

# Stabilising electricity prices for Queensland consumers

High voltage tower in rural Queensland

Since 2015, the Queensland Government has delivered a range of reforms to successfully stabilise electricity prices in Queensland. In response to emerging challenges, the Government will implement a package of new initiatives to ensure consumers can continue to access affordable and secure electricity supply.

Over the past two years, average residential electricity prices in Queensland have increased by only 1.2 per cent per annum

This outcome is the result of the Queensland Government taking strong and proactive action to improve electricity affordability, including:

- ▶ deregulating South East Queensland electricity prices on 1 July 2016 to enhance market competition
- ▶ providing over \$1 billion between 2015–16 and 2016–17 to support regional Queensland consumers through the Uniform Tariff Policy
- ▶ directing Energex and Ergon Energy not to challenge the Australian Energy Regulator's decision on network revenues, thereby locking in lower network tariffs between 2015 and 2020
- ▶ extending the Electricity Rebate to Health Care Card holders and asylum seekers.

While this action has helped reduce the pressure on electricity bills, recent supply and demand shocks have led to unprecedented increases in wholesale energy prices across the National Electricity Market.

Given these pressures, the Queensland Government will take additional steps to provide immediate price relief over the next three years.

## ACTIONS

- ▶ Provide electricity price relief by investing \$770 million to cover the cost of the Solar Bonus Scheme
- ▶ Return Swanbank E gas-fired power station to service to increase supply and reduce volatility in the Queensland wholesale market
- ▶ Direct Stanwell Corporation to undertake strategies to place downward pressure on wholesale prices
- ▶ Investigate the restructure of Government owned generators and the establishment of a 'CleanCo'
- ▶ Implement the Queensland Gas Action Plan and increase gas supply for the Australian market



**Queensland  
Government**



# Our actions in more detail

## Provide electricity price relief by investing \$770 million to cover the cost of the Solar Bonus Scheme

The Queensland Government is committed to stable electricity prices and due in part to the Government's efforts, average residential electricity bills have risen by just 1.2 per cent per annum over the last two years.

However, the Government understands that recent supply and demand shocks have led to unprecedented increases in wholesale energy prices in Queensland and across the National Electricity Market.

To ensure continued price stabilisation, the Government has:

- ▶ directed Energy Queensland to remove the cost of the Solar Bonus Scheme from electricity bills over the next three years
- ▶ reissued a new delegation to the Queensland Competition Authority to set 2017–18 prices in line with the reduced rates.

This action will limit the bill increase for a typical regional household customer in 2017–18 to around 3.3 per cent, and place downward pressure on prices in 2018–19 and 2019–20. The benefits will also flow to South East Queensland customers. As a result, the bill for a typical household will have increased by just over 1.9 per cent per annum over the last three years.

The cost of the Solar Bonus Scheme will be transferred to the Government at an estimated cost of \$770 million.

## Return Swanbank E gas-fired power station to service

As a result of extreme heat wave events in Queensland and in southern states, there has been significant volatility and upward pressure on wholesale electricity prices across the National Electricity Market. Increasing generation supply will help minimise future volatility and reinforce the state's energy security over the coming summers.

To achieve this objective, the Queensland Government has directed Stanwell to return its 385 megawatt Swanbank E power station to service in late 2017 to support the market over the summer period.

The Queensland Government does not want to see a repeat of the events of last summer, including record wholesale prices and load shedding in southern states in February 2017 due to unprecedented demand on the electricity system – which put industrial customers and jobs at risk.

Wholesale costs make up a larger proportion of electricity bills for large customers – industrial users and manufacturing plant – meaning they are more exposed to the impacts of market volatility.

The Queensland Government understands an affordable and secure energy supply is essential for a strong economy, which is why we are acting to protect our industrial customers most affected by wholesale market volatility, as well as the jobs they provide.

By bringing Swanbank E back online for summer 2017-18, the Queensland Government aims to support more stable wholesale prices in Queensland, helping to ensure Queensland customers continue to have security of supply even when demand is at its highest, protecting jobs and our economy.

## Direct Stanwell Corporation to undertake strategies to place downward pressure on wholesale prices

As a shareholder of electricity assets, we have the ability to take steps to counter some of the impacts being seen in the broader national electricity market that are resulting in higher wholesale prices and volatility during peak demand periods.

To complement the return of Swanbank E, the Queensland Government has directed Stanwell to alter its bidding strategies to help put as much downward pressure on wholesale electricity prices as possible.

This action is only possible because we have kept our electricity assets in public hands, enabling the Government to deliver better outcomes for Queensland electricity consumers.

## Investigate the restructure of Government owned generators and the establishment of a 'CleanCo'

In parallel with implementing other strategies to reduce wholesale prices, the Government will investigate a restructure of Government owned generators to deliver improved market outcomes.

The Government will consider establishing a separate 'CleanCo' generator to operate Queensland's existing renewable and low-emissions energy generation assets and develop new renewable energy projects.

The investigation will provide recommendations to the Queensland Government in the first half of 2018.

## Implement the Queensland Gas Action Plan and increase gas supply for the Australian market

Gas supply issues are having significant impact on industrial users and the electricity market. The lack of availability of gas nationally for generation is contributing to upward pressure on wholesale electricity prices.

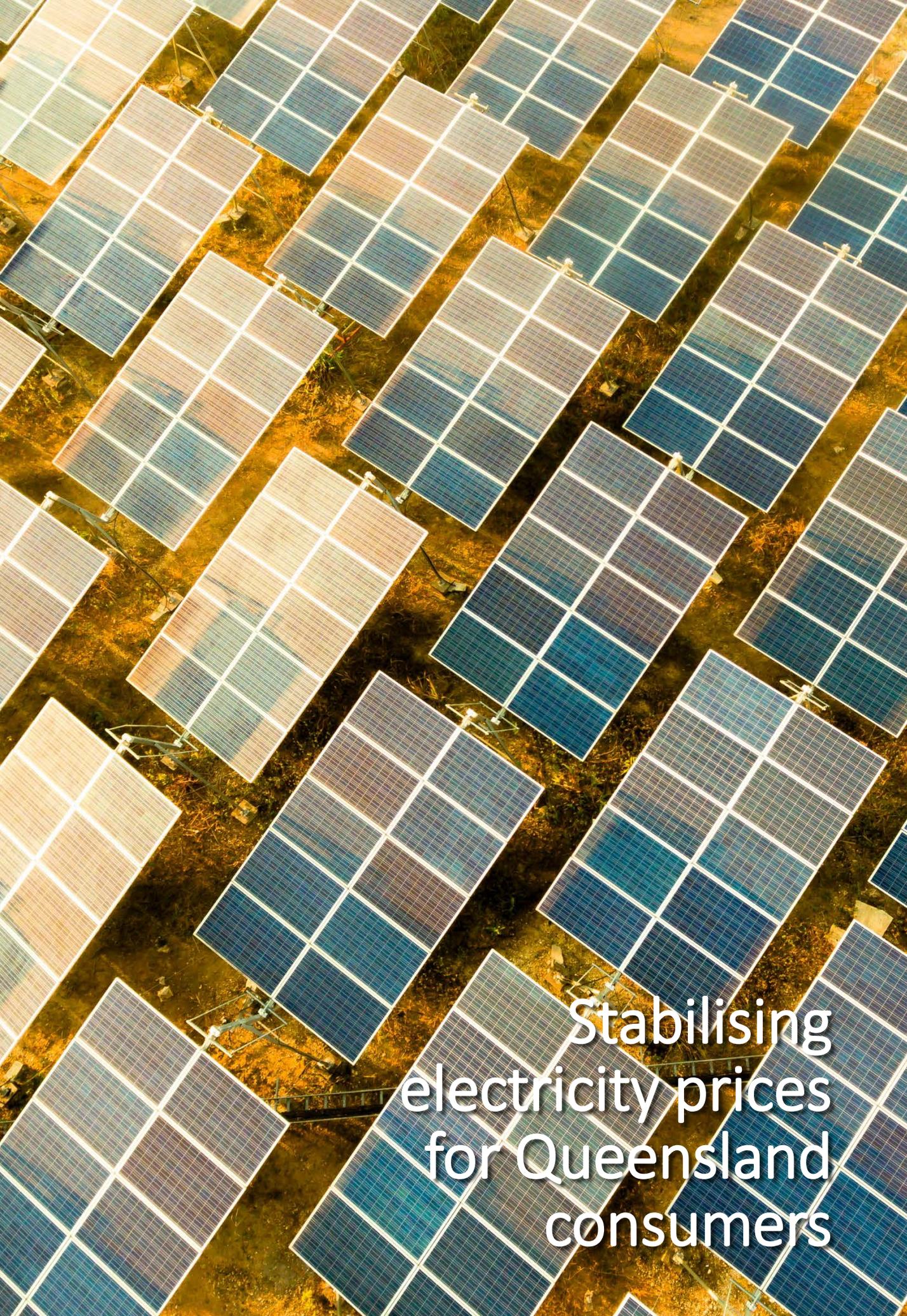
The Queensland Gas Action Plan will deliver a range of initiatives to increase gas supply and reduce barriers to market.

In order to increase gas supply, in February 2017, the Government released a tender for gas development and production in the Surat Basin involving 58 square kilometres of land with an Australia-only sale condition on the gas produced.

The Government is looking at further and larger land releases in the Surat Basin with the same Australian market conditions, and will soon release another 395 square kilometres of land for gas development to supply the east coast Australian market. Releasing more land will drive employment and investment in regional Queensland and eventually add to the gas currently available for domestic use.



Talinga gas plant



Stabilising  
electricity prices  
for Queensland  
consumers