Executive Summary

High Dependency on Coal and Stringent Emission Regulations to Drive Flue-Gas Desulfurization System Installations

Electricity generation globally is dominated by fossil fuels. With the exception of a few countries, the capacity of fossil-fuel-fired power plants far outweighs the capacity of the alternative sources of energy such as wind, hydro and others. Coal is the dominant fuel used in thermal power plants. The downside of this over-dependence on fossil fuels, especially coal, has been the emissions released into the environment by burning these fuels. Sulfur dioxide (SO2) has had a devastating effect on the environment and the health of living beings all over the world. With such dependence on coal, demand for equipment that could check the pollution caused by coal is huge and will only increase until an efficient and economical method for replacing coal is found. The Flue-Gas Desulfurization (FGD) system is one of the most effective of the technologies used in limiting sulfur emissions.

A number of countries, in order to reduce the emissions from power plants, have formulated stringent regulations. International agreements such as the Kyoto Protocol have set targets for greenhouse gas emission reductions. Moreover, there are selective regulations by a large number of countries to curb sulfur oxide (SOx) emissions.

In the US, the government introduced the Clean Air Interstate Rule and revisions to the Acid Rain Program in 2005 to reduce the US’s SO2 emissions. In the UK, the revised Large Combustion Plant Directive (LCPD) in 2008 was put in place, setting new emission limit values for SO2. China has the Atmospheric Pollution Prevention and Control Law (APPCL), which was amended in 2005. This law mandates that all new power plants that exceed the set SO2 emission levels must install a FGD system and de-dusting equipment. These regulations will only get more stringent as time progresses, driving the market for FGD systems. Global FGD system sales are estimated to total XX units between 2012 and 2020.

The chart below shows the global market volume of FGD systems for the years 2012, 2016 and 2020.
# Table of Contents

1. **Table of Contents** ......................................................................................................................................................................................... 4  
   1.1 List of Tables .................................................................................................................................................................................. 10  
   1.2 List of Figures ................................................................................................................................................................................... 12  

2. **Introduction** ......................................................................................................................................................................................... 14  
   2.1 Emissions from Thermal Power Plants, Pollutants .............................................................................................................................. 15  
      2.1.1 Sulfur Oxides........................................................................................................................................................................ 15  
      2.1.2 Sulfur Oxide Control Technology, Flue-Gas Desulfurization Systems, Overview ................................................................. 17  
      2.1.3 Flue-Gas Desulfurization .................................................................................................................................................. 18  
   2.2 GlobalData Report Guidance ............................................................................................................................................................ 21  

3. **Flue-Gas Desulfurization Systems Market, Global** ............................................................................................................................. 23  
   3.1 Flue-Gas Desulfurization Systems Market, Global, Overview ........................................................................................................... 23  
   3.2 Flue-Gas Desulfurization Systems Market, Global, Drivers and Restraints, 2013–2020 .................................................................. 24  
      3.2.1 Flue-Gas Desulfurization Systems Market, Global, Drivers, 2013–2020 ........................................................................ 24  
      3.2.2 Flue-Gas Desulfurization Systems Market, Global, Restraints, 2013–2020 ................................................................. 26  
   3.3 Flue-Gas Desulfurization Systems Market, Global, Porter Five Forces Analysis ........................................................................ 28  
   3.4 Flue-Gas Desulfurization Systems Market, Global, Market Volume, 2006–2020 ........................................................................... 30  
   3.5 Flue-Gas Desulfurization Systems Market, Global, Market Value Analysis, 2006–2020 .............................................................. 33  
   3.6 Flue-Gas Desulfurization Systems Market, Global, Market Share, 2012 ...................................................................................... 36  

4. **Flue-Gas Desulfurization Systems Market, US** ..................................................................................................................................................... 39  
   4.1 Flue-Gas Desulfurization Systems Market, US, Overview ................................................................................................................. 39  
   4.6 Flue-Gas Desulfurization Systems Market, US, Regulations ........................................................................................................... 48  
      4.6.1 Clean Air Act ............................................................................................................................................................................. 48  

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# Table of Contents

4.6.2 Energy Policy Act of 2005 ................................................................. 52  
4.6.3 Energy Improvement and Extension Act of 2008 .................................. 53  
4.6.4 Greenhouse Gas Reporting Rule ....................................................... 55  
4.6.5 Power Plant Improvement Initiative .................................................. 55  
4.6.6 Clean Energy Standard Act ............................................................... 56  
4.6.7 Coal Combustion Residual Rule ......................................................... 57  
4.6.8 FutureGen 2.0 Project ........................................................................ 58  
4.6.9 Regional Greenhouse Gas Initiative ................................................... 58  
4.6.10 Innovations for Existing Plants Program: Carbon Dioxide Capture ........ 59  
4.6.11 Climate Change Technology Program .............................................. 59  
4.6.12 Cross State Air Pollution Rule ......................................................... 60  
4.6.13 American Recovery and Reinvestment Act ......................................... 60  

5 Flue-Gas Desulfurization Systems Market, UK ........................................ 61  
5.1 Flue-Gas Desulfurization Systems Market, UK, Overview ...................... 61  
5.2 Flue-Gas Desulfurization Systems Market, UK, Market Volume, 2006–2020 ......................................................................................... 62  
5.3 Flue-Gas Desulfurization Systems Market, UK, Pricing Analysis, 2006–2020 ......................................................................................... 65  
5.4 Flue-Gas Desulfurization Systems Market, UK, Market Value Analysis, 2006–2020 ........................................................................ 67  
5.5 Flue-Gas Desulfurization Systems Market, UK, Regulations .................... 69  
5.5.1 Climate Change Act 2008 .................................................................... 69  
5.5.2 Electricity Market Reform 2011 .......................................................... 70  
5.5.3 Energy Act 2010 ................................................................................ 71  
5.5.4 Low Carbon Transition Plan .............................................................. 72  
5.5.5 Climate Change Programme 2000 ....................................................... 73  
5.5.6 Climate Change Levy .......................................................................... 73  
5.5.7 Climate Change Agreement ............................................................... 74  
5.5.8 Waste Strategy of 2007 ..................................................................... 74  
5.5.9 The Carbon Plan .............................................................................. 75
## Table of Contents

### 6 Flue-Gas Desulfurization Systems Market, Spain

- 6.1 Flue-Gas Desulfurization Systems Market, Spain, Overview ............................................. 76
- 6.2 Flue-Gas Desulfurization Systems Market, Spain, Market Volume, 2006–2020 ............... 77
- 6.3 Flue-Gas Desulfurization Systems Market, Spain, Pricing Analysis, 2006–2020 ............. 80
- 6.4 Flue-Gas Desulfurization Systems Market, Spain, Market Value Analysis, 2006–2020 .... 82
- 6.5 Flue-Gas Desulfurization Systems Market, Spain, Regulations ....................................... 84
  - 6.5.1 National Emissions Ceiling Directive ................................................................. 84
  - 6.5.2 Spanish Power Market, Energy Taxation ........................................................... 85

### 7 Flue-Gas Desulfurization Systems Market, Germany

- 7.1 Flue-Gas Desulfurization Systems Market, Germany, Overview ....................................... 86
- 7.2 Flue-Gas Desulfurization Systems Market, Germany, Market Volume, 2006–2020 .......... 87
- 7.3 Flue-Gas Desulfurization Systems Market, Germany, Pricing Analysis, 2006–2020 ...... 90
- 7.4 Flue-Gas Desulfurization Systems Market, Germany, Market Value Analysis, 2006–2020 93
- 7.5 Flue-Gas Desulfurization Systems Market, Germany, Market Share Analysis, 2012 ....... 95
- 7.6 Flue-Gas Desulfurization Systems Market, Germany, Regulations ................................... 97
  - 7.6.1 German Greenhouse Gas Emission Trading Law .................................................... 97
  - 7.6.2 National Allocation Plan ........................................................................................ 97
  - 7.6.3 Allocation Act, 2007 ............................................................................................. 99
  - 7.6.4 Allocation Act, 2012 ............................................................................................. 99
  - 7.6.5 Emission Allowances Auction Ordinance 2012 ...................................................... 100
  - 7.6.6 Large Combustion Plant Directive ......................................................................... 100
  - 7.6.7 Initiatives towards Reducing Greenhouse and Carbon Dioxide Emissions ............ 100

### 8 Flue-Gas Desulfurization Systems Market, China

- 8.1 Flue-Gas Desulfurization Systems Market, China, Overview ........................................... 101
- 8.4 Flue-Gas Desulfurization Systems Market, China, Market Value Analysis, 2006–2020 ... 109
Table of Contents

8.5 Flue-Gas Desulfurization Systems Market, China, Market Share Analysis, 2012 .......... 112
8.6 Flue-Gas Desulfurization Systems Market, China, Regulations .................................. 115
  8.6.1 Large Substitute for Small Program ................................................................. 115
  8.6.2 Low Carbon Development Zones ................................................................. 115
  8.6.3 New Emission Standards .............................................................................. 117
  8.6.4 China Energy Conditions and Policies .......................................................... 118
  8.6.5 Asia-Pacific Partnership for Clean Development Climate .............................. 119
  8.6.6 Energy and Carbon Intensity Targets .............................................................. 120
  8.6.7 12th FYP for Energy Development ............................................................... 122
  8.6.8 Investment System Reform Decision of 2004 .................................................. 123
  8.6.9 National Climate Change Program ................................................................. 123
  8.6.10 Coal Pricing for Power Generation .............................................................. 124
  8.6.11 12th FYP Installed Capacity Targets .............................................................. 125
  8.6.12 Energy Policy of 2012 .................................................................................. 126
  8.6.13 Atmospheric Pollution Prevention and Control Law ...................................... 126
  8.6.14 Catalog for Foreign Investment .................................................................... 127
  8.6.15 Coal-Fired Electric Generating Units Desulfurization Operation and Management Plan (Draft) ................................................................. 128
  8.6.16 Denitrification Subsidy .................................................................................. 129
  8.6.17 Pollution Levy on Sulfur Dioxide Emissions .................................................. 129
  8.6.18 Notice on Fossil-Fired Power Plant Nitrogen Oxide Emission Prevention and Treatment Policy ................................................................. 129

9 Flue-Gas Desulfurization Systems Market, India ........................................................... 131
  9.1 Flue-Gas Desulfurization Systems Market, India, Overview .................................. 131
  9.3 Flue-Gas Desulfurization Systems Market, India, Pricing Analysis, 2006–2020 .... 135
  9.5 Flue-Gas Desulfurization Systems Market, India, Regulations ............................ 141
## Table of Contents

### 9.5.1 12th Five-Year Plan

### 9.5.2 13th Five-Year Plan

### 9.5.3 Ultra Mega Power Project Scheme

### 9.5.4 Mega Power Policy

### 9.5.5 Section 80 IA of the Income Tax Act of 1961

### 9.5.6 Foreign Direct Investment in the Power Sector

### 9.5.7 Coal Linkage Policy for 12th Five-Year Plan

### 9.5.8 Tariff Regulation, 2009–2014

### 9.5.9 National Mission for Development of Clean Coal Technologies

### 9.5.10 Bulk Tendering

### 9.5.11 Import Duties on Fossil Fuel

### 9.5.12 New Coal Distribution Policy

### 9.5.13 National Electricity Policy, 2005

### 9.5.14 Provision for Future Installation of Flue-Gas Desulfurization System

### 10 Flue-Gas Desulfurization Systems Market, South Korea

#### 10.1 Flue-Gas Desulfurization Systems Market, South Korea, Overview

#### 10.2 Flue-Gas Desulfurization Systems Market, South Korea, Market Volume, 2006–2020

#### 10.3 Flue-Gas Desulfurization Systems Market, South Korea, Pricing Analysis, 2006–2020

#### 10.4 Flue-Gas Desulfurization Systems Market, South Korea, Market Value Analysis, 2006–2020

#### 10.5 Flue-Gas Desulfurization Systems Market, South Korea, Regulations

#### 10.5.1 Integrated Energy Supply Act (1999)

#### 10.5.2 National Basic Energy Plan 2008–2030

#### 10.5.3 National Strategy for Low Carbon, Green Growth, 2050

#### 10.5.4 GHG Emissions Trade Program Developments

#### 10.5.5 The Framework Act on Low Carbon, Green Growth 2010

#### 10.5.6 South Korea’s Coal Industry Rationalization Act

#### 10.5.7 Security of Natural Gas and Coal
# Table of Contents

11 Flue-Gas Desulfurization Systems Market, Saudi Arabia ........................................................ 165
  11.1 Flue-Gas Desulfurization Systems Market, Saudi Arabia, Overview................................. 165
  11.2 Flue-Gas Desulfurization Systems Market, Saudi Arabia, Market Volume, 2006–2020 ... 166
  11.3 Flue-Gas Desulfurization Systems Market, Saudi Arabia, Pricing Analysis, 2006–2020 .. 169
  11.5 Flue-Gas Desulfurization Systems Market, Saudi Arabia, Market Share Analysis, 2012 . 172
  11.6 Flue-Gas Desulfurization Systems Market, Saudi Arabia, Regulations ............................ 173
    11.6.1 Saudi Arabia Power Market, Electricity Law, Regulatory Structure, Overview ............. 173
    11.6.2 Meteorological and the Environmental Protection Agency ........................................... 173
    11.6.3 Royal Commission Environmental Regulations ........................................................... 173
12 Appendix................................................................................................................................. 174
  12.1 Definitions....................................................................................................................... 174
    12.1.1 Power...................................................................................................................... 174
    12.1.2 Installed Capacity ................................................................................................. 174
    12.1.3 Active Installed Capacity ...................................................................................... 174
    12.1.4 Electricity Generation ......................................................................................... 174
    12.1.5 Electricity Consumption ...................................................................................... 174
    12.1.6 Coal-Fired Power Plant ......................................................................................... 174
    12.1.7 Flue-Gas Desulfurization ....................................................................................... 174
    12.1.8 Renewable Energy Resources ............................................................................... 175
  12.2 Abbreviations ................................................................................................................ 175
  12.3 Bibliography .................................................................................................................. 178
  12.4 Research Methodology ................................................................................................. 179
    12.4.1 Coverage .............................................................................................................. 179
    12.4.2 Secondary Research ............................................................................................ 179
  12.5 Disclaimer....................................................................................................................... 180
Table of Contents

1.1 List of Tables

Table 1: Flue-Gas Desulfurization Market, Global, Volume (GW, Units), 2006–2020 ................................... 32
Table 2: Flue-Gas Desulfurization Market, Global, Market Value ($bn), 2006–2020 ...................................... 35
Table 3: Flue-Gas Desulfurization Market, Global, Market Share (%), 2012 .................................................. 38
Table 4: Sulfur Dioxide Emissions from Electricity Generation (Million Tons), 1990–2040 ............................. 39
Table 5: Flue-Gas Desulfurization Market, US, Volume (GW, Units), 2006–2020 ............................................ 42
Table 6: Flue-Gas Desulfurization Market, US, Average Price ($/kW), 2006–2020 .......................................... 44
Table 7: Flue-Gas Desulfurization Market, US, Market Value ($m), 2006–2020 .............................................. 46
Table 8: Flue-Gas Desulfurization Market, US, Market Share (%), 2012 ......................................................... 48
Table 9: National Ambient Air Quality Standards, US, 2011 ........................................................................... 49
Table 10: Flue-Gas Desulfurization Market, US, Clean Energy Standard Act .................................................. 56
Table 11: Flue-Gas Desulfurization Market, UK, Volume (GW, Units), 2006–2020 ........................................... 64
Table 12: Flue-Gas Desulfurization Market, UK, Average Price ($/kW), 2006–2020 ........................................... 66
Table 13: Flue-Gas Desulfurization Market, UK, Market Value ($m), 2006–2020 ............................................. 68
Table 14: Flue-Gas Desulfurization Market, UK, Climate Change Act 2008, Carbon Budgets (million tons of CO₂), 2008–2027 .................................................................................................................. 69
Table 15: Flue-Gas Desulfurization Market, Spain, Volume (GW, Units), 2006–2020 ........................................ 79
Table 16: Flue-Gas Desulfurization Market, Spain, Average Price ($/kW), 2006–2020 ....................................... 81
Table 17: Flue-Gas Desulfurization Market, Spain, Market Value ($m), 2006–2020 ........................................... 83
Table 18: Flue-Gas Desulfurization Market, Germany, Volume (GW, Units), 2006–2020 ................................. 89
Table 19: Flue-Gas Desulfurization Market, Germany, Average Price ($/kW), 2006–2020 ............................... 92
Table 20: Flue-Gas Desulfurization Market, Germany, Market Value ($m), 2006–2020 ................................. 94
Table 21: Flue-Gas Desulfurization Market, Germany, Market Share (%), 2012 .............................................. 96
Table 22: Flue-Gas Desulfurization Market, China, Volume (GW, Units), 2006–2020 ....................................... 105
Table of Contents

1.2 List of Figures

Figure 1: Pollutants Released into Environment by Burning of Coal ................................................................. 14
Figure 2: Conversion of Sulfur Oxides into Acid .................................................................................................. 15
Figure 3: Harmful Impact of Sulfur Oxide Emissions ........................................................................................ 16
Figure 4: Major Flue-Gas Desulfurization processes ....................................................................................... 17
Figure 5: Flue-Gas Desulfurization Market, Global, Drivers, 2013–2020 .......................................................... 25
Figure 6: FGD Market, Global, Restraints, 2013–2020 ..................................................................................... 27
Figure 7: FGD Market, Global, Porter Five Forces Analysis ................................................................................. 28
Figure 8: Flue-Gas Desulfurization Market, Global, Volume (GW, Units), 2006–2020 ......................................... 31
Figure 9: Flue-Gas Desulfurization Market, Global, Market Value ($bn), 2006–2020 ........................................... 34
Figure 10: Flue-Gas Desulfurization Market, Global, Market Share (%), 2012 ..................................................... 38
Figure 11: Flue-Gas Desulfurization Market, US, Market Volume (GW, Units), 2006–2020 ............................... 41
Figure 12: Flue-Gas Desulfurization Market, US, Average Price ($/kW), 2006–2020 ........................................... 43
Figure 13: Flue-Gas Desulfurization Market, US, Market Value ($m), 2006–2020 ............................................... 45
Figure 14: Flue-Gas Desulfurization Market, US, Market Share (%), 2012 ........................................................... 47
Figure 15: Flue-Gas Desulfurization Market, UK, Market Volume (GW, Units), 2006–2020 ............................... 63
Figure 16: Flue-Gas Desulfurization Market, UK, Average Price ($/kW), 2006–2020 .......................................... 65
Figure 17: Flue-Gas Desulfurization Market, UK, Market Value ($m), 2006–2020 ............................................... 67
Figure 18: Flue-Gas Desulfurization Market, Spain, Market Volume (GW, Units), 2006–2020 ......................... 78
Figure 19: Flue-Gas Desulfurization Market, Spain, Average Price ($/kW), 2006–2020 ...................................... 80
Figure 20: Flue-Gas Desulfurization Market, Spain, Market Value ($m), 2006–2020 .......................................... 82
Figure 21: Flue-Gas Desulfurization Market, Germany, Market Volume (GW, Units), 2006–2020 .................... 88
Figure 22: Flue-Gas Desulfurization Market, Germany, Average Price ($/kW), 2006–2020 ............................... 91
Figure 23: Flue-Gas Desulfurization Market, Germany, Market Value ($m), 2006–2020 ................................. 93
Table of Contents

Figure 24: Flue-Gas Desulfurization Market, Germany, Market Share (%), 2012 ............................................... 95
Figure 25: Flue-Gas Desulfurization Market, China, Market Volume (GW, Units), 2006–2020 ......................... 104
Figure 26: Flue-Gas Desulfurization Market, China, Average Price ($/kW), 2006–2020 ................................. 107
Figure 27: Flue-Gas Desulfurization Market, China, Market Value ($m), 2006–2020 ................................... 110
Figure 28: Flue-Gas Desulfurization Market, China, Market Share (%), 2012 .................................................. 113
Figure 29: Flue-Gas Desulfurization Market, India, Market Volume (GW, Units), 2006–2020 ..................... 133
Figure 30: Flue-Gas Desulfurization Market, India, Average Price ($/kW), 2006–2020 ............................... 136
Figure 31: Flue-Gas Desulfurization Market, India, Market Value ($m), 2006–2020 ................................. 139
Figure 32: Flue-Gas Desulfurization Market, India, Space Requirement (Acres) ........................................ 152
Figure 33: Flue-Gas Desulfurization Market, South Korea, Market Volume (GW, Units), 2006–2020 .... 155
Figure 34: Flue-Gas Desulfurization Market, South Korea, Average Price ($/kW), 2006–2020 ............... 157
Figure 35: Flue-Gas Desulfurization Market, South Korea, Market Value ($m), 2006–2020 .................... 159
Figure 36: Flue-Gas Desulfurization Market, Saudi Arabia, Market Volume (GW, Units), 2006–2020 .... 167
Figure 37: Flue-Gas Desulfurization Market, Saudi Arabia, Average Price ($/kW), 2006–2020 ............. 169
Figure 38: Flue-Gas Desulfurization Market, Saudi Arabia, Market Value ($m), 2006–2020 .................... 171
2 Introduction

Coal is a dominant source of energy, and is employed globally as one of the most efficient and economical methods of electricity generation. However, the downside of the fuel is that its burning releases large amounts of gases that are extremely harmful for the environment. This is due to the pollutants released in the atmosphere by the combustion of coal. Coal has a significant amount of impurities in it. Along with carbon, as a prime constituent, it also contains sulfur, hydrogen, oxygen and nitrogen. When coal is burned in power plants to drive steam turbines, considerable amounts of pollutants are emitted into the environment.

Figure 1: Pollutants Released into Environment by Burning of Coal

Sulfur is one of the main elements in the earth’s crust. It is identified most commonly as an impurity in coal, crude oil and other ores. Hence, whenever coal, oil or other derived fuels are burned, sulfur is emitted on a large scale. Sulfur oxides (SO$_x$) are one of the major pollutants from industrial power plants.

Sulfur dioxide (SO$_2$) is the predominant form of SO$_x$. It is produced by volcanoes and by burning fuels such as coal and oil. SO$_2$ emissions create acidic rain and particulate soot. Both of these pose significant risks to our health.
Introduction

2.2 GlobalData Report Guidance

- The report begins with an executive summary that provides a snapshot of the key indicators in the global FGD systems market.
- Chapter two covers the report introduction, an overview of the pollutants emitted by power plants and their preventative measures. It also covers the types of FGD processes in detail.
- Chapter three discusses the global FGD market, explaining the drivers and restraints of the market. It also provides details about the market volume, market value, and the market share of the global FGD businesses.
- Chapter four discusses the FGD market in the US, describing market volume, market value, average price, market share and regulations.
- Chapter five contains the FGD market in the UK, explaining market volume, market value, market share, average price and regulations.
- Chapter six covers Spain’s FGD market, explaining market volume, market value, market share, average price and regulations.
- Chapter seven covers the FGD market in Germany, explaining market volume, market value, market share, average price and regulations.
- Chapter eight covers the FGD market in China, explaining market volume, market value, market share, average price and regulations.
- Chapter nine covers the FGD market in India, explaining market volume, market value, market share, average price and regulations.
- Chapter 10 covers the FGD market in South Korea, explaining market volume, market value, market share, average price and regulations.
- Chapter 11 covers the FGD market in Saudi Arabia, explaining market volume, market value, market share, average price and regulations.
- The report ends with an appendix section.
Introduction

Please note: The scope of the market analysis data provided in this report is limited to FGD systems in thermal power plants only. Market values have been rounded off throughout the report, which may result in some minor discrepancies caused by errors in the rounding-off. In the tables in the pricing analysis sections, ‘-’ is used to indicate the years in which the actual sale of FGD systems did not occur.
The increasing demand for electricity owing to the growing population and economic development worldwide is the most important factor for the growth of the global FGD market. Thermal power is still the dominant source of energy in the world and although its share is scheduled to decrease, it will remain as one of the most important sources of power for many years. With many new coal-fired plants scheduled to come online in the near future all over the world, the FGD market is expected to grow and experience significant new activities.

Between 2006 and 2012 there was a sharp rise in the FGD market. The overall increased awareness of people regarding emissions and their harmful impact helped this growth. The number of FGD systems sold in a year increased from XX units in 2006 to XX units in 2009. However, the market experienced a slump after 2009 as a result of the economic crisis. The liquidity crunch that followed the sub-prime crisis resulted in an absence of financing options for various projects, which, along with investors’ lack of confidence in most of the projects, resulted in the overall decline of the market. With increasing numbers of power plant projects being abandoned, the global FGD market received a strong hit and its growth was checked. Moreover, the development of the FGD market globally was sluggish between 2010 and 2012, partly because countries failed to impose strict regulations to install FGD in power plants. As a result, the number of FGD units sold decreased from XX units in 2010 to XX units in 2012.

With the expected introduction of more stringent norms and adoption of emission norms in countries where currently there are none, the FGD systems market is expected to grow. The sales volume of FGD systems is expected to increase from XX units in 2013 to around XX units by 2020.
The figure below shows the global FGD systems market volume between 2006 and 2020.

**Figure 8: Flue-Gas Desulfurization Market, Global, Volume (GW, Units), 2006–2020**

![Graph showing Flue-Gas Desulfurization Market, Global, Volume (GW, Units), 2006–2020]

Source: GlobalData, Power eTrack [Accessed on October 24, 2013]
Flue-Gas Desulfurization Systems Market, Global

The table below indicates the global FGD systems market volume between 2006 and 2020.

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (GW)</th>
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<td>2020</td>
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</table>

Source: GlobalData, Power eTrack [Accessed on October 24, 2013]
There is one company that has completely dominated the FGD systems market in the US. B&W has been leading the market in the country for many years. No other company has come close to B&W in terms of market value. The brand name of B&W and the expertise of its operations are the main reasons for its dominance in the US. In 2012, the company again led all other players in the market, with a significant share of XX%.

MHI is another player in the FGD market in the country. In 2012, it was the distant second-largest player in the market, accounting for a XX% share.

Burmeister & Wain Energy A/S (BWE) has been in close competition with MHI to secure the third-position in the FGD systems market. BWE specializes in designing advanced Ultra Super Critical (USC) steam boilers and other power equipment for utility power stations worldwide. In 2009, it attained a XX% share of the FGD systems market in the country.

The figure below represents the share of the key players in the FGD system market in the US in 2012.

**Figure 14: Flue-Gas Desulfurization Market, US, Market Share (%), 2012**

Source: GlobalData, Power eTrack [Accessed on October 15, 2013]
12 Appendix

12.1 Definitions

12.1.1 Power

Power refers to the rate of production, transfer, or energy use, usually related to electricity. It is measured in watts and often expressed in kilowatts (kW) or megawatts (MW), and is also known as “real” or “active” power.

12.1.2 Installed Capacity

Installed capacity refers to the generator’s nameplate capacity as stated by the manufacturer or the maximum rated output of a generator under given conditions. It is given in Megawatts (MW) on a nameplate affixed to the generator.

12.1.3 Active Installed Capacity

Active installed capacity refers to the component of electric power that actually performs work. It is given in kilowatts (kW) or Megawatts (MW).

12.1.4 Electricity Generation

Electricity generation is the production of electric energy by transforming other forms of energy. It also refers to the amount of electric energy produced, expressed in Gigawatt hours (GWh).

12.1.5 Electricity Consumption

Electricity consumption is calculated by adding electricity generated and imports, minus exports and transmission and distribution losses. It is measured in Gigawatt hours (GWh).

12.1.6 Coal-Fired Power Plant

A coal-fired power plant produces electricity from the combustion of coal.

12.1.7 Flue-Gas Desulfurization

Flue-gas desulfurization is one of the most effective and popular processes for removing the SO₂ from the flue gas emitted by large coal-fired power plants.
12.1.8 Renewable Energy Resources

Renewable energy resources are naturally replenishing energy resources that are limited in the amount of energy that is available per unit of time. Biomass, geothermal, solar, small hydro and wind are all examples of renewable resources.

12.2 Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Expanded form</th>
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<tbody>
<tr>
<td>APP</td>
<td>Asia-Pacific Partnership</td>
</tr>
<tr>
<td>APPCL</td>
<td>Atmospheric Pollution Prevention and Control Law</td>
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<td>ARRA</td>
<td>American Reinvestment and Energy Act</td>
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<tr>
<td>B&amp;W</td>
<td>Babcock &amp; Wilcox Company</td>
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<tr>
<td>BACT</td>
<td>Best Available Control Technology</td>
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<tr>
<td>BCD</td>
<td>Basic Customs Duty</td>
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<tr>
<td>BHEL</td>
<td>Bharat Heavy Electricals Limited</td>
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<td>CAA</td>
<td>Clean Air Act</td>
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<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<tr>
<td>CAIR</td>
<td>Clean Air Interstate Rule</td>
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<tr>
<td>CCC</td>
<td>Central Advisory Committee on Climate Change</td>
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<tr>
<td>CCGT</td>
<td>Combined Cycle Gas Turbine</td>
</tr>
<tr>
<td>CCL</td>
<td>Climate Change Levy</td>
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<tr>
<td>CCPI</td>
<td>Clean Coal Power Initiative</td>
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<tr>
<td>CCRR</td>
<td>Coal Combustion Residential Rule</td>
</tr>
<tr>
<td>CCTP</td>
<td>Climate Change Technology Program</td>
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<tr>
<td>CCUS</td>
<td>Carbon Capture, Utilization and Storage</td>
</tr>
<tr>
<td>CDM</td>
<td>Clean Development Mechanism</td>
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<tr>
<td>CEA</td>
<td>Central Electricity Authority</td>
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<tr>
<td>CER</td>
<td>Certified Emission Reductions</td>
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<tr>
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<td>Central Electricity Regulatory Commission</td>
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<tr>
<td>CESA</td>
<td>Clean Energy Standard Act</td>
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<tr>
<td>CFB</td>
<td>Circulating Fluidized Bed</td>
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<tr>
<td>CHP</td>
<td>Combined Heat and Power</td>
</tr>
<tr>
<td>CIL</td>
<td>Coal India Limited</td>
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<tr>
<td>CSAPR</td>
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<td>CCS</td>
<td>Carbon Capture and Sequestration</td>
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<td>CVD</td>
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<td>DECC</td>
<td>Department of Energy and Climate Change</td>
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# Appendix

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<thead>
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<th>Abbreviation</th>
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<td>DoE</td>
<td>Department of Energy</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>EC Scheduling</td>
<td>Energy Conservation Power Generation Scheduling</td>
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<tr>
<td>ECRA</td>
<td>Electricity and Cogeneration Regulatory Authority</td>
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<tr>
<td>EEX</td>
<td>Leipzig Energy Exchange</td>
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<tr>
<td>EIEA</td>
<td>Energy Improvement and Extension Act</td>
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<tr>
<td>ELVs</td>
<td>Emissions Limit Values</td>
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<td>EPA</td>
<td>Environmental Protection Agency</td>
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<td>EPS</td>
<td>Emission Performance Standard</td>
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<tr>
<td>ESP</td>
<td>Electrostatic Precipitators</td>
</tr>
<tr>
<td>EUA</td>
<td>Emission Allowance</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FGD</td>
<td>Flue-Gas Desulfurization</td>
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<tr>
<td>FSA</td>
<td>Fuel Supply Agreement</td>
</tr>
<tr>
<td>FYP</td>
<td>Five-Year Plan</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>Greenhouse Gas</td>
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<td>GHGR</td>
<td>Green House Gas Reporting Rule</td>
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<tr>
<td>GW</td>
<td>Gigawatt</td>
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<tr>
<td>GWh</td>
<td>Gigawatt hours</td>
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<td>HCL</td>
<td>Hydrogen Chloride</td>
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<td>ID</td>
<td>Induced Draught</td>
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<td>IEF</td>
<td>Integrated Energy Facility</td>
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<td>IEP</td>
<td>Innovation for Existing Plants</td>
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<td>IESA</td>
<td>Integrated Energy Supply Areas</td>
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<td>IGCC</td>
<td>Integrated Gasification Combined Cycle</td>
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<tr>
<td>JI</td>
<td>Joint Implementation</td>
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<td>KfW</td>
<td>Kreditanstalt für Wiederaufbau</td>
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<tr>
<td>kW</td>
<td>Kilowatt</td>
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<tr>
<td>LAER</td>
<td>Lowest Achievable Emission Rate</td>
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<tr>
<td>LCPD</td>
<td>Large Combustion Plant Directive</td>
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<tr>
<td>LOA</td>
<td>Letter of Assurance</td>
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<tr>
<td>LSS</td>
<td>Large Substitute for Small</td>
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<tr>
<td>m</td>
<td>Million</td>
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<tr>
<td>MACT</td>
<td>Maximum Achievable Control Technology</td>
</tr>
<tr>
<td>MEP</td>
<td>Ministry of Environmental Protection</td>
</tr>
<tr>
<td>MET</td>
<td>Marsulex Environmental Technologies</td>
</tr>
<tr>
<td>mg/m³</td>
<td>Milligrams per cubic meter</td>
</tr>
<tr>
<td>µg/m³</td>
<td>Micrograms per cubic meter</td>
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</table>
### FLUE-GAS DESULFURIZATION SYSTEMS MARKET ANALYSIS TO 2020, 2013 UPDATE –
GLOBAL MARKET SIZE, EQUIPMENT MARKET SHARE, COMPETITIVE LANDSCAPE, REGULATIONS AND PRICING ANALYSIS

## Appendix

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>MHI</td>
<td>Mitsubishi Heavy Industries</td>
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<tr>
<td>MKE</td>
<td>Ministry of Knowledge Economy</td>
</tr>
<tr>
<td>MOC</td>
<td>Ministry of Commerce</td>
</tr>
<tr>
<td>mtoe</td>
<td>million tons of oil equivalent</td>
</tr>
<tr>
<td>MW</td>
<td>Megawatt</td>
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<tr>
<td>MWh</td>
<td>Megawatt hour</td>
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<tr>
<td>NAPCC</td>
<td>National Action Plan on Climate Change</td>
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<tr>
<td>NAAQS</td>
<td>National Ambient Air Quality Standards</td>
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<td>NDRC</td>
<td>National Development and Reform Commission</td>
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<td>NEP</td>
<td>National Electricity Policy</td>
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<tr>
<td>NERP</td>
<td>National Emissions Reduction Plan</td>
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<tr>
<td>NESHAPs</td>
<td>National Emission Standards for Hazardous Air Pollutants</td>
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<tr>
<td>NETL</td>
<td>National Energy Technology Laboratory</td>
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<tr>
<td>NO&lt;sub&gt;x&lt;/sub&gt;</td>
<td>mono-nitrogen oxides</td>
</tr>
<tr>
<td>NSPS</td>
<td>New Source Performance Standards</td>
</tr>
<tr>
<td>NSR</td>
<td>New Source Review</td>
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<tr>
<td>NTP</td>
<td>National Tariff Policy</td>
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<tr>
<td>O&amp;M</td>
<td>Operation and Maintenance</td>
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<td>OEMS</td>
<td>Original Equipment Manufacturers</td>
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<td>Ofgem</td>
<td>Office of Gas and Electricity Markets</td>
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<tr>
<td>PFBC</td>
<td>Pressurized Circulating Fluidized Bed</td>
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<tr>
<td>PM</td>
<td>Particulate Matter</td>
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<tr>
<td>PME</td>
<td>Presidency of the Meteorological and Environment</td>
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<tr>
<td>PPA</td>
<td>Power Purchase Agreement</td>
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<tr>
<td>ppb</td>
<td>parts per billion</td>
</tr>
<tr>
<td>PPII</td>
<td>Power Plant Improvement Initiative</td>
</tr>
<tr>
<td>ppm</td>
<td>parts per million</td>
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<tr>
<td>PSD</td>
<td>Prevention of Significant Deterioration</td>
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<tr>
<td>RACT</td>
<td>Reasonably Available Control Technology</td>
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<td>RCRA</td>
<td>Resource Conservation and Recovery Act</td>
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<tr>
<td>RfP</td>
<td>Request for Proposals</td>
</tr>
<tr>
<td>RfQ</td>
<td>Request for Qualification</td>
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<tr>
<td>RoE</td>
<td>Return on Equity</td>
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<td>RRGI</td>
<td>Regional Greenhouse Gas Initiative, Inc.</td>
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<td>SCR</td>
<td>Selective Catalytic Reduction</td>
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<td>SEB</td>
<td>State Electricity Board</td>
</tr>
<tr>
<td>SERC</td>
<td>State Electricity Regulatory Commission</td>
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<tr>
<td>SIPs</td>
<td>State Implementation Plans</td>
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<tr>
<td>SNCR</td>
<td>Selective Non-Catalytic Reduction</td>
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Appendix

<table>
<thead>
<tr>
<th>Abbreviation</th>
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<tbody>
<tr>
<td>SO₂</td>
<td>sulfur dioxide</td>
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<tr>
<td>SO₃</td>
<td>sulfuric acid</td>
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<tr>
<td>SOₓ</td>
<td>sulfur oxides</td>
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<td>SPV</td>
<td>Special Purpose Vehicle</td>
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<td>T&amp;D</td>
<td>Transmission and Distribution</td>
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<tr>
<td>TEHG</td>
<td>Treibhausgas-Emissionshandelsgesetz</td>
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<tr>
<td>USC</td>
<td>Ultra Super Critical</td>
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<tr>
<td>ZuG</td>
<td>Zuteilungsgesetz</td>
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</table>

Source: GlobalData

12.3 Bibliography


Appendix

12.4 Research Methodology

GlobalData’s dedicated research and analysis teams consist of experienced professionals with a pedigree in marketing and market research, consulting backgrounds in the energy industry, and advanced levels of statistical expertise.

GlobalData adheres to the Codes of Practice of the Market Research Society (www.mrs.org.uk) and the Strategic and Competitive Intelligence Professionals (www.scip.org).

All GlobalData’s databases are continuously updated and revised. The following methodology has been followed for the collection and analysis of data presented in this report.

12.4.1 Coverage

The report provides comprehensive coverage of global FGD systems market developments for the period from 2006 to 2012 and expected market trends for the period from 2013 to 2020 and the market developments for the following countries: the US, the UK, Spain, Germany, China, India, South Korea and Saudi Arabia. Detailed coverage is provided for the following major topics:

- FGD systems market volume trends (2006 to 2020)
- FGD systems market value trends (2006 to 2020)
- FGD systems market share (2012)
- FGD systems pricing analysis (2006 to 2020)
- Renewable policy changes, financial incentives and policy support for thermal power and updates by country

12.4.2 Secondary Research

The research process begins with exhaustive secondary research within GlobalData's own databases and external sources.

Investment estimates and market growth rates are arrived at by taking the following into consideration:

- Statistics and historical trends provided by government bodies, industry associations and equipment vendors
- Utility expansion plans
Appendix

- Government and private sector investment
- Government regulations and policies
- GlobalData’s proprietary databases such as Capacity and Generation Database and Equipment Markets Database
- Other insights built through secondary research and analysis of company websites, annual reports, investor presentations, industry and trade journals, and association data.

12.5 Disclaimer

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