

Higher electricity prices look set to impact homes and businesses

MEUG's most recent spot market monitoring report by Energy Link shows demand over the Easter period was 10 per cent down from the same period last year.

Major users' demand at Glenbrook, Kawerau, Kinleith, Whirinaki, Bream Bay, Tangawai, Naseby and Tiwai was down by an average of 5.53 gigawatt hours per day and account for 37 per cent of the overall reduction in demand during the Level 4 COVID-19 lockdown.

On the supply side thermal generation at Huntly was up, with Huntly providing energy and reserve supply. Inflows into the hydro lakes in both the North and South Islands are down and, though it is partly hidden by price volatility, low hydro storage is driving prices up. This trend will likely accelerate if inflows remain low while, at the same time, commercial and industrial demand returns to the market with the country transitioning to Level 3 and potential Level 2 in May.

Those rising electricity prices will place further strain on homes and businesses already struggling with the impacts of the response to COVID-19.

Transpower's COVID-19 financial relief offer disappoints

Transpower has offered some of its direct and indirect customers a reduction in bills for three months proportional to the decrease in their level of operations but only on the basis that charges would rise for the following nine months to recoup the reduction.

Put simply Transpower is saying its revenue collection should be immune to COVID-19 regardless of the commercial pain its customers are suffering.

We expect Transpower's profits at the end of the current financial year will be higher than planned in the Statement of Corporate Intent (SCI) because, over the five weeks of lockdown during alert level four, operating costs would have been lower than planned but income remained unchanged.

Due to collecting the same level of revenue when grid maintenance and upgrades have been postponed also means there is a possibility of the Government as shareholder of Transpower receiving additional windfall in dividends than that forecast in Transpower's Statement of Corporate intent of \$165 million.

This possibility should compel Transpower to make more effort to provide financial relief in addition to the deferred payment option. We encourage Transpower to review its decision and take a leadership role for other parties in the supply chain in going further than the bare minimum in offering financial relief.

Key dates

What's on	Who	When	Notes for members
Meeting: COVID-19 Issues Working Group (CIWG).	Electricity Authority (EA)	4 May	Useful pan-sector representative group with EA, Commerce Commission & MBIE to log COVID-19 issues and either action by CIWG or referred to the appropriate lead(s).
Submission: Release to EA of de-anonymised ASX information.	EA	4 May	Revised date by EA for this request to some larger end users and retailers.
Submission: High Standard of Trading Conduct.	Market Development Advisory Group	4 May and cross-submissions on 27 May	Complex and unclear if proposal will be better than the status quo or have unintended consequences. The status quo also has flaws.
Event: Energy Trader Forum (virtual).	Freeman Media	7 May	Quarterly forum involving energy trader and service provider speakers.
Event: Budget Day.	Government	14 May	Will EECA levy be increased or not? Will other policies affecting the energy sector be unexpectedly announced under budget urgency?
Submission: Fuel Industry Bill proposed regulations.	Ministry of Business, Innovation & Employment	20 May	Will check if MEUG's scepticism of the Retail Fuel Market Study analysis have been addressed in CBA of the proposals.
Submission: Annual Security of Supply Assessment due date.	System Operator	20 May	Pragmatic change and non-controversial. MEUG not submitting.
Meeting: MEUG Executive Committee.	MEUG	27 May	By Zoom.