



Speech by

# Hon. Stephen Robertson

MEMBER FOR STRETTON

Hansard Wednesday, 22 April 2009

---

## MINISTERIAL STATEMENT

### Electricity Prices

**Hon. S ROBERTSON** (Stretton—ALP) (Minister for Natural Resources, Mines and Energy and Minister for Trade) (10.06 am): The Bligh government understands the impact of rising electricity prices on Queenslanders' budgets. The regulated electricity price is set by independent experts to cover the costs of generating, distributing and retailing electricity. If the price is set below that cost, the network will not be able to keep up with demand for electricity and reliability will be compromised.

Over \$5 billion has been invested since 2005-06 building and maintaining the networks, and it is intended that another \$4.5 billion will be spent over the next two years. The Queensland government also subsidises electricity prices for regional Queenslanders. Last financial year we paid over \$600 million to make electricity cheaper, particularly in rural and regional Queensland, for Ergon customers. On top of that, we pay rebates for pensioners and lower income Queenslanders.

Discussion today of Ergon Energy seeking a distribution price rise of up to 48.67 per cent comes from a six-month-old internal draft document which was talking about the worst case forecast based on a range of inputs, some of which have changed dramatically since this draft paper was produced. A key example of what has changed is the weighted average cost of capital. The weighted average cost used in these early calculations was based on the high cost of capital in evidence at September last year. The cost of capital components, such as interest rates, have come down significantly since then and this will have a positive impact on the final figure Ergon Energy will submit to the regulator. It is also important to note that it is the Australian Energy Regulator, not Ergon Energy, that will determine what the new weighted average cost of capital should be. Overall, however, the result is that Ergon Energy no longer expects the number to be anywhere near as high as 48.67 per cent.

As I said earlier, the Bligh government understands the impact that rising electricity prices have on the budgets of Queensland families. That is why we have moved to help households save energy and money through initiatives such as the Solar Hot Water Program. Through utilising federal government rebates and guaranteeing supply, the Bligh government will deliver up to 200,000 solar hot-water systems to Queenslanders over the next three years at a cost of no more than \$500. By replacing electric hot-water systems with solar systems people can reduce their electricity bills by up to \$300 a year. We also have the ClimateSmart Home Service, which shows people how to cut electricity usage in their homes. The Bligh government will continue to implement programs such as those programs to help householders reduce their electricity consumption, help our environment and, most importantly, save money.