

Capacitor Bank Market Set for Steady Growth at 4.8% CAGR Through 2033

Capacitor Bank Market to Reach \$6.8 Billion by 2033, Driven by Grid Modernization Demand

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According to a new report published by Allied Market Research, the [capacitor bank market](#) size was valued at \$4.3

billion in 2023 and is estimated to reach \$6.8 billion by 2033, growing at a CAGR of 4.8% from 2024 to 2033. Capacitor banks are critical electrical components composed of multiple capacitors connected in series or parallel to store energy. They enhance the efficiency of power systems by improving power factor, reducing transmission losses, and stabilizing voltage levels.

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Capacitor bank market to grow from \$4.3B in 2023 to \$6.8B by 2033, driven by grid modernization, industrial power quality needs, and rising energy demand.”

Allied Market Research

These systems are widely deployed across industrial, commercial, and utility sectors to ensure reliable and efficient energy distribution.

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In modern grids, capacitor banks are essential for power factor correction (PFC). A low power factor leads to excessive reactive power, higher energy losses, and

increased operational costs. By compensating for reactive power, capacitor banks improve power system efficiency, ensuring stable supply and reduced energy wastage.

Regional Outlook □

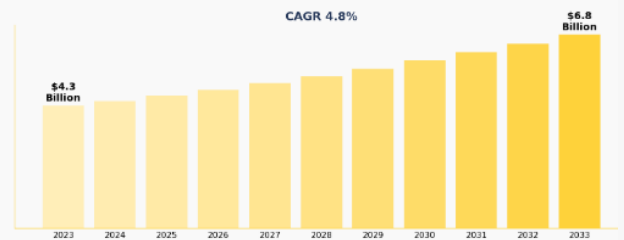
In 2023, Asia-Pacific dominated the global capacitor bank market, with more than one-third revenue share. Rapid industrialization, infrastructure development, and growing renewable adoption across India, Japan, and Australia are fueling demand.

Report Insights

Market was valued at
\$4.3 Billion
2023

Projected to reach
\$6.8 Billion
2033

Growing at a CAGR
4.8% From
2024-2033



Capacitor Bank Market
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For instance, solar farms in India and Australia use capacitor banks to stabilize fluctuating output, while wind installations deploy them to improve power factor. This rising demand positions APAC as the fastest-growing region through 2033.

Key Market Dynamics □

□ Growth Driver: Renewable Energy Integration

The rapid shift toward [renewable energy sources](#) such as solar and wind is one of the strongest drivers for the capacitor bank market. These sources often generate fluctuating output due to weather conditions. Capacitor banks help grid operators stabilize voltage, regulate fluctuations, and ensure smooth power delivery.

For example, in 2024, the Clean Energy Finance Corporation (CEFC) in Australia allocated over one-third of its \$1 billion Household Energy Upgrades Fund to support energy-efficient upgrades, including capacitor banks for renewable integration. Similarly, Larsen & Toubro's Digital Energy Solutions expanded across India, the Middle East, and North America, offering advanced Hybrid Energy Management and Control Systems (HECS) that integrate capacitor banks with renewable sources.

□ Restraint: Rising Competition from Alternatives

Despite growth, the market faces challenges from advanced power electronics technologies like Static VAR Compensators (SVC) and Static Synchronous Compensators (STATCOMs). These solutions offer faster response times, real-time regulation, and adaptability, making them attractive for modern smart grids.

In 2023, India's POWERGRID commissioned a ± 300 MVAR STATCOM at the Lucknow 400 kV substation, strengthening grid stability. Such innovations highlight the growing competition that traditional capacitor banks face. To remain competitive, manufacturers are focusing on advanced designs and digital integration.

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Segmentation Insights □

The capacitor bank market is segmented by voltage, type, installation, connection type, application, and region.

By Voltage:

10 kV to 69 kV was the fastest-growing segment (CAGR 5.1%). These banks ensure consistent voltage in distribution networks and reduce power losses, making them vital for industries like data centers, hospitals, and manufacturing.

By Type:

Internally fused capacitor banks are projected to grow at 5.0% CAGR. Their automatic fuse operation allows systems to remain functional even if individual elements fail, reducing downtime.

By Installation:

Metal-enclosed substations dominate growth. Compact and factory-assembled, they house capacitor banks along with [transformers](#) and switchgear, providing safe and efficient solutions for industrial and commercial facilities.

By Connection Type:

The star connection segment led the market in 2023, growing at a CAGR of 5.0%, thanks to its efficiency in large-scale reactive power compensation.

By Application:

Industrial applications accounted for more than one-fourth of market share in 2023 and are expected to grow at 5.1% CAGR, supported by demand for reliable and stable power in energy-intensive industries.

Competitive Landscape □

Key players in the global capacitor bank market include:

Circuitor

Toshiba Corporation

Vishay Intertechnology Inc.

Siemens

Enerlux Power s.r.l.

Comar Condensatori S.p.A

Hitachi Ltd.

ABB Ltd.

Eaton

EPCOS

These companies are investing in innovation to maintain competitiveness. For example:

In February 2024, Powerside launched the Pole-MVar, a pole-mounted tuned-filter capacitor bank designed to reduce harmonic distortion.

In 2023, Kyocera AVX introduced supercapacitor banks with low leakage and compliance with UL 810A standards.

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Future Outlook □

The global capacitor bank market is set for steady growth, supported by renewable energy adoption, industrial expansion, and power system modernization. While competition from SVCs and STATCOMs presents challenges, innovations in internally fused systems, compact substations, and smart integration will sustain demand.

By 2033, capacitor banks will remain vital in ensuring reliable, efficient, and sustainable energy distribution worldwide.

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