brazil. The projects are going to be delivered on Engineering, Procurement, and Construction (EPC) basis to existing power plant sites UTE Luiz Oscar Rodrigues de Melo and UTE Viana 1, as well as a new power plant UTE Povoacao1, all located in EspiritoSanto, a state in Southeast Region of Brazil.
Therefore, based on the factors mentioned above, the thermal source for power generation is expected to be the largest segment of the Power Market during the forecast period.

Asia-Pacific to Dominate the Market

Asia-Pacific is home to more than 50% of the global population and 60% of the large cities, and in the future, the continent will face increasing demand for power as millions of new customers are gaining access to electricity, with rapid population growth and industrialization. For instance, according to the BP Statistical Review of World Energy 2022, the primary energy consumption in the region increased from 220,48 exajoules in 2013 to 272.45 exajoules in 2021.
Many countries in Asia-Pacific have inadequate transmission and distribution (T&D) networks, and hence, electricity is not available in some of the remote and rural areas. To bring electricity to these areas, the countries in the region are investing heavily in building a transmission line network.
China dominates the power market in the region, and the energy sector is moving in a new direction by transitioning toward cleaner and sustainable energy sources to reduce carbon emissions and achieve net zero carbon emissions by 2060.
Furthermore, as of 2021, China has the most significant renewable installed capacity globally. According to China's National Energy Administration, the country's renewable installed capacity reached 1.063 terawatts by the end of 2021, accounting for about 44.8% of the total installed generation capacity. In addition, China has set a target for about 1.2 terawatts of renewable installed capacity by 2030, which it is expected to reach comfortably, directly aiding the renewable power market in the nation.
For instance, in 2022, the government of China announced that it plans to build 450 gigawatts of solar and wind energy power plants in the Gobi desert regions to achieve the renewable energy target by 2030.
According to the International Energy Agency (IEA), India is the third largest energy-consuming country globally, owing to the rising income levels and improving standards of living, which directly aids the power market in the nation. Over the coming years, millions of Indian households will buy new appliances and air-conditioners, and to support the growth, the nation will have to add a large amount of power systems in the forecast period.

In addition, the Government of India is investing heavily in renewable energy to reduce carbon emissions and undertaking various large-scale sustainable power projects, and promoting green energy heavily. As of 2021, India's installed renewable energy capacity stood at 147 GW, and the country is targeting about 450 Gigawatt (GW) of installed renewable energy capacity by 2030, which will directly aid the market.
For instance, in 2022, National Thermal Power Corporation (NTPC) and Bharat Heavy Electricals (BHEL) commissioned the largest floating solar power plant in India with a capacity of 100 MW in the state of Telangana, which will reduce the carbon dioxide emission by 2,10,000 tonnes per year.
Therefore, based on the factors like expansions and upgrades, especially in the Asia-Pacific region, along with increased power demand, is expected to have a positive impact on the power market.

Power Market Competitor Analysis

The Power Market is fragmented. Some of the major players (not in particular order) in the market include State Grid Corporation of China, Iberdrola, S.A., Tokyo Electric Power Company Holding Inc, NTPC Ltd, and Electricite de France S.A., among others.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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Table of Contents:

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