

South America Air Insulated Switchgear - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The South America Air Insulated Switchgear Market size is estimated at USD 464.68 million in 2024, and is expected to reach USD 602.04 million by 2029, growing at a CAGR of 5.30% during the forecast period (2024-2029).

Key Highlights

- Over the medium term, increasing investments in transmission and distribution infrastructure are expected to drive the demand for air-insulated switchgear during the forecast period.
- On the other hand, the adoption of gas-insulated switchgear (GIS) as an alternative to air-insulated switchgear, as air-insulated switchgear substations require high maintenance, thus leading to high operational costs, which is likely to restrain the market growth during the forecast period.
- Nevertheless, growing investments in the renewable energy sector and the aging power infrastructure are expected to offer huge business opportunities for the market players in the coming years.

South America Air Insulated Switchgear Market Trends

High Voltage Segment to Witness Significant Growth

- The power system that deals with voltage above 36kV is referred to as high voltage switchgear. As the voltage level is high, the arcing produced during the switching operation is also very high. So, special care is to be taken while designing high-voltage switchgear. The high-voltage circuit breaker is the main component of high voltage switchgear. Hence high voltage circuit

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breakers (CB) should have special features for safe and reliable operation.

- This switchgear has multiple usages across industries such as wind turbines, electrical motors, generators, solar power generation, residential power distribution, power supply systems, environmentally sensitive installation, underground stations, steel, paper, and mining industry, and a growing number of marine applications. But the main application of the segment comes from large transmission and distribution networks being modernized and built across the globe.
- Also, the growing high-voltage direct current (HVDC) projects are expected to aid the growth of the market with large projects, in October 2021, the Chilean government announced a tender for the construction and operation of Chile's first long-distance HVDC power line. The power line consists of a 1,500 km 600 kV power line that is expected to have a capacity of 3,000 MW and run between the Kimal substation in the Antofagasta region and Lo Aguirre in the Metropolitan region. This cost of the project is USD 2.5 billion.
- Furthermore, Argentina has set a goal to generate 20% of its electricity from renewable sources by 2025, a significant increase from the current share of approximately 11.27% as of 2021. In 2022, Argentina's electricity generation reached 150.8 TWh.
- Similarly, Chile's government presented a coal-phase-out plan in 2019 that aims to completely turn off its 5.5 GW of coal-fired generation capacity by 2040, with 1.04 GW set to retire by 2025, which is expected to be replaced through renewable additions, storage technology, and low-emission natural gas plants. Their objective is to achieve a 60% share of renewable energy by 2035 and further increase it to 70% by 2050.
- In conclusion, the region has a significant potential for the air-insulated switchgear market owing to increasing diversification of the electricity generation mix, investments in the transmission and distribution sector, and developments in the power sector.

Brazil Expected to Dominate the Market

- Brazil is unarguably one of the largest electricity markets in South America. As of January 2021, Brazil generates and distributes electricity to over 85 million residential, commercial, and industrial consumers, more than all the combined power produced by other South American nations.
- Over the years, the country has witnessed significant growth in the electricity generation capacity and the transmission and distribution network, which can be attributed to the country's growing electricity demand coupled with remarkable efforts from the government. Much like the rest of the market, the air-insulated switchgear market in the country depends on the development of the electricity infrastructure in the country.
- The Brazilian Energy Research Company's (EPE) Energy Expansion Plan (PDE) for 2019-2029 indicates that renewable sources will remain a priority for the country, aiming to achieve 48% renewables in Brazil's energy mix in 2029. According to International Renewable Energy Agency (IRENA), in 2022, Brazil's installed renewable capacity reached 175.26 GW.
- Furthermore, nuclear energy is also set to grow with the Angra 3 power plant's entry into operation, estimated for 2026. Additionally, non-renewable sources such as oil and gas will continue to play a vital role in the energy supply for the country.
- In June 2022, the National Electric Energy Agency (ANEEL) and the Electric Energy Commercialization Chamber (CCEE) commenced a new energy auction for 29 renewable energy projects, expecting an investment of around BRL 7 billion (USD 1.33 billion). The projects are estimated to be around 947 MW, which will be connected to the National Interconnected System between 2026 and 2045 to meet the demand of three market distributors (Cemig, Coelba, and Light).
- Further, increasing investment in the transmission and distribution segment is expected to translate into increased demand for air-insulated switchgear in the region. In September 2021, Elecnor, a subsidiary of Elecnor do Brazil, announced the construction of a 200 Km transmission line from a solar power plant in Minas Gerais to the National Interconnected System. The first section will stretch into the municipalities of Janauba and Jaiba. It will be of 93 Km 230 kV double-circuit transmission line. The second section will link Pirapora with Tres Marias via a 112 Km 345 kV single-circuit transmission line. The transmission network is expected to have a total capacity of 1.6 GW and is estimated to have an expenditure of around EUR 18.5 million (USD 21.83 million).
- According to the International Trade Administration (ITA), by 2029, total investments in the power transmission sector of Brazil

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are projected to reach USD 22 billion, representing USD 15 billion in transmission lines and USD 7 billion in substations. Furthermore, the power distribution sector already sees an annual investment of around USD 2.2 billion per year, of which 69% goes into expansion, 19% into improvement, and 12% into the renewal of distribution networks.

- This further endorses the development and improvement of the transmission and distribution segment of the country, which would, in turn, drive the growth of the air-insulated switchgear market in Brazil.

South America Air Insulated Switchgear Industry Overview

The South America Air Insulated Switchgear Market is semi-consolidated. Some of the key players (not in particular order) are Schneider Electric SE, Siemens AG, Hitachi ABB Power Grids Ltd, General Electric Company, and Eaton corporation., among others.

Additional Benefits:

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

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