

# Chart of the Week

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*“As shown in figure 1, whilst there is a clear drop in operational demand levels going into the second week (week ending 14<sup>th</sup>) of March, this is again not directly attributable to COVID-19 restrictions as the timeline (Table 1) shows that the more stringent restrictions did not begin until the week after (week ending the 21<sup>st</sup>)”*

# COVID-19 and the NEM: are ducks immune to the pandemic?

As Australia (and indeed the rest of the world) ramps up its efforts against the COVID-19 health pandemic, many have asked what this means for the National Electricity Market (NEM) and energy sector in general. In truth, given the intricate dependencies between all sectors of the economy, a true estimate of the impact of this pandemic on the energy sector would require a much broader spectrum of analysis beyond the scope of a *Chart of the Week*. However, an area we are *likely* to see relatively early effects of this pandemic is energy demand given the impact of tightening restrictions on both business and individual operations.

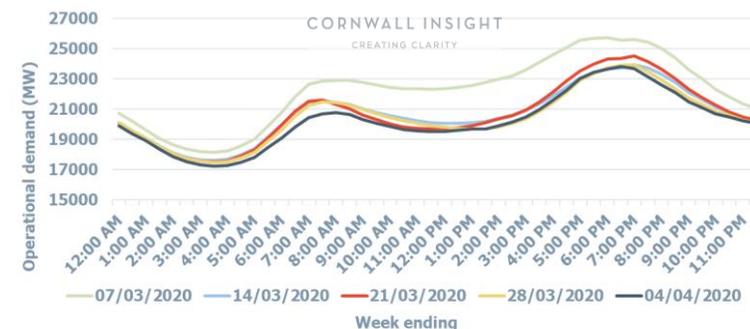
In this Chart of the Week, through a time-of-day analysis, we examine the impact the week-by-week federal restrictions on businesses and individuals are having on operational demand in the NEM. We also present insights into what other factors besides these restrictions are driving these demand patterns.

**Table 1 Timeline of COVID-19 federal restrictions**

Date	Restriction
18 <sup>th</sup> of March 2020	No gatherings greater than 100 people
23 <sup>rd</sup> of March 2020	Stage 1 - closure of places of social gathering
26 <sup>th</sup> of March 2020	Stage 2 – extension of stage 1 to include more businesses and community gatherings
30 <sup>th</sup> of March 2020	Stage 3 – lockdown and public gathering limited to 2 people

Firstly, we compare the differences in operational demand between March 2019 and March 2020. Weekly averages showed a significant drop (up to 8%) in operational demand between March 2019 and March 2020. However, due to the

**Figure 1: Time-of-day averages for NEM-wide operational demand**



growth of rooftop PV (1.98 GW increase) and a very warm March last year (warmest March on record), this comparison is not ideal for ascertaining and isolating the impact of COVID-19 restrictions on operational demand. Thus, we examined a week-by-week average from the first week of March to the first week of April 2020.

As shown in figure 1, whilst there is a clear drop in operational demand levels going into the second week (week ending 14<sup>th</sup>) of March, this is again not directly attributable to COVID-19 restrictions as the timeline (Table 1) shows that the more stringent restrictions did not begin until the week after (week ending the 21<sup>st</sup>). Rather, this drop reflects the milder demand patterns expected in shoulder seasons (autumn in this case). It is difficult to establish a direct impact yet from COVID-19 on demand levels; this perhaps is not too surprising given the most stringent lockdowns only came into effect a week ago.

Coming into April, we are however seeing some early signs emerge from the more stringent restrictions. With more individuals now working from home, there is a developing shift in the morning peak (~3% lower between week ending 28<sup>th</sup> of March and week ending 4<sup>th</sup> of April); whilst the evening peak looks relatively unchanged. We shall continue to monitor these impacts on the NEM through our free webinar series on the [Impacts of COVID-19](#) – watch this space!