FINANCIAL AUDIT REPORT 11 December 2025

Energy 2025

Report 7: 2025–26

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 state and local government entities, our professional networks, industry, and peers.

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

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

11 December 2025

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

Rachel Vagg
Auditor-General

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Contents

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 most of Queensland's electricity, and provide retail services to regional residential, commercial, and industrial customers.

The entities' financial statements are reliable

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.

The energy entities have resolved most deficiencies identified in prior years. We identified a lower number of control deficiencies across the energy sector this year. Most identified issues related to information security, specifically how entities manage and restrict access to their information systems.

A digital transformation program for Energy Queensland has been rescoped

Energy Queensland has rescoped a digital transformation program that it initiated in 2016. Energy Queensland has capitalised technology projects totalling $639 million. In addition to this, it has written off $73.8 million in costs over the past 3 years for components of the program which were not expected to realise benefits from the investment. Energy Queensland is continuing with other digital transformation projects.

Financial results for energy entities varied

In 2024–25, Stanwell, Powerlink, CleanCo, and Ergon Energy made profits, while CS Energy and Energy Queensland incurred losses. The key drivers of the financial results include higher tariffs charged to customers and an increase in average wholesale energy prices. The extension of the operating lives of the coal power stations has increased the value of power stations, reversing previously recognised losses. The increase in revenue was offset by higher energy expenses, employee costs, and losses from contracts that manage fluctuations in wholesale energy prices.

Transmission and distribution entities continue to expand their networks by constructing and upgrading their assets. Asset construction and upgrades are mainly financed by borrowings from Queensland Treasury Corporation, equity injections from the Queensland Government, and cash generated by entities.

Current energy sector developments

In April 2025, the Australian Energy Regulator (AER) issued a determination that capped the revenue Energy Queensland can recover from its customers over the next 5 years at $17,575 million. This represents an increase in revenue of $5,448 million from the previous 5-year determination. The AER estimated that this will result in Queensland residential and small business electricity bills increasing by around $48 and $97 a year, respectively.

Energy sector entities will prepare their first climate-related financial disclosures in 2025–26. We will issue limited assurance review opinions on these disclosures in August 2026.

The Queensland Government released its *Energy Roadmap* on 10 October 2025. The *Energy Roadmap* indicates that the coal assets will continue operating as long as needed in Queensland's energy system. Any additional extension of useful lives of these assets will affect their future values.

1. Recommendations for entities

We do not make any new recommendations in this report. We have reported internal control deficiencies to individual entities during our audits.

In *Energy 2023* (Report 5: 2023–24), we made recommendations to address weaknesses in the energy entities' information and technology (IT) controls. We have included the recommendations and the actions taken to implement them in Appendix D.

Although the security of information systems has improved, we found control deficiencies that require further action.

Our previous recommendations remain relevant to the internal control deficiencies identified in the current year. Further details relating to key themes over the IT deficiencies are included in our report *Information systems 2025* (Report 6: 2025–26).

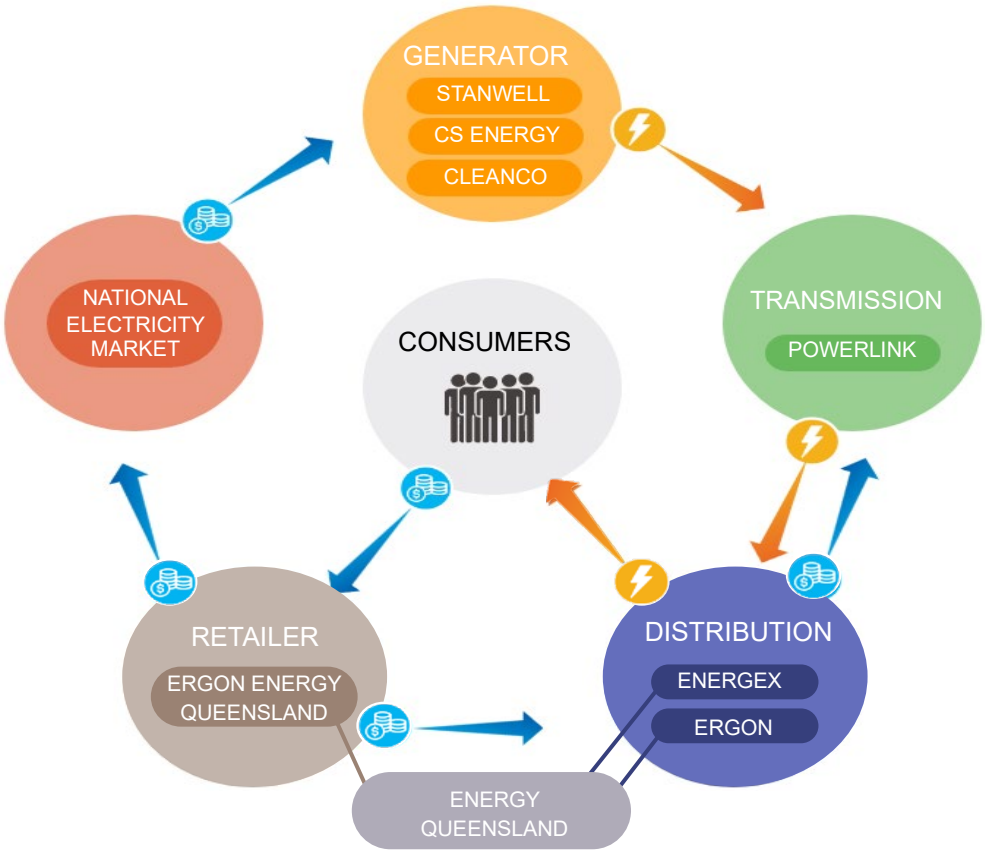
Reference to comments

As per 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 this report, we cover the Queensland state government-owned corporations that generate, transmit, and distribute electricity and provide retail services to regional customers. The following diagram shows the corporations' roles in Queensland's energy sector supply chain.

Figure 2A
Queensland's energy sector



Source: Compiled by the Queensland Audit Office.

As shown in Figure 2A, CleanCo, CS Energy, and Stanwell generate electricity. Powerlink transmits this electricity to Energy Queensland, which then distributes it to retail consumers. The National Electricity Market is the wholesale electricity market where generators and retailers from Australia's eastern and southern states trade electricity. The Australian Energy Market Operator manages the wholesale and retail markets.

Energex Limited (Energex), Ergon Energy Corporation Ltd (Ergon), and Ergon Energy Queensland are subsidiaries of Energy Queensland. These entities service South East Queensland and regional areas of Queensland. Ergon Energy Queensland refers to itself as Ergon Energy Retail and Ergon Energy Corporation Ltd refers to itself as Ergon Energy Network.

CleanCo, CS Energy, and Stanwell also participate in the retail market, providing energy solutions to large commercial and industrial organisations.

3. Results of our audits

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

Chapter snapshot

The financial statements of all entities are reliable

7 unmodified audit opinions

Generators and the retailer complied with financial services licence requirements

4 unmodified opinions

Entities complied with Australian energy regulatory requirements

11 annual information orders – unmodified audit opinions and review conclusions

Fewer significant deficiencies raised this year

2 significant deficiencies raised during the year relating to information system security, and ex-gratia payments (6 in 2023–24)

51% fewer deficiencies raised this year

35 deficiencies were raised this year (72 in 2023–24)

Entities made progress in resolving prior year deficiencies

85% of deficiencies from prior years were resolved

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 2025.

Other audit certifications

The Australian Energy Regulator uses annual information orders (AIOs) to collect information from the distribution and transmission entities, to assist it in deciding how much these entities can earn. Previously these were called regulatory information notices. We have issued 5 audit opinions and 6 review conclusions in total for Energex, Ergon, and Powerlink this year.

We issued 4 unmodified audit opinions relating to compliance with the Australian financial services licence. Energy entities are required to hold these licences to trade in electricity financial products, which are used for managing the risk of fluctuating wholesale and retail electricity prices.

In Appendix E, we list the assurance engagements we performed during the year on AIOs 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.

Entities that are part of a larger group and are secured by a guarantee that the larger group will cover the entity's debts are not required to 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 2025.

Internal controls are generally effective

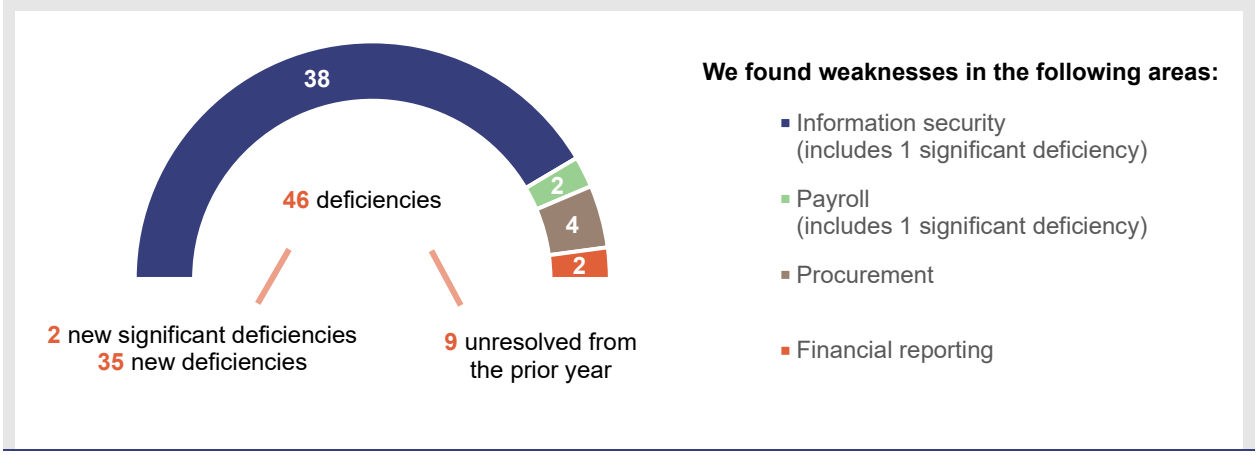
We found that the controls over the systems and processes used to prepare financial reports were effective but can be improved.

We assess whether the internal controls entities use to prepare financial statements are effective in preventing material misstatements and fraud. We report to management any deficiencies in the design or operation of those internal controls. Findings rated as deficiencies are of lower risk and can be corrected over time. Those rated as significant deficiencies are of higher risk and require immediate action by management.

Internal control findings have decreased by 53 per cent compared to the prior year. This was driven by an improvement in the information system controls.

Figure 3A shows the types of deficiencies we identified. It includes unresolved deficiencies from prior years as of 30 June 2025.

Figure 3A
Types of deficiencies in internal controls in 2024–25



Source: Compiled by the Queensland Audit Office from reports issued to the relevant entities.

Information system controls are improving

Over the past 2 years, weaknesses in information security represented most of the deficiencies we reported to management. Last year, we found 67 information security issues and this year we raised 29 issues. Key themes of these findings were:

- Several external users were given unrestricted access (full-system access) to information systems. This creates a risk of inappropriate or unauthorised actions being taken in the system. One of these issues was rated as a significant deficiency as it related to a high number of privileged users in a key system. This, together with a lack of monitoring of user activities, heightened the risk of unauthorised changes to sensitive data.
- Several entities had weak password settings for service accounts. Service accounts are special accounts used to run automated business processes, and are used by applications rather than people. Service accounts should be secured to prevent human interaction, given that their role is to run processes and enable communication between systems.

We provided further detail of information systems deficiencies in our report *Information systems 2025* (Report 6: 2025–26).

Ex-gratia payments not in accordance with Queensland Treasury policies

We found that 2 senior executives were paid ex-gratia payments totalling $407,873. The amounts paid to each executive was greater than the limits established by Queensland Treasury policy.

We identified similar deficiencies in other public sector entities. We will include further detail on this and other similar significant deficiencies in our upcoming report *State entities 2025*.

Energy sector's boards of directors and chief executive officers have changed

Boards of directors are responsible for the overall governance of entities. They set the strategy and risk appetite, monitor business performance, and ensure their entities conduct themselves in an accountable and transparent manner. Management, led by chief executive officers (CEOs), is responsible for day-to-day business operations and implements the boards' policies and strategies.

Changes in board membership and management bring new strategic focus and perspectives to organisations. As part of the change management process, risks associated with losses of corporate knowledge and continuity should be identified and managed.

On 30 June 2024, energy entities had 38 board members across 5 energy entities. The changes to the boards during the period resulted in the number of board members decreasing to 35 as at 31 October 2025. The changes are summarised below:

- 27 new appointments – made up of
  - 15 for generators
  - 5 for the distribution entity
  - 7 for the transmission entity
- 30 former board members departed, of which
  - 5 ended on their scheduled expiry date
  - 25 ended before their term expired.

During the same period, the CEOs of Powerlink and CS Energy departed. Since then, CS Energy has appointed a new CEO and Powerlink has an interim CEO.

Our previous report *Appointing and renewing government boards* (Report 17: 2021–22) assessed the appointment and renewal process for board members of Queensland government entities. This report contains better practice principles for appointing members to boards. Some key recommendations for the appointment of board members from the report were for the Department of Premier and Cabinet to:

- collect consistent information on the diversity characteristics of all people appointed to boards to allow it to analyse the diversity of members and report publicly on how boards reflect the diversity in the broader community
- develop, in collaboration with Queensland Treasury and relevant departments, a whole-of-government overarching framework (aligned to better practice as outlined by the ASX Corporate Governance Council and the Australian Institute of Company Directors) for the appointment process for large boards
- evaluate the effectiveness of the Queensland Register of Nominees database to readily identify people with the skills needed
- set fair and competitive remuneration rates for board members, commensurate with size, complexity and responsibility.

Energy Queensland's digital transformation program

A digital transformation program has been rescoped

Energy Queensland rescoped a digital transformation program that it started in 2016. This digital transformation program comprised of several individual projects it planned to implement as a single program. Numerous projects within the program were completed, however, a number of projects experienced significant delays, scope changes, and budget variations.

To date, Energy Queensland has implemented technology projects totalling $639 million. Some of the projects that have been implemented include a payroll system, fleet management system, geographic information system, and project management system.

In addition to the cost of implementing the above projects, Energy Queensland has written off $73.8 million in costs over the past 3 years. This represents 10.3 per cent of the total program costs. These write-offs related to components of the program which were not expected to realise benefits from the investment.

Figure 3B shows the timeline for Energy Queensland's digital transformation program.

Figure 3B
Timeline of Energy Queensland's digital transformation program

Year	Budget/costs to date	Status and write-offs
2016–17	$238 million initial approved budget.	Expected completion 2019–20.
2018–19 to 2021–22	Multiple increases to the budget, ending at $717 million.	Multiple scope changes and delays.
2022–23	$699 million spent to date with budget increase to $952 million.	Program replanning commenced. The program was separated into individual projects, some of which were discontinued. Revised completion – June 2026. $31.2 million written off.
2023–24	$706 million spent to date with budget decrease to $798 million.	Program replanning continued with scope changes. $42.6 million written off.
2024–25	$713 million spent in total.	Program rescoped.

Source: Compiled by the Queensland Audit Office from data provided by Energy Queensland Limited.

Energy Queensland is continuing with upgrading and replacing its systems

Energy Queensland is continuing with upgrading and replacing older systems, such as network and customer billing systems, with new technologies. In 2024–25, Energy Queensland spent $110 million on system upgrades and replacements. It also wrote off another $36 million on systems that will no longer be usable by the entity. The majority of the write-offs related to a customer management experience system.

4. Financial performance of energy sector entities

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

Chapter snapshot

Combined generators' profit is substantially lower this year at $123 mil.
(▼$518 mil. from 2024)
- CS Energy: $324 mil. loss
- Stanwell: $429 mil. profit
- CleanCo: $18 mil. profit

Key drivers increasing profits:
- Rising wholesale prices
- Extension of asset lives resulting in impairment reversal

Key drivers reducing profits:
- Power station outages
- Increase in energy purchases and transmission costs
- Write off of carried-forward tax losses

Distributor, retailer, and other entities' (Energy Queensland's) profit is lower this year at $94 mil. loss
(▼$29 mil. from 2024)

Retail $151 mil. profit
(▲$70 mil. from 2024)

Key drivers of profits:
- Distribution – enterprise agreements increased employee expenses
- Retail – rise in average electricity rates and energy consumption

Replacement of ageing network assets resulted in increased borrowings for distributor
- Borrowings up 8%
- Interest expense up 15%
- Asset additions up 19%

Transmission entity's (Powerlink's) profit is higher this year at $103 mil. profit
(▲$53 mil. from 2024)

Key drivers increasing profit:
- Transmission charge rates have increased
- Reduction in other operating expenses was partially offset by increase in employee expenses

All entities:

Lower profits resulted in lower returns to shareholders of $778 mil.
(▼$209 mil. from 2024)

Support to customers reduced to $2,181 mil.
(▼$2,363 mil. from 2024)

New developments in energy

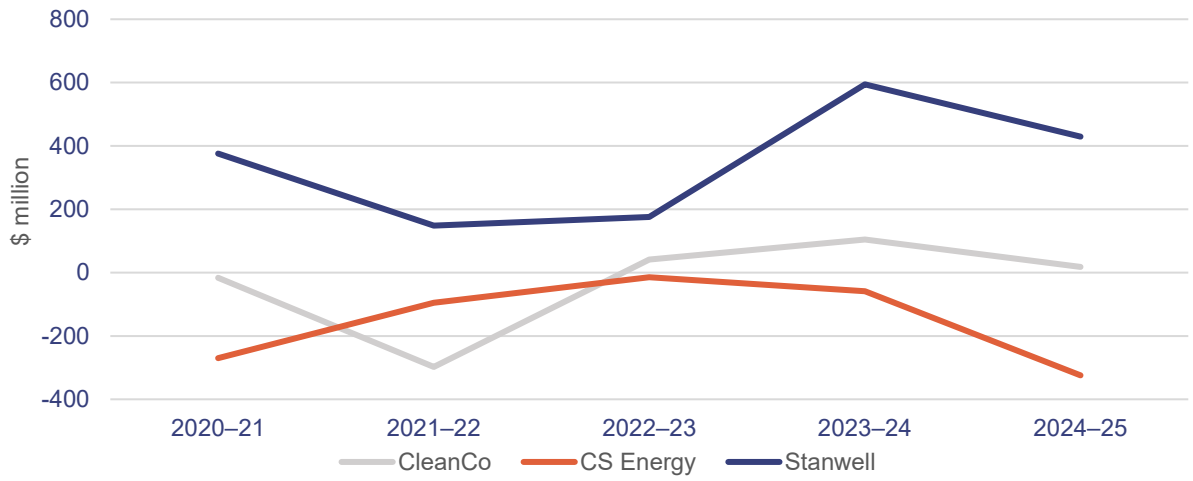
- The Queensland Government released the *Energy Roadmap* on 10 October 2025, which is its plan for meeting Queensland's energy needs in the coming years.
- The Australian Energy Regulator approved Energy Queensland's revenue proposal for the next 5 years, from 1 July 2025 to 30 June 2030. This is expected to increase the average energy bill by $48 annually for Queensland residential customers.
- Queensland Investment Corporation will be overseeing the Borumba Pumped Hydro project and will deliver the CopperString project.
- Energy entities will begin their first year of climate reporting in 2025–26.

Financial results declined due to higher expenses

Overall profits across the sector decreased by $494.0 million in 2024–25 to $131.6 million. Profits were impacted by higher energy expenses, losses from hedging contracts, higher employee expenses, and expected losses from debtors. As a result, returns to the shareholder (the Queensland Government) decreased by $208.5 million.

Figures 4A and 4B outline the profitability of the energy entities. Generators experienced a decline in profitability overall.

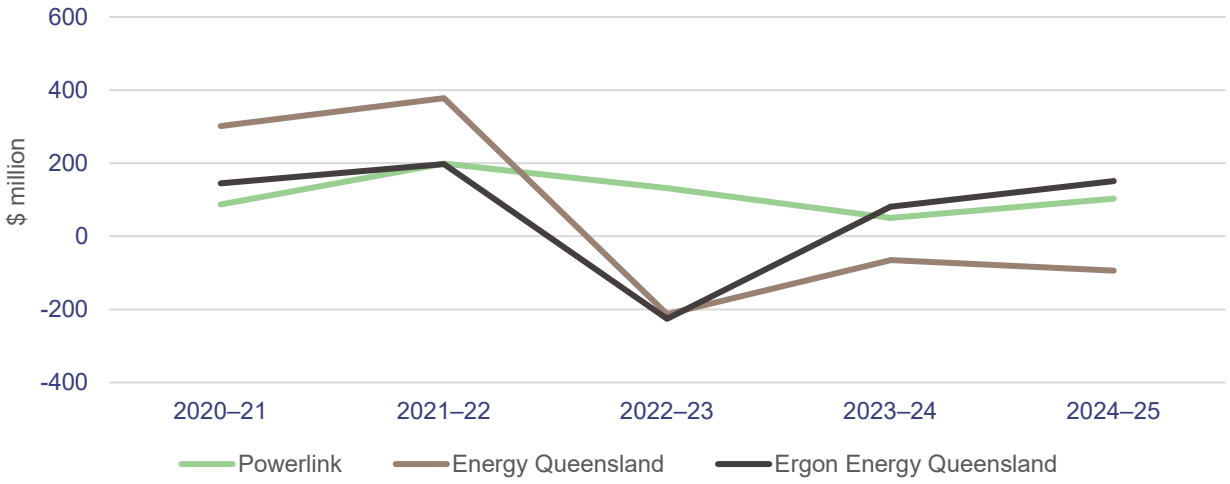
Figure 4A
Profits of generator entities



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

Energy Queensland also incurred a loss, partially offset by the increased profitability of its subsidiary Ergon Energy Queensland.

Figure 4B
Profits of transmission, distribution, and retail entities



Source: Compiled by the Queensland Audit Office from distribution, retailer, and transmitter entities' audited financial statements.

Analysis of energy sector revenue

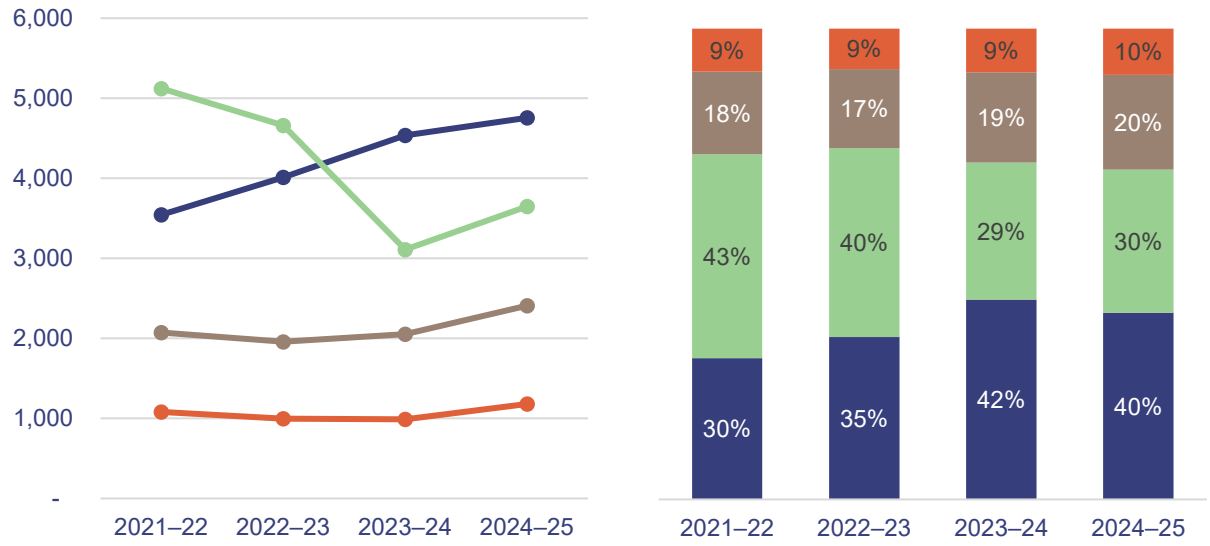
In 2024–25, the total revenue increased to $13,353.6 million (2023–24: $12,529.8 million). Queensland's energy sector entities earn revenue primarily from wholesale generation, retail sales, and network services (energy sector revenue). This excludes other revenue. Energy entities trade with each other, and in presenting our analysis of the energy sector revenue, we have not eliminated these transactions between entities.

Retail revenue now represents the largest share of total revenue for the sector, up from 30 per cent in 2021–22, to 40 per cent in 2024–25. Generators' revenue (wholesale) is down from 43 per cent in 2021–22 to 30 per cent in 2024–25. The decline was caused by reduced electricity generated at CS Energy's Callide power stations and an increase in rooftop solar generation by residential customers.

Distributor and transmitter revenue as a share of total revenue remained relatively consistent.

Figure 4C
Trend and composition of energy sector revenue ('$ mil.)

Key: Retail | Generators | Distributor | Transmitter



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

Higher electricity rates and consumption increased revenues

Retail revenue increased from $4,536.2 million from 2023–24 to $4,756.0 million in 2024–25 (5 per cent). The increase is because of higher electricity rates charged to customers. The high cost of maintaining the electricity network and increases in retail cost allowances led to an increase in electricity rates.

Retail revenue includes sales of electricity to households, and commercial and industrial customers.

Ergon Energy Queensland supplies electricity to households in regional Queensland and accounts for 53 per cent of retail revenue earned by state government-owned energy entities.

The generators also sell energy on the retail market to commercial and industrial customers. Higher revenues were driven by a growth in the number of new commercial and industrial contracts.

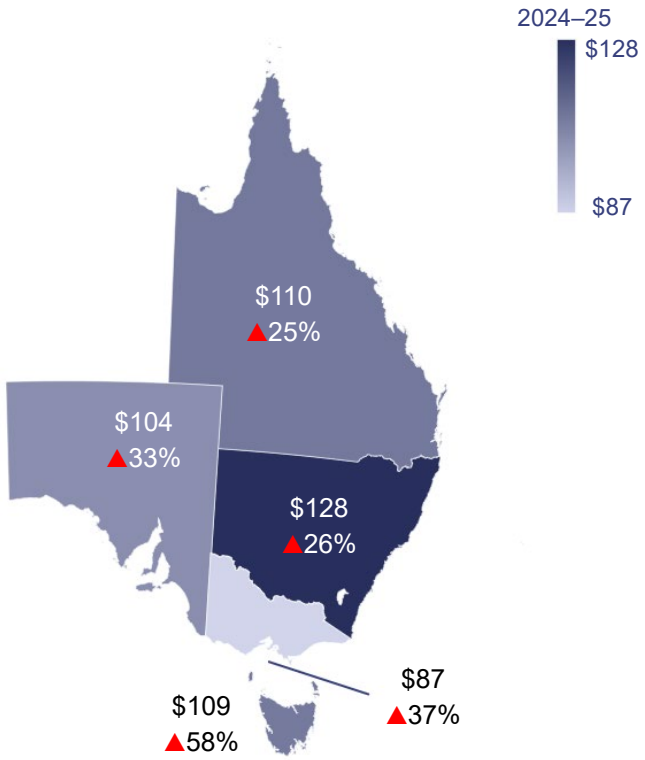
Transmitter and distributor revenues represent the revenue earned from transporting electricity to households and businesses. Higher demand, together with the increase in tariff rates, resulted in network and grid revenues increasing by $545.5 million (18 per cent).

Queensland's wholesale electricity prices increased

Prices increased across the National Electricity Market (NEM) in 2024–25. Energy generators earn wholesale revenue for supplying electricity to the NEM. Wholesale electricity prices, also known as electricity spot prices, are determined at 5-minute intervals based on supply and demand. These wholesale prices are included in the final retail price paid by consumers, along with network costs, the retailer's costs, and other costs.

Figure 4D shows that average annual wholesale NEM prices increased. Although Victoria continues to have the lowest average wholesale price, Queensland had the smallest price increase in 2024–25.

Figure 4D
Wholesale electricity prices increased across the National Electricity Market in 2024–25



In 2024–25, average wholesale NEM prices increased by 35.8 per cent from 2023–24. Queensland's average wholesale price increased by $22 per megawatt hour (24.8 per cent).

The wholesale price increase was driven by:

- reduced availability from planned and unplanned outages of power stations across Queensland, including outages at Callide B, Callide C, and Swanbank E
- weather conditions during spring and summer, including high heat and humidity
- a colder start to winter 2025, with minimum and maximum temperatures in June 2025 3 degrees cooler than in 2024.

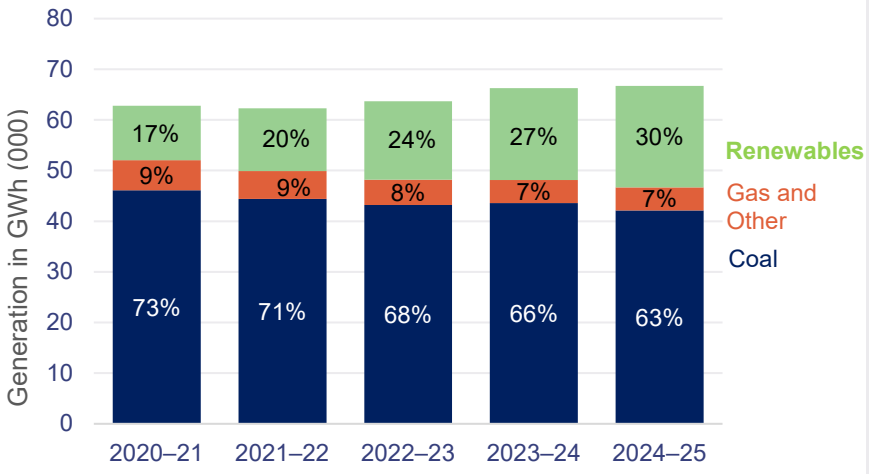
Appendix H – Figure H1 outlines average wholesale prices over the past 5 years.

Source: Compiled by the Queensland Audit Office from Australian Energy Market Operator pricing data, extracted 3 July 2025.

Renewable energy generation is steadily increasing

Queensland continues to increase its use of renewables to generate electricity. Figure 4E highlights the increasing proportion of Queensland's generation that comes from renewable sources. It also shows that coal is still the main source of energy in Queensland, with 63 per cent of generation using that source.

Figure 4E
Queensland's changing energy generation mix



Coal-fired generation remains the primary source of electricity in Queensland. However, coal has decreased by 10% since 2020–21. This has been matched by an increase in renewables.

Solar, especially rooftop solar, reduces the electricity required from coal power plants during solar-rich times of day. This causes a decrease in wholesale prices during those times.

Gas-fired generation has remained stable. During coal-fired outages, gas serves as a key alternative.

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.

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.

Analysis of energy sector expenditure

Total expenditure inclusive of income tax equivalent incurred by energy entities increased to $14,194.9 million (2023–24: $12,831.1 million). The main drivers for increased expenditure this year included energy costs and employee expenses. Energy entities trade with each other, and in presenting our analysis of the energy sector expenditure, we have not eliminated these transactions between entities.

Energy costs increased

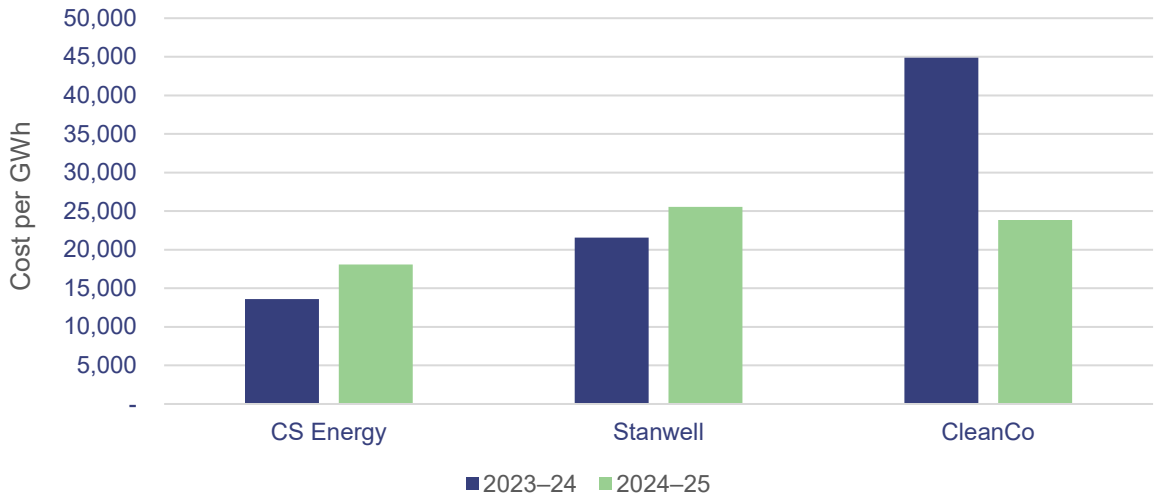
Energy sector entities' expenditure on transmission charges and electricity purchases increased by 13 per cent to $4,963.4 million (2023–24: $4,384.8 million). Key contributors to this increase were higher wholesale electricity prices driven by the NEM, and higher transmission costs determined by the Australian Energy Regulator.

Generator fuel expenses remained stable

Generator fuel expenses are influenced by long-term coal and gas supply contracts with third parties that provide a stable fuel supply. Additionally, some coal is sourced from mines owned by the generators themselves. In 2024–25, the total fuel expense for generators remained consistent at $690.7 million (2023–24: $680.2 million).

Figure 4F below outlines fuel expenses per GWh for the 3 generators over the past 2 years. CleanCo's fuel expense per GWh of energy generated decreased as it replaced the 2 gas contracts that expired in April 2024 with lower-cost contracts. Stanwell's higher fuel costs per GWh was due to higher costs of coal extraction. For CS Energy, higher coal purchase prices and volumes led to increased fuel costs.

Figure 4F
Fuel expense per GWh of energy generated



Source: Compiled by the Queensland Audit Office from energy entities' audited financial statements. Fuel cost per GWh has been calculated as fuel cost divided by energy generated in GWh.

Employee expenses increased

In 2024–25, employee expenses were higher due to salary and wage increases, and an increase in the workforce to support the delivery of new supply and storage projects. Total employee costs in 2024–25 were $2,703.4 million (2024: $2,172.6 million) and the average employee expense per employee was $203 thousand (2023–24: $175 thousand).

At 30 June 2025, energy entities had 13,289 full-time equivalent (FTE) employees, an increase of 7 per cent from 2023–24. The largest employer was Energy Queensland with 9,291 FTE, followed by Powerlink with 1,947 FTE.

Hedging losses and expected losses from debtors increased

Hedging involves using contracts to manage fluctuations in wholesale electricity prices. These contracts usually form part of risk management activities. Entities make profits or losses on those contracts based on the actual movement of wholesale energy market prices. Profits or losses from hedging contracts are either realised or unrealised at the end of each reporting period. Realised profits or losses are those that have been settled in cash, while unrealised profits or losses will be settled at the end of the contract.

In 2024–25, losses on hedging contracts varied:

- Stanwell recognised an unrealised loss of $300.2 million (2023–24: $36.5 million) due to fair value movements in its electricity-related hedge contracts, primarily driven by an unfavourable variance in the market price of large-scale generation certificates.
- Energy Queensland's net losses decreased by 70.5 per cent to $31.3 million in 2024–25 (2023–24: $106.1 million). Lower volatility in retail electricity markets drove this decrease.

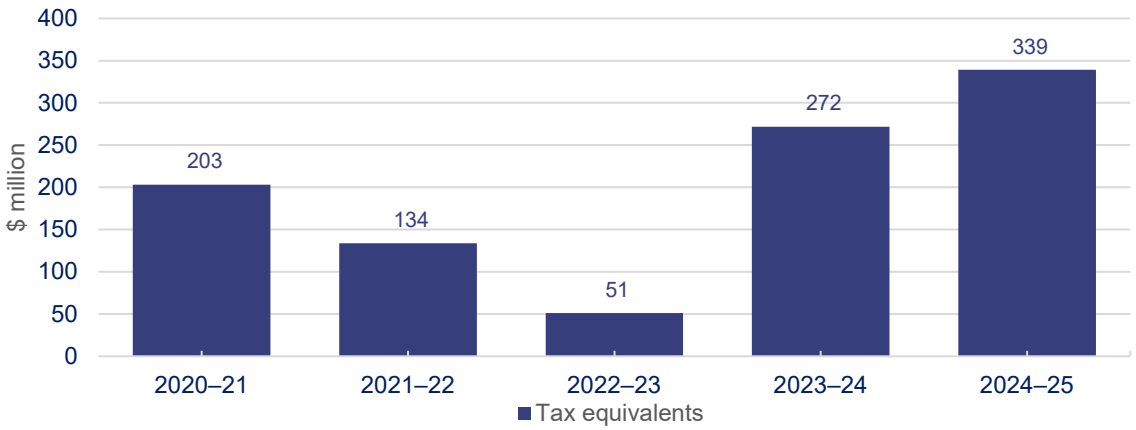
Stanwell has long-term coal supply agreements with a private sector entity (the supplier) and, as at 30 June 2025, the supplier owed $604.2 million to Stanwell. During 2024–25, the supplier's operations were impacted by lower coal prices and industry-wide increases in operational costs. In response, Stanwell and the supplier amended these agreements to provide the supplier with short-term liquidity support. Stanwell reassessed the risk that the supplier might not repay the full amount owing. This resulted in Stanwell recognising expected losses of $124.0 million, reducing its profitability for 2024–25.

Returns to shareholders decreased

In 2024–25, total returns to the Queensland Government, as shareholder, decreased by 21 per cent to $777.9 million (2023–24: $986.5 million). Returns are made up of income tax equivalents and dividends.

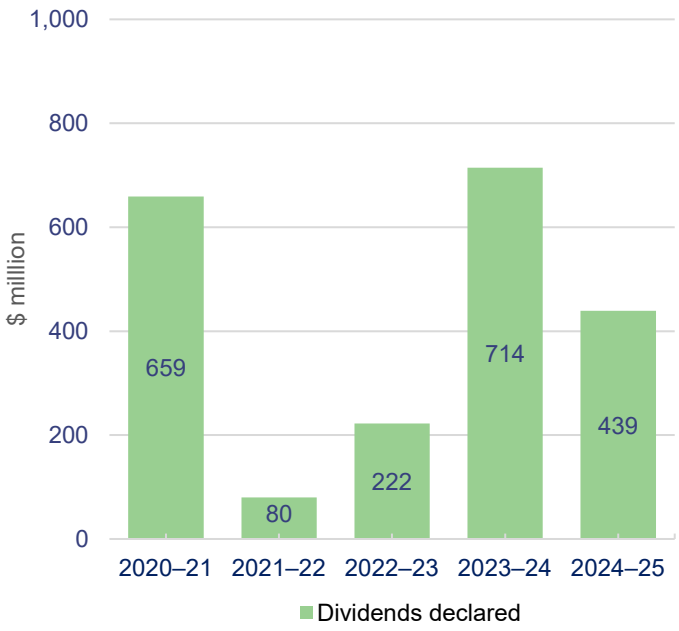
Energy entities returned income tax equivalents of $339.0 million to the Queensland Government. The tax equivalent amounts increased this year despite a decrease in profits, as CS Energy wrote off carried-forward tax losses that were unlikely to be offset against future profits. Figures 4G and 4H summarise the returns to shareholders over the past 5 years.

Figure 4G
Returns to shareholders from income tax equivalents



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

Figure 4H
Returns to shareholders from dividends



Returns to shareholders decreased in 2024–25 but remain above the 5-year average. Energy entities normally pay out 100 per cent of their net profit after tax as dividends unless directed by the shareholding ministers. The dividend payments have declined due to lower sector profits.

Over the last 2 years, Stanwell and Powerlink remained the only entities that consistently paid dividends. In 2025, Stanwell paid dividends amounting to $335.9 million (78 per cent) after adjusting for non-cash items such as impairments and unrealised gains and losses. Powerlink paid dividends amounting to $103.0 million (100 per cent).

CleanCo's profit was adjusted for unrealised gains, which resulted in it not having to pay dividends. All the other energy entities incurred a loss in the current year.

The lower dividends in 2021–22 and 2022–23 are due to entities retaining their profits for investment in energy projects.

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

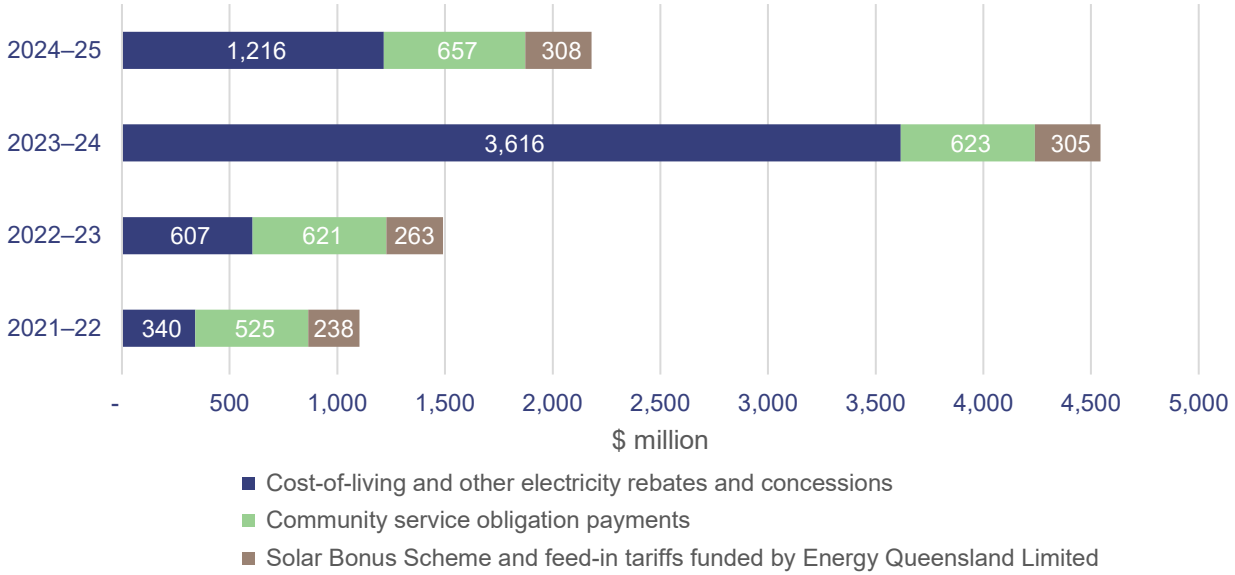
Cost-of-living rebates are returning to historical averages

Cost-of-living rebates aim to reduce electricity costs for customers through government payments, other subsidies, and incentives to support customers who generate their own solar energy.

Total support to customers amounted to $2,180.8 million in 2024–25, a decrease of 52 per cent from 2023–24, reflecting the timing of the payments by government to retailers and the finalisation of the $1,000 cost-of-living support.

Figure 4I shows the support to customers from 2021–22 to 2024–25. The total support to customers is beginning to return to historical averages in 2024–25.

Figure 4I
Total support to customers



Note: Cost-of-living and other electricity rebates and concessions for 2023–24 have been amended compared to our previous report to include subsidies of $2,003 million paid through the former Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts (now called the Department of Women, Aboriginal and Torres Strait Islander Partnerships and Multiculturalism).

Source: Compiled by the Queensland Audit Office from the energy entities' audited financial statements; data from Queensland Treasury; and data from the Department of Families, Seniors, Disability Services and Child Safety.

Other rebates, subsidies and support payments include:

- The Australian Government is continuing to provide $75 per quarter per household to subsidise their electricity costs until the end of the 2025 calendar year.
- Community service obligation payments subsidise higher supply costs in regional Queensland, with around $657 million paid in 2024–25. The subsidies allow the government to set notified regional electricity prices below the actual supply cost, reducing bills in regional Queensland.
- The Solar Bonus Scheme and feed-in tariffs, including the 44 cents per kilowatt-hour feed-in tariff, continues for eligible rooftop solar customers. The Solar Bonus Scheme is closed to new customers and will end for existing eligible customers on 1 July 2028. Other solar customers receive a lower feed-in tariff rate.
- Vulnerable households remain eligible for the $386.34 electricity rebate from the state government.

Asset performance and reliability

In November 2024, the Queensland Government initiated the Electricity Maintenance Guarantee to improve the maintenance, safety, and long-term reliability of the state-owned power stations. The government:

- through the 2025–26 budget, allocated $1.6 billion dollars over 5 years for the generators to maintain the reliability of their power stations
- set key performance indicators (KPIs) that must be reported quarterly.

Figure 4J summarises the performance of the generators against the KPIs. Appendix I has additional information on these KPIs.

Figure 4J
Performance against the Electricity Maintenance Guarantee KPI's

		CleanCo	CS Energy	Stanwell
KPIs	Personal safety	✓	✓	✓
	Maintenance investment	✓	✗	✓
	Process safety	✓	✗	✓
	Plant performance	✗	✗	✓

Key: Target Met ✓ | Target Not Met ✗

Source: Compiled by the Queensland Audit Office from energy entities' annual reports and media releases.

CleanCo and CS Energy did not meet all their targets. The KPI on plant performance was impacted by forced outages at Callide C (CS Energy) and at Swanbank and Barron Gorge (CleanCo).

In April 2025, an explosion at Callide C power station left a unit offline for 58 days, which affected CS Energy's performance against its targets. The event was caused by weak safety systems and risk controls that led to hardened ash (clinker) falling into the ash furnace.

CS Energy did not meet its KPI for maintenance due to:

- statutory maintenance commitments for the March quarter not being met – which was rectified in April 2025
- priority capital works for one quarter not being met. CS Energy conducted an internal audit of 2024–25 KPI metrics to support the implementation. This included a governance review of the reporting process and sample testing of the June 2025 quarter results, which they will follow through in 2025–26.

CS Energy plans to continue investing in systems and processes to strengthen the controls that would enable the entity to meet the KPIs.

Entities' asset management maturity assessments

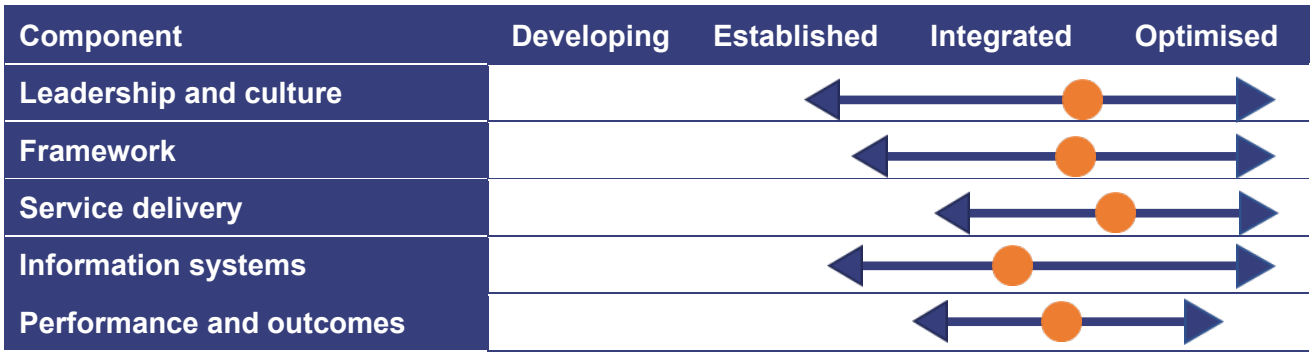
We developed an asset management maturity model to help entities strengthen their asset management practices. The model is aligned with minimum requirements under the International Standards Organisation standard 55000 on asset management.

In 2024–25, energy sector entities self-assessed their asset management maturity using our model. As this was a self-assessment, we provide no assurance that the ratings reflect the actual maturity of their approaches.

The average outcome across the energy sector was 'integrated', which means asset management practices are fundamentally sound with some areas for improvement. The entity with the lowest maturity level rated itself below the average on all elements. The entity with the highest maturity level had assessed itself as 'optimised', suggesting it is a leader of best practice for asset management.

Figure 4K shows the range and overall average of the ratings from the self-assessment by each entity.

Figure 4K
Energy entities' self-assessed average level of asset management maturity



Source: Compiled by the Queensland Audit Office from the asset management maturity model provided by energy entities.

Strengths identified

The entities' self-assessments identified the following common strengths:

- There was an alignment of leadership oversight, vision, and purpose with asset management objectives.
- Entities had articulated processes in developing their corporate vision, purpose, and business priorities in corporate plans.

Improvement opportunities identified

The entities' self-assessments identified the following common improvement opportunities:

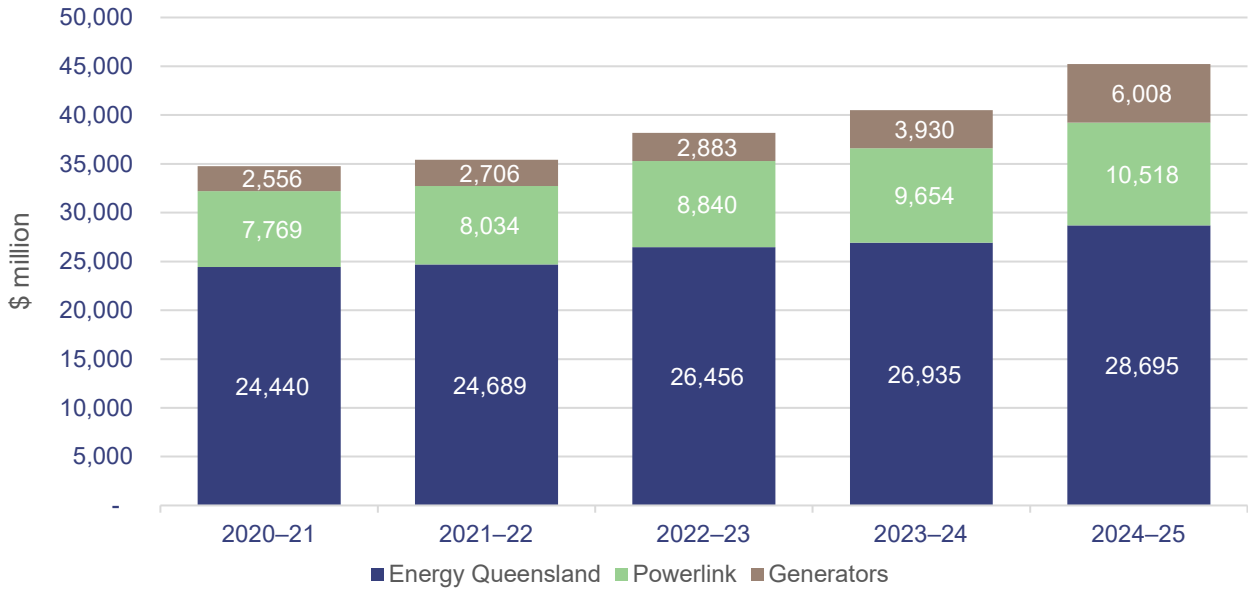
- Entities can use information and technology systems to better manage their asset data to enhance its accessibility, and its alignment with asset management processes.
- There can be enhancements made to real-time performance monitoring and management reporting.

Asset balances are increasing

In 2024–25, energy entities reported property, plant and equipment balances at $45,220.3 million, most of which relate to power stations and network assets. Of these assets, 86.7 per cent were held by transmission and distribution network entities.

Figure 4L summarises the reported balances of power stations, transmission, and distribution network assets.

Figure 4L
Property, plant and equipment balances over the past 5 years



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

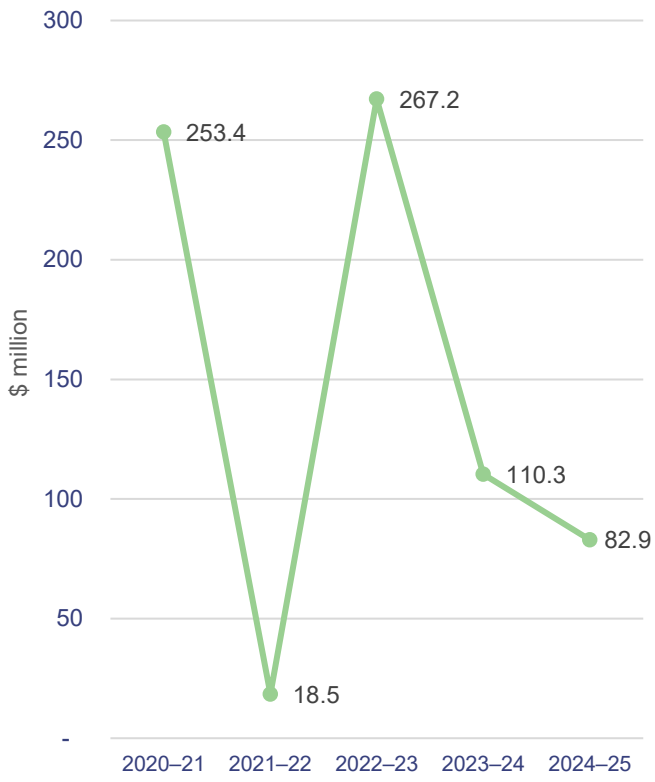
Assets are reported in the financial statements at cost for generators and fair value (representing the value the asset could be sold for in an arm's length transaction) for Energy Queensland and Powerlink.

The long-term value of power stations increased

The overall increase in power stations is $882.1 million. This includes the impairment reversal of $411.6 million due to Stanwell extending the useful lives of its assets to reinstate to their technical lives. This impairment reversal represents the expected future use and cashflows exceeding its current cost associated with those assets.

In previous years, generation assets have been impaired and reported at a value in financial statements which was lower than their original cost. Because that assessment changed with the intention to use the power stations for the entire length of their technical lives, some of the value has now been reinstated in the financial statements. The changes are outlined in Figure 4M.

Figure 4M
Impairment losses of state-owned power stations



In 2020–21, entities forecasted negative cash flows due to lower electricity prices and higher capital expenditure. Lower cash flows led to an impairment loss of $253.4 mil.

In 2022–23, the useful lives of all state-owned coal fired stations were expected to be retired by 2035. The shortening of useful lives led to an increase in impairment loss to $267.2 mil.

In 2024–25, the Queensland Government announced its plan to invest in the maintenance of generation assets which would result in the plants being used beyond 2035. This resulted in extending the useful lives of their coal-fired power plants by one to 12 years (reflecting a reversion to technical lives).

CS Energy recorded an impairment loss of $82.9 mil. This is mainly due to its investment in Callide B which it will not recover over the life of the power station.

The impairment reversal from the extension of useful lives is not included in this graph as it only represents the impairment losses.

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

Fair values increased for transmission and distribution network assets

The fair value of transmission and distribution assets increased by $679.9 million in 2024–25. Energy Queensland and Powerlink report their transmission and distribution network assets at fair value, which is the price an asset would sell for in an open-market transaction between informed, willing participants.

The fair value of assets increased due to changes in the following key assumptions:

- estimated returns (or cashflows) from these assets
- the regulatory asset base – that is, the value of the assets as accepted by the Australian Energy Regulator (AER), which is used to calculate the amounts charged to customers using their assets.

Energy Queensland has spent more on capital and operating expenditure for some of its assets than the AER allowed amount. It has assessed this additional expenditure to be prudent and efficient, which contributed to the increase in asset value.

The increase also relates to the cost incurred for maintaining and extending the network and generation assets.

Acquisition of renewable energy assets

During 2023–24 and 2024–25, the generators continued to acquire the rights to develop wind and solar farms, including:

- Stanwell – Tarong West Wind Farm
- CS Energy – Lotus Creek and Boulder Creek Wind Farms
- CleanCo – Mt Rawdon pumped hydro project (the project is expected to be delivered by Queensland Investment Corporation under the *Energy Roadmap*).

To date, Queensland government shareholder equity contributions of $599 million have been provided to the generators for some of these projects. This does not represent all of the funding needed to complete the projects.

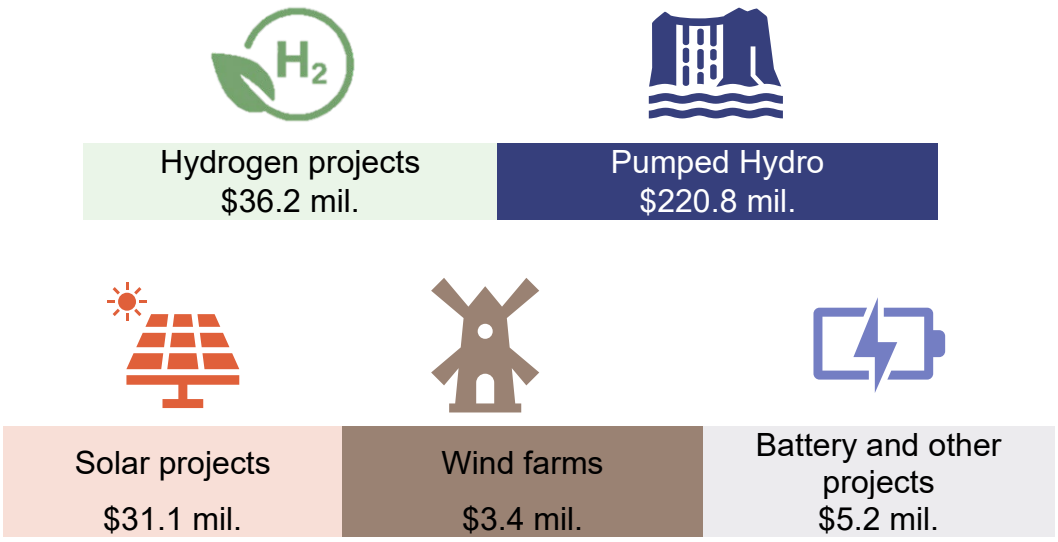
The rights for development of the assets were either accounted for either as an asset acquisition or financial instruments, depending on the legal arrangements. CleanCo has also acquired accounting control of some entities associated with their developments, requiring them to be included in its financial statements, even though they are not legally owned by CleanCo.

Costs associated with discontinued energy sector projects

Government and the energy entities' boards may decide to discontinue an energy project based on a range of economic, social, and environmental factors, and in line with the government's overall energy policy.

In 2024–25, a number of energy projects were discontinued. The costs to date amounted to $296.8 million. Figure 4N shows the costs incurred for the discontinued projects by project type.

Figure 4N
Discontinued energy sector projects



Source: Compiled by the Queensland Audit Office from data provided by energy entities.

Project delivery by Queensland Investment Corporation

In April 2025, the Queensland Government transferred oversight of Queensland Hydro to Queensland Investment Corporation (QIC), with QIC tasked to manage the assessment of the Borumba Pumped Hydro Energy Storage Project. As part of the Energy Roadmap, QIC's mandate was broadened to include the assessment of other pumped hydro energy storage projects.

QIC will connect investors and developers to lead future investment partnerships with the private sector.

Under the *Energy Roadmap*, QIC will deliver the CopperString project. Major construction will commence by 2028 starting with the Eastern Link to build a 500kV transmission line from Hughenden to the Burdekin region south of Townsville.

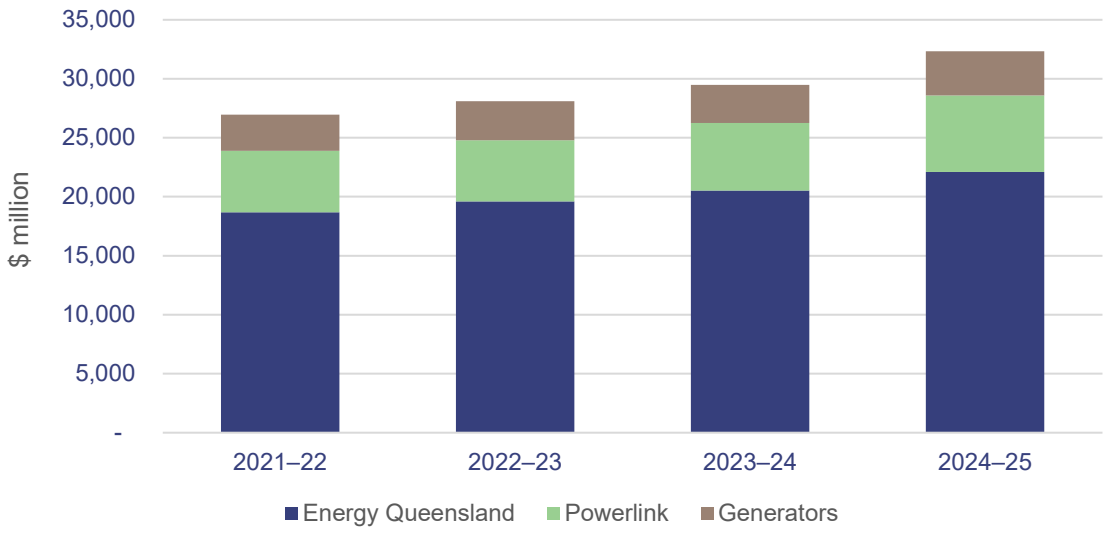
Additional details will be included in our upcoming reports *Major projects 2025* (Report 8: 2025–26) and *Managing Queensland's debt and investments 2025.*

Borrowings and related costs have increased

In 2024–25, borrowings totalled $32,345.9 million (2023–24: $29,488.6 million). Borrowings, inclusive of lease liabilities, have increased over the last 4 years, mainly due to Powerlink's and Energy Queensland's spending on their transmission and distribution network assets.

Energy Queensland and Powerlink are the largest borrowers, due to the size and geographical spread of their network assets. Most of these loans have no fixed repayment period, and they are used to fund investments in generation and network assets. They are also used for short-term financing, which is included in Figure 4O below.

Figure 4O
Energy entities' borrowings



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

Borrowing expenses have increased and interest cover ratios have decreased

In 2024–25, borrowing expenses increased by $179 million to $1.3 billion due to growth in borrowing levels and higher interest. Over the 4 years from 2021–22, average Queensland Treasury Corporation interest rates increased from 3.4 per cent to 4.2 per cent.

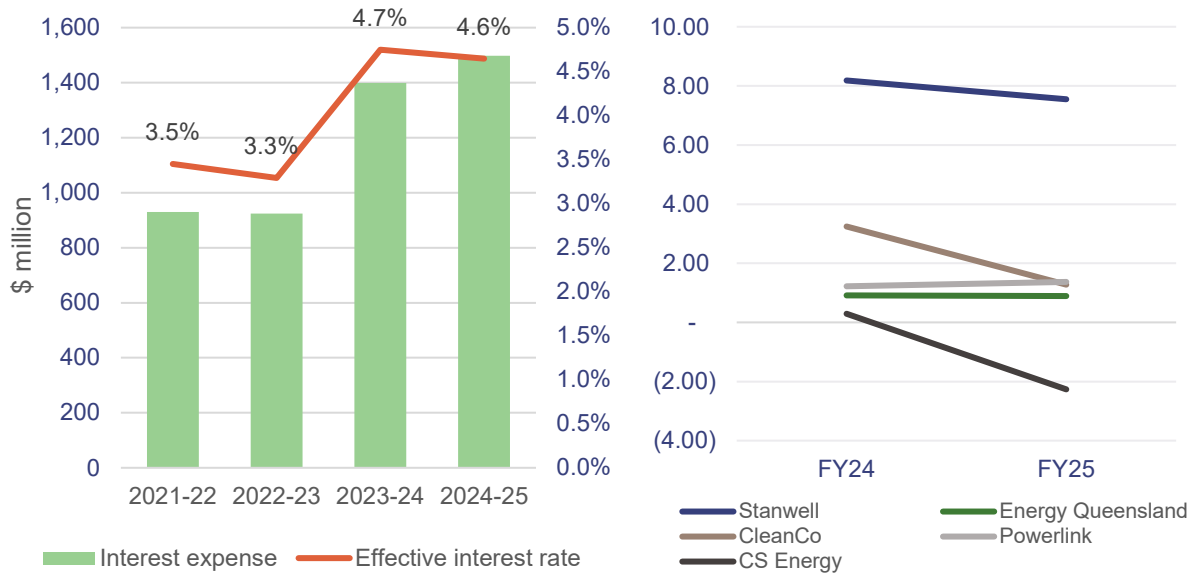
Borrowing expenses include interest paid on loans and leases, administration, and competitive neutrality fees. Interest is affected by interest rates and the size of the borrowings.

The competitive neutrality fees represent a fee paid to remove any competitive advantage a government-owned entity may have by borrowing at a lower interest rate than the private sector.

The interest cover ratios for the generators declined in 2024–25, reflecting reduced capacity to service interest obligations. The interest cover ratio measures a company's ability to meet interest payments on its debt, calculating the proportion of earnings before interest and tax used to pay for interest. The higher the ratio, the more affordable the interest.

CS Energy and Energy Queensland's ratios are lower than one, which indicates that interest costs were greater than available earnings. However, they were able to pay the interest on their debts during the year.

Figure 4P
Interest cover ratios



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

Amount of borrowings compared to assets and equity

CS Energy and CleanCo are highly leveraged, meaning they have a higher debt as a percentage of their assets. However, their debt-to-equity ratios are lower than the other entities, due to shareholders contributing additional capital of $830.0 million (CleanCo) and $1,327.9 million (CS Energy) over the last 4 years to fund energy projects.

CS Energy's financial performance has been impacted by power station outages, and it needed to fund some of its day-to-day operating activities through additional borrowings. Its losses and reduced cash flow have also impacted compliance with its funding agreements. Consequently, CS Energy currently relies on support from the Queensland Government to meet its financial commitments and its ability to operate as a going concern.

CleanCo's debt grew to fund renewable and storage projects and business growth.

Current energy sector developments

Energy Roadmap released

The Queensland Government released its *Energy Roadmap* on 10 October 2025. Under the *Energy Roadmap*, coal power stations will continue operating for as long as needed in Queensland's electricity system and supported by the market. The indicative time frames included in the roadmap have scenarios for some power stations to continue running up to 2050. In 2024–25, some generators have reinstated their coal power stations to technical lives, which resulted in the increase in the value of the assets. Any further extension of useful lives for the coal power stations will also affect their future values.

The Queensland Government has developed a framework for decision making over operating time frames for state-owned coal power stations. The framework is a decision matrix that considers the need for the stations, their integrity, and their economic viability. This means that there are no specified dates by which the coal power stations will close.

Figure 4Q below summarises some of the key aspects of the *Energy Roadmap*.

Figure 4Q
Queensland Energy Roadmap outlook to 2030 and beyond

COAL	GAS	STORAGE	TRANSMISSION	RENEWABLE INVESTMENTS
State-owned coal assets to run to their technical life	Increase up to 4.1GW of gas-fired generation expected	2.4GW increase in short duration battery storage	CopperString works underway with major construction to start in 2028	Up to 6.8GW more wind and solar generation

Source: Compiled by the Queensland Audit Office from the Queensland Energy Roadmap.

The impact of the *Energy Roadmap* on major projects will be detailed in our upcoming reports *Major projects 2025* (Report 8: 2025–26) and *Managing Queensland's debt and investments 2025*.

Higher network charges will increase customer costs

In April 2025, the AER approved revenues of $17,575 million over 5 years for Energy Queensland, an increase of $5,448 million from the previous 5-year period. The revenues will be earned by its subsidiaries, Energex and Ergon, from 1 July 2025 to 30 June 2030. The AER has estimated that these higher revenues will result in the typical Queensland electricity bill increasing annually by:

- $48 for residential customers
- $97 for small businesses.

Every 5 years, the AER considers transmission and distribution networks' proposals for regulated revenue they can earn in the form of network charges. The revenue proposal covers a 5-year period and is based on the recovery of expenses, capital costs, and a return on network assets.

Although revenues increased by $5,448 million, the increase is lower than the amounts proposed by Energy Queensland. Energy Queensland sought a higher increase due to growing labour, material, and overhead costs to operate, maintain, and expand the distribution network.

The AER approved $12,390 million of capital and operating expenditures for Energy Queensland for 2025–30, to be recovered from customers through its allowed revenues. This is an increase from the previous AER determination by $4,474 million. Spending above this approved amount will need to be self-funded by Energy Queensland.

Energy entities are at varying stages of climate reporting

Energy entities will prepare their first climate-related financial disclosures in 2025–26.

In 2024–25, the entities undertook readiness work on climate reporting, including assessing the accounting standards' requirements and reviewing their data quality, existing processes, and controls. Entities are still assessing material climate-related risks and opportunities.

Opportunities for energy entities – preparedness for climate reporting

Entities should:

- align the estimation process for data that can be used for both climate and financial reporting
- automate their manual data collection and reporting processes
- document their internal control processes and ensure that any reviews performed can be verified
- consider additional sources of emissions that may need to be reported under the accounting standards but have not been previously reported under the National Greenhouse and Energy Reporting Scheme.

In 2026, we will perform limited assurance engagements over energy entities' climate reporting.

We will apply a phased approach to assurance over climate reporting, starting with limited assurance and graduating to reasonable assurance from 1 July 2030.

Appendices

A. Entity responses

As mandated in s. 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
- Under Treasurer, Queensland Treasury.

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

- Premier and Minister for Veterans
- 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 Under Treasurer, Queensland Treasury

DELIVERING FOR QUEENSLAND | Queensland Government

Queensland Treasury

Our Ref: QT05930-2025

Ms Rachel Vagg
Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

Email: QAO.Mail@qao.qld.gov.au

Dear Ms Vagg Rachel

Thank you for your correspondence of 14 November 2025 about the Queensland Audit Office (QAO) draft *Energy 2025* (the Report) summarising the audit results of Queensland's publicly owned energy entities.

For 2024–25, I note the QAO provided unmodified audit opinions on the financial statements for all energy sector entities, confirming that the statements are reliable and comply with relevant reporting requirements.

The improvement in information system controls from last year is encouraging, while I note further work is required by energy entities in this important area. Queensland Treasury continues to emphasise government expectations that entities continue building and investing in cyber security capabilities and processes, and work with the Queensland Government Chief Information Security Officer and Cyber Security Unit.

Entities are accountable for their financial and non-financial performance, including through strategic expectations of shareholding Ministers that entities prioritise financial sustainability, operational efficiency, and investment governance.

Thank you for the opportunity to respond to the Report. If you need any further information, please contact [redacted] who will be pleased to assist.

Yours sincerely

PWilliams

Paul Williams
Under Treasurer

5 / 12 / 2025

1 William Street Brisbane
GPO Box 611 Brisbane
Queensland 4001 Australia
Telephone +61 7 3035 1933
Website www.treasury.qld.gov.au

ABN 90 856 020 239

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, 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

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.

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

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

What we cover

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.

Through our financial audit program, we form opinions about the reliability of entities' financial statements. QAO completes these audits in accordance with the *Auditor-General Auditing Standards* and complies with the relevant standards issued by the Australian Auditing and Assurance Standards Board. 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.

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 used the following data sets in preparing this report:

- wholesale electricity prices data from the Australian Energy Market Operator (AEMO) website. We used this to update Figure 4C and Figure H1 (in Appendix H) on the movement in 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 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 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 • Government Owned Corporations Regulation 2024	31 August 2025
Controlled entities that are companies	• Ergon Energy Queensland Pty Ltd • CS Energy Financial Services Pty Ltd	• *Corporations Act 2001* • Corporations Regulations 2001	31 October 2025

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

Source: Queensland Audit Office from the entities' financial reports and Queensland Treasury.

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 – they should not have a competitive advantage over the private sector because they are owned by government.

Queensland 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 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.

We may 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** Entities are implementing our recommendations to resolve the deficiencies we reported last year. This resulted in the resolution of our recommendations for: • user access management – 25 • security configuration – 9 • privileged user access – 7 • other – 6. Resolution of the following recommendations is ongoing: • user access findings – 9 • password configuration – 2 • other – 1. In 2024–25, we re-raised 6 previously resolved deficiencies relating to: • active directory • security configuration. While entities are implementing our recommendations to resolve the issues we reported to them last year, we continued to identify similar internal control deficiencies this year. However, the deficiencies we raised reduced by more than half compared to prior years. Further details are provided in our report *Information systems 2025* (Report 6: 2025–26).

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 2024–25 financial year.

Figure E1
Our audit opinions for energy sector financial reports for 2024–25

Entity type	Entity	Date audit opinion issued	Type of audit opinion issued
Generation	CleanCo Queensland Limited	29.08.2025	Unmodified
	CS Energy Limited	29.08.2025	Unmodified
	Stanwell Corporation Limited	29.08.2025	Unmodified
Transmission	Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)	28.08.2025	Unmodified
Distribution	Energy Queensland Limited	27.08.2025	Unmodified
Retail	Ergon Energy Queensland Pty Ltd	19.08.2025	Unmodified
Other	CS Energy Financial Services Pty Ltd (subsidiary of CS Energy Limited)	26.09.2025	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 from relevant financial reports.

On 12 June 2025, all shares of Queensland Hydro were transferred from the Under Treasurer (who held the company's shares in trust on behalf of the State) to a special purpose investment vehicle company incorporated by QIC Limited (QIC). Queensland Hydro remains a 100% State-owned entity. 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 report *State entities 2025*.

Annual information orders

The Australian Energy Regulator uses annual information orders to regulate and determine the amount of revenue distribution entities can earn.

For the year ended 30 June 2025, Energex, Ergon, and Powerlink will complete a set of templates and a basis-of-preparation description for each template. These completed templates constitute the annual information orders (AIOs).

These AIOs 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 2024–25 audits and reviews of Energex, Ergon, and Powerlink annual information orders

Type of information provided	Certification date	Type of opinion/conclusion issued
Financial	28.11.2025 (Energex)	2 unmodified audit opinions 1 unmodified review conclusions
	28.11.2025 (Ergon)	2 unmodified audit opinions 1 unmodified review conclusions
	28.11.2025 (Powerlink)	1 unmodified audit opinions 1 unmodified review conclusions
Non-financial	28.11.2025 (Energex)	1 unmodified review conclusions
	28.11.2025 (Ergon)	1 unmodified review conclusions
	28.11.2025 (Powerlink)	1 unmodified review conclusions

Source: Queensland Audit Office from reports issued to entities.

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 2024–25 audit of Australian financial services licences

Entity	Date audit opinion issued	Type of audit opinion issued
CleanCo Queensland Limited	04.09.2025	Unmodified
CS Energy Financial Services Pty Ltd	26.09.2025	Unmodified
Ergon Energy Queensland Pty Ltd	07.10.2025	Unmodified
Stanwell Corporation Limited	29.08.2025	Unmodified

Source: Queensland Audit Office from reports issued to relevant entities.

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 the group will cover the entity's 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 reports.

Accordingly, the Auditor-General will not issue audit opinions for the following controlled public sector entities for 2025, as they were not required to produce financial reports.

Figure F1
Energy sector entities not preparing financial reports in 2024–25

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
BCWF 2 Pty Ltd (Boulder Creek Wind Farm 2 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
Lotus Creek Wind Farm Pty Ltd	Deed of cross guarantee ASIC order
T75 CS Energy Segregated Cell of White Rock Insurance (SAC) Ltd	Non-reporting
Queensland Wind 2 Holdings Pty Ltd	Deed of cross guarantee ASIC order
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
CQ-H2 Industrial Water Pty Ltd	Non-reporting
Glen Wilga Coal Pty Ltd	Dormant

Public sector entity	Reason for not preparing financial statements
Goondi Energy Pty Ltd	Dormant
Mica Creek Pty Ltd	Dormant
SCL North West Pty Ltd	Dormant
Stanwell Asset Maintenance Company Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Cressbrook Pty Ltd	Non-Reporting*
Stanwell Cressbrook Hold Co Pty Ltd	Non-Reporting*
Stanwell Cressbrook Hold Co Pty Ltd as trustee for the Stanwell Cressbrook Hold Trust	Deed of cross guarantee ASIC order
Stanwell Cressbrook Hold Trust	Deed of cross guarantee ASIC order
Stanwell Cressbrook Project Co Pty Ltd	Non-Reporting*
Stanwell Cressbrook Project Trust	Deed of cross guarantee ASIC order
Stanwell Cressbrook Project Co Pty Ltd as trustee for the Stanwell Cressbrook Project Trust	Non-Reporting*
Stanwell Firming Holdings Pty Ltd	Non-Reporting*
Stanwell Lockyer Pty Ltd	Non-Reporting*
Stanwell Lockyer LandCo Pty Ltd	Non-Reporting*
Stanwell Lockyer Project Co Pty Ltd	Non-Reporting*
Stanwell Renewable Energy Holdings Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 1 Hold Co Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 1 Hold Co Pty Ltd as Trustee for the Stanwell Wambo Stage 1 Hold Trust	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 1 Hold Trust	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 1 Project Co Pty Ltd	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 1 Project Co Pty Ltd as Trustee for the Stanwell Wambo Stage 1 Project Trust	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 1 Project Trust	Deed of cross guarantee ASIC order
Stanwell Wambo Stage 1 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	Deed of cross guarantee ASIC order
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 the Stanwell Wambo Stage 2 Project Trust	Deed of cross guarantee ASIC order
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
Controlled entities of CleanCo Queensland Limited	
Moah Creek Wind Farm Hold Co Pty Ltd	Non-reporting
Moah Creek Wind Farm Hold Trust	Non-reporting

Public sector entity	Reason for not preparing financial statements
Moah Creek Wind Farm Project Co Pty Ltd	Non-reporting
Moah Creek Wind Farm Project Trust	Non-reporting
Mt Rawdon Pumped Hydro Project	Non-reporting
Generation	
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' financial results – for the year ended 30 June 2025

Amounts in $'000								
Entity	**Total assets**	**Total liabilities**	**Total income**	**Total expenses (incl. tax)**	**Operating result after tax**	**Returns to shareholders[4]**	**Finance costs**	**Total borrowings[3]**
CleanCo	2,494,345	1,556,032	936,061	918,234	17,827	16,977	64,426	713,171
CS Energy	3,468,028	2,497,607	1,946,072	2,270,455	(324,383)	112,299	99,336	1,459,045
Energy Queensland[1]	31,662,000	27,371,000	6,682,000	6,776,000	(94,000)	(38,000)	860,000	21,970,000
Powerlink	11,809,462	8,242,739	1,309,276	1,206,290	102,986	147,253	279,012	6,403,471
Stanwell	5,934,807	3,651,985	3,453,149	3,023,917	429,232	539,419	65,548	1,184,931
Total	**55,368,642**	**43,319,363**	**14,326,558**	**14,194,896**	**131,662**	**777,948**	**1,368,322**	**31,730,618**
Ergon Energy Queensland	1,018,282	856,857	2,555,712	2,404,606	151,106	211,774	493	-
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.

3 – Total borrowings are Queensland Treasury Corporation loans, and Clean Energy Finance Corporation loans (Powerlink). Borrowings referenced within the body of the report also include lease liabilities.

4 – Returns to shareholders include dividends and income tax equivalents.

Yurika Pty Ltd did not prepare financial statements for 2024–25.

Source: Compiled by the Queensland Audit Office from audited financial statements.

Figure G2
Energy sector entities' financial results – 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[4]**	**Finance costs**	**Total borrowings[3]**
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	1,168,516	1,118,273	50,243	142,106	227,088	5,712,418
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**	**13,456,777**	**12,831,093**	**625,684**	**986,492**	**1,189,058**	**28,941,758**
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.

3 – Total borrowings are Queensland Treasury Corporation loans, and Clean Energy Finance Corporation loans (Powerlink). Borrowings referenced within the body of the report also include lease liabilities.

4 – Returns to shareholders include dividends and income tax equivalents.

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

Source: Compiled by the Queensland Audit Office from audited financial statements.

H. Wholesale electricity prices

Figure H1
Historical wholesale electricity prices

Average price by year ($ per MWh)					
Financial year	**NSW**	**QLD**	**SA**	**VIC**	**TAS**
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
2024–25	$128.16	$109.54	$104.31	$86.84	$109.26
Movement from 2023–24 to 2024–25	**$26.59**	**$21.74**	**$25.75**	**$23.55**	**$40.19**
Movement % from 2023–24 to 2024–25	26.18%	24.76%	32.78%	37.21%	58.19%

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 3 July 2025.

I. Performance guarantees

Figure I1
Performance of generator entities against the Electricity Maintenance Guarantee

KPIs	Metrics	Target	CleanCo	CS Energy	Stanwell
Personal safety	Critical control verifications	100%	✓	✓	✓
	Values interactions	5,940 per year			✓
	Serious environmental event	Nil			✓
	Significant injury or fatality	Nil	✓	✓	✓
Process safety	Process safety bowties[1]	100%	✓	✓	✓
	Process safety awareness training[2]	90%	✓		
	Safety critical equipment[2]	100%		✗	
	Critical element verification[2]	100%			✓
	Significant process safety event	Nil	✓	✗	
Maintenance	Priority capital projects	100%	✓	✗	✓
	Statutory maintenance completion	100%	✓	✗	✓
Plant performance	Forced outage factor[3]	≤5% / ≤10%	✗	✗	✓
	Peak summer availability	90% / >90.5%	✓	✓	✓

Notes:

1 – Process safety bowties refer to a risk assessment diagram that displays hazards and barriers, and their overall risk and control.

2 – While all the generator entities have metrics that fall under process safety, we note that CS Energy and Stanwell have an alternative metric of 'safety critical equipment' and 'critical element verification' respectively, in place of 'process safety awareness training'.

3 – The forced outage factor is a percentage of a given period that a generating unit is not available due to an outage that could not have been reasonably delayed by 48 hours.

Source: Compiled on 9 September 2025 by Queensland Audit Office from energy entities' annual reports and media releases.

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