




Speech By
Andrew Powell

MEMBER FOR GLASS HOUSE

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MOTION

Electricity Prices, Order for Production of Documents

 **Mr POWELL** (Glass House—LNP) (6.00 pm): I move—

That, in accordance with standing order 27, this House orders the Treasurer and the minister responsible for energy to produce to the House by 11 November 2015 all analysis and modelling, including draft modelling, prepared by or for the government or in the possession of the government on the impact on electricity prices of the state government policy to aggregate electricity corporations in Queensland.

It is important at the start of this debate to recap where we are. To do that, we must remind ourselves of what Labor's election promise actually is. We will all recall that, at the start of the year, there was an election and Labor had a handful of election promises. This was one of them and it is that they would merge the two electricity generators in the state of Queensland, CS Energy and Stanwell, and they would merge the three electricity network companies in the state of Queensland: Ergon, Energex and Powerlink. Since then, we have heard a chorus of complaints and concern raised by very eminent individuals and organisations around what that policy will actually do to electricity prices in this state. They started with the ACCC and no less an individual than Rod Sims, who said of the previous Labor government—

They turned Queensland from one of the most competitive generation sectors to the least. Queensland has the most concentrated electricity generation market of the four main electricity generation states. Any increase in that form of concentration will obviously give greater market power and push up electricity prices.

He also said—

To further consolidate would mean that this entity you create would have 66 per cent of the electricity market which would clearly raise grave concerns in relation to competition in the Queensland market.

We've got a spot market for energy and having one body own 66 per cent of the energy is extremely troubling.

If you decrease competition in the generation market that can increase the cost generation and that can flow through to the consumer.

Mr Bailey interjected.

Mr POWELL: I hear the minister; he is arguing already with the ACCC. If he does not want to take the ACCC's advice, perhaps—

Honourable members interjected.

Mr SPEAKER: Pause the clock. One moment, member for Glass House. Member for Nanango, you will all have an opportunity to speak.

Mr POWELL: If the minister is not happy to take the ACCC's comments, perhaps the ACIL Allen report to the QCA is more to his liking. It states—

The new government has suggested in its energy policy a plan to merge CS Energy and Stanwell Corporation in order to reduce operating costs. If the two portfolios are merged, and their respective trading teams are also merged, then there would be an increase in market concentration.

In the past, ACIL Allen's modelling of the aggregation of the previous three portfolios into two (which occurred in July 2011) indicated a wholesale price increase due to an increase in market concentration.

An article in the *Courier-Mail*, referencing the commentary of the Queensland Productivity Commission, states—

The QPC found Queensland already had higher wholesale prices than in other states operating in the national energy market despite surging household solar use cutting consumption.

Merging state-owned generators CS Energy and Stanwell, which Labor promised at the last election, risked making it worse by reducing competition...

If that is not enough for the minister and the Treasurer, perhaps they will listen to one of their own. Of course, I refer to former energy minister John Mickel, who warned the state government that it must enhance competition through its power company merger and ensure consumers get value for money. The former energy minister said that it was important that the government kept competition in mind. He said—

My advice would be, make sure you that when you're putting things together that you enhance competition, that you don't promote monopoly—that the proper outcome for this is value for money for the consumers.

We all know how that was handled. Out they trotted Schwarto. Boy oh boy, on this side of the House we miss Schwarto! He said of John Mickel—

His advice would be about as unwelcome as an echidna in a balloon factory.

Don't we know it! Why? Because John Mickel's advice to this government is exactly what the state of Queensland needs. However, oblivious to all the expert advice, even if considered by Schwarto to be as helpful as an echidna in a balloon factory, the Palaszczuk government is proceeding with this dud policy. If they are persistent in proceeding with this policy, they must show Queenslanders the modelling. That is why this notice of motion is before the House tonight. I say to the government: put the modelling into the public market so that people can see that what Labor promises to do and intends to do will not drive electricity prices up.