South America City Gas Distribution - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

Market Report | 2025-04-28 | 110 pages | Mordor Intelligence

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Report description:

The South America City Gas Distribution Market is expected to register a CAGR of greater than 2% during the forecast period.

Over the medium term, the growing demand for natural gas as an alternative fuel and the ability of city gas to emit low carbon particles compared to coal and oil are factors expected to drive the growth of the market studied. On the other hand, the increasing adoption of renewable fuels in the transportation sector is expected to restrain the growth of the market studied during the forecast period.

Nevertheless, projects using CNG to power will likely provide a vast market for the city gas distribution players. Additionally, the rapid urbanization in the region is expected to create considerable opportunities for the South American city gas distribution market in the coming years.

Brazil dominates the market and is also predicted to witness the highest CAGR during the forecast period. The growth is mainly driven by the increased demand for natural gas from the various sectors in the country.

South America City Gas Distribution Market Trends

Power Sector to Dominate the Market

A gas-fired power plant also called a gas-fired power station or natural gas power station, is a thermal power plant that generates electricity by burning natural gas. Natural gas power plants are low-cost and quick to build and have very high thermodynamic efficiencies compared to other power plants. The burning of natural gas churns out fewer pollutants, such as NOx, SOx, and

particulate matter than coal and oil.

Combined cycle plants are more efficient because they utilize hot exhaust gases that would otherwise be discarded from the system. These are then used to boil water into steam, which can then spin another turbine and generate more electricity, resulting in up to 60% thermal efficiency.

In 2021, about 1,364.8 TWh of electricity was generated at various electricity generation facilities in South America. About 20.6% of this electricity generation was from natural gas. In 2021, electricity generated from natural gas was 281.1 TWh, with an increase of 21.2% from 2020. The demand for gas-fired power plants is expected to increase during the forecast period.

According to the International Energy Agency (IEA), in Argentina, natural gas (55%) and oil (33%) constitute the majority of the country's primary energy mix, while bioenergy contributes 5% and nuclear and hydropower each contribute 3%. The upcoming gas-fired power projects in Argentina are expected to drive the growth of the market studied.

In October 2022, Invenergy commissioned operations at the Energia del Pacifico (EDP) LNG-to-power project located at the Port of Acajutla in El Salvador. A natural gas-fired power plant of 380 megawatts (MW) is included in the project, along with a floating storage regasification unit (FSRU), a 1.8-kilometer subsea pipelines connecting the power plant with the floating storage regasification unit, and two 230-kV transmission lines, one of which connects to the Central American Electrical Interconnection System.

Due to these factors, the ongoing developments in power plants based on natural gas in various South American countries are expected to dominate the market during the forecast period.

Brazil to Dominate the Market

- Recently, It has been observed that the demand for natural gas in Brazil has increased significantly in recent years. In 2021, the country's total natural gas consumption reached 40.4 billion cubic meters (BCM), representing an increase of about 29% over 2020 and 13% over 2019. The increase in demand is the result of an increase in the consumption of natural gas as a fuel in end-use applications, which, in turn, is expected to increase the demand for city gas distribution in the coming years, since city gas distribution networks are critical for the efficient transportation of natural gas in cities.
- According to ABEGAS (Brazilian Association of Piped Gas Distributors), Brazil's Natural Gas consumption grew by 28.82% in 2021, exceeding the pre-pandemic level. The thermoelectric sector consumed 44.7% of Brazil's natural gas in 2021, followed by the industrial sector (38.66%), vehicular (7.80%), residential (1.88%), commercial (1.03%), and other sectors.
- Further, the country is witnessing considerable investment in natural gas-based thermoelectric projects, which are expected to create opportunities for gas distribution networks. For instance, in February 2022, The government of Brazil announced a package of USD 1.14 billion in public and private investments, which include the construction of the country's largest gas plant, GNA II, and a new natural gas processing facility in Rio de Janeiro state. Acoording to the mines and energy ministry, the GNA II plant is part of the Gas Natural Acu (GNA) project, a joint venture between Prumo Logistica, BP, Siemens and SPIC Brasil, with a 1,673 MW in installed capacity. The GNA II plant is expected to become Brazil's largest and most efficient natural gas plant upon its inauguration in 2025.
- 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.
- According to the National Traffic Secretariat (Senatran) of Brazil, the number of conversions of cars into natural gas vehicles (NGVs) increased by 74% in the first semester of 2022 as compared to the same period in 2020. In absolute numbers, 67,487

vehicles were modified in 2022, as opposed to 38,747 in 2020. In 2021, the first year of high fuel prices, the increase had been 86.65%. According to Senatran data for June 2022, more than 2.6 million units in Brazil are equipped with NGV equipment.
- Because of these factors, the ongoing developments in power plants based on natural gas and increasing natural gas vehicles are expected to propel the market during the forecast period.

South America City Gas Distribution Industry Overview

The South American city gas distribution market is partially consolidated. Some of the major players (in no particular order) are Petroleo Brasileiro SA, Companhia de Gas de Sao Paulo (Comgas), Ipiranga, Naturgy Energy Group SA, and Tecpetrol.

Additional Benefits:

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

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