

Energy: 2018–19 results of financial audits

(Report 6: 2019–20).
Tabled 21 November 2019.

Welcome

Welcome to our presentation on the results of our 2018–19 financial audits of energy sector entities.

Audit results

This report includes the results from the six energy entities: CleanCo Queensland, CS Energy, Energy Queensland Limited, Ergon Energy Queensland, Queensland Electricity Transmission Corporation Limited (Powerlink) and Stanwell Corporation.

This year, we provided unmodified audit opinions on all entities' financial statements within the statutory deadline. This means readers can rely on the entities' financial statements.

We also issued eight unmodified opinions and nine unmodified conclusions on regulatory information notices prepared by Ergon and Energex for the Australian Energy Regulator.

Internal controls

We assessed that the control environment for each entity was suitably designed to prevent, or detect and correct, errors in internal control. While we did not find any significant issues, we made 12 recommendations to the entities for strengthening their controls. These relate mostly to their information systems.

Financial performance

Energy entities have solid financial positions. They are investing in their assets to ensure they can deliver a stable and reliable supply of electricity. Within the national wholesale electricity market, Queensland continues to have the lowest wholesale electricity price, which influences the price consumers pay.

Profits were marginally lower this year. This was largely driven by the decisions of the Australian Energy Regulator to reduce the amount of revenue that energy transmission and distribution businesses can earn. The generators delivered increased profits this year, but almost half of these were from activities other than generation of electricity, such as rebates from export sales of coal.

Future challenges and emerging risks

Queensland relies on the state-owned coal-fired generators for electricity. Based on market forecasts, renewable energy sources, such as solar and wind, will replace coal as Queensland's main energy source by 2050. How the transition from coal to renewable energy will be managed is still uncertain, as there are no clear national policies to support an orderly change.

The Queensland Government aims to have 50 per cent of electricity coming from renewable energy sources by 2030. This year, to help achieve the target, it established CleanCo, a renewable and low-emission-focused generator. CS Energy and Stanwell will transfer their existing renewable and low-emission assets to CleanCo in the next financial year.

The existing generators will be left with coal-fired power plants that are scheduled to be retired progressively over the next 30 years. They are currently diversifying into other revenue-generating activities to prepare for the change.

Shifting to renewable energy sources will change our electricity system. Traditionally, electricity generators are large, centralised power stations. They are now becoming smaller and more widely dispersed. Also, unlike coal, renewable energy sources often depend on natural forces like the weather, which makes managing supply more difficult. Our electricity system needs to adapt to these changes to maintain stable and reliable electricity supply for Queenslanders.

For more information

For more information on the results, financial performance, and future challenges and emerging risks highlighted in this summary presentation, please see the full report on our website.

Thank you.