

# Report on a page

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This report summarises the audit results of Queensland’s state-owned energy entities. These entities generate, transmit, and distribute electricity for Queensland, and provide retail services to residential, commercial, and industrial customers. This report also outlines the progress on Queensland’s transition to renewable energy to October 2024. This report does not cover changes in the strategy following the change of government, except for the cancellation of Pioneer-Burdekin Pumped Hydro Project – those will be included in our *Energy 2025* report.

## The entities’ financial statements are reliable

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We issued 7 audit opinions for the energy sector. The financial statements of the energy entities are reliable and comply with relevant reporting requirements. All energy entities met the legislative deadlines for signing their financial statements.

## Security issues with information systems are increasing

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This year, we identified more security issues in systems and processes (internal controls) than last year because we tested more systems and identified similar issues across multiple systems. The majority related to how entities manage and restrict access to their information systems. We also found that entities had not addressed the root causes of deficiencies from prior years. They are taking steps to address the weaknesses, but these security issues expose them to cyber attacks.

## Energy Queensland’s digital transformation is re-focusing

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As part of its digital program, Energy Queensland is implementing a series of targeted releases of systems for asset management, data management, governance, and cyber security. By shifting its focus from a large, single-release program, it aims to improve monitoring and reduce implementation delays. As of 30 June 2024, it had spent \$706 million on its digital transformation program.

## Financial results across energy entities varied

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The generators and retailer improved their profitability, but the transmission entity had a lower profit and the distribution entity reported a loss. The generators and retailer improved their results as they benefitted from changes in the value of contracts used to manage fluctuations in wholesale electricity prices. The generators also recorded lower write-downs in the value of their assets.

The lower results of transmission and distribution entities were impacted by higher employee numbers and salaries, and higher costs because of inflation. The future profitability of these entities depends on their ability to reduce their operating costs, increase their revenues generated from their customers, or to fund any shortfalls. The shortfalls can be funded by additional debts or from shareholders.

## The energy transition is progressing

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On 18 April 2024, the Queensland Government passed the *Energy (Renewable Transformation and Jobs) Act 2024*. The first annual progress statement in September 2024 indicated that the state is on track to meet its renewable energy targets under the current legislation, despite some delays in the milestones originally scheduled for completion in 2024.

## Learnings from Callide power station incidents

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Incidents at Callide units C3 and C4 coal-fired plants significantly affected CS Energy’s financial performance. In July 2024, CS Energy released 2 reports and an action plan in response to these incidents. We encourage all energy entities to apply the learnings from these to strengthen their process safety controls and the safe operation of their critical and ageing infrastructure assets.

