Electric Power Transmission & Distribution Equipment

Industry Study with Forecasts for 2019 & 2024

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INDUSTRY STRUCTURE
1 Electric Power T&D Equipment Market Share, 2014 .................. 198
US demand to rise 5.5% annually through 2019

US demand for electric power transmission and distribution (T&D) equipment is expected to rise 5.5 percent annually through 2019 to $33.4 billion. Growth in electricity generation by independent power producers (IPPs) and nonutility generators (NUGs), as well as greater electrical output using renewable resources, will result in increased product sales, since these operations need to be appropriately equipped to deliver power to the electric grid. Furthermore, efforts to modernize the electric grid and to improve efficiency and reliability will support market advances via the incorporation of “smart” technologies that provide a number of advantages over, but also cost considerably more than, conventional equipment.

Two-way meters to be fastest growing segment

Advanced metering infrastructure meters (those featuring two-way communication) are forecast to record the strongest demand gains of any electric power T&D equipment product. Suppliers will benefit from the ongoing development of the “smart grid” and related sales of “smart meters.” The ability of these meters to provide automated readings on electricity inflows and outflows, which are necessary for participation in distributed generation and net metering programs, will also boost product demand. Sales of power circuit breakers, as well as power and nonutility transformers, will benefit from the expansion of the industrial and NUG market.

Residential market to see most rapid growth

The largest and most traditional markets for electric power T&D equipment are the electric utilities and industrial sectors. In 2014, electric utilities accounted for 53 percent of total demand, with the industrial sector -- including NUGs -- representing an additional 32 percent. Growth in these markets will be supported by increasing electricity generation by IPPs and NUGs, which will require heavy investment by these firms to protect sensitive industrial machinery and to connect new facilities to the grid. In addition, rising spending by electric utilities will provide opportunities, even though these increases will moderate from the strong pace of the past decade.

The much smaller residential electric power T&D equipment market will register the fastest gains through 2019 as residential construction continues its recovery from 2009 lows and updates to the National Electric Code lead to greater use of more advanced, but also more expensive, arc-fault circuit interrupters. In contrast, both the commercial and the government and institutional markets will post below average increases, with the latter expanding the slowest.
MARKETS

Electric Power T&D Equipment Demand

Demand for electric power T&D equipment in the government and institutional market is projected to grow the slowest of all major markets, with the exception of the commercial market, advancing 3.5 percent per year to $940 million in 2019. Efforts to reduce budget deficits at all levels of government will limit market growth moving forward. However, a rebound in government fixed investment and acceleration in transportation construction expenditures will support sales increases for electric power T&D equipment. Government and institutional demand for electric power T&D equipment is influenced by the level of government investment in infrastructure. This infrastructure spending includes funding for highways and maintenance and new construction of public educational and healthcare facilities, as well as other government buildings. Nondefense spending will provide new sales opportunities in many government and institutional markets, particularly at the state and local levels. For example, programs aimed at improving government energy efficiency will spur increased demand for energy saving lighting, including high intensity discharge lights and, therefore, HID ballasts. Furthermore, the expected rebound in defense spending will boost sales of products like circuit breakers, fuses, and switchgear, which are used to protect circuitry in military vehicles.

As government spending on infrastructure projects accelerates, highway expenditures are expected to account for a sizeable share of the expenditures total. This trend will lead to increased sales of HID lamp ballasts and other transformers. Higher funding for improvements to bridges, overpasses, and tunnels will also stimulate sales gains for these products. The construction of new government buildings and military facilities typically plays a limited role in this market, yet these buildings generate a significant amount of replacement and repair product demand.

TABLE V-7
COMMERCIAL MARKET FOR ELECTRIC POWER T&D EQUIPMENT (million dollars)

<table>
<thead>
<tr>
<th>Item</th>
<th>2004</th>
<th>2009</th>
<th>2014</th>
<th>2019</th>
<th>2024</th>
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<td>Commercial Electricity Demand (bil kWh)</td>
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<td>$ T&amp;D equipment/000 kWh electricity</td>
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<td>Commercial T&amp;D Equipment Demand</td>
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Source: The Freedonia Group, Inc.

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STUDY COVERAGE

This 318-page Freedonia study, Electric Power Transmission & Distribution Equipment, presents historical demand data (2004, 2009, 2014) plus forecasts (2019, 2024) by product and market. The study also examines regulations and technology, analyzes market environment factors, assesses the industry structure, evaluates company market share and profiles 34 US industry competitors.
AZZ Incorporated manufactures and supplies lighting fixtures, bus duct, and electrical power distribution centers and assemblies for industrial, petrochemical, and power generation and transmission applications. The Company operates in two segments: Electrical and Industrial Products and Services, and Galvanizing Services.

The Company is active in the US electric power transmission and distribution equipment industry through the Electrical and Industrial Products and Services segment, which had revenues of $416 million and employed 1,160 in FY 2014. Of the segment’s total FY 2014 revenues, US product sales generated $322 million. Via this segment, AZZ designs, manufactures, tests, and installs products that distribute electrical power under such brand names as CENTRAL ELECTRIC, CALVERT, ATKINSON, CGIT, and NLI.

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Related Studies

Electric Motors
US electric motor demand will rise 5.4 percent per year through 2018 to $16.2 billion. Growth in the domestic AC motors segment will outpace DC types. The motor vehicle market will grow the fastest and remain the largest category, followed by the heating/cooling and machinery markets. IHP electric motors will outpace FHP types in both value and volume terms. This study analyzes the $12.5 billion US electric motor industry, with forecasts for 2018 and 2023 by type, power rating, and market. The study also evaluates company market share and profiles industry players.

#3238 December 2014 $5200

World Fuel Cells
Global demand for commercial fuel cells will almost triple to $4 billion in 2017 and then triple again by 2022 to $12 billion. Motor vehicle, portable electronics, and industrial stationary/motive power applications will grow the fastest. Japan and the US will remain by far the largest markets, while China and South Korea will grow the fastest. This study analyzes the $1.5 billion world fuel cell industry, with forecasts for 2017 and 2022 by product, chemistry, application, world region, and for 16 countries. The study also evaluates company market share and profiles industry players.

#3140 April 2014 $6300

Wind Turbine Systems
US demand for wind turbine systems is forecast to reach $18.9 billion in 2018, a nearly ninefold increase over severely depressed 2013 levels. The market for wind turbines tends to be highly volatile due to its reliance on government incentives. Feed-in tariff payments and various grants from the Department of Energy will drive gains going forward. This study analyzes the $2.1 billion US wind turbine system industry, with forecasts for 2018 and 2023 by type, component, application and US region. The study also evaluates company market share and profiles industry players.

#3139 March 2014 $5100

World Electric Motors
World demand for electric motors is projected to increase 6.5 percent per year to $122.5 billion in 2017. The Asia/Pacific region will be the largest source of market growth through 2017. Demand for AC motors will outpace DC types. Motor vehicles and heating and cooling equipment will be the fastest growing markets. This study analyzes the $89.4 billion world electric motor industry, with forecasts for 2017 and 2022 by product, market, world region, and for 20 countries. The study also evaluates company market share and profiles industry players.

#3055 October 2013 $6100

World Electric Power Transmission & Distribution Equipment
Global demand for electric transmission and distribution (T&D) equipment will rise 6.7 percent annually to $177 billion in 2017. The Asia/Pacific region, led by China, will continue to post the fastest gains. In North America and Western Europe, advances will be driven by the increasing proliferation of renewable energy projects. This study analyzes the $127 billion world electric T&D equipment industry, with forecasts for 2017 and 2022 by market, product, world region and for 20 countries. The study also evaluates company market share and profiles industry players.

#3071 September 2013 $5900

About The Freedonia Group

The Freedonia Group, Inc., is a leading international industry market research company that provides its clients with information and analysis needed to make informed strategic decisions for their businesses. Studies help clients identify business opportunities, develop strategies, make investment decisions and evaluate opportunities and threats. Freedonia research is designed to deliver unbiased views and reliable outlooks to assist clients in making the right decisions. Freedonia capitalizes on the resources of its proprietary in-house research team of experienced economists, professional analysts, industry researchers and editorial groups. Freedonia covers a diverse group of industries throughout the United States and other world markets. Industries analyzed by Freedonia include:

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