

Looking ahead to the post-COVID-19 world

As the reality of the COVID-19 lock down starts to bite, there is little doubt the crisis and the Government-led response will fundamentally change New Zealand's economy. Things will not return to normal even within the next few years – we will have a new normal to navigate.

Once the health crisis eases, we will be well into an economic crisis. Many businesses will not survive the lockdown. No corporate, regardless of size, is safe when their revenues drop by 30% or more.

In terms of governance of the electricity sector, we are likely looking at a new reality for the next three years.

There will be a balance for the Government to strike, between a current policy and legislative agenda that adds costs to business and the economic survival of many businesses. To date, the Government has not been particularly accepting of the argument increased policy and regulatory costs put businesses at risk. COVID-19 changes that. The Government's willingness to do things to support businesses survival will go a long way towards determining what the economy looks like in several years' time.

Stimulating renewable generation

March was a milestone month for MEUG's work to bring about substantive reductions in CO2 emissions through stimulating early development of renewable energy projects by means of a power purchasing agreement, where demand will be met by new renewable generation.

Participating companies, Fonterra, Oji Fibre Solutions, New Zealand Steel, Refining New Zealand, Pan Pac Forest Products and Ballance Agri-Nutrients, completed the exploratory phase of the project and agreed to develop a RFP and go to market.

Spot market monitoring

MEUG's most recent spot market monitoring report by Energy Link shows total demand has fallen dramatically since the start of the COVID-19 lock down. Thermal generation has decreased alongside the decrease in demand. The fall in demand eases any risk associated with North Island hydro storage, with Lake Taupo at just one third of its nominally full level. Current inflows into Lake Taupo are the seventh driest on record for this time of year.

Key dates

What's on	Who	When	Notes for members
Submission: Draft 2020 Annual Security Assessment (ASA)	System Operator	2 April (delayed from 26 March)	Robust, transparent and stable ASA methodology exists. MEUG has no concerns with either the approach or draft conclusions and will not be submitting.
Submission: Release to EA of de-anonymised ASX information	Electricity Authority (EA)	17 April	EA has asked some larger end users and retailers that are not existing voluntary market makers to grant ASX authority to release this information to the EA.
Event: Next sitting date for Parliament	Parliament	28 April	Since COVID Alert Level 4 commenced Parliamentary sitting days have been delayed. Once Parliament resumes MEUG has an interest in: <ul style="list-style-type: none"> • Select Committee report back on the Emissions Trading Reform Amendment Bill (was due 2 April) • First Reading of the Gas (Information Disclosure and Penalties) Amendment Bill.
Meeting: MEUG Executive Committee	MEUG	29 April	By Zoom. While COVID-19 Alert Level 4 is in place there is a regular weekly Zoom catch-up to discuss current events and business conditions.