

 **RIPLEY**[®] MARCH 28 - APRIL 4

COVID-19 NEWS EXCERPTS: POWER UTILITY SECTOR

The impact of COVID-19 on our customers in the industry



“It’s early days for the COVID-19 crisis and much can still change. But so far at least, the US power industry is absorbing the blow of reduced demand.”

Con Edison reaches 170 confirmed COVID-19 cases, 3 deaths, as risks rise for utility workers

Consolidated Edison has 170 employees who have tested positive for COVID-19 — 11 have recovered and returned to work as of Friday morning, and three have died, spokesperson Allan Drury told Utility Dive.

These are the first utility worker deaths connected to COVID-19 confirmed by Utility Dive.

Utility employees who don’t have the option of working remotely may be more exposed to the novel coronavirus. For example, Eversource Massachusetts, which serves the greater Boston area where one of the first outbreaks occurred in the U.S., has 12 employees as of Thursday that tested positive for COVID-19, of whom 10 are field workers, according to Eversource spokesperson Reid Lamberty.

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European utilities could cut 2020 capex by up to 15% due to coronavirus

European utilities are likely to lower their planned investments between 10% and 15% this year as they try to preserve cash and cope with supply chain disruptions and other delays related to the spreading coronavirus, S&P Global Ratings said.

Still, downward pressure on power prices, caused by lower commodity prices and reduced demand for gas and electricity, could pose problems for some generators in 2021.

In lower-rated countries such as Georgia and Lithuania, utilities could also struggle with refinancing this year, although liquidity among larger companies in the sector is generally strong.

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Electricity demand in the time of COVID-19

Dominion Energy (D) expects “incremental residential load” gains as a result of COVID-19 fallout. Southern Company CEO Tom Fanning says his company is “nowhere near” a need to review earnings guidance because of a potential recession.

Sempra Energy (SRE) has reaffirmed earnings per share

guidance for 2020 and 2021, as well timing for the sale of assets in Chile and Peru. And Xcel Energy (XEL) says it still “hasn’t seen material impact on its business.”

So far, the hardest hit power grid is New York, with load down 7 and prices off by 10 percent. That’s expected, given New York City is the current epicenter of the US health crisis.

Demand on the biggest grid in the US, the PJM (Pennsylvania/Jersey/Maryland), is 4 percent lower, with prices dropping 8 percent. BNEF believes there will be more impact as stay at home orders are ramped up in several states.

Power demand is up for a band of southern states stretching from Florida to the desert Southwest, with weather more than offsetting public response to COVID-19 so far. It’s early days for the COVID-19 crisis and much can still change. But so far at least, the US power industry is absorbing the blow of reduced demand, just as it’s done in previous crises.

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COVID-19 will slow the global shift to renewable energy, but can’t stop it

The renewable energy industry, which until recently was projected

to enjoy rapid growth, has run into stiff headwinds as a result of three era-defining events: the COVID-19 pandemic, the resulting global financial contraction and a collapse in oil prices. These are interrelated, mutually reinforcing events.

Economy-driven demand reductions, which are likely worldwide, will hurt new renewable installations. Utilities will tighten their budgets and defer building new plants. Companies that make solar cells, wind turbines and other green energy technologies will shelve their growth plans and adopt austerity measures.

Despite the current crisis, there is long-term pressure from many directions to add carbon-free energy. Fifty U.S. utilities have already committed to carbon reduction goals, including 21 companies that pledge to become carbon-free by 2050.

This is especially worrisome in emerging nations, where the overwhelming imperative is to expand electricity supply as cheaply as possible. These economies are always short on capital and highly sensitive to energy costs. If they opt for cheap fossil fuels instead of renewables, it will be bad for air

quality and climate policy.

Renewable industry executives are anticipating delivery and construction slowdowns, either because nations shutter industries to slow the spread of coronavirus or because workers start getting sick.

The COVID-19 outbreak has already slowed Chinese production of solar panels and materials, delaying projects in countries including India and Australia. Manufacturing disruptions in China could contribute to a significant one- or two-year dip in renewable additions.

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The impact of COVID-19 on the power and renewables industry

Projects in the procurement phase are particularly vulnerable to the impacts of COVID-19, which is likely to increase prices due to supply shortages, impacting profitability. In addition, the ability of parties to participate in a tender process may be impaired, particularly if contractors cannot get to the site in order to assess the risks properly to bid competitively.

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Repsol will not ditch renewables, emission targets over coronavirus crisis

Repsol SA on Wednesday said it will trim capital spending this year to cope with the impact of dipping oil and gas prices and the global COVID-19 crisis, but affirmed its commitment to renewables and maintained its emission targets.

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Spanish solar talks life under COVID-19 as decree freezes project construction

The escalating COVID-19 crisis is gradually putting the brakes on Europe's solar country of the moment, with the industry scrambling to adapt to a reality of rising work restrictions.

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Vattenfall pulls out of Dutch offshore wind tender citing COVID-19 concerns

The company, arguably one of the front-runners for the tender, set to open on 02 April, put the retraction down to potential supply chain issues resulting from the coronavirus epidemic, as well as lower power prices. "We think there is a lot of uncertainty right now and feel it better to focus on our core activities, the assets we have got and to deliver the projects that we have in the pipeline."

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How the global coronavirus pandemic is impacting the industry's 2020 goals

Production has resumed at Siemens Gamesa Renewable Energy's (SGRE's) UK blade factory, amid a three-week nationwide lockdown to stop the spread of the



coronavirus. The manufacturer had halted production to comply with the UK's lockdown, running from 23 March-12 April, but resumed operations at the plant in Hull, north-east England today (1 April).

But a trade union is unhappy about its members' pay. "We want to discuss with the company whether the production of blades is an essential industry at this time. If it's not, we would want our members furloughed on full-pay."

The CEO of German developer PNE believes the coronavirus pandemic will push back planned projects by one year.

Brazil's energy regulator has indefinitely postponed power auctions scheduled to be held in 2020, due to the coronavirus pandemic. The country had planned to hold six tenders this year, for both new and existing power plants.

Siemens Gamesa Renewable Energy (SGRE) and Vestas have halted production at Spanish production facilities to comply with a government order banning all non-essential activities to prevent transmission of the coronavirus.

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