

Table 8.1 Earnings before interest and tax¹

	2014–15 Actual \$ million	2015–16 Budget \$ million	2015–16 Est. Act. \$ million	2016–17 Budget \$ million	2017–18 Projection \$ million	2018–19 Projection \$ million	2019–20 Projection \$ million
Electricity Networks ²	2,863	2,652	2,566	2,533	2,147	2,063	2,019
Electricity Generation ³	731	320	372	482	540	449	504
Transport	603	547	611	621	592	671	783
Water	374	475	371	409	396	436	475
Other	(79)	(7)	(38)	14	(3)	(4)	(5)
Total PNFC sector Earnings Before Interest and Tax	4,492	3,987	3,882	4,059	3,672	3,615	3,776
Notes:							
1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.							
2. The decline relates to lower earnings from Energex and Ergon Energy as a result of the AER regulatory determinations, and likely reduced returns from Powerlink in 2017–18 as a result of the AER determination.							
3. Includes Stanwell coal revenue sharing arrangements.							

This decline in earnings from 2016–17 is attributable to decreasing earnings from Energex and Ergon Energy as a result of the AER's 2015 regulatory determinations, and the sharp drop-off in 2017–18 is almost entirely due to the expected reduction in revenue for Powerlink when its new AER regulatory period begins. This decrease over the FEs is somewhat offset by increased earnings from the generation sector from 2016–17, and the transport and water sectors from 2018–19.

The improvement in the generation sector is driven by forecasts of increasing demand from the LNG industry. Similarly, the ports sector is expecting increased returns due to growth in LNG exports at the Port of Gladstone, and a general improvement in coal and bulk trade across all ports.

Energy Sector

Generation

The core business of CS Energy Limited (CS Energy) and Stanwell Corporation Limited (Stanwell) is the generation and sale of electricity. Combined, the companies have over 6,600 megawatts (MW) of installed capacity, a combination of coal, gas and hydroelectric plant. On top of the significant output, CS Energy also has access for trading purposes to 509 MW from the Gladstone Power Station. Together CS Energy and Stanwell account for around 64% of Queensland's electricity generation capacity.

The generation businesses are facing significant challenges with the evolution of the electricity market and the growth of new technologies. After years of oversupply, the Queensland region of the National Electricity Market (NEM) is tightening as the LNG industry comes online. LNG related electricity consumption is expected to increase from 250 gigawatt hours (GWh) in 2013–14 to 7,840 GWh in 2018–19 as LNG plants on Curtis Island progressively commence operation.