



COVID-19 vs ASEAN Energy Sector: Electricity (Q2)



Q2 2020 update on the impact of COVID-19 to the region's electricity sector as it is starting to relieve and bouncing back through proper incentives

Iqlima Fuqoha and Muhammad Rizki Kresnawan

This edition is part of the related analysis on the impact of Covid-19 on energy in ASEAN. Further detail, please access: <https://accept.aseanenergy.org/covid-19/>.

To update the readers on how the COVID-19 pandemic hits the energy sector, and how the recovery road will affect the energy sector in ASEAN, ASEAN Centre for Energy (ACE) releases several energy insights highlighting the impact of COVID-19 in the ASEAN Energy Sector from our archived news. In this insight, we highlight the impact of COVID-19 in the ASEAN Electricity sector.

Accounting for more than 11 million people infected, including half of million death toll to date as reported by WHO, the COVID-19 crisis worsened and the recovery tracks remained uncertain globally. Currently, ASEAN region having more than 175 thousand confirmed cases by 8 July 2020, several countries already recorded single digit new cases or even nearly zero for the past weeks. Meanwhile, the last few countries, Indonesia, the Philippines, and Singapore, are still keeping effort to flatten the curve.

Facing the mid-end of the pandemic, several ASEAN Member States (AMS) have lifted the travel restriction policies and began to resume business activities since June. Despite continuous soar in infections in [Indonesia and the Philippines](#), the governments decided to forge the new normal after the economy shrank slightly in the first quarter. With having the restrictions eased, the region commenced working on their recovery plan, including revive the postponed projects as well as disburse the economic stimulus package to the severely virus-affected sectors with various incentives.

In our [Q1 energy insights](#), we observed the overall electricity demand slumped and several power projects halted due to disrupted supply chain as nationwide lockdown imposed. Moreover, amidst the economic recession, the ASEAN government needs to provide some stimulus to ease the suffered consumers in

paying their electricity bills. However, in the second quarter, the struggles remain to continue in almost all AMS, not only the ones got hit the hardest. Several electricity projects in Myanmar and Indonesia are still delayed, though the production will not significantly affect consumers as most of the industries remain shut down. Consumers requested an extension of electricity bills waivers are spotted in Malaysia, Thailand, and the Philippines since electricity usage in households increased.

The halted power projects: resume as lockdown eased, but remain uneasy to whom still in struggles

After three months under lockdown, the Malaysian government announced to end the Movement Control Order (MCO) on 9 June 2020 due to the country's success in reducing the spread of virus cases. Following the policy lifted, Sarawak Utilities Ministry will [revive the postponed rural electrification projects](#) under the state's Accelerated Rural Electrification Master Plan worth for RM 2.37 billion. There are 23 Rural Electrification Scheme (RES) projects, involving nearly one thousand households in 44 villages, will be in place mainly in the northern part of Sarawak. Hence, 97 per cent rural electrification coverage rate achieved in the coming months and full electricity access endowed by 2025.

In contrast with Malaysia, [the commissioning of emergency power plants in Myanmar has been shifted a bit](#) due to travel bans, and machinery supplier plants shut down in China. The country's power sector relies much on gas during summer season because hydropower plants are not likely in operation due to water shortages. To overcome regular power outages during the hot

season last year, the government has scheduled the completion of the three largest gas-fired power plants in early April initially. The Ministry of Electricity & Energy (MOEE) sets new targeted plans to launch the three projects worth for USD 800 million or 1.11 Trillion kyats, one in Yangon by the end of May, and two others in Yangon and Rakhine states around June and September. Even though the 900 MW projects delayed, it will not cause a significant impact since many industries are not yet functioning and the economy is yet to bounce back.

Furthermore, the COVID-19 aftermath is seen in Indonesia state's power utility, as the country is having the highest number of COVID-19 cases in the region at present. Until now, PLN suffers a quite severe impact due to lower sales because electricity consumption reduced in most end-use sectors. On top of that, [the first quarter insights](#) mentioned that that [depreciation of rupiah is undoubtedly an issue](#) as the market price from producers to PLN are in US dollars, which might cause huge losses on PLN side. Burdening with USD 2.77 billion or 38.88 trillion-rupiah loss in the first quarter, [PLN, decided to slash nearly half of its capital expenditure this year](#). To cope with a reduced cost, PLN needs to review the investment plan. They also should be able to prioritise projects in the [national power development plan](#), commonly known as RUPTL, that might bring more benefits by also taking into account energy resilience and sustainability issue in the post-pandemic world together with policymakers.

"In the mid-end pandemic, as countries including the ones in struggles began to reopen the economy, the overall electricity demand is yet to recover. This reopening economy requires power utility companies to review the electricity masterplan and to prioritise towards more sustainable energy projects, while also secure their budget. Skyrocketing electricity bills, particularly in the household sector, insisted the government offer tariff waivers or exemption but with a limited period. The disbursement of stimulus to both electricity consumers and producers are vitally needed, to provide a proper recovery plan in the power sector."

Soaring the residential electricity demand

From the [previous insights](#), the [overall electricity demand still reported drop](#) following the slowdown activities in the industry sector and commercial sector, even though some states have loosened the restrictions. This situation leads to soaring consumption in the residential sector because teleworking becomes more common and still preferable for safety reason. [Malaysia reported the 23 per cent increase in residential electricity consumption](#) in Peninsular Malaysia while at the same time, [Thailand and Indonesia are also experiencing a similar situation](#).

Though impacted sectors such as industry and commercial will some time to recover, household's consumption predicted to remain high until an unknown time limit.

With this soaring consumption in mind, people start worrying about their monthly electricity bills. Among other AMS who also reported the skyrocketing bills during pandemic, [Singaporeans face higher bills](#) due to excessive usage of air conditioners or other cooling appliances throughout the day. Since the end of the pandemic remains unpredictable, therefore, changing human behaviour is no longer an option, but a must. This behavioural changing is not only constrained to avoid the virus spread through social distancing order, but [also the way people consumed their energy in their daily life](#), especially electricity.

The offered incentives: a continued survival for the economic revival

As a consequence of the increase in electricity use in the residential sector, all AMS governments have started to take the initiatives to provide incentive for their vulnerable communities to cope with the pandemic. [As stated in the previous insights](#), incentives introduced to stimulate the economy, improve the standard of living, especially for middle-to-lower-tier level citizens. These eligible citizens are receiving two types of commonly given waivers by the governments, either easing or exempted from their monthly bills. Some countries even provided those two kinds of aid until some certain of timespan, referring to our record while listing incentives in power sector in ASEAN region during this pandemic.

Some countries, namely [Brunei Darussalam](#), [Cambodia](#), [Lao PDR](#), [Malaysia](#), and the [Philippines](#), give tariff reduction while [Myanmar](#) offers tariff exemption. Apart from those countries, the government of [Indonesia](#), [Thailand](#), and [Vietnam](#) provide both aids, tariff discount and exemption. Also, [Singapore](#) offers a tariff adjustment with total SGD100 credit rebate for household consumers. These given incentives for electricity bills have been reportedly generating beneficiaries amongst AMS, and [Peninsular Malaysia as one of the foremost](#).

Besides the residential sector, incentives are also given to another thumped sector, namely the industrial and commercial sector. The Cambodian government has issued plans [to reduce electricity tariffs](#) for companies in four major sectors, such as manufacturing, agriculture, commercial and services, [for five months starting from June](#) to encourage those affected sectors to restart bouncing back the economy haunted by the COVID-19 pandemic. In addition to Cambodia, the [government of Brunei](#) also offers incentives to its commercial sector via reduced tariff.

Targeting numerous impacted sub-sectors, particularly hotels, restaurants, and cafes, the Bruneian government provides a 15 per cent discount bill on electricity for post-paid users and 15 per cent incentives for prepaid users.

Indeed, the provided incentives amongst the ASEAN Member States might be varied, particularly in term of the implementation period. It highly depends on the timespan of the restriction interval. Some market study even [projected the increase in electricity market price](#) while the restrictions lifted; hence, it is crucial to see how long the incentives period will be distributed to consumers. With pandemic impact is continuing with varied level of severity in AMS, aiming for a quick economic comeback is unlikely to happen soon. Vulnerable groups, especially the middle-to-lower tier level, will require an extension of the incentives period to cope under this prolonged pandemic impact.

Several restrictions reportedly lifted during Q2 2020, and ASEAN is seemingly restarting its suspended power projects even though several countries are still struggling to control the pandemic. These resumed projects depict a positive indication that the region is currently entering the recovery period. However, rising electricity demand in the residential sector which lead to the skyrocketing electricity bills still left the government with some works-to-do to consider several types of the stimulus plan, such as tariff cuts or exemptions with a specific period for the severely affected community. This economic stimulus expected to not only relieving the burden of the impacted groups but also reviving power utilities from the current bitter condition; thus, they could build a more resilient and sustainable recovery plan properly.



This edition is supported by the **ASEAN Climate Change and Energy Project (ACCEPT)**.

*Energy Insight is an inside analysis based on the collected news for certain period of time, through the ASEAN Energy News Clipping of the **ASEAN Energy Database System (AEDS)**. This edition covers the period of 1 May-30 June 2020.*



ASEAN Centre for Energy
Soemantri Brodjonegoro II Building, 6th fl.,
Directorate General of Electricity,
Jl. HR. Rasuna Said Blok X-2, Kav. 07-08,
Jakarta 12950, Indonesia



+62 21 527 9332



aseanenergy.org