



Infrastructure Bill Boosts U.S. Power Transformer Market Growth

Introduction



- The U.S. has a 16% share in the global power transformer market (in terms of revenue) and is the leading player in the North American regional power transformer market, with a share of 78%.
- Power transformer demand is driven mainly by the undergoing energy transition, the Bipartisan Infrastructure Bill, and replacements.
- At the supply side of the market, localization is driving the market as power transformers are considered critical to national security and there is an evolving security threat.

Demand Side

01

Power Generation

The U.S.' power generation is expected to grow from approximately 1160 GW in 2021 to 1350 GW in 2027. A substantial increase is expected in renewable generation as the contribution from renewables in 2021 was 18% and it is expected to grow to 31% by 2027.



03

Replacements

An aging U.S. transformer fleet, with more than 70% distribution transformers older than 25 years and approximately 15% already exceeding the average life expectancy of 40 years

02

Bipartisan Infrastructure Bill

- Upgrade of the power infrastructure (USD 65 Billion)
- Thousand of miles of new, resilient transmission lines to facilitate the expansion of renewables and clean energies.
- Fund programs to support the development of cutting-edge clean energy tech.

Supply Side

Power Transformer Suppliers in the U.S.



- Localization
 - 25% import tax
 - Executive order issued on May 1st, 2020, by President Trump in an effort to reduce dependence on foreign manufacturers for power grid equipment.
- Manufacturers expanding existing power transformer facilities and setting up new facilities like WEG's USD 10 Million expansion of its power transformer manufacturing facility in Washington.