FINANCIAL AUDIT REPORT 11 December 2024

Energy 2024

Report 4: 2024–25

Queensland Audit Office
Better public services

As the independent auditor of the Queensland public sector, including local governments, the Queensland Audit Office:

- provides professional audit services, which include our audit opinions on the accuracy and reliability of entities' financial statements
- provides insights on entities' financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produces reports to parliament on the results of our audit work, insights, and advice, and provides recommendations for improvement
- connects our reports to regions and communities with graphics, tables, and other visualisations
- conducts investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- shares wider learnings and best practice from our work with entities, our professional networks, industry, and peers.

We conduct all our audits and reports to parliament under the *Auditor-General Act 2009*.

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The Honourable P Weir MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

11 December 2024

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*.

Rachel Vagg
Auditor-General

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On 1 November 2024, *Public Service Departmental Arrangements Notice (No.9) 2024* was issued. It resulted in a restructure of government departments and functions administered by departments. The department names used in this report refers to the departmental arrangements before 1 November 2024.

Acknowledgement

The Queensland Audit Office acknowledges the Traditional and Cultural Custodians of the lands, waters, and seas across Queensland. We pay our respects to Elders past, present, and emerging.

Report on a page

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

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

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

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

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

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

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.

1. Recommendations for entities

We do not make any new recommendations to energy entities this financial year. For a list of prior year recommendations and their status, see Appendix D.

Status of recommendations made in *Energy 2023* (Report 5: 2023–24)

The energy sector entities are addressing recommendations we made in last year's report. Despite this, we have found control weaknesses that require further action regarding the security of information systems. We have reported these weaknesses and the related areas for improvement to the relevant entities.

We have included a full list of prior year recommendations and their status in Appendix D.

Reference to comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report to relevant entities. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from the entities are in Appendix A.

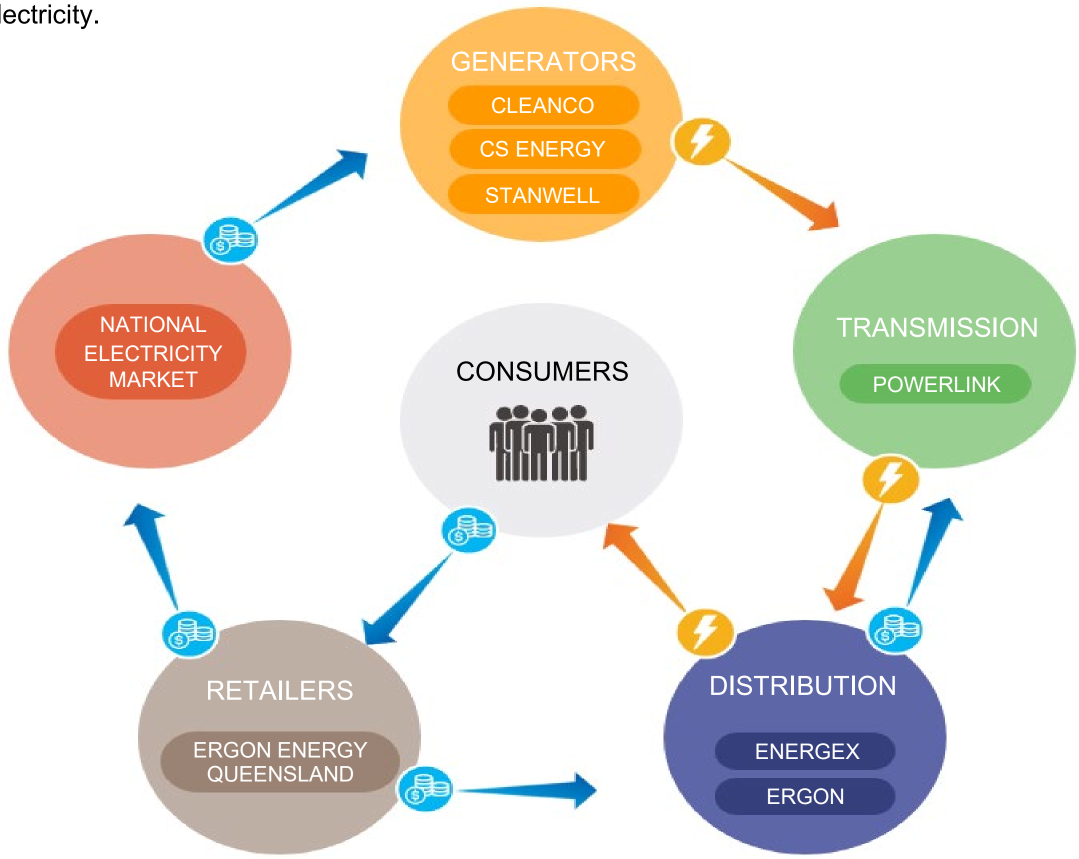
2. Entities in this report

In Queensland, state government owned corporations generate, transmit, and distribute electricity, and provide retail services to customers. As part of the *Queensland Energy and Jobs Plan*, they are investing in renewable energy projects, connecting projects to the electricity network, and upgrading and expanding the electricity grid. The following diagram shows their roles in the Queensland energy sector supply chain.

Figure 2A
Queensland's energy sector

The electricity supply chain

Electricity is generated by power stations and flows through transmission and distribution lines to consumers. Electricity retailers and the National Electricity Market are also involved in the sale of electricity.



Notes:

- The National Electricity Market (NEM) is the wholesale electricity market through which generators and retailers from the eastern and southern Australian states trade electricity. (The Australian Capital Territory is grouped with New South Wales for the purposes of the NEM.) The Australian Energy Market Operator is responsible for operating the wholesale and retail markets.
- Ergon Energy Queensland, a retailer, also generates electricity and sells it to the NEM, but its output is not significant. CleanCo, CS Energy, and Stanwell also participate in the retail market, providing energy solutions to large commercial and industrial organisations. CS Energy has an arrangement with a third-party retailer to provide services to residential customers.
- Energex, Ergon, Ergon Energy Queensland, and Yurika are subsidiaries of Energy Queensland Limited. Yurika provides a range of energy-related and infrastructure services to the generation, distribution, and transmission entities. These services do not form part of the electricity supply chain outlined above.
- CS Energy Financial Services Pty Ltd, a subsidiary of CS Energy Ltd, holds the Australian financial services licence for its parent company. The licence allows it to trade in contracts to manage fluctuating electricity prices.

Source: Compiled by the Queensland Audit Office.

3. Results of our audits

This chapter gives an overview of our audit opinions for the energy sector entities. It also provides conclusions on the effectiveness of the systems and processes (internal controls) entities use to prepare financial statements. It then gives an update on Energy Queensland's digital transformation program.

Chapter snapshot

7 unmodified opinions (2023: 7)
The financial statements of all entities are reliable

12 unmodified opinions for other audits (2023: 10) and 12 unmodified review conclusions (2023: 12) relating to regulatory information notices and Australian financial services licences

6 significant deficiencies (2023: 2) relating to the security of information systems and access to banking controls

72 deficiencies (2023: 40) relating to the need to strengthen internal controls

44 deficiencies resolved during the year including one significant deficiency and 19 control deficiencies relating to the current year, and 2 significant deficiencies and 22 control deficiencies relating to prior years

Notes:

- A **deficiency** arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources. A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal controls requiring immediate remedial action.
- The Australian Energy Regulator uses **regulatory information notices** to collect information from the distribution entities, to assist it in deciding how much these entities can earn.
- Entities must have **Australian financial services licences** if they enter into fixed-price contracts to manage the future risk of fluctuating electricity prices. These entities must lodge an annual compliance form with the Australian Securities and Investments Commission.

Audit opinion results

We issued unmodified audit opinions for all state-owned energy entities in Queensland. This means the results in their financial statements can be relied upon, as they were prepared in accordance with the relevant legislative requirements and Australian accounting standards.

All entities reported their results within their legislative deadlines. Appendix E provides details on the audit opinions we issued for energy sector entities in 2024.

This year, we issued an unmodified audit opinion on the financial statements of CS Energy Financial Services Pty Ltd, which we audited for the first time in 2023–24. It prepared these statements to comply with the reporting requirements for holding an Australian financial services licence.

Last year, we audited the financial statements of Yurika Pty Ltd, to comply with Queensland Building and Construction Commission licence requirements. We issued an unmodified audit opinion. This year, we did not need to audit it separately and have tested it as part of our audit of the consolidated financial statements of Energy Queensland.

Other audit certifications

The distribution entities prepare regulatory information notices for the Australian Energy Regulator and include actual and estimated financial and non-financial information. We issued 8 unmodified audit opinions for *actual* financial data and 12 unmodified review conclusions for *estimated* financial and non-financial data (such as the number of customers connected to the distribution network during the year).

In 2023–24, the distribution entities updated how they classify the overhead costs they report in the regulatory information notices, as instructed by the Australian Energy Regulator. We issued audit opinions for the resubmitted information, covering the period from 30 June 2021 to 30 June 2023.

Energy entities must hold an Australian financial services licence to be able to trade in electricity financial products to manage the risk of fluctuating electricity prices. They must also comply with the conditions of those licences. We issued 4 unmodified audit opinions relating to these licences.

In Appendix E, we list the assurances we performed during the year on regulatory information notices and Australian financial services licences.

Entities not preparing financial statements

For each state public sector company, other than government owned corporations, the board of directors considers the requirements of the *Corporations Act 2001* and the company's constitution to determine whether financial statements need to be prepared.

When entities are part of a larger group and are secured by a guarantee with other entities in that group (that they will cover their debts), the Australian Securities and Investments Commission allows them to not prepare a financial report. In addition, dormant or small companies that meet specific criteria under the *Corporations Act 2001* are not required to prepare financial statements. Appendix F lists the energy entities that are not required to produce financial statements for 2024.

Internal controls are generally effective, but entities must address security issues with their information systems

We assess whether the internal controls entities use to prepare financial statements are reliable. We report any deficiencies in the design and/or operation of those internal controls to management for their action. The deficiencies are rated as either *significant deficiencies* (those of higher risk that require immediate action by management) or *deficiencies* (those of lower risk that can be corrected over time).

The number of deficiencies has increased

Overall, we found the entities' internal controls are generally effective but need further improvement, particularly in relation to information systems. We identified 78 control deficiencies this year. Of these, 86 per cent related to weaknesses in the security of information systems.

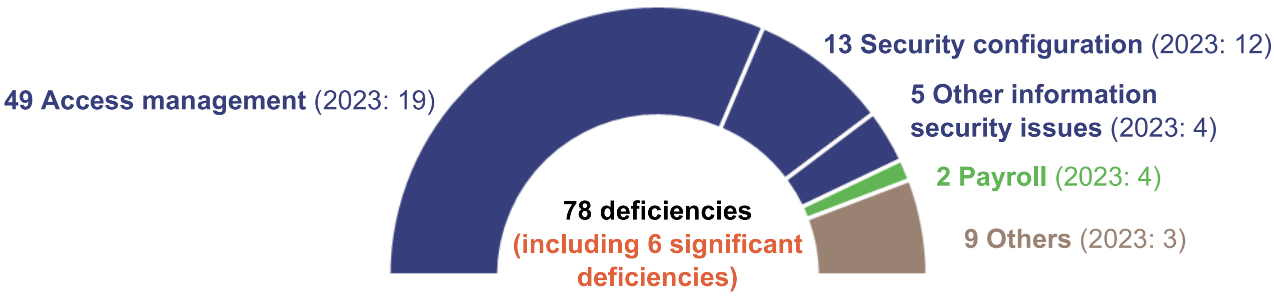
Several factors have resulted in the number of deficiencies increasing this year, including:

- we tested additional information systems this year because of an extended scope and upgrades in existing systems. We found the same types of deficiencies arising across multiple systems
- a lack of root cause analysis by entities to prevent similar issues from occurring and to ensure system controls continue to operate effectively. We rated some of the deficiencies as significant, as they have remained unresolved for lengthy periods. This puts the entities at risk of cyber attacks
- legacy (older) systems that limit the implementation of strong security measures, as they may no longer be supported or may not integrate effectively with current systems.

While it is critical that entities address these deficiencies to improve the security of their information systems, we were able to rely on the systems and processes they used to prepare financial statements.

The energy entities continue to work on resolving control deficiencies from previous years.

Figure 3A
Types of deficiencies in internal controls identified in 2023–24



Note: 'Others' includes weaknesses relating to various financial reporting processes.

Source: Compiled by the Queensland Audit Office.

Entities need to proactively identify and address security weaknesses in their information systems

Of the total number of deficiencies we found this year, we assessed 6 as significant (2023: 2), requiring immediate action. They related to entities:

- not setting appropriate authorisation limits for payments in their banking portals (a number of users had higher limits than their delegations allowed)
- not monitoring the activities of users with full-system (unrestricted) access to information systems
- not performing regular reviews of users' access to ensure it aligns with what they need to perform their roles. (More than one of the significant deficiencies we identified related to this)
- having a high number of users with full-system access, which means they can make significant changes to system configuration and bypass security settings. This is contrary to Australian Cyber Security Centre principles and software vendor recommendations
- having weak password settings for service accounts. These are special types of accounts that are used to run automated business processes, and they are used by applications rather than people. Service accounts should be secured to prevent any human interaction, given that their role is to run processes and enable communication between systems without any human input.

We also identified several other deficiencies (not rated as significant) about the same types of issues. The most common related to entities not restricting users' access appropriately (access management), not adequately monitoring the activities of users who can access sensitive data, and not enforcing stringent password settings for all users (security configuration).

Recent cyber security incidents have shown these types of weaknesses can lead to compromised systems. By strengthening their internal controls, entities can better manage the risk of potential attacks and protect against future threats.

Entities need ongoing effort to effectively manage cyber risks

It is essential that entities continuously manage cyber risks. We encourage all entities to regularly self-assess the strengths of their information systems against the recommendations we made in:

- ***Managing cyber security risks*** (Report 3: 2019–20)
- ***Responding to and recovering from cyber attacks*** (Report 12: 2023–24).

As highlighted in the Queensland Audit Office's *Forward work plan 2024–27,* we intend to undertake an audit on managing third-party cyber security risks. It will examine how effectively the Queensland Government identifies third parties with access to its data and networks, assesses related security vulnerabilities, establishes relevant controls, and minimises the impact of security breaches through these third parties.

Energy Queensland's digital transformation program

Energy Queensland's digital transformation program began in 2016, with the aim of replacing its outdated technology systems. It has faced challenges, including changes in scope and implementation delays.

As of 30 June 2024, Energy Queensland has:

- spent $706 million of the $717 million budget approved in 2022, including costs for the payroll system implemented in November 2023. The total expenditure to date includes a write-off of $85 million for program components no longer expected to deliver benefits, of which $43 million relates to 2023–24
- revised its program scope and associated budget to $850 million, down from last year's estimate of $952 million. This change reflects a modified scope and includes the addition of new components to meet the entity's system requirements. It excludes other components related to outdated programs, and now has a reduced budget for coping with contingencies. Certain project elements are still being re-scoped. They will likely require additional approvals and further budget adjustments.

Energy Queensland began reviewing the program scope and budget in 2023. Our *Energy 2023* (Report 5: 2023–24) report highlighted that it changed the implementation strategy from a single-release program to a series of projects and releases. It also outlined strengths and weaknesses of the program, and the actions that Energy Queensland was planning to implement. Energy Queensland has continued to work on these actions, including enhancing leadership and oversight, and aligning the program with business outcomes.

The new approach will focus on addressing gaps in information technology requirements and enhancing cyber security measures.

Delays in implementing the program may increase project costs and affect returns from Energy Queensland to the Queensland Government (the shareholder). Management will continue to monitor progress of the projects to ensure timely completion within the approved budget.

4. Financial performance of energy sector entities

This chapter analyses the financial performance and position of energy sector entities. We also consider emerging issues relevant to the sector.

Chapter snapshot

Energy sector results

$640 mil. profit
CleanCo, CS Energy, and Stanwell (generator)
▲ $438 mil. from 2023

$65 mil. loss
Energy Queensland (distributor, retailer, and other entities)
▲$148 mil. from 2023

$50 mil. profit
Powerlink (transmission)
▼ $82 mil. from 2023

$81 mil. profit
Ergon Energy (retailer)
▲ $307 mil. from 2023

Payments to shareholders and customers

$986 mil. Returns to shareholders
▲ $713 mil. from 2023

$2,541 mil. Support to customers
▲ $1,051 mil. from 2023

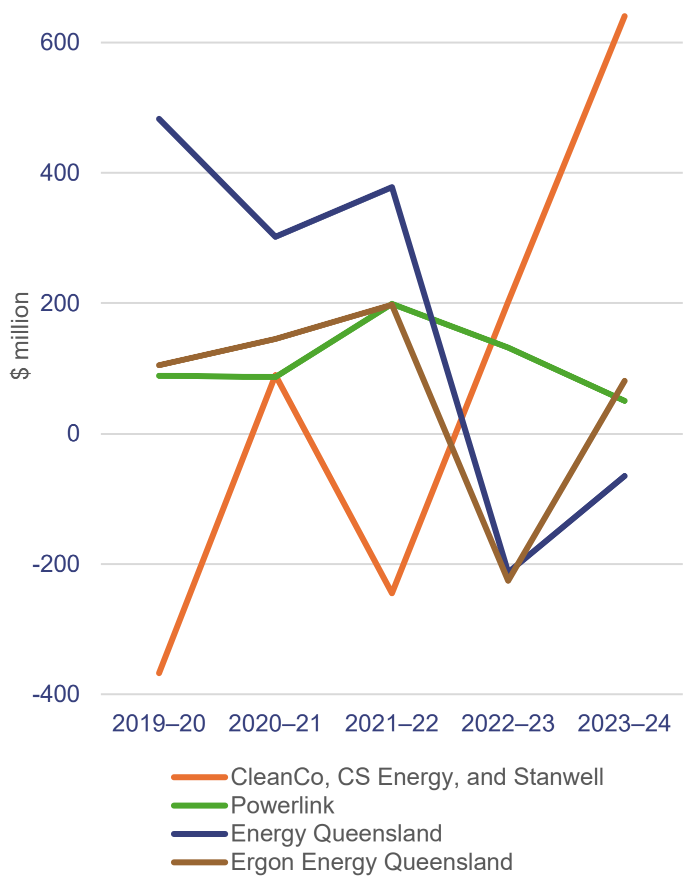
Updates and risks on the transition to renewable energy

- The 2023–24 annual progress statement of the Queensland Energy System Advisory Board (which was set up to advise government on the transition) indicated that the state was on track to achieve its renewable targets by 2035.
- Renewable energy generation (excluding batteries) in Queensland has increased at an annual average of 3.5% since 2020.
- Some actions due by 2023–24 under the *Queensland Energy and Jobs Plan* are still in progress.
- Delays and cancellations of renewable energy projects could affect the state's transition path to net zero emission targets.

Results across energy entities varied

The generators and retailer significantly improved their performance compared to the previous year. The transmission entity had a lower profit and the distribution entity continued to experience a loss. Figure 4A outlines the results of these energy entities.

Figure 4A
Energy entities' results



The profitability of generators and the retailer improved in 2023–24 due to:

- a $468 million decrease in losses from changes in the value of contracts used to manage electricity price fluctuations
- lower losses in the values of coal and gas-fired stations. The values of these assets are determined by factors such as their remaining useful life and how much cashflow they can generate from their use.

Energy Queensland continues to report a loss and Powerlink a declining profit. These 2 entities were impacted by:

- higher labour costs, driven by an increase in salaries/wages and employee numbers
- higher operating costs from inflation, increased maintenance of network assets, and costs associated in responding to weather events.

The ability of these entities to recover their operating costs – and the costs of constructing, maintaining, and replacing assets – from their customers will affect their future revenues and profits. As their revenue is largely capped and set by a regulator, any shortfalls in revenue may need to be funded through cost reductions, increased debt, or additional funding from shareholders.

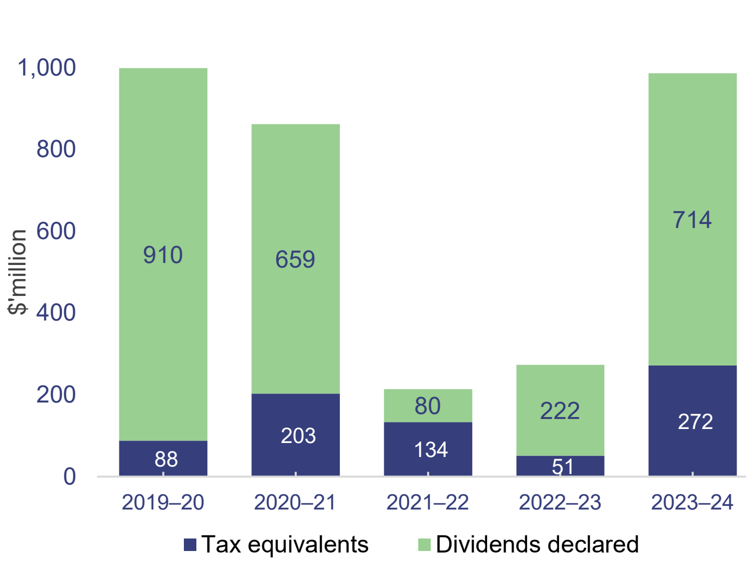
Source: Compiled by the Queensland Audit Office, from energy entities' financial statements and records.

Returns to the Queensland Government (the shareholder) have significantly increased

Returns to the Queensland Government, as shareholder, are made up of dividends payable (a share of profits paid to the shareholder), and income tax equivalents (which are taxes payable by commercial operators in government so they do not have a competitive advantage over other, non-government operators).

In 2023–24, total returns to the state government amounted to $986 million, an increase of $713 million (261 per cent) from the previous year. Figure 4B expands on this.

Figure 4B
Returns to shareholders have increased in 2023–24



Higher returns were driven by dividends of $594 million from Stanwell (generator) and $120 million from Powerlink (transmitter). The dividends from Powerlink included a special dividend of $70 million.

CleanCo (generator), which also made profits during the year, retained its dividends to invest in future maintenance of its assets and to maintain the viability of its business.

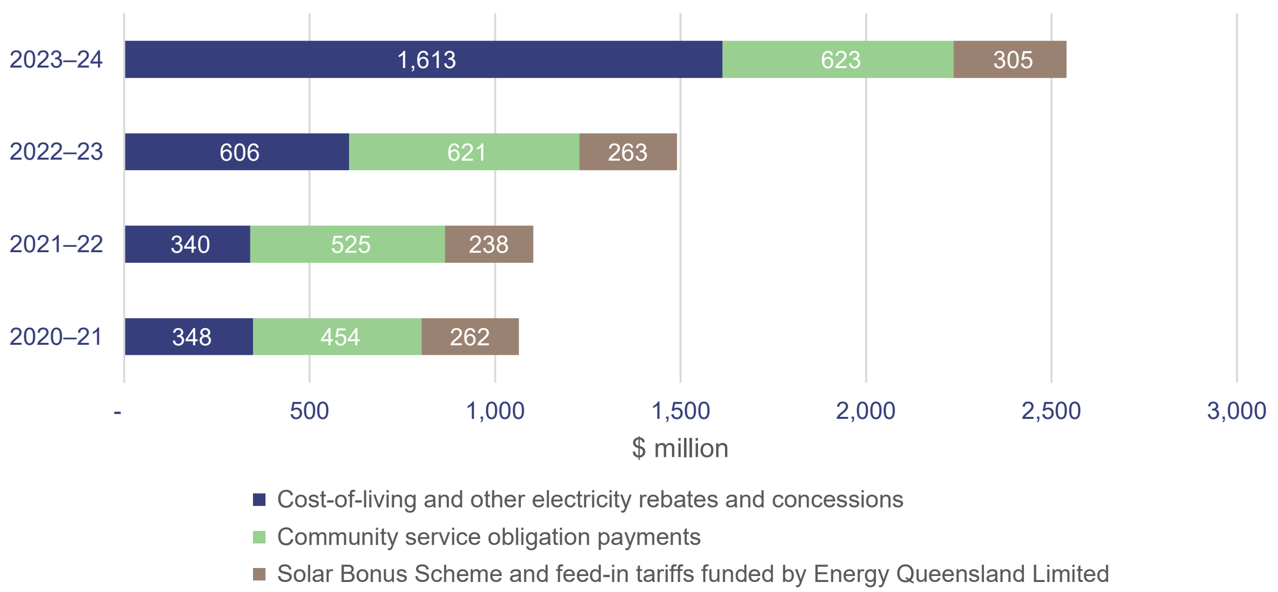
The income tax equivalents payable to shareholders are based on taxable profits or losses. Overall, the increase in the taxable profits of the energy entities resulted in higher tax equivalents this year.

Source: Compiled by the Queensland Audit Office, from the energy entities' audited financial statements.

Cost-of-living rebates were the main reason for a significant increase in support to customers this year

Support to customers refers to government payments and other subsidies aimed at reducing electricity costs for customers. It also includes incentives to support customers who generate their own solar energy. Total support to customers amounted to $2,541 million in 2023–24, an increase of 70 per cent from 2022–23. Figure 4C shows the support to customers from 2020–21 to 2023–24.

Figure 4C
Total support to customers has increased



Source: Compiled by the Queensland Audit Office from the audited financial statements of the energy entities; the Department of Energy and Climate (now part of Queensland Treasury); and the Department of Child Safety, Seniors, and Disability Services (now the Department of Families, Seniors, Disability Services and Child Safety).

Wholesale electricity prices in Queensland reduced in 2023–24 compared to the previous year. Lower wholesale prices do not automatically translate into lower retail prices for customers, for several reasons. Retail prices do not just include wholesale costs. They also have to take into account network fees for maintaining the infrastructure that delivers electricity to customers, as well as charges from retailers for their services.

Another factor is the timing of when retail prices are set, which may not reflect immediate changes in wholesale prices. For these reasons, governments fund various rebates, concessions, and payments – to offer relief to customers.

Cost-of-living and other electricity rebates and concessions of $1,613 million contributed to the significant increase in support provided to customers for 2023–24. Of this amount, 85 per cent (2023: 62 per cent) relates to electricity rebates for households and small businesses, as announced in the government's 2023–24 state budget.

The Queensland Government, through various departments, allocates funds and disburses rebates to retailers (including Ergon Energy Queensland), who then apply these rebates to customers' electricity bills to reduce their payments.

The timing of payments depends on individual customers' billing cycles, with some being paid a one-off amount and others on a quarterly basis. These rebates do not affect the revenue of Ergon Energy Queensland, as they are passed directly through to customers.

Figure 4D outlines the 3 types of cost-of-living rebates paid from 2022–23 to 2023–24, and those planned for 2024–25.

Figure 4D
Cost-of-living rebates from 2022–23 to 2024–25

	Financial year	Per household	Per vulnerable household	Per small business
Paid	2022–23	$175	$547	–
	2023–24	$550	$1,072	$650
Planned	2024–25	$1,300	$1,672	$650

Note: The amounts listed in the table above include funding from both the Queensland and Commonwealth governments. For example, $300 of the $1,300 energy rebate provided to households for the 2024–25 financial year is funded by the Commonwealth Government.

Source: Compiled by the Queensland Audit Office from Queensland Government and Commonwealth Government publications.

The **community service obligation payments** made to Energy Queensland remained stable from last year. They subsidise the higher costs of providing electricity to regional Queensland.

The **Solar Bonus Scheme and feed-in tariffs** relate to payments made by Energy Queensland, and its subsidiary Ergon Energy Queensland, to customers for the electricity they contribute to the energy grid through their rooftop solar.

They are a combination of payments under the Solar Bonus Scheme (which pays a fixed rate of 44 cents per kilowatt hour generated) and ordinary feed-in tariff payments at the rates set by the Queensland Competition Authority. The Solar Bonus Scheme is closed to new customers and will end for existing eligible customers on 1 July 2028. The increase in 2023–24 (as shown in Figure 4C) is due to increased uptake of rooftop solar.

Queensland wholesale electricity prices have decreased

Average wholesale electricity prices in Queensland have decreased in the past 2 years, driven by a more stable supply of and demand for electricity, and the greater availability of renewables.

The average annual wholesale prices across the other states in the National Electricity Market (NEM) have also decreased this year, in contrast to the increases they experienced in 2022–23.

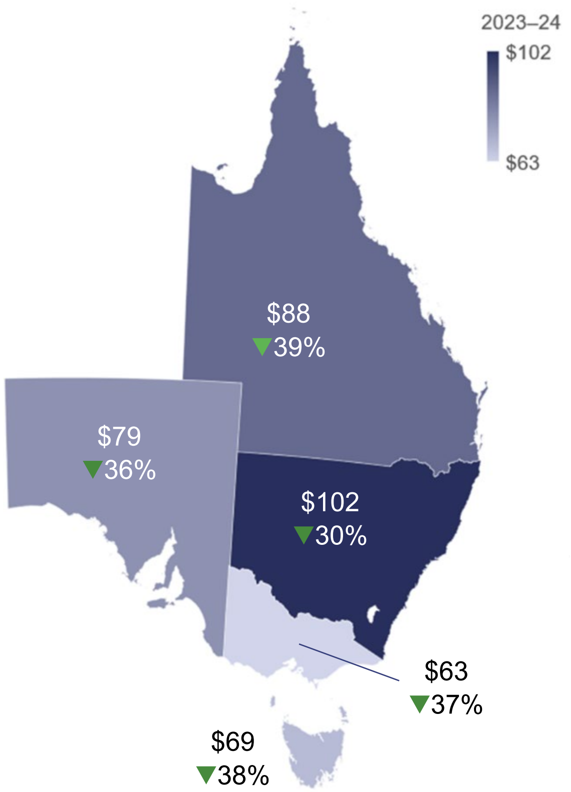
DEFINITION

The **National Electricity Market (NEM)** is the wholesale electricity market through which generators and retailers from the eastern and southern Australian states trade electricity. (The Australian Capital Territory is included with New South Wales for the purposes of the NEM.)

Wholesale electricity prices are one component of retail electricity prices (with the others being network and retail costs).

Figure 4E shows the changes in the wholesale electricity prices in Queensland and the NEM states since last year.

Figure 4E
Wholesale electricity prices decreased across the National Electricity Market in 2023–24



In 2023–24, average wholesale electricity prices in the National Electricity Market decreased by 36.2 per cent compared to 2022–23. Although prices have declined, they remain higher than those from 2019 to 2021.

This year, Queensland's average wholesale price decreased by $57 per megawatt hour (39 per cent).

The decrease was driven by several factors, including:

- increased capacity and higher generation output from renewables
- the absence of one-off events that have occurred in previous years, such as extreme weather events and supply constraints from outages at the Callide and Swanbank plants, which led to significant price spikes last year
- a government-imposed price cap on coal which ended in June 2024 and the continued price cap on gas.

Appendix H – Figure H1 outlines the average wholesale prices over the past 5 years.

Source: Compiled by the Queensland Audit Office, from Australian Energy Market Operator pricing data extracted on 3 July 2024.

Progress is being made towards renewable energy targets

On 18 April 2024, the Queensland renewable energy targets became law through the *Energy (Renewable Transformation and Jobs) Act 2024* (the Act). These targets require 50 per cent of electricity generated in Queensland to be from renewable sources by 2030, then 70 per cent by 2032, and 80 per cent by 2035. The Act established the Queensland Energy System Advisory Board, which is tasked with advising the government on the progress of the state's energy system transition.

In September 2024, the board released its first annual progress statement, outlining the high-level milestones achieved during 2023–24 and Queensland's progress towards decarbonising its electricity system. These included identifying new renewable energy zones and developing funding plans.

DEFINITION

Renewable energy zones are areas where renewable energy sources, such as wind and solar, can be developed efficiently.

As of October 2024, some *Queensland Energy and Jobs Plan* (QEJP) milestones due by 2023–24 had been delayed, including:

- finalising an environmental upgrade agreement framework, which could allow for lenders to offer loans for environmental upgrades to commercial property owners, which are paid back through local government rates
- building capacity to manufacture components for technologies such as batteries and electrolysers (electrolysers are used to split water into hydrogen and oxygen)
- planning how local manufacturers and suppliers will be involved in renewable projects
- updating the Hydrogen Industry Development Strategy, which is the government's plan for growing the local hydrogen industry
- developing guidelines and procedures for the Job Security Guarantee Fund, which helps maintain employment for government energy-sector employees during the transition to renewables
- early works for the Borumba Pumped Hydro Energy Storage project, largely due to the timing of regulatory approvals.

DEFINITION

Pumped hydro stores energy and uses 2 water reservoirs at different elevations to generate power as water moves down through a turbine from one to the other. It acts like a giant battery, storing power during the day and releasing it in peak periods or when needed.

The Department of Energy and Climate (now part of Queensland Treasury) considers these to be in progress, except the environmental upgrade agreement framework.

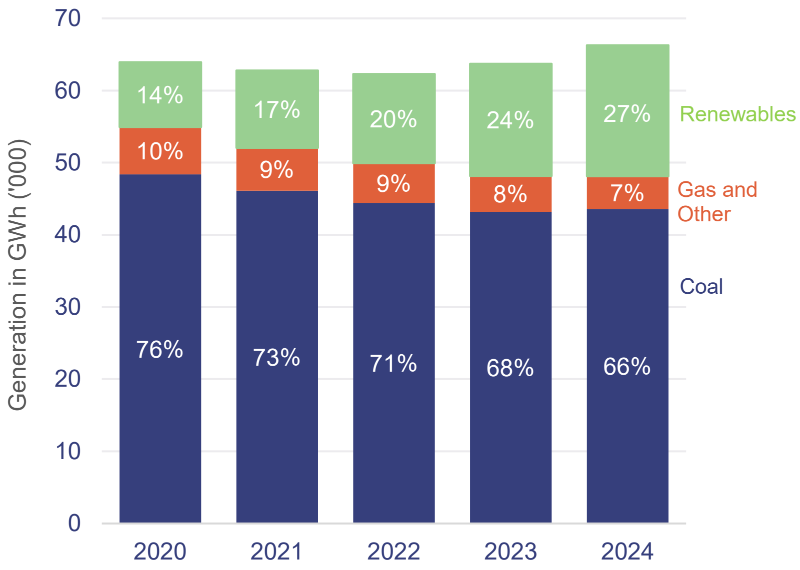
Since the initial release of the *Queensland Energy and Jobs Plan* in 2022, the department has provided high-level updates through the *2023 Queensland Energy and Jobs Plan Update* and the departmental website on the status of its activities. It has not, however, reported on the achievement of the original detailed implementation activities, which are set for completion between 2022 and 2026.

In its annual progress statement, the board highlighted that, despite the delays, the state was on track to achieve the 3 renewable energy targets in the *Energy (Renewable Transformation and Jobs) Act 2024*.

Renewable energy generation is steadily increasing

Queensland’s energy mix includes more renewables each year. Figure 4F highlights the increasing proportion of Queensland’s generation profile that comes from renewable energy sources. It also shows that coal is still the main source of energy in Queensland.

Figure 4F
Queensland's energy mix is changing



Coal-fired plants remain the largest source of electricity generation in Queensland, despite a 4,813 GWh (10 per cent) decline in output over the past 5 years. In contrast, renewable energy has increased annually by an average of 3.5 per cent since 2020.

The reduction in coal generation in 2023–24 has been mainly driven by the increased capacity of renewable energy sources to provide electricity, especially during daytime hours. Unplanned outages of coal-fired plants in previous years also contributed to the decline.

Although gas generation has been gradually decreasing over the past 5 years, it will continue to play a critical role in the transition from coal to renewable energy.

Notes:

- GWh – a gigawatt hour, which is equal to 1,000 megawatts of energy used continuously for one hour.
- Renewables in the figure include rooftop solar but exclude battery storage (which was less than 0.1 per cent of the total generation in 2023–24).

Source: Compiled by the Queensland Audit Office from the Australian Energy Market Operator and Open Electricity (the National Energy Market's information portal) generation data.

Our *Major projects 2024* report will outline the status of energy sector projects such as the CopperString project (a transmission line running from Townsville to Mount Isa that will connect the north west minerals province to the national electricity grid).

In *Energy 2023* (Report 5: 2023–24), we highlighted the key risks and challenges the Queensland Government needs to monitor and address in delivering significant infrastructure projects. Some of the risks that could affect the government's ability to meet the renewable energy targets include potential delays or cancellations of renewable energy projects.

The Pioneer-Burdekin Pumped Hydro project was cancelled in November 2024 and the feasibility of replacing it with smaller hydro projects is being explored.

In line with our previous recommendation in *Managing Queensland's transition to renewable energy* (Report 5: 2021–22), the government will assess its progress towards these targets by 2025.

Learnings from the Callide power station incidents

An incident at Callide Unit C4 in 2021 forced the generation unit offline, and Callide Unit C3 in 2022 experienced a partial collapse of its cooling tower. These incidents at the coal-fired plants significantly impacted on CS Energy's financial performance due to:

- lower generation capacity, which reduced revenues
- significant repair and maintenance costs to return the units to service
- increased effort and costs associated with negotiating complex insurance claims. Claims for lost revenues and rebuilding the Callide Unit 4 are still pending. As reported in its annual report, CS Energy has begun legal proceedings against its insurers.

CS Energy published its action plan – *A safer, better CS Energy* – in response to the Brady Heywood investigation of the Callide Unit C4 incident and the Hartz EPM report into the partial collapse of the Callide Unit C3 cooling tower. The action plan outlines how it is applying learnings from the incidents to improve the safety, reliability, and resilience of its operations.

The Brady Heywood investigation report into the Callide C4 incident highlights the importance of effective risk management and process safety controls to prevent asset failures in the energy sector.

The state-owned energy entities continue to work on plans to improve their asset management processes. Safe operation of energy assets is critical for ensuring affordable and reliable electricity. As these assets age, having robust maintenance, inspection, and testing programs becomes essential to maintaining their safe operation.

DEFINITION

Process safety is a well-established approach used by entities engaged in highly hazardous work to manage risks of catastrophic failure. It includes a focus on organisational culture, risk management, controls management, and management of change.

Developments in reporting standards

The Australian Government has recently introduced new standards on climate reporting. This is to improve transparency in climate reporting by the Australian corporate entities, which also applies to the state-owned energy entities.

These changes reflect the evolving landscape of the energy sector and the growing importance of reporting on sustainability and renewable energy in financial reports.

Climate-related disclosures report

Energy entities must present their first climate-related disclosure reports within their annual reports for the financial year ending 30 June 2026.

In the first year of reporting, they are required to report on their Scope 1 and Scope 2 greenhouse gas emissions, governance practices, and strategies related to sustainability. They will be required to report on their Scope 3 emissions in the following year. The Queensland Audit Office will audit and validate the accuracy and completeness of these disclosures.

DEFINITION

Types of greenhouse gases produced by an entity:

Scope 1: These are direct emissions from sources owned or controlled by an entity, such as coal/fuel burned from generating electricity.

Scope 2: These are indirect emissions from the electricity used or purchased to run operations such as in offices and network assets.

Scope 3: These are indirect emissions that come from the entity's suppliers, through such activities as producing purchased goods, employee travel, or waste disposal.

Readiness of energy entities for climate-related reporting

Entities are at varying stages of preparedness for the new reporting requirements. While plans are underway, challenges remain, particularly in terms of the quality of data collection and accuracy of their reporting.

We will work with the energy entities this year on preparing for a climate reporting and assurance process. This year, we conducted a survey to assess the preparedness of the entities. It focused on how ready they are to identify climate-related challenges, establish governance arrangements, and manage processes to gather the required data to enable reporting.

Figure 4G summarises the results of the survey.

Figure 4G
Results of the Queensland Audit Office's climate reporting readiness survey

Risk assessment and governance		Climate reporting and assurance		Top challenges
60%	of entities have integrated climate change into their risk management processes and budget planning	40%	of entities have incorporated climate risks into their financial reporting	• finding a reporting tool that meets their business needs • having a lack of guidance on how and where to report • ensuring the accuracy and completeness of climate-related data • collating and verifying data for Scope 3 emissions • managing the cost – 60% of entities are expecting initial compliance costs to be up to $550,000
20%	of their governance charters include climate-related responsibilities	100%	have planned or undertaken third-party reviews of their Scope 1 and 2 emissions	
80%	of entities plan to engage internal or external review of pre-assurance work	80%	intend to use some form of automation (such as software or dashboards) to collect and manage data	

Source: Information obtained from a survey run by the Queensland Audit Office, which was issued to Queensland state-owned energy entities.

The introduction of new climate reporting standards, including obligations to report on emissions, represents a significant change in reporting practices. This will require careful planning and implementation. To comply with their climate reporting obligations, energy entities will need to adequately prepare by:

- assessing the risks and opportunities that climate change may have on their operations, and how these factors affect their financial statements
- consulting with Queensland Treasury and applying the guidance it will issue for measuring and reporting emissions for Scopes 1, 2, and 3.

Reporting on contracts for purchasing renewable electricity

In May 2024, the Australian Accounting Standards Board released a draft standard – *Contracts for Renewable Electricity*. This document aims to provide more guidance on how entities recognise and measure renewable power purchase agreements in their financial statements.

The changes are planned to take effect in the 2025–26 financial year. We will engage with the energy entities and assess any impacts on their financial reports.

DEFINITION

Renewable power purchase agreements are contracts for buying electricity from renewable sources over a specified period of time (for example, purchasing electricity from a wind farm for a number of years). Energy entities commonly use these agreements to lock in fixed electricity prices, support the development of renewable projects, and guarantee a supply of renewable energy for retail customers.

Appendices

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A. Entity responses

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the:

- Treasurer, Minister for Energy and Minister for Home Ownership
- Minister for Finance, Trade, Employment and Training
- Acting Under Treasurer, Queensland Treasury.

We also provided a copy of the report to the following entities and gave them the option of providing a response:

- Premier and Minister for Veterans
- Acting Director-General, Department of the Premier and Cabinet
- board chairs and chief executive officers for
  - CleanCo Queensland Limited
  - CS Energy Limited
  - Energy Queensland Limited
  - Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)
  - Queensland Hydro Pty Ltd
  - Stanwell Corporation Limited.

This appendix contains the responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.

Comments received from Acting Under Treasurer, Queensland Treasury

Queensland Government

Queensland Treasury

Our Ref: QT00188-2024

Ms Rachel Vagg
Auditor-General of Queensland
Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

Email:

Dear Ms Vagg

Thank you for your correspondence of 15 November 2024 regarding the Queensland Audit Office (QAO) draft *Energy 2024 Report* (the Report) summarising the audit results of Queensland's publicly owned energy entities.

For 2023-24, I note QAO provided unmodified audit opinions on the financial statements for all energy sector entities, including that statements are reliable and comply with relevant reporting requirements

Cyber security and internal information controls remain a critical focus. Queensland Treasury continues to emphasise government expectations for government-owned entities to appropriately manage risks and continually improve cyber maturity, including work with the Queensland Government Chief Information Security Officer and Cyber Security Unit.

The importance of effective risk management and process safety controls at generator entities is also recognised. This government has implemented the Electricity Maintenance Guarantee as a new investment, performance and accountability framework for asset maintenance on existing publicly-owned power plants.

In this context, shareholding Ministers confirmed expectations of generator GOCs to:

- focus on financial and operational performance of existing generation assets
- maximise value from existing generation assets
- apply clear investment parameters to renewable energy and storage projects
- deliver renewable energy and storage projects on time and on budget.

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Website www.treasury.qld.gov.au
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I also note QAO's commentary on progress of Energy Queensland Limited's Digital Transformation Program. The government continues to express its expectation that the business delivers ICT expenditure prudently and efficiently, and be accountable to shareholding Ministers and Queensland Treasury for program delivery.

Thank you for the opportunity to respond to the Report. If you require any further information, please contact

Yours sincerely

Rachel Crossland
Acting Under Treasurer

05 / 12 / 2024

B. How we prepared this report

Queensland Audit Office reports to parliament

The Queensland Audit Office (QAO) is Queensland's independent auditor of public sector entities and local governments.

QAO's independent public reporting is an important part of our mandate. It brings transparency and accountability to public sector performance and forms a vital part of the overall integrity of the system of government.

QAO provides valued assurance, insights, and advice, and recommendations for improvement via the reports it tables in the Legislative Assembly, as mandated by the *Auditor-General Act 2009*. These reports may be on the results of our financial audits, on the results of our performance audits, or on our insights.

Our insights reports may provide key facts or a topic overview, the insights we have gleaned from across our audit work, the outcomes of an investigation we conducted following a request for audit, or an update on the status of Auditor-General recommendations.

We share our planned reports to parliament in our 3-year forward work plan, which we update annually: www.qao.qld.gov.au/audit-program.

A fact sheet on how we prepare, consult on, and table our reports to parliament is available on our website: www.qao.qld.gov.au/reports-resources/fact-sheets.

About this report

QAO prepares its reports on the results of financial audits under the following sections of the *Auditor-General Act 2009:*

- section 60, which outlines the Auditor-General must prepare a report to the Legislative Assembly on each audit conducted of a public sector entity
- section 62, which outlines the Auditor-General may combine reports on any 2 or more audits
- section 63, which outlines the discretion the Auditor-General has for reporting to parliament.

This report summarises the audit results of Queensland's energy entities. These entities generate, transmit, and distribute electricity for Queensland, and provide retail services to its customers.

What we cover

Through our financial audit program, we form opinions about the reliability of entity financial statements. QAO completes these audits under the related Auditing and Assurance Standards Board standards. Each entity publishes our audit opinions in its annual report.

Our financial audit reports to parliament provide the results of our audits and assess the quality and effectiveness of internal controls. They also consider public sector-specific risks. These include the probity of matters associated with entity stewardship; propriety of administrative decisions; acts or omissions that give rise to a waste of public resources; and compliance with relevant Acts, regulations, and policies.

This report highlights key insights and information from across our work. It discusses the financial audit results of government-owned energy entities and considers the challenges in the energy sector.

Entities included in this report

- CleanCo Queensland Limited
- CS Energy Limited
- CS Energy Financial Services Pty Ltd
- Energy Queensland Limited
- Ergon Energy Queensland Pty Ltd
- Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)
- Stanwell Corporation Limited.

Our approach

Data and information

We have used the following data sets in preparing our report:

- the wholesale electricity prices data from the Australian Energy Market Operator (AEMO) website. We used this to update Figure 4E and Figure H1 (in Appendix H) on the movement in the wholesale electricity prices in Australia
- information on energy generation sources and generation capacity from Open Electricity (previously known as OpenNEM). This is a web platform that presents electricity market data from AEMO and other sources. We used this as the data source for some of the graphs in this report.

We have not audited these data sets for completeness and accuracy.

We have also used information from the annual reports and the certified financial statements of the energy entities.

Presentation

Where possible and useful, we present our graphs and figures with comparative data going back 4 to 5 years to show the relevant movements.

C. Legislative context

Frameworks

Energy entities prepare their financial statements in accordance with the following legislative frameworks and reporting deadlines.

Figure C1
Legislative frameworks for the energy sector

Entity type	Entities	Legislative framework	Legislated deadline
Government owned corporations	• CleanCo Queensland Limited • CS Energy Limited • Energy Queensland Limited • Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland) • Stanwell Corporation Limited	• *Government Owned Corporations Act 1993* • *Corporations Act 2001* • Corporations Regulations 2001	31 August 2024
Controlled entities that are companies	• Ergon Energy Queensland Pty Ltd • CS Energy Financial Services Pty Ltd	• *Corporations Act 2001* • Corporations Regulations 2001	31 October 2024

Note: Controlled entity – an entity owned by one or more public sector entities.

Source: Queensland Audit Office.

The Queensland Government established Queensland Hydro Pty Ltd on 3 August 2022. It is wholly owned by Queensland Treasury. The entity's financial statements are prepared in compliance with the *Corporations Act 2001.* The results of our audit of its financial statements will be included in our 2024 report on state entities.

Accountability requirements

The *Government Owned Corporations Act 1993* establishes 4 key principles for government owned corporations:

- clarity of objectives
- management autonomy and authority
- strict accountability for performance
- competitive neutrality (meaning they should not have a competitive advantage over the private sector because they are owned by government).

Queensland state government financial statements

Each year, Queensland state public sector entities must table their audited financial statements in parliament.

These financial statements are used by a broad range of parties including parliamentarians, taxpayers, employees, and users of government services. For these statements to be useful, the information reported must be relevant and accurate.

The Auditor-General's audit opinion on these entities' financial statements assures users that the statements are accurate and in accordance with relevant legislative requirements.

We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards. We *modify* our audit opinion when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and are not accurate and reliable.

There are 3 types of modified opinions:

- qualified opinion – the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion
- adverse opinion – the financial statements as a whole do not comply with relevant accounting standards and legislative requirements
- disclaimer of opinion – the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.

Sometimes we include an *emphasis of matter* in our audit reports to highlight an issue that will help users better understand the financial statements. It does not change the audit opinion.

D. Status of recommendations made in *Energy 2023* (Report 5: 2023–24)

Strengthen information system controls	Status
1. With the evolving security threats and advancement in security controls and technology, we recommend that the energy sector entities: • limit the access to information systems provided to employees and third-party contractors to only what they need to perform their jobs • monitor activities performed by employees and third-party contractors who have access to sensitive data and can make changes within the system • fully assess the design and effectiveness of any new controls they implement to ensure they do not create control gaps in other parts of the information system security chain • update security settings in line with updated risk assessments, security policies, and better practices. We also recommend energy entities continue implementing the following recommendations, which we made in our *Energy 2020* report: • provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure • implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information • encrypt sensitive information to protect it • patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers, to address known security weaknesses that could be exploited by external parties.	**Further action needs to be taken** While entities are implementing our recommendations to resolve the issues we reported to them last year, we identified similar internal control deficiencies this year.

E. Audit opinions for entities preparing financial reports

The following table details the types of audit opinions issued, in accordance with Australian auditing standards, for the 2023–24 financial year.

Figure E1
Our audit opinions for energy sector financial reports for 2023–24

Entity type	Entity	Date audit opinion issued	Type of audit opinion issued
Generation	CleanCo Queensland Limited	30.08.2024	Unmodified
	CS Energy Limited	30.08.2024	Unmodified
	Stanwell Corporation Limited	29.08.2024	Unmodified
Transmission	Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)	28.08.2024	Unmodified
Distribution	Energy Queensland Limited	23.08.2024	Unmodified
Retail	Ergon Energy Queensland Pty Ltd	15.08.2024	Unmodified
Other	CS Energy Financial Services Pty Ltd (subsidiary of CS Energy Limited)	20.09.2024	Unmodified

Note: We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

Source: Queensland Audit Office.

The Queensland Government established Queensland Hydro Pty Ltd on 3 August 2022. It is wholly owned by Queensland Treasury. The entity's financial statements are prepared in compliance with the *Corporations Act 2001.* The results of our audit of its financial statements will be included in our *State entities 2024* report.

Regulatory information notices

The Australian Energy Regulator regulates and determines the amount of revenue the distribution entities can earn. To monitor outcomes and prepare for future determinations on this, it uses regulatory information notices.

For the year ended 30 June 2024, Energex and Ergon completed a set of templates, along with a 'basis of preparation' that describes how each template has been prepared for submission. These notices are subject to an audit (if the information is based on *actual* data) or a review (if the information is based on *estimated* financial and non-financial data).

Figure E2
Results of the 2023–24 audits and reviews of Energex and Ergon regulatory information notices

Type of information provided	Certification date	Type of opinion/conclusion issued
Financial	31.10.2024 (Energex)	4 unmodified audit opinions (including one re-submission) 3 unmodified review conclusions
	1.11.2024 (Ergon)	4 unmodified audit opinions (including one re-submission) 3 unmodified review conclusions
Non-financial	31.10.2024 (Energex)	3 unmodified review conclusions
	1.11.2024 (Ergon)	3 unmodified review conclusions

Note: Energex Limited and Ergon Energy Corporation Limited *updated how they classify the overhead costs they report in the regulatory information notices, as instructed by the Australian Energy Regulator. The Queensland Audit Office issued audit opinions for the re-submitted information, covering the period from 30 June 2021 to 30 June 2023.*

Source: Queensland Audit Office.

Australian financial services licences

Energy sector entities are required to hold an Australian financial services licence if they enter into fixed-price contracts designed to manage the risk of fluctuating electricity prices. They must meet the requirements set out in their licences.

To confirm their compliance, these entities lodge forms annually, within 4 months of the end of the financial year, to the Australian Securities and Investments Commission.

Figure E3
Results of the 2023–24 audit of Australian financial services licences

Entity	Date audit opinion issued	Type of audit opinion issued
CleanCo Queensland Limited	02.09.2024	Unmodified
CS Energy Financial Services Pty Ltd	20.09.2024	Unmodified
Ergon Energy Queensland Pty Ltd	04.10.2024	Unmodified
Stanwell Corporation Limited	29.08.2024	Unmodified

Source: Queensland Audit Office.

F. Entities not preparing financial reports

For each state public sector company, other than government owned corporations, the board of directors considers the requirements of the *Corporations Act 2001* or the trust deed to determine whether financial statements need to be prepared. The board must revisit the assessment every 3 years or whenever a significant change occurs.

When entities are part of a larger group and are secured by deed of cross guarantee with other entities in that group (that they will cover their debts), the Australian Securities and Investments Commission allows them to not prepare a financial report. In addition, dormant or small companies that meet specific criteria under the *Corporations Act 2001* are not required to prepare financial statements.

Accordingly, the Auditor-General will not issue audit opinions for the following controlled public sector entities for 2024, as they were not required to produce financial statements.

Figure F1
Energy sector entities not preparing financial reports in 2023–24

Public sector entity	Reason for not preparing financial statements
Generation	
Controlled entities of CS Energy Ltd	
Aberdare Collieries Pty Ltd	Deed of cross guarantee ASIC order
Callide Energy Pty Ltd	Deed of cross guarantee ASIC order
CS Energy Group Holdings Pty Ltd	Deed of cross guarantee ASIC order
CS Energy Kogan Creek Pty Ltd	Deed of cross guarantee ASIC order
CS Kogan (Australia) Pty Ltd	Deed of cross guarantee ASIC order
CSE BESS Pty Ltd	Deed of cross guarantee ASIC order
CSE H2 Operations Pty Ltd	Deed of cross guarantee ASIC order
CSE H2 Pty Ltd	Deed of cross guarantee ASIC order
Kogan Creek Power Pty Ltd	Deed of cross guarantee ASIC order
Kogan Creek Power Station Pty Ltd	Deed of cross guarantee ASIC order
T75 CS Energy Segregated Cell of White Rock Insurance (SAC) Ltd	Non-reporting
Controlled entities of Stanwell Corporation Limited	
CQ-H2 Facilities Pty Ltd	Non-reporting
CQ-H2 HLF Pty Ltd	Non-reporting
CQ-H2 HPF Pty Ltd	Non-reporting
CQ-H2 HTF Pty Ltd	Non-reporting

Public sector entity	Reason for not preparing financial statements
CQ-H2 Industrial Water Pty Ltd	Non-reporting
Glen Wilga Coal Pty Ltd	Dormant
Goondi Energy Pty Ltd	Dormant
Mica Creek Pty Ltd	Dormant
SCL North West Pty Ltd	Dormant
Stanwell Asset Maintenance Company Pty Ltd (formerly Energy Portfolio 1 Pty Ltd)	Deed of cross guarantee ASIC order
Stanwell Renewable Energy Holdings Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Renewable Energy Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 2 Hold Co Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 2 Hold Co Pty Ltd (as trustee for the Stanwell Wambo Stage 2 Hold Trust)	Non-reporting
Stanwell Wambo Stage 2 Hold Trust	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 2 Project Co Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 2 Project Co Pty Ltd (as trustee for Stanwell Wambo Stage 2 Project Trust)	Non-reporting
Stanwell Wambo Stage 2 Project Trust	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 2 Pty Ltd	Deed of cross guarantee ASIC order
Tarong Energy Corporation Pty Ltd	Dormant
Tarong Fuel Pty Ltd	Deed of cross guarantee ASIC order
Tarong North Pty Ltd	Deed of cross guarantee ASIC order
TEC Coal Pty Ltd	Deed of cross guarantee ASIC order
TN Power Pty Ltd	Deed of cross guarantee ASIC order
Wambo 2 Hold Co Pty Ltd	Deed of cross guarantee ASIC order
Wambo 2 Hold Co Pty Ltd (as Trustee for the Wambo 2 Hold Trust)	Deed of cross guarantee ASIC order
Wambo 2 Hold Trust	Deed of cross guarantee ASIC order
Wambo 2 Project Co Pty Ltd	Deed of cross guarantee ASIC order
Wambo 2 Project Co Pty Ltd (as trustee for Wambo 2 Project Trust)	Deed of cross guarantee ASIC order
Wambo 2 Project Trust	Deed of cross guarantee ASIC order
Controlled entities of CleanCo Queensland Limited	
Moah Creek Solar Development Co Pty Ltd	Non-reporting

Public sector entity	Reason for not preparing financial statements
Moah Creek Solar Development Holding Co Pty Ltd	Non-reporting
Moah Creek Wind Farm Hold Co Pty Ltd	Non-reporting
Moah Creek Wind Farm Hold Trust	Non-reporting
Moah Creek Wind Farm Project Co Pty Ltd	Non-reporting
The Trustee for the Moah Creek Wind Trust	Non-reporting
Distribution	
Controlled entities of Energy Queensland Limited	
Energex Limited	Deed of cross guarantee ASIC order
Ergon Energy Corporation Limited	Deed of cross guarantee ASIC order
Ergon Energy Telecommunications Pty Ltd	Non-reporting
Metering Dynamics Pty Ltd	Deed of cross guarantee ASIC order
SPARQ Solutions Pty Ltd	Deed of cross guarantee ASIC order
Varnsdorf Pty Ltd	Dormant
VH Operations Pty Ltd	Dormant
Yurika Pty Ltd	Deed of cross guarantee ASIC order
Transmission	
Controlled entities of Powerlink	
Harold Street Holdings Pty Ltd	Non-reporting
Powerlink Transmission Services Pty Ltd	Non-reporting
Queensland Capacity Network Pty Ltd	Non-reporting
CopperString 2.0 Electricity Transmission Corporation Pty Ltd	Non-reporting

Note: Controlled entity – an entity owned by one or more public sector entities.

The transactions relating to CopperString 2.0 Electricity Transmission Corporation Pty Ltd are recorded in the consolidated financial statements of Powerlink Queensland.

Source: Compiled by the Queensland Audit Office.

G. Financial results

Figure G1
Energy sector entities – for the year ended 30 June 2024

Amounts in $'000								
Entity	Total assets	Total liabilities	Total income	Total expenses (incl. tax)	Operating result after tax	Returns to shareholders	Finance costs	Total borrowings
CleanCo	2,388,327	1,469,494	788,442	683,929	104,513	45,132	46,581	683,778
CS Energy	2,990,043	2,829,536	2,009,463	2,067,956	(58,493)	(26,585)	82,641	1,297,113
Energy Queensland[1]	30,291,000	26,149,000	6,115,000	6,180,000	(65,000)	(30,000)	750,000	20,340,000
Powerlink	10,681,222	7,524,571	1,168,519	1,118,276	50,243	142,106	227,089	5,698,306
Stanwell	5,697,973	4,274,425	3,375,356	2,780,935	594,421	855,839	82,748	908,449
Total	**52,048,565**	**42,247,026**	**13,457,780**	**12,831,096**	**625,684**	**986,492**	**1,189,059**	**28,927,646**
Ergon Energy Queensland	1,566,672	1,344,456	2,461,741	2,380,822	80,919	163,862	470	-
CS Energy Financial Services[2]	-	-	-	-	-	-	-	-

Notes:

1 – This relates to the consolidated results of Energy Queensland and its subsidiaries, including Energex and Ergon (distribution entities) and Ergon Energy Queensland (retailer).

2 – The results of CS Energy Financial Services are included in the consolidated results of CS Energy, and have been rounded down to nil, due to the negligible amounts on its financial statements.

Yurika Pty Ltd did not prepare financial statements for 2023–24.

Source: Compiled by the Queensland Audit Office.

Figure G2
Energy sector entities – for the year ended 30 June 2023

Amounts in $'000								
Entity	**Total assets**	**Total liabilities**	**Total income**	**Total expenses (incl. tax)**	**Operating result after tax**	**Returns to shareholders**	**Finance costs**	**Total borrowings**
CleanCo	1,427,066	965,006	830,280	788,706	41,574	17,338	29,753	564,655
CS Energy	3,189,205	3,147,778	2,084,365	2,098,937	(14,572)	(13,699)	67,687	1,141,510
Energy Queensland[1]	29,172,000	24,530,000	5,289,000	5,502,000	(213,000)	(87,000)	714,000	19,394,000
Powerlink	9,533,891	7,008,798	1,069,744	937,634	132,110	278,679	206,144	5,192,298
Stanwell	7,625,180	6,568,147	3,825,440	3,650,224	175,216	78,059	88,765	1,558,976
Total	**50,947,342**	**42,219,729**	**13,098,829**	**12,977,501**	**121,328**	**273,377**	**1,106,349**	**27,851,439**
Ergon Energy Queensland	800,349	550,365	1,949,885	2,175,639	(225,754)	(95,920)	466	-
Yurika Pty Ltd	85,296	46,115	275,835	268,787	7,048	7,406	10	-

Note:

1 – This relates to the consolidated results of Energy Queensland and its subsidiaries, including Energex and Ergon (distribution entities), Ergon Energy Queensland (retailer), and Yurika Pty Ltd.

Source: Compiled by the Queensland Audit Office.

H. Wholesale electricity prices

Figure H1
Historical wholesale electricity prices

Average price by year ($ per MWh)					
Financial year	**NSW**	**QLD**	**SA**	**VIC**	**TAS**
2019–20	$71.95	$53.41	$62.04	$73.74	$55.05
2020–21	$64.81	$61.81	$44.83	$45.93	$43.69
2021–22	$132.35	$162.06	$104.60	$91.06	$84.89
2022–23	$144.96	$144.97	$123.25	$100.20	$111.98
2023–24	$101.57	$87.80	$78.56	$63.29	$69.07
Movement from 2022–23 to 2023–24	**-$43.39**	**-$57.17**	**-$44.69**	**-$36.91**	**-$42.91**
Movement % from 2022–23 to 2023–24	-29.93%	-39.44%	-36.26%	-36.84%	-38.32%

Notes:

- MWh – a megawatt hour, which is equal to 1,000 kilowatts of energy used continuously for one hour.
- NSW – New South Wales, QLD – Queensland, SA – South Australia, VIC – Victoria, TAS – Tasmania.

Source: Compiled by the Queensland Audit Office from Australian Energy Market Operator pricing data, extracted on 3 July 2024.

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