

PRESS RELEASE

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Queensland Government beneficiary of uncompetitive power pricing

Electricity costs continue to rise in Queensland, threatening the wellbeing of Queenslanders, claimed large energy users today.

‘Higher wholesale power prices are threatening jobs, notably in industries important to the Queensland economy,’ said Phil Barresi, Chief Executive Officer of the Energy Users Association of Australia.

‘Wholesale electricity prices in Queensland are being driven up by the bidding behaviour of State Government-owned power generators CS Energy and Stanwell Corporation,’ said Mr Barresi. ‘Large market influence held by Government-owned generators is allowing them to earn inflated revenue, despite a large excess of supply in the power system.’

‘Similar oversupply in other states such as NSW and Victoria has meant lower wholesale prices for generators in those States, with a lower cost of doing business as a result,’ said Mr Barresi.

A key difference between Queensland and other major state economies of NSW and Victoria is the high concentration of market power in the hands of the two state owned power generating companies in Queensland.

‘The market is not working properly because there is inadequate competition to maintain competitive bids from generators in their sale of electricity,’ said Mr Barresi. ‘In the absence of a change to the high priced bidding practices of the State Government’s generators, a change is needed to the structure that allows the uncompetitive pricing to arise and hurt both industry and domestic consumers.’

‘Such changes should remove the market power of the State’s generators, so that prices can properly reflect demand and supply,’ said Mr Barresi. ‘A break-up of the State-owned generation businesses must be considered an option as part of this evaluation.’

‘The State Government is benefitting from these market behaviours at the expense of the public,’ said Mr Barresi. ‘This will add costs for the public, and ultimately contribute to reducing people’s standard of living when jobs leave the state.’

The EUAA is the peak industry body for Australia’s energy users including manufacturers, retailers and resource-based industries.

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