




Speech By
Hon. Mark Bailey

MEMBER FOR YEERONGPILLY

Record of Proceedings, 30 November 2016

MINISTERIAL STATEMENT

Productivity Commission, Electricity Pricing Inquiry

 **Hon. MC BAILEY** (Yeerongpilly—ALP) (Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply) (2.35 pm): The Palaszczuk government's response to the recommendations of the Queensland Productivity Commission inquiry into electricity pricing in Queensland demonstrates our commitment to ease cost-of-living pressures for households and businesses and ensure that support is provided to those who need it most. We have already taken action to stabilise electricity prices by directing Energex and Ergon not to challenge the decision of the Australian Energy Regulator and to reduce network revenues to ensure better outcomes for consumers.

As a result of this action, during the first two years of the Palaszczuk government the average annual electricity price increase for households will be just 1.2 per cent, which is below inflation. Compared to the increase of 43 per cent under the term of the previous LNP government, those opposite should be ashamed. The government has also merged Energex and Ergon to achieve significant savings and positive impacts for energy customers across the state. In response to the commission's recommendations, and in addition to broadening electricity concessions to 157,000 healthcare cardholders, the government will continue to grow the renewable energy sector in Queensland—especially in North Queensland—to create jobs of the future, boost investment, act on climate change and increase competition in the power market.

At the end of October nearly 425,000 residential rooftops had solar PV for a total installed solar PV capacity in Queensland of almost 1,600 megawatts. During the year to date we have seen 20,000 solar PV residential rooftops installed in Queensland. The government remains committed to certainty for existing customers of the Solar Bonus Scheme on the 44-cent feed-in tariff, and our response to the commission's recommendations reaffirmed our commitment to honour their contracts. We reject the Leader of the Opposition's comments that those who signed up for the solar bonus schemes are 'champagne sippers' and the 'latte set'.

While Queenslanders continue to embrace small-scale solar, what has been pleasing as well in the last year has been the growth of Queensland's large-scale renewable energy industry. At the last election our side of politics committed to support for 40 megawatts of large-scale solar through a reverse auction process. In September 2016 the Premier and I announced that this had grown to 150 megawatts of solar generation, representing more than a tripling of our election commitment and supporting four new solar farms for our state. The Australian Renewable Energy Agency will also provide funding support to six Queensland projects with construction set to begin very soon in early 2017, and I look forward to it. These projects are part of the 680 megawatts of new renewable energy capacity that have been committed to this year and are set to deliver \$1.5 billion worth of new investment for Queensland and more than 1,200 jobs—most of them in regional Queensland.

As part of the government's planned approach to increase renewable energy in our energy mix, the government appointed an independent expert panel of industry specialists to provide credible pathways to a 50 per cent renewable energy target by 2030 over the next 14 years. In its draft report the panel found that Queenslanders can continue to enjoy reliable electricity supply on the path to meeting a 50 per cent renewable energy target with a cost-neutral impact for consumers. The government will receive the final report from the panel shortly, and we will deliver our response early in 2017. Importantly, the QPC undertook indicative high-level modelling of a 50 per cent renewable energy target in Queensland last year which relied on technology cost assumptions which are now out of date, used previous demand forecasts and included costs which are not required to reach the 50 per cent target under the expert panel's approach; therefore, the commission's estimate of a \$10.8 billion subsidy requirement is overtaken by the expert panel's estimate of \$500 million to \$900 million net present value.

Finally, I would like to also, along with the Treasurer, thank the commission for undertaking a thorough and wide-ranging inquiry and for presenting such a comprehensive report to the government.