3rd Trilateral CEER-ECRB-MEDREG Workshop

CEER COVID-19 WG: Analysis of the COVID-19 pandemic’s effects on the energy sector

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26 May 2021
COVID-19 Interim Report

• Objectives
  ► **Mapping the effects** of the COVID-19 pandemic on the electricity and gas systems, consumers and energy companies in CEER countries;

  ► Identifying a first set of **lessons learned and best practices** from 2020.

• Approach and data collection
  ► **Questionnaire** on the effects of the pandemic on the energy system as a whole, consumers, energy suppliers and network operators;

  ► **28 NRAs provided input**: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Estonia, Finland, France, Georgia, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, North Macedonia, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden;

  ► Comparing the results of that exercise with **findings from other institutions** (IEA, OECD, EC, ACER/CEER).
Impact on the electricity and gas systems 1/2

- **Electricity**
  
  ► **Demand and prices** fell markedly over the spring months 2020 that coincided with restriction measures, such as lockdowns.
  
  ► E.g.: **fall in global electricity consumption** per month in March-June 2020 in selected countries, compared to the same month of 2019.

<table>
<thead>
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<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
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</thead>
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<td>-11.8%</td>
<td>-7.1%</td>
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<td>-13%</td>
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Impact on the electricity and gas systems 2/2

• Electricity (continued)

► As regards prices, the COVID-19 pandemic was one of the causes, but not the only cause. Depending on the country, other factors were at play (e.g. weather conditions).

► Second wave restrictions (winter 2020) seem to have had less of an impact than first wave restrictions (spring 2020).

► Renewable energy sources (RES): Several countries saw an increase in the RES share of their electricity mix, which the system was able to handle.

• Gas

► Demand and prices were already low in Q1 2020, but reached new lows concomitantly with restrictions.

► Gas trends varied more widely over all respondent countries, again due to other factors, such as weather conditions.
Impact on energy consumers

• Risk for consumers
  ► Restrictions entailed business closures, income and even job losses.
  ► Risk of inability to pay energy bills and of losing energy supply.

• Types of measures put in place to support consumers
  ► Moratorium on disconnections: the most widespread measure (reported by 18 NRAs);
  ► Staggering or deferral of consumer energy bills;
  ► Social welfare measures: mostly not specific to energy expenditure;
    • But: in some countries, direct subsidies for energy costs, fuel vouchers (Great Britain, Ireland), facilitated access to social tariffs (Italy, Spain), excise duty reduction on electricity and gas (Estonia);
  ► Aid for businesses: mostly not linked to energy supply;
    • But: in some countries, suspension or reduction of contracted capacity (Ireland, Portugal, Spain), energy bill refund (Malta), deferred payments for utilities (Romania).
Impact on energy companies

• Energy suppliers
  ► Mirror image of disconnection bans: several NRAs reported or expected an increase in unpaid energy bills.
  ► Suppliers reported losses due to drops in electricity demand and prices.
  ► Measure taken to support suppliers in some countries: staggering and deferral of network tariff bills.

• Network operators
  ► Lockdown measures entailed delays to network development and smart-meter roll-out.
  ► Some NRAs already anticipated / reported a slight decrease in tariff revenue.
  ► At the time of writing, the majority of NRAs had not yet taken any measures to support network operators.
    • In some countries: easing of quality of service obligations and penalties, consideration for pandemic-related costs.
Lessons learned & best practices

- **Resilience of the energy sector;**
  - **Ireland:** some generation units set aside to ensure availability in winter;

- **Ensuring good and swift information flows;**
  - **Finland:** centralized task force including all relevant parties;

- **Adapting procedures and deadlines where necessary;**
  - **Germany:** legislation adopted to adapt deadlines and enable digital solutions in planning and approval procedures;

- **Key measure: preventing disconnections of consumers;**
  - **Spain, Lithuania, Portugal:** possibly the most impactful measure;

- **Sharing the burden more widely within the sector;**
  - **Italy:** for suppliers, partial suspension of tariff bills and *ad hoc* financing.

- **Remote operations and digitalisation;**
  - **Luxembourg:** restrictions have pushed digitalisation efforts ahead.
Thank you for your attention!

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