

COVID-19 severely exposed victims in the power sector

The power sector has been going through a decline in demand during the first six months of 2020 as the COVID-19 pandemic led to lockdowns and shut down of manufacturing as well as other sectors. COVID-19 is expected to disrupt supply chains and delay project development, particularly in the renewable sector. It is no surprise that the power sector faces certain unique challenges due to the COVID-19 pandemic as lockdowns and international travel restrictions have slowed demand, reduced workforce availability, tightened cash positions and halted the development of new projects. A recent Verdict poll to assess who the most affected in the power value chain is due to COVID-19 found some unusual victims. The analysis is based on 354 responses received from readers of Verdict's Power Technology site between 30 April and 30 June, 2020. Analysis of the results shows

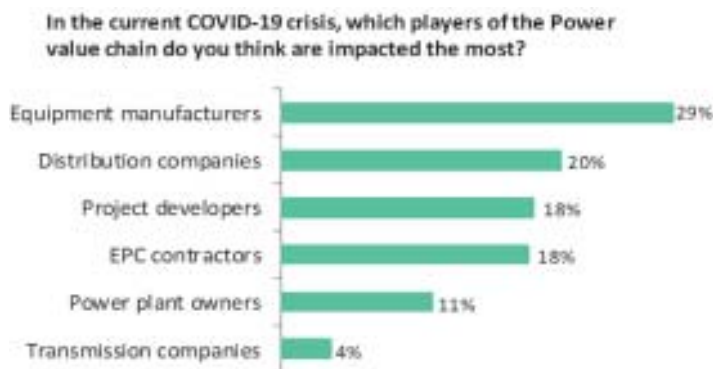


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Verdict's Power
Technology site, 1st
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that equipment manufacturers are the most affected, as voted by a majority 29% of the respondents. Distribution companies are the second most affected, opined 20% of the respondents, followed by project developers and engineering, procurement and construction contractors as opined by 18% of the respondents each. 11% of the respondents felt that power plant owners are the most affected. Least affected are transmission companies, as voted by just 4% of the respondents. While the rest are

within the margins of error, the equipment manufacturers are certainly facing most of the brunt of COVID-19 led stoppages and lack of orders.

The COVID-19 pandemic is expected to result in near-term hurdles for wind turbine original equipment manufacturers (OEMs), despite a healthy outlook for the supply chain over the next decade, according to a latest analysis by Wood Mackenzie." Wind turbine OEMs with exposure to global wind turbine supply chain hubs including China, India, and Spain will see a negative market share impact in 2020," said Shashi Barla, Wood Mackenzie Principal Analyst. He added that this was primarily due to coronavirus lockdown measures that had obstructed manufacturing facilities in these countries. The report also brought out some cheer, that Danish wind turbine maker, Vestas, became the first manufacturer to install more than 10 gigawatt (GW) of wind capacity in a single year. Its grid-connected capacity of 11.3 GW in 2019 was an increase of 1.5 GW in 2018, with installations completed in over 35 markets.

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