

Report on a page

This report summarises the audit results of Queensland's 6 energy entities. These entities generate (CleanCo, CS Energy, and Stanwell), transmit (Powerlink), and distribute (Energy Queensland) most of Queensland's electricity; and Ergon Energy Queensland is the electricity retailer for most customers in regional Queensland.

Financial statements are reliable

The financial statements of the energy entities are reliable and comply with relevant reporting requirements. All energy entities met their legislative deadlines for signing their financial statements, despite the ongoing challenges presented by the COVID-19 pandemic and the volatility in the energy market.

Weaknesses in the security of information systems

The energy entities have resolved a number of deficiencies identified in prior years. However, we continue to identify weaknesses in the entities' information systems, mainly relating to how they assign and monitor user access, and in the upgrades to their information systems. During the year, a cyber security incident disabled one of the energy entity's corporate networks. The entity deployed its business continuity plan and continued to safely generate and dispatch electricity. We carried out additional audit procedures to verify the completeness and accuracy of the data in the finance system once it was restored.

Energy entities rely heavily on information systems for their operations. Recent cyber attacks on the information systems of large Australian corporate entities have resulted in disruptions to their operations and leaked customer data. It is critical for energy entities to establish stronger controls to continue protecting their sensitive information from unauthorised users and cyber criminals.

Sector profits have decreased

The energy sector's total profits have decreased by \$147 million from 2020–21, which is largely due to losses incurred by generators.

During the financial year, average wholesale electricity prices in Queensland increased by 162 per cent from prior year. This increase was due to higher coal and gas prices, increased demand, lower supply of electricity due to outages (both planned and unplanned), and periods of lower output from renewable energy sources.

The generation entities incurred losses on fixed electricity supply contracts because of the volatility in the energy market, but the retail entities recognised gains.

Future challenges and the Queensland energy plan

Extreme weather conditions continue to cause fluctuations in electricity demand, contributing to upward pressure on wholesale market prices. Entities face challenges in balancing the unpredictable supply of renewable energy such as solar and wind, with delivering stable and reliable electricity supply at affordable prices.

On 28 September 2022, the Queensland Government released a \$62 billion energy and jobs plan that aims to provide cleaner and more affordable energy, while committing to a 70 per cent renewable energy target by 2032, and 80 per cent by 2035.

Implementation of this plan will lead to significant investment in renewable energy, storage, and transmission in Queensland. Entities will need to consider the impact of current market conditions on the budgets and timing of these projects.

