

### Looking ahead to the post-COVID world

The only thing we can say with certainty, is that the impacts of COVID-19 on the economy are uncertain. We know the economy will be worse off, but how much worse is a matter of debate.

For MEUG, we are looking at whether the future demand for electricity has changed compared to what we saw before COVID-19. A number of large commercial and industrial users of electricity face a difficult short- to medium-term future. Not all will come through unscathed. The same applies to many small businesses.

With suppressed demand for electricity, we should see wholesale prices down from the same time last year. The longer-term impact on future prices and security of supply remains to be seen.

Reduced demand could undermine the investment case for new renewable generation and see some projects deferred.

Into that mix is the question of how will MEUG members' demand for electricity be affected by any forecast changes in delivered power prices relative to forecast changes in the markets MEUG members export to (or from import substitution from countries looking to replace lost markets, or stimulate their own economies).

One thing COVID-19 has done is demonstrate the benefits of having a diversified economy and managing for resilience in export and import channels. If we look to the supposedly 'weaker' economies of the European Union one common denominator is economic reliance on tourism and hospitality. COVID-19 has reinforced the importance of the primary sector to New Zealand's economy.

How Government factors the benefits of economic diversity into its thinking and policy going forward remains to be seen. While there has justifiably been a focus on small businesses, large businesses – including most commercial and industrial manufacturers – provide almost half the jobs in New Zealand. Those larger employees are also the source of much of the productivity gains and innovation seen in the economy in recent years.

The Government is supporting large employers with the wage subsidy and other short-term measures.

At the same time, it has suspended the requirement for Regulatory Impact Assessments for legislation required to manage COVID-19 and different political parties in Government are picking favorites to support. The potential for unintended consequences adds to the uncertainty facing large employers in planning for the future..

## Key dates

What's on	Who	When	Notes for members
Cross-submission: Clutha Upper Waitaki Line Project (CUWLP) (\$92m)	Transpower as Grid Owner	8 June	Controversial proposal to proceed before project is economic under most scenarios. MEUG opposes proceeding now
Decision: Transmission Pricing Methodology (TPM) guidelines	Electricity Authority (EA)	10 June	Current proposal published 23 July 2019. Since then various consultations and updates
Submission: Hedge Market Enhancements – Market Making (MM)	EA	16 June	MM is essential for the voluntary ASX futures market. Confidence in that market needs lifting. Hence improving MM is a priority.
Submission: New addendum for vulnerable and medically dependent consumers guidelines	EA	16 June	Initial consultation on a work programme over the rest of this year to update the guidelines
Digital Conference: Next steps to Net Zero	Carbon and Energy Professionals NZ (CEP)	9 to 11 June	CEP was formerly the Energy Management Association of NZ (EMANZ)
Meeting: MEUG Executive Committee	MEUG	24 June	By Zoom
Nominations: For Market Development Advisory Group (MDAG)	EA	30 June	MDAG is one of three standing advisory groups to the EA
Event: Application for Customised Price-Quality Path lodged	Aurora Energy	June	Major work is required on Aurora's network. Aurora has signaled large increases in line charges are required
Decision: Undesirable Trading Situation (UTS) claim	EA	End of June	EA has advised this will be a preliminary decision. The UTS claim was lodged on 10 November 2019