

CEER

**Council of European
Energy Regulators**



9th workshop of the Eastern Partnership

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

Jean-Laurent Lastelle

Fostering energy markets,
empowering **consumers**.

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.

	March	April	May	June
Austria (pure COVID-19 effect)	-6.5%	-11.8%	-7.1%	-6.5%
Belgium	-6.8%	-13.2%	-9%	-3.8%
Czech Republic	-1.2%	-11.6%	-11.6%	-4.8%
Germany	-3.1%	-9.3%	-10.6%	-6.9%
Greece	n/a	-9.8%	-6.9%	-13.5%
Hungary	n/a	-9.1%	-10.5%	-8.7%
Lithuania	-3%	-7.2%	-6%	-3.9%
Malta	-1.6%	-9.8%	-8.3%	-17.9%
Portugal	n/a	-14%	-16%	-8%
Slovenia	n/a	-16.5%	-15%	-13%
Spain	n/a	-18%	-13%	n/a

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.



France: Follow-up on impacts on network operators (1/2)

- **Deliberation of the French energy regulator (CRE) on the 2020 effects of the COVID-19 on network operators (March 25, 2021)**
 - ▶ **Overall good capacity of network operators regulated by CRE to adapt to the COVID crisis:**
 - (i) a **business continuity plan** to maintain essential activities with no recourse to State's furlough scheme;
 - (ii) a **high level of quality of service and supply** despite the disruption to their activities and;
 - (iii) a **return to a normal level** of activity by the summer for most of them;
 - ▶ **Effects of the crisis reported by the operators:**
 - (i) a **drop** in consumption and subscriptions;
 - (ii) a **delay** in certain investment projects and grid connections;
 - (iii) **limited impacts** on operating expenses.

Follow-up on impacts on network operators (2/2)

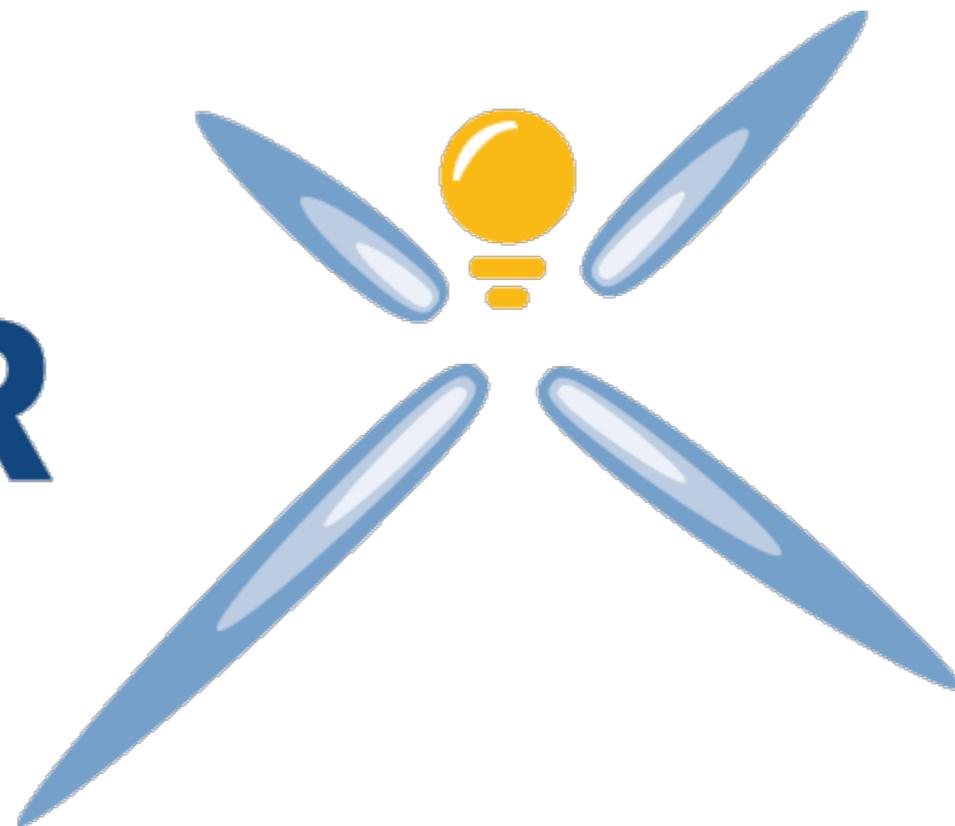
- **Deliberation of CRE (France) on the 2020 effects of the COVID-19 on network operators (March 25, 2021)**
 - ▶ **Network operators were protected from the financial consequences of the crisis by the tariff regulation framework (safeguarding total revenue of electricity operators and almost total revenue of gas operators):**
 - (i) The **scope** of the accruals and deferrals account (CRCP) and its **size** have proven to be well suited to capturing the other impacts of this crisis;
 - (ii) Consequently, there is **no need to revise the tariff trajectories or to modify the regulatory framework.**
 - ▶ **In the short term, CRE believes that the calculation of certain quality of service indicators should be adjusted (meter reading and installation).**



Thank you for your attention!

CEER

**Council of European
Energy Regulators**



www.ceer.eu

