

Report on a page

This report summarises the audit results of Queensland's six 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 all entities in the energy sector are reliable and comply with relevant laws and standards. They were prepared in a timely manner and were of good quality.

Weaknesses in the security of information systems

We continue to identify weaknesses in the entities' information systems.

Implementing new systems requires entities to establish new processes for assigning and monitoring access to their systems. Significant weaknesses were identified in these processes. Given how much entities rely on their information systems, they all need to strengthen their security.

Energy Queensland and Ergon Energy Queensland have been implementing their new information systems since December 2017. One significant change in scope has caused the project to be delayed, with estimated final completion by December 2022. The total expected cost is \$650 million, which is \$77 million over the revised budget.

Sector profits have increased

The energy sector's profits increased from 2019–20, due to an increase in profit from the generators of \$461 million. This was largely due to their power stations not decreasing in value as much as in 2019–20. Stanwell recorded a \$375 million profit in 2020–21.

In May and June 2021, electricity prices increased. One of the main causes for the higher prices was the Callide C incident. On 25 May 2021 there was an incident at CS Energy's Callide C power station which forced the unit offline. Subsequently, multiple power stations and transmission lines tripped, resulting in blackouts to approximately 470,000 properties across the state. CS Energy is seeking recovery from its insurer for material damage and business interruption.

Profits from the transmission and distribution entities declined by \$223 million, due largely to a reduction in the revenue they are permitted by the Australian Energy Regulator to earn from their core business (transporting electricity to customers).

Future challenges

As the sector diversifies to renewable sources, the energy entities need to ensure they remain profitable and deliver reliable electricity supply to Queenslanders. The generators continue to invest in renewable energy primarily through power purchase agreements with privately owned solar and wind farms.

Integrating renewables and new technology into the electricity network is also a challenge as the sources can be in remote areas and can provide less predictable supply. With reduced profits, transmission and distribution entities need to manage their costs while maintaining network strength and stability.

