




Speech By
Patrick Weir

MEMBER FOR CONDAMINE

Record of Proceedings, 14 October 2021

TRANSPORT AND RESOURCES COMMITTEE

Report, Motion to Take Note

 **Mr WEIR** (Condamine—LNP) (3.24 pm): I rise to speak on the Transport and Resources Committee's report titled *Examination of Auditor-General Report No. 11: 2020-21—Energy 2020*, in my role as shadow minister for natural resources, mines and energy. The first comment I would make regarding this report is the fact that it was tabled on 4 February 2021. The committee report has sat on the *Notice Paper* since 21 June. It is only now, some eight months later, that we have a chance to debate this report. After reading this report I can understand why it has lain on the *Notice Paper* for so long. The audit report covers the financial performance, profitability and future challenges of the Queensland government owned energy assets, these being the generators CleanCo, CS Energy, Stanwell, the transmitter Powerlink and the distributor Energy Queensland, which is Ergon and Energex.

In 2019-20 the energy entities recorded a combined profit of \$204 million. This was a decrease of \$1.5 billion, which is 88 per cent from the previous year. As a result of these substantial losses, each of the generators have written down the value of their power stations. Stanwell was written down by \$720 million, which was 19 per cent of total assets; CS Energy was written down by \$353 million, which is 15 per cent; and CleanCo was written down by \$35 million, which is eight per cent. Members might remember there was a bit of fancy Treasury work done a few years ago where government debt was shifted onto those entities. I wonder how that is balancing up right now.

CleanCo reduced the value of its Swanbank E gas power station to zero. Due to declining electricity prices, forecasted revenues will not be sufficient to cover the increasing cost to operate the power station. CleanCo expects to earn net losses from running this power station until its expected retirement in 2036.

Mr Bailey interjected.

Mr WEIR: Member for Miller, you can take that up with Brendan Worrell. He did the audit.

Madam DEPUTY SPEAKER (Ms Lui): Please direct all your comments through the chair.

Mr WEIR: Increased solar generation during the middle of the day has meant that on occasion supply for electricity is so much greater than demand that power generators have to pay the market to take the electricity that they generate. Reduced electricity demand in the middle of the day is primarily due to increased rooftop solar generation and the increase in negative price events. Lower energy prices in the middle of the day will result in increased losses for the energy generators if they cannot adapt to changes in energy demand. This has all been complicated by unregulated rooftop solar which is washing through the market in the middle of the day.

In June 2020 the AER decided that the maximum allowed revenues for Energy Queensland's distribution businesses, Ergon and Energex, would be for the next five years. This will reduce the revenues of Ergon and Energex by 15.8 per cent and 13 per cent respectively. The reduction in distribution revenue will place further pressure on Energy Queensland to manage its operational and

network costs. A reduction in revenue will likely result in decreased shareholder returns to the state government. Returns to the state government are made up of dividends, which is a share of the profits paid to the shareholders, and income tax equivalents. Total returns to the state government amounted to \$1 billion, a decrease of \$1.2 billion, which is 54 per cent, from the previous year.

In 2019-20 Energy Queensland paid customers \$277 million for the power they contributed to the energy grid through rooftop solar. This included eligible customers under the state government's Solar Bonus Scheme who receive 44 cents per kilowatt hour. The state government has funded the scheme in the last three years but has not extended the funding beyond 30 June 2020. From next financial year electricity customers will pay for this in their bills as part of network charges.

Stanwell and CS Energy's coal-fired power stations generated 68 per cent of the state's electricity while CleanCo generated two per cent. The Audit Office remarkably said—

We also plan to issue a report to parliament on how the state government is managing the transition to renewable energy.

We know that the reason for that is that the government does not have a plan. There is no stakeholder in the energy industry that has seen the plan or knows of the plan. Nobody has seen it because it does not exist.