



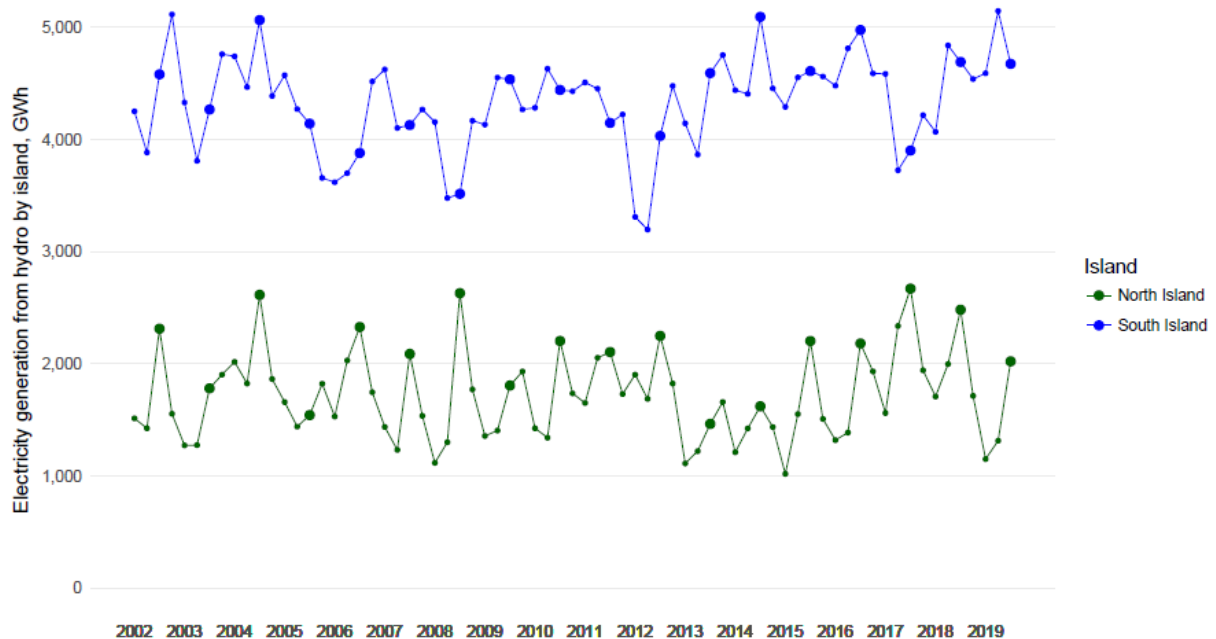
New Zealand Energy Quarterly: September 2019 quarter

Renewable electricity generation falls due to lower hydro inflows and storage

Lower inflows and storage levels saw electricity generation from hydro in the September quarter 2019 fall 6.7 per cent from the previous September quarter. This saw renewable sources accounting for 80.8 per cent of electricity generation, down from the 84.8 per cent achieved in the September quarter 2018.

While South Island electricity generation from hydro was down 0.4 per cent from the previous September quarter 2018, generation in North Island was down 18.5 per cent as a result of low inflows.

Figure 1: Quarterly electricity generation from hydro by island



Total electricity generation rose 0.2 per cent, to its highest level since the September quarter 2011. Generation from wind was strong, with it being the first September quarter that electricity generation from wind exceeded 600 GWh.

However this rise was not enough to offset reduced hydro and geothermal, resulting in increased generation from non-renewable sources to meet demand. Coal-fired generation was up 109.5 per cent from the September quarter 2018. Gas-fired generation was also up, increasing 12.6 per cent on the September quarter 2018 and 23.9 per cent on the June quarter 2019. Comparisons of gas data to 2018 should be made with the outages at the Pohokura field that occurred in that year in mind.

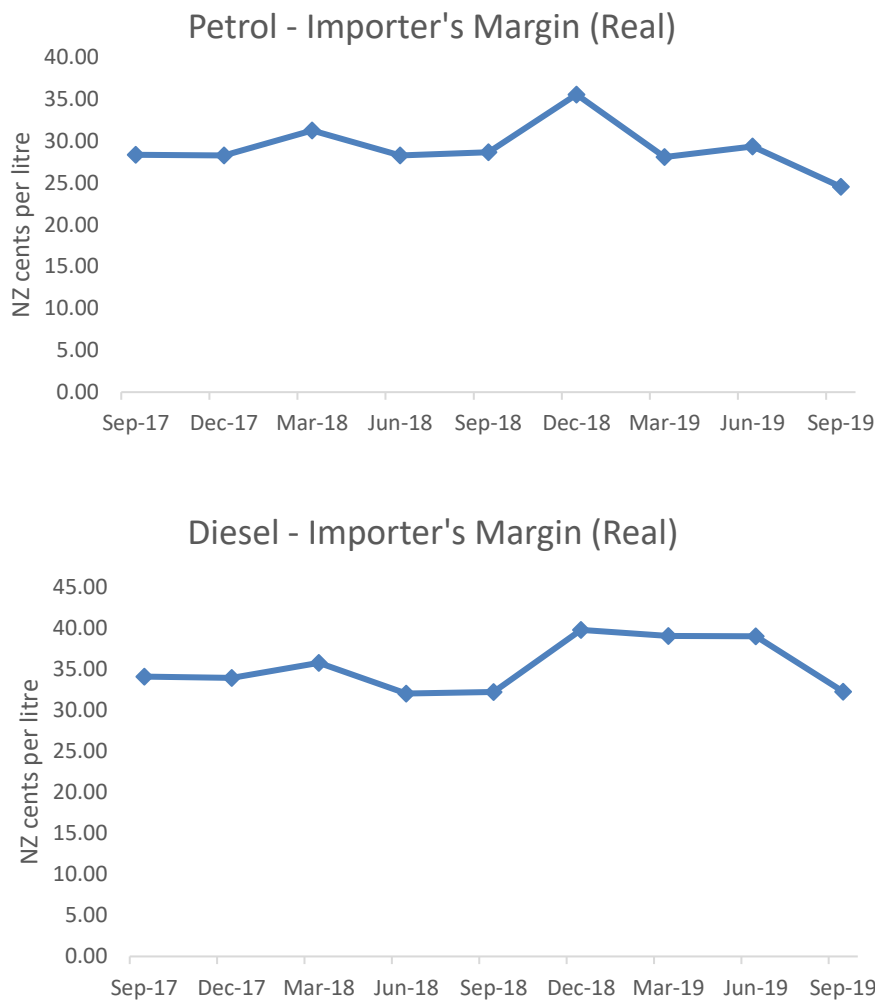


Importer margins fall

Retail petrol prices fell compared to both the September quarter 2018 and previous quarter by 9.66 cents per litre and 3.30 cents per litre, respectively. Similarly, diesel prices also fell on both the September quarter 2018 and previous quarter by 10.16 cents per litre and 9.79 cents per litre, respectively.

As shown in Figure 2, quarterly average margins for both diesel and petrol decreased. Most notably, the average petrol margin in the September quarter 2019 was the lowest since the March quarter 2014.

Figure 2: Importer's margin for petrol and diesel in real terms



Source: Energy prices, retail price composition¹

¹ <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/energy-prices/>



Saudi Arabia drone strike saw a spike in liquid fuel prices

A notable event that occurred in the quarter was the drone strike on oil facilities in Saudi Arabia on September 14th 2019. The event resulted in 5.7 million barrels a day or approximately 5 per cent of global oil supply, being lost². This saw prices for crude oil spike.

MBIE's [weekly fuel price monitoring](#)³ shows that in the week following the event, higher prices for Dubai crude oil contributed to higher diesel and petrol importer costs of 5.6 and 8.8 cents per litre, respectively. This saw the discounted retail prices for diesel and petrol both rise 3.9 cents per litre in the week ending Friday September 20th. Prices for Dubai crude oil and importer costs retreated from the spike in the following weeks.

² <https://www.bbc.com/news/business-49710820>

³ <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring/>