



Together we're the Energy of Queensland

Annual Report 2023-24





Energy Queensland acknowledges the traditional custodians of the land on which we live and work, and recognise their continuing connection to land, waters, and community. We would also like to pay our respects to Elders past and present for they hold the memories, the traditions, the culture and hopes of First Nations people. We also acknowledge that the lands and waters beneath the poles and wires that stretch across the communities where we live and work, was and always will be traditional Aboriginal and/or Torres Strait Islander land.

About this report

Energy Queensland Limited's Annual Report 2023-24 provides an overview of our financial and non-financial performance for the year ended 30 June 2024.

This report outlines the activities undertaken by the Energy Queensland Group – Energex Limited, Ergon Energy Corporation Limited (Ergon Energy Network/Ergon Network), Ergon Energy Queensland Pty Ltd (Ergon Energy Retail/Ergon Retail) and Yurika Pty Ltd – throughout the year, as well as the associated performance outcomes.

Our aim is to build trust by demonstrating all that we are doing to support the energy transformation to a cleaner, greener future, while considering our customers and communities at every step of our journey.

To meet best practice reporting standards, we have prepared this report with guidance from the Global Reporting Initiative (GRI) Standard, as well as the Integrated Reporting Framework, and other reporting disclosure standards.

Accordingly, we have incorporated a Sustainability Report structured around our contribution to our most material Environmental, Social and Governance (ESG) topics. You will find more information about our sustainability approach and material topics on page 16.

This report also meets our legislative requirements under the *Government Owned Corporations Act 1993* and the *Financial Accountability Act 2009*.

We welcome your feedback on our reporting. Comments or suggestions, and requests for hard copies, can be directed to community@energyq.com.au

This report and previous reports are available on our website – www.energyq.com.au

Pictured on cover: Energex's Ipswich Neighbourhood Battery Trial is progressing under the project management and technical direction of Tanya Angus and Steve Richardson – storing clean energy locally, for use locally when electricity is in high demand. In partnership with Origin, the trial is allowing households with solar, as well as those without solar, to save with a community battery offer.

Pictured above: Energy Queensland's Reconciliation Action Plan (RAP) design. Created by Indigenous creative and digital design agency, ingeous studios, the design demonstrates a modern representation of our work and commitment to a just, equitable, and reconciled Australia.

About us

Energy Queensland is at the forefront of Queensland’s energy transformation – *energising Queensland communities.*

We manage an integrated energy system, and are embracing renewable energy, to deliver Queenslanders safe, secure, and sustainable electricity.

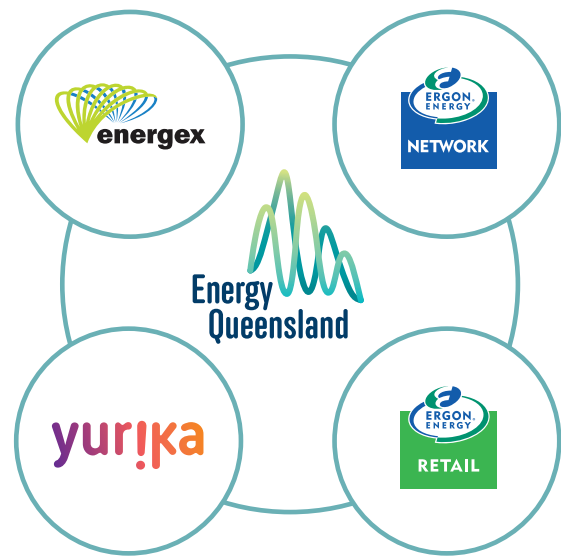
Together with our customers, our communities, and our industry partners *we are the energy of Queensland.*

Energy Queensland is Australia’s largest, wholly government-owned electricity company, comprising Energex and Ergon Energy Network, Ergon Energy Retail, and Yurika.

The Group was created in 2016, from a predecessor history of over 100 plus years of experience in electricity retailing, distribution, transmission, and generation.

Our shareholding Ministers, on behalf of the Queensland community, are the Deputy Premier, Treasurer and Minister for Trade and Investment, and the Minister for Energy and Clean Economy Jobs.

We have a unifying vision, purpose, and set of values that guide everything we do. Our vision helps us to understand where we are heading, our purpose is what we do (our core role), and our values are how we do it.



Our vision

We energise Queensland communities.

Our purpose

To safely deliver secure, affordable and sustainable energy solutions with our communities and customers.

Our values

WE'RE SAFE

We prioritise the physical safety and mental wellbeing of our people, customers, and communities

WE BELONG

We embrace diversity, empower all to excel, and unite to become stronger together

WE GROW

We foster both personal growth for collective success and innovation to build Queensland's energy future

WE DELIVER

We deliver on personal commitments to build our shared achievements

Ergon Network and Energex

Our 'poles and wires' businesses, Ergon Network and Energex build, operate, and maintain Queensland's electricity distribution networks. We supply more than five million Queenslanders, through more than 200,000 kilometres of electricity networks, and 33 isolated systems.

Being a monopoly, our distribution networks are regulated by the Australian Energy Regulator (AER). The regulator determines the revenue we are allowed to collect from customers for their use of our networks. These charges make up around a third of the retail price of electricity.

Every five years we submit Regulatory Proposals and Tariff Structure Statements to the AER, detailing our proposed investment plans, revenue requirements, and tariff structures for the coming five-year regulatory control period. We also operate under Queensland Government and national electricity industry laws and regulations.

Ergon Retail

Ergon Retail, our retail business, purchases electricity from the state's generators and sells it to customers across regional Queensland.

Ergon Retail charges the Queensland Government's notified prices, which are set by the Queensland Competition Authority (QCA). This ensures all Queenslanders should pay no more for their electricity, regardless of their location or varying supply costs.

Our customer numbers make Ergon Retail the fourth largest retailer in the National Electricity Market (NEM). As well as wholesale energy, they also own a network-connected power station at Barcaldine.

Yurika

Yurika provides integrated solutions in energy and infrastructure, energy supplies, metering, telecommunications, and digital services to connect its customers to a sustainable energy future.

Our customers

We have over 2.3 million connected customers, or network connections, across our Queensland network, of which 772,000 across regional Queensland are Ergon Retail customers. We also service commercial and industrial customers through Yurika.

We proactively engage with our customers to enhance our service and collaboratively plan for Queensland's energy future. We assist with customer enquiries via our five customer contact centres and three network control centres.

Our communities

As an essential service, we are the foundation to lives and livelihoods across the state. We also provide local benefits through employment and procurement, and our community investment. We collaborate on new infrastructure and existing asset upgrades. Our teams are on-site when needed after severe weather events. We engage across our operational areas to ensure we are meeting local needs.

Our people

We employ over 9,000 people in a vast variety of roles across our businesses. This includes professional, para-professional and trade roles, and apprenticeships and graduate placements.

Our focus is on creating a future fit workforce, with a diverse mix of capable and high-performing people, to deliver the best results for our customers and community.

We place great importance on safety. As an industry leader in health and safety we are striving for continuous improvement across all areas of our organisation.

Our industry partners

We collaborate with a diverse range of industry partners across the supply chain, including electricity generators, retailers, and other transmission and distribution service providers. Our partnerships extend to property developers, builders, electrical contractors, and solar installers/suppliers, along with other technology providers. These collaborations play a crucial role in servicing and connecting Queensland's homes and businesses to our network, enhancing our reach and impact.

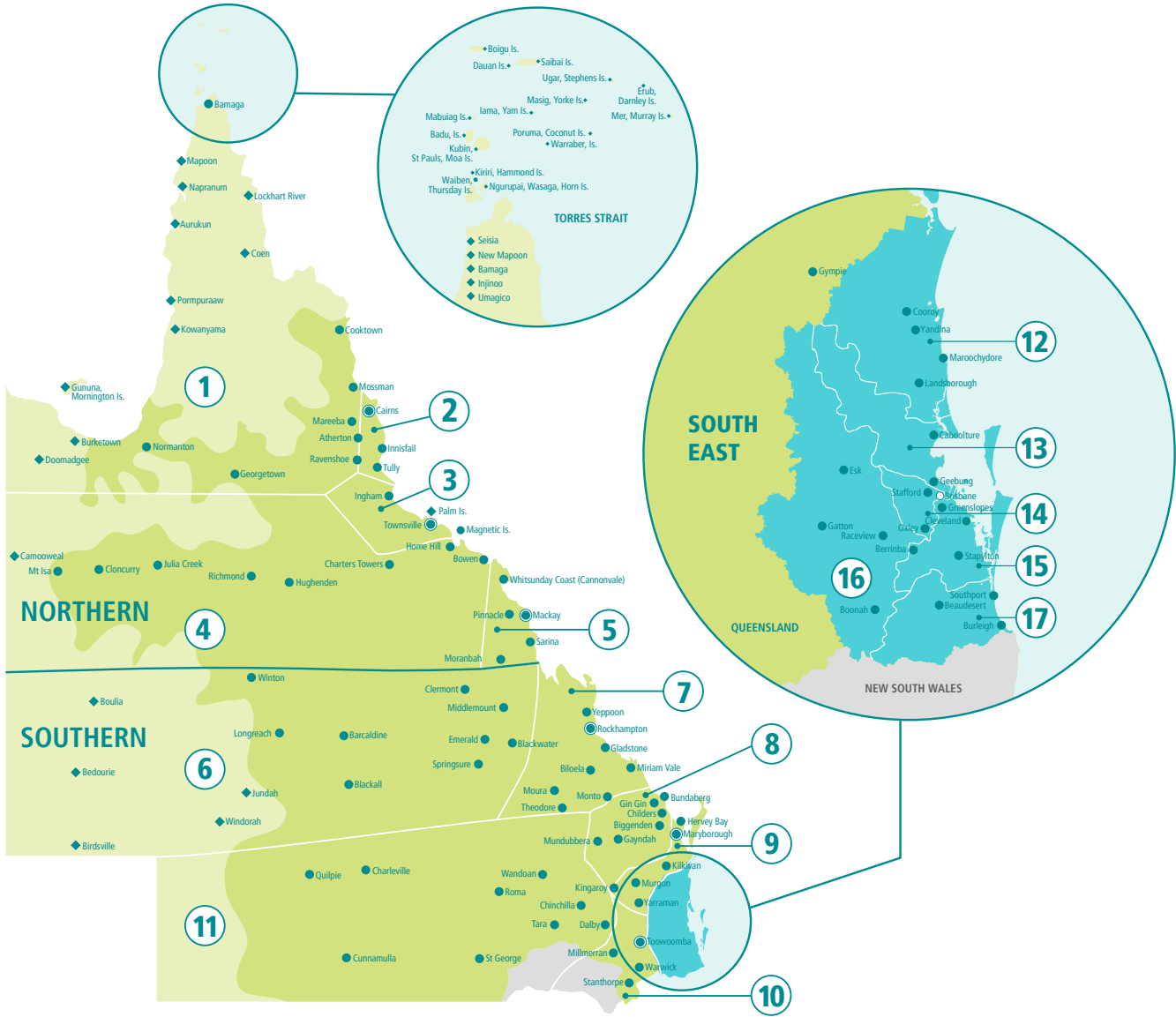
Our environment

We operate across the state, and nationally, in sensitive environments, like the Wet Tropics in the Far North and further afield, to high-density urban environments, like those in the South East.

We prioritise environmental responsibility and sustainable development. Our Health, Safety and Environment System, developed in line with ISO14001:2015 Environmental Management System and certified by an independent body, allows us to manage environmental and cultural heritage risks. The system addresses risk management, planning, training, reporting, auditing, and review, reflecting our commitment to continual improvement.

Our core service areas

In Queensland, we operate from the Tweed River to the Torres Strait and from Brisbane to Birdsville, with 17 service areas and 117 depots and offices across the state. Through the services provided by Yurika, our reach also extends beyond Queensland.



- Ergon Energy Distribution Network
- Ergon Energy Isolated Supply
- Energex Distribution Network
- Ergon Energy Retail

- Administration Centre
- Depots
- ◆ Isolated Supply

Our 17 service areas

- | | |
|---------------------|---------------------|
| 1 Far North | 10 Darling Downs |
| 2 Tropical Coast | 11 South West |
| 3 Herbert | 12 Sunshine Coast |
| 4 Flinders | 13 Brisbane North |
| 5 Pioneer | 14 Brisbane Central |
| 6 Central West | 15 Brisbane South |
| 7 Capricornia | 16 Ipswich Lockyer |
| 8 Bundaberg Burnett | 17 Gold Coast |
| 9 Fraser Burnett | |

Our numbers

9,300+
employees

2,350,000
connected customers

graduates and
apprentices **581**

772,000
retail customers

\$30.3 billion
asset base

210,000km
powerlines (overhead and underground)

1.7 million
power poles

34 power stations
(including network-
connected Barcaldine)

5 customer
contact
centres **3** network
control
centres

35,700GWh
electricity distributed (a year)

Energex
unplanned
outages **0.78**
(average per customer a year)

Ergon Energy Network
unplanned
outages **2.11**
(average per customer a year)

850,000+ small-scale solar energy
systems connected

44 large-scale solar energy connections

Contents

Our annual reporting suite of documents includes the following stand-alone elements.

About us Pages 1-4	The year in review Pages 6-14	Sustainability report Pages 15-66 <ul style="list-style-type: none">• Customers and communities• Climate change and environment• Our people• Economic value	
Governance Pages 67-79	Directors' report Pages 80-84	Annual financial report Pages 85-156	Energy Charter Disclosure Report Available online

We table this document and these additional documents in the Queensland Parliament.

Energy Queensland Limited Statement of Corporate Intent 2023-24 Available online	Ergon Energy Queensland Pty Ltd Annual Financial Report (Ergon Retail) Available online
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Ergon Network and Energex field crews working tirelessly to restore power to the 135,000 homes and businesses affected by severe storms in the South East over Christmas in 2023 (page 39).





The year in review

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Highlights

Moved Ergon Retail to a new operating model and technology platform,

personalising our service experience, and allowing for innovation as energy-related service offerings transform.

Invested \$2.2 billion to keep Queensland's electricity network safe, reliable, and secure

with a significant safety-driven investment in asset renewal. The elevated program of works was delivered despite the impact of the summer storm season.

Restored the power to over 300,000 homes and businesses in need following a brutal summer

of bushfires, cyclones, floods, and severe storms, with innovations delivering positive safety, efficiency, and customer outcomes.

Established new customer advocacy working groups and 'Voice of the Customer Panels'

to address specific energy-wide industry challenges and deliberate on our 'future' network-related services.

Established new First Nations identified roles to guide our second Reconciliation Action Plan and community-level engagement

– a highlight was the launch of Ergon Retail's PowerSavvy energy education program in our remote communities.

Accelerated the deployment of utility-scale batteries and advanced our neighbourhood and community battery initiatives

– storing clean energy locally, for use locally when electricity is in high demand.

Yurika continued to grow its presence in the resources and renewables industry,

supporting Australia's largest wind farm projects, installing utility-scale batteries, and trialling vanadium flow tech, as well as constructing a community microgrid, and driving the electrification of transport.

Grew our workforce by over 10% as part of our commitment to supporting the energy transformation

– including another record intake of apprentices and graduates, as we build a skills pipeline for the future.

Halved the Group's Significant Injury Frequency Rate to 0.4 with a continuous focus on high-risk hazards – including driver safety, and our approach to natural disaster response.

Refurbished Thursday Island's iconic wind turbines

– saving several thousands of litres of diesel a week as we ramp up the decarbonisation of our remote or isolated communities' power supplies.

Celebrated a 73% employee engagement score, well above industry average,

with the launch of a new set of employee-led corporate values, improvements to change leadership, pride in our disaster response, and advances in employment conditions.

Ergon Network and Energex submitted proposals to the Regulator with a strong focus on energy affordability, using a range of strategies to limit future increases in distribution network charges.

Chair's message

The energy sector is undergoing exciting and complex changes as we rapidly transform to renewable energy and move towards net zero. Energy Queensland is at the forefront of this change Australia-wide. We are not merely adapting; we are leading the way towards a sustainable and innovative energy future.

Planning for the future

To ensure our business delivers through the energy transformation, during the year the Board and the Executive collaborated to develop a new Strategic Plan for the Energy Queensland Group. Importantly, we worked through what we wanted to be known for, and where we needed to focus.

In short, our four focus areas are: a smart, safe, and secure energy system; new customer experience standards; a greener tomorrow; and lastly, operational excellence and being future-fit. While our actions will evolve as we take advantage of future opportunities, I am confident the plan has already positioned us well and will help guide our decisions as we move forward.

Our strategic focus areas:



Powering tomorrow

The fusion of a smart, safe and secure energy system



Experience excellence

Setting new standards for customers in their energy transition



Sustainable future

Leading the charge for a successful, greener tomorrow



Anchored in strength

Striving for operational excellence and creating a future-fit employee experience

Supporting the Queensland Energy and Jobs Plan

Ergon Network, Energex, Yurika, and Ergon Retail are already making a significant contribution to a renewable energy future for Queensland.

We are supporting the Queensland Government's [Queensland Energy and Jobs Plan](#) in ten main areas:

- Green Energy for 2032 Olympics and Paralympics
- Energy Firming
- Energy Storage
- Clean Energy for Isolated Communities
- Jobs and Workforce
- Electrification of Transport
- Retailer of the Future
- Smart Meters
- Vulnerable Customers
- Distribution System Operator.

This report details the actions we have taken to deliver in these areas during the year.

Energy storage is one of our leading solutions to achieving the Queensland Government's 75% emissions reduction target by 2035. In response to this, throughout the year, Ergon Network and Energex accelerated the deployment of network-connected, utility-scale batteries. This will also scale further as we move to deliver our Local Network Battery Plan. By 2029, we anticipate having 50 utility-scale batteries connected into our distribution networks across the state.

We are also advancing our neighbourhood and community battery initiatives. These network-connected batteries are storing rooftop solar energy generated during the day, for use at night when energy demand is at its peak.

These efforts have laid the foundation for the Local Renewable Energy Zone projects recently announced by the Queensland Government for Caloundra and Townsville. Importantly, these pilot projects will support every facet of these communities, including renters, vulnerable customers and those living in unit complexes who previously may not have shared in the benefits of renewable energy.

In parallel with this, Ergon Retail continues to be one of the largest purchasers of renewable energy in Queensland, providing the economic support behind some of the state's most significant renewable energy projects. Yurika also continues to support its customers' renewable energy developments, from some of Australia's largest wind farms to more innovative battery and microgrid trials.

In addition to helping our customers, we are also focused on our own carbon footprint. Through Ergon Network, we are making a significant investment in the decarbonisation of remote or isolated power stations, Ergon Retail is introducing a hydrogen-ready upgrade to its Barcaldine Power Station, and our network businesses are continuing to make Queensland's streetlights more energy efficient.

Addressing affordability

Affordability remains a central focus across all our businesses. The cost-of-living pressures across Queensland are something we are acutely aware of.

Throughout the year, we built our five-year investment plans for our distribution networks with consideration of customer feedback. To address concerns around energy affordability, we tested the prudence of each element of our plans, ensuring we are only spending what is absolutely necessary for the continued safety, reliability and broader performance of our electricity networks.

Additionally, during the year, Ergon Retail collaborated with the Queensland Government to provide financial relief to regional Queenslanders, with further cost of living rebates also being rolled out for 2024-25. In addition, as a Government Owned Corporation, our retailer is able to continue to pass on government-subsidised electricity prices.

Our sustainability vision

Our vision for sustainability extends beyond our contribution to the transition to renewables, and our priority on affordability. As part of the strategic planning process, we have commenced the development of an overarching sustainability framework to guide our efforts in addressing what matters most to our customers and communities.

Throughout the year, as a Board, we have focused on a wide range of environmental, social and economic matters where we know the organisation can help foster a more sustainable future, many of which are showcased in this report.

Through the growth of the workforce, we are creating new, and importantly, highly skilled jobs right across Queensland, and developing a pipeline of talent for tomorrow. I have also been personally involved in the national discussion around gender equality. In June 2024, Energy Queensland joined the Equal by 30 Campaign, which aims to accelerate gender equality and diversity in clean energy transitions and close the gender gap by 2030.

Acknowledgements

I would like to thank our CEO, the Executive and all employees for their valuable contribution throughout the year.

I am incredibly proud to be part of an organisation that delivers when it matters most, in a year where Queensland had more than its fair share of natural disasters. We achieved some great outcomes, most notably through our storm season response. Our crews, supported by staff from across the organisation, demonstrated remarkable resilience in restoring power event after event, under extremely trying conditions.

Our people respond to the impact of severe storms and other natural disasters every year, but the organisation's capability to deliver safely and effectively in this area should not be taken for granted, especially as Queensland faces the potential for a greater frequency and severity of events with climate change.

I also want to recognise the important support provided to us by our contractors, the emergency services, local councils, and the Australian Defence Force, as well as our community.

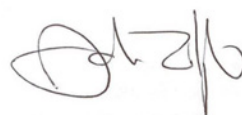
Thank you also to our shareholding Ministers, the Deputy Premier, Treasurer and Minister for Trade and Investment, and the Minister for Energy and Clean Economy Jobs, for their support throughout the year.

And lastly, I would like to thank my fellow Board Directors for their dedication. In particular, I acknowledge the contribution made by Helen Stanton, Hugh Gleeson, and Sandra Diethelm, who finished their tenure as Directors during the year, and welcome Kevin Kehl and Megan O'Hara Sullivan, who joined the Board in June 2024.

The year ahead

In the coming year, our focus will remain on solidifying our position as a leader in the clean energy transformation. We will also maintain our commitment to serving our customers and communities with strategies designed to alleviate cost of living pressures.

I am confident that by working together with our stakeholders, we will continue to uphold our commitment to delivering secure, affordable, and sustainable energy solutions day in, day out for the people of Queensland.



Sarah Zeljko
Chair

CEO's review

Despite a challenging year, as a Group, we realised some strong results throughout 2023-24.

Our unwavering commitment to delivering for Queensland was evident across our achievements, through our response to this year's natural disasters, and our workplace safety result, to our works delivery, and the focus on customer experience.

These accomplishments underscore our maturity as an organisation, and our commitment to a sustainable future.

It is with a tremendous sense of pride that I reflect on the incredible efforts made by our people in response to the numerous natural disasters Queensland experienced over the year's summer months. This included the bushfires west of Toowoomba, Cyclone Jasper in the Far North, the severe storms that devastated the South East over Christmas, and then Cyclone Kirrily in North Queensland. We were prepared, we were swift to act, and we brought our skills and capability. Community feedback following these events was full of praise, acknowledging the enormity of the task and our crews' determination to get the power restored.

Delivering against our key performance areas

Throughout these response efforts safety remained the number one priority. To deliver on our safety targets, we also continued focus on high-risk hazards, such as driver safety, in our day-to-day operations. In this critical performance area we were able to halve the Group's Significant Injury Frequency Rate over the past year. This is not about the number; it is about people returning home safely at the end of the day.

We delivered a \$2.2 billion capital investment program throughout the year, with Queensland Government and Board support, to ensure a safe, reliable, and secure electricity supply for Queensland. Our work delivery metrics exceeded expectations – an outstanding result given the disaster-related disruptions. We invested in our electricity network assets, such as substations and powerlines, and our Future Grid Roadmap. Addressing the risk associated with electricity network assets approaching the end of their serviceable life across the network remained a priority.

We furthered the deployment of our network-connected batteries, which the Chair profiled, as well as the refurbishment of Thursday Island's iconic wind turbines. Driven by a significant surge in electric vehicle adoption across the state, Ergon

Network and Energex also actively supported the growing demand for public charging stations and public transport. Yurika also installed fast-charge stations at 27 new Ampol locations.

While we have had challenges across our service delivery, we've made a firm commitment to set new standards for customers. During the year, to help inform our future network-related services, we established new customer advocacy working groups and 'Voice of the Customer Panels'. Ergon Retail also moved to a new operating model and technology platform to improve customer service and embrace innovation as our service offerings evolve with the energy sector.

Providing a positive employee experience

None of this could have been achieved without an engaged, capable workforce, and a positive organisational culture.

Pleasingly, the year saw a significant increase to our engagement score from our annual employee survey increase, up to 73%. The result places Energy Queensland in the top quartile of organisations across Australia and New Zealand. This is a valuable tool to help us understand what we are doing well, and where we can continue to improve.

To build our capability, we grew our workforce by more than 10% this year, with more than 700 new employees joining our Operations and Engineering teams alone. This included a record number of 173 apprentices (including 47 women), as well as engineering graduates and paraprofessional trainees. It is all part of our commitment to building a future-fit workforce to support Queensland's renewable energy future.

In March 2024, with the support of employee representatives from across the organisation, we introduced a new set of corporate values: We're Safe, We Belong, We Grow, We Deliver. Simplifying our values to 'what matters most' is allowing us to have better conversations around how we want our people to approach their work each day.

Early in 2024, we also launched our Diversity, Equity and Inclusion Plan for 2024-2026 comprising several measures to ensure our organisation better reflects the diversity in our communities. I was honoured to join other energy industry CEOs as a new member of the Champions of Change Coalition's Energy Group in March 2024. The Coalition is dedicated to addressing gender inequality in the workplace.

A new Enterprise Agreement was successfully negotiated, and approved by the Fair Work Commission, boosting employment conditions, while enabling Energy Queensland to rise to the challenges of the energy transformation. It will be in effect from July 2024 to February 2028.

Promoting reconciliation

I am also proud to have launched our second Energy Queensland Reconciliation Action Plan (RAP), reaffirming our commitment to meaningful and active reconciliation with Queensland's First Nations people. This plan focuses on three key areas: education, employment and engagement. To support our new RAP and boost community engagement, we have created three First Nations identified roles.

One of the actions in the RAP is focusing on decarbonising the energy supply in Queensland's isolated First Nations communities. This has seen us engaging with these communities through our Clean Energy Big Yarnin initiative. Ergon Retail has also been delivering the PowerSavvy energy literacy program, in partnership with the Queensland Government and local non-profit organisations.

Financial performance

The year's financial results were impacted by the scale of our emergency response efforts following the natural disasters, and our ongoing focus on the maintenance of our electricity networks.

Our network businesses' financial results were compounded by inflationary costs, which also placed pressure on Yurika's commercial performance. This has seen the Executive team adopt a renewed focus on the many measures underway to improve our productivity, and on future opportunities.

To enable the energy transformation, we know we must increase our efficiency, execute faster and minimise our costs if we are to continue to deliver value for our customers and communities. While an improvement on 2022-23, the Group's result was a Net Loss After Tax of \$65 million. The improvement was supported by a recovery of Ergon Retail's financial performance, as the wholesale energy markets stabilised, and hedging strategies delivered positive outcomes.

Acknowledgements

My thanks go to our Executive Leadership Team and all employees for what has been a demanding year. I must also thank our Chair, Sarah Zeljko and the Board, as well as our shareholding Ministers for their contribution to our organisation and assistance in achieving our goals.

I'd also like to acknowledge the support we receive from our many stakeholders across the state.

Through all our efforts, we are aiming to create a brighter, more sustainable future for all Queenslanders.



Peter Scott
Chief Executive Officer

Summary of Statement of Corporate Intent

This is a summary of our Statement of Corporate Intent (SCI), our formal performance agreement with our shareholding Ministers (performance targets and budget), and our key performance results. Further metrics, and commentary around our performance, are provided throughout the Sustainability Report (pages 15-66).

AREA	MEASURE	2022-23	2023-24	TARGET
Safety and People	Significant Incident Frequency Rate	0.9	0.4 ▼	≤1.1
	Employee Engagement	67%	73% ▲	≥68%
Financial	Net Profit/(Loss) After Tax	(\$213m)	(\$65m) ▼	≥\$73.3m
	Standard Control Service Total Expenditure	\$2,222m	\$2,735m ▲	≤\$2,432.2m
Customer	Customer Satisfaction	72.9	70.3 ▼	≥69
	Operational Delivery	92.4%	94.6% ▲	≥90%
Operations	Queensland-wide Network Reliability: – Duration of unplanned outages – minutes (System Average Interruption Duration Index)	138.5min	151.6min ▲	≤150
	– Number of unplanned outages (System Average Interruption Frequency Index)	1.14	1.21 ▲	≤1.40

Ergon Retail's PowerSavvy program aims to address the cost of living in remote communities and support the clean energy transformation. Pictured here is Ergon Retail specialist Fiona Wright (centre) with Alison and Ytossi (left and right) following their completion of PowerSavvy Champion training to deliver the Household Energy Health Checks (page 48).





Sustainability report

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Reporting what matters

We aim to enhance our reporting year on year to ensure we clearly demonstrate how we create value and deliver benefits to Queensland communities. Accordingly, since 2019, we have worked with our various stakeholders to understand the Environmental, Social and Governance (ESG) topics most important to them. This process ensures we focus on what matters and are transparent about their potential business impact, as well as our impact in these areas. Our contribution in each topic area is covered in this section of our report, across the next four chapters.

Determining our material topics

Our last full sustainability topics assessment in 2022 was guided by the Global Reporting Initiative's Material Topics Standard and other best practice corporate examples. It involved reviewing sustainability publications, insights from our customer/community research and engagement, and employee responses. This allowed us to take a refined list of topics for prioritisation to a representative group of external stakeholders, and internally to senior leaders and sustainability subject matter experts. The topics were validated by our Executive and senior management to ensure they provided stakeholders with a balanced view of the organisation's sustainability contribution and impacts. They were then presented to our Board before being published.

The assessment, along with this year's extensive engagement undertaken to inform our Regulatory Proposals (page 62), reaffirmed that 'Energy Affordability and Value' continues to be our stakeholders' highest priority topic. As an essential part of modern life, we understand affordable clean energy, choice and control, and a sense of value, are important to our customers from both a cost of living and a business competitiveness perspective.

'Security and Reliability of Supply' also remains a priority. With an increasing amount of electricity distribution network infrastructure reaching the end of its serviceable life, and an industry-wide challenge of reliably integrating renewables into the energy system, the risk of power system failures has the potential for significant economic and social impacts.

With increasing concerns associated with climate change and the urgency for emissions reductions, the transformation to 'Renewables and Net Zero Emissions' also remains a key focus. As energy is a major emissions contributor, we have a pivotal role to play in both the renewable energy transformation and the electrification of transport/industry.

The top priorities

Primary Sustainability Topics



ENERGY AFFORDABILITY AND VALUE

As an essential part of modern life, affordable clean energy, choice and control, and a sense of value, is important from both a cost of living and a business competitiveness perspective.



SECURITY AND RELIABILITY OF SUPPLY

Power outages have the potential for economic and social impacts – we have an increasing amount of electricity distribution network infrastructure reaching the end of its serviceable life, and an industry-wide challenge of reliably integrating renewables into the energy system.



RENEWABLES AND NET ZERO EMISSIONS

Queensland is targeting net zero emissions by 2050 and energy is a major emissions contributor. Solutions are needed to support the renewable energy and electrification of transport/industry required for effective climate action.



HEALTH, SAFETY AND WELLBEING

Community safety around electricity as a product and our infrastructure, as well as our own workplace health, safety and wellbeing are central corporate responsibilities for Energy Queensland.



TRUST AND SOCIAL LICENCE

'Doing the right thing' will be critical as the energy industry transforms and customers become increasingly empowered. We must engage meaningfully, build trust, report transparently, and be accountable.



CLIMATE CHANGE AND DISASTER RESILIENCE

Queensland's exposure to natural disasters (incl pandemics) is increasing, requiring community preparedness, with an effective power restoration response for recovery, and to protect those most vulnerable.



ENERGY INCLUSION AND CUSTOMER VULNERABILITY

Many face 'energy poverty' with health, safety and other social impacts. They require affordable electricity, energy literacy education and 'bill' assistance, and to not be left further behind in the energy transition.



ECONOMIC RESILIENCE AND JOBS




Access to competitively-priced electricity and network connections underpins economic growth, and much of Queensland's new economic advantage potential. We also contribute jobs, and traditional and future-focused skills development, and other flow on benefits.

Secondary Sustainability Topics

- Data Access, Privacy and Security
- Future Talent and Workforce Culture
- Digitalisation and Technology Advancement
- Energy Market Policy and Regulation
- Environment and Cultural Heritage
- Customer Experience and Product Innovation
- Economic Contribution and Viability
- Diversity, Equity and Inclusion

Sustainable Development Goals

Our sustainability contribution aligns with the United Nations' Sustainable Development Goals (SDGs). These goals provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. They apply equally to Australia as they do internationally. The three SDGs we believe are most material to our strategy and operations are Goal 7, 9 and 13.

UN SDGS	WHERE WE ARE CONTRIBUTING	HOW WE ARE CONTRIBUTING
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Target 7.1: By 2030, ensure universal access to affordable, reliable, and modern energy services.</p> <p>Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<p>This is core to our purpose as an organisation. We have a priority on affordability, are investing in reliability, and integrating renewable energy into Queensland's energy mix.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Target 9.1: Develop quality, reliable, sustainable, and resilient infrastructure... to support economic development and human well-being, with a focus on affordable and equitable access for all. Our contribution also extends to promoting inclusive and sustainable industrialisation (Target 9.2), and clean and environmentally sound technologies (Target 9.4).</p>	<p>As an essential service provider, we are focused on the security of supply through the clean energy transformation, and safety and reliability outcomes. We are being mindful that those most disadvantaged are not left behind in the transformation.</p>
 <p>13 CLIMATE ACTION</p>	<p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>We are strengthening the resilience of our network to the climate-related hazards and natural disasters experienced across Queensland, and we continue to place a focus on storm safety campaigns, and general energy literacy.</p>

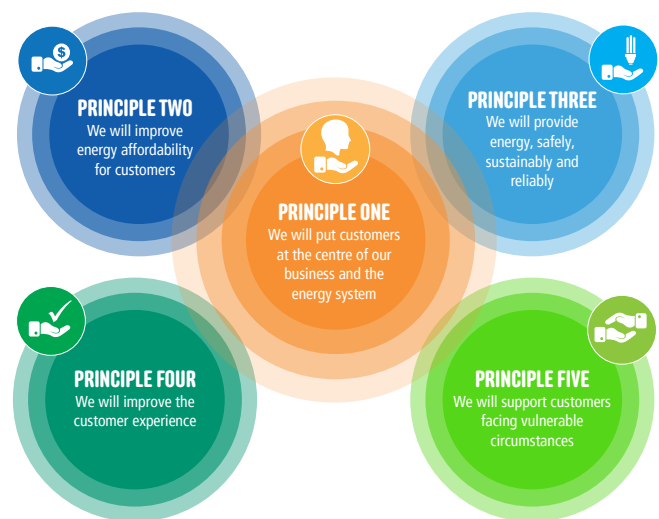
We are also delivering against the targets under these goals, and other individual targets.



Collaborating to deliver against Energy Charter Principles

As a foundation signatory to the national Energy Charter, we are continuing to collaborate with other energy organisations across the supply chain to deliver better customer and community outcomes. During the year, we were part of a range of the Energy Charter's Better Together initiatives. Our involvement and progress against the Charter's Principles is reported in the Energy Queensland's Energy Charter Disclosure Report ([available online](#)).




Furthermore, we are a signatory for the Energy Charter's Knock to Stay Connected Customer Code, and at the 2024 Shared Value Project Awards we proudly received an award for the Innovation category. The retailer-network collaboration, which uses in-person visits to offer support information before disconnection, is avoiding 70-80% of disconnections. The innovative, voluntary Code is about engaging customers that are hard-to-reach by retailers, and enhancing safety for networks, and ultimately maintaining essential energy access for customers.





Source: The Energy Charter


Sustainability performance summary

This is a summary of our sustainability performance against key metrics. To report against our most material ESG topics we have grouped them into four areas, with the top priorities indicated by the icons alongside each area in this table. These areas form the chapters for our Sustainability Report, which contain further details about our contribution and metrics.

METRIC	2022-23	2023-24
Customers and communities Pages 21-36   		
Customer Satisfaction (SCI Target: ≥69)	72.9	70.3 ▼
Net Trust Score (Target: ≥63)	63.6	62.6 ▼
Customer Enablement Index (Target: ≥65)	67.5	68.6 ▲
Ergon Retail Customer Happy Index	–	69.3% –
Ergon Retail Residential Customers in Debt (debt >90 days, excluding customers in the hardship program)	2.0%	2.0% –
Ergon Retail Residential Customers on Hardship Program	6,186	8,652 ▲
Ergon Retail Residential Customer Average Hardship Debt	\$1,050	\$670 ▼
Ergon Retail Customer Sites with Smart (Digital) Meters	38%	48% ▲
Network Customer Connections – Total investment	\$335m	\$392m ▲
Network Customer Connections – % within 5 days (supply available) (Target: ≥95%)	95%	95% –
Network Loss of Supply / Emergency Calls Answered (in 30 seconds)		
- Ergon Network (Target: ≥79.91%)	84.9%	82.9% ▼
- Energex (Target: ≥88.08%)	89.7%	85.4% ▼
Network Guaranteed Service Level Payments (Total number)	15,369	25,109 ▲
Residential Complaints per 100 customers		
- Ergon Network and Energex	0.030	0.025 ▼
- Ergon Retail	0.055	0.064 ▲
Network Reliability – Household Satisfaction	73%	71% ▼
Queensland-wide Network Reliability:		
- Duration of unplanned outages – minutes (System Average Interruption Duration Index/SAIDI) (Target: ≤150.0)	138.5	151.6 ▲
- Number of unplanned outages (System Average Interruption Frequency Index/SAIFI) (Target: ≤1.40)	1.14	1.21 ▲
Ergon Network Reliability:		
- Duration of unplanned outages – minutes (SAIDI) (Target: ≤282.4)	278.5min	286.5min ▲
- Number of unplanned outages (SAIFI) (Target: ≤2.38)	2.15	2.11 ▼
Energex Network Reliability:		
- Duration of unplanned outages – minutes (SAIDI) (Target: ≤81.5)	72.2min	88.2min ▲
- Number of unplanned outages (SAIFI) (Target: ≤0.82)	0.66	0.78 ▲
Network Program of Works Operational Delivery (SCI Target: ≥90%)	92.4%	94.6% ▲
Investment in Queensland's Electricity Networks (Target: \$1.5b)	\$1.4b	\$1.7b ▲
Community Safety Incidents (contact with our networks)	531	506 ▼
Community Safety Campaigns (awareness/ behaviours) (Target: ≥70)	73.7	72.6 ▼

METRIC	2022-23	2023-24
Climate change and environment 		
Pages 37-50		
Solar Energy Systems Connected – New customers	55,245	61,586 ▲
Solar Energy Systems Connected – New storage capacity	557,966kVA	620,126kVA ▲
Group's Carbon Footprint – Combined Scope 1 and 2 emissions (2022-23 Report: note the decrease relates to change in Emissions Factor)	1,810,681 tCO ₂ -e	1,532,032 tCO ₂ -e ▼
Environmental Events Notifiable to the Regulator	5	8 ▲
Waste Diverted from Landfill to Recycling	39%	35% ▼

Our people 		
Pages 51-60		
Employee Engagement (SCI Target: ≥68%)	67%	73% ▲
Employees (total)	8,202	9,311 ▲
Employee Inclusion Index	76%	78% ▲
Women in Senior Leadership Roles	38%	36% ▼
Women Employees	22%	23% ▲
Employees Identifying as First Nations	3.0%	3.4% ▲
Graduates	35	46 ▲
Trainee Para-professionals	20	31 ▲
Apprenticeships	500	535 ▲
Significant Incident Frequency Rate (SCI Target: ≤1.1)	0.9	0.4 ▼
Total Recordable Injury Frequency Rate (Target: ≤7.0)	6.9	7.6 ▲

Economic value 		
Pages 61-66		
Household Electricity Bill Concern (high concern re ability to pay)	53%	56% ▲
Payment to suppliers and employees (Target: ≤\$5,708m)	\$5,567m	\$5,780m ▲
Direct purchases from Queensland Suppliers	\$1.1b	\$1.5b ▲
Net Profit / (Loss) After Tax (SCI Target: ≥\$73.3m)	(\$213m)	(\$65m) ▼
Standard Control Service Total Expenditure (SCI Target: ≤\$2,423.2m:)	\$2,222m	\$2,735m ▲
Community Service Obligation payment (Target: ≤\$602m)	\$621m	\$619m ▼

Enhancing our approach to sustainability

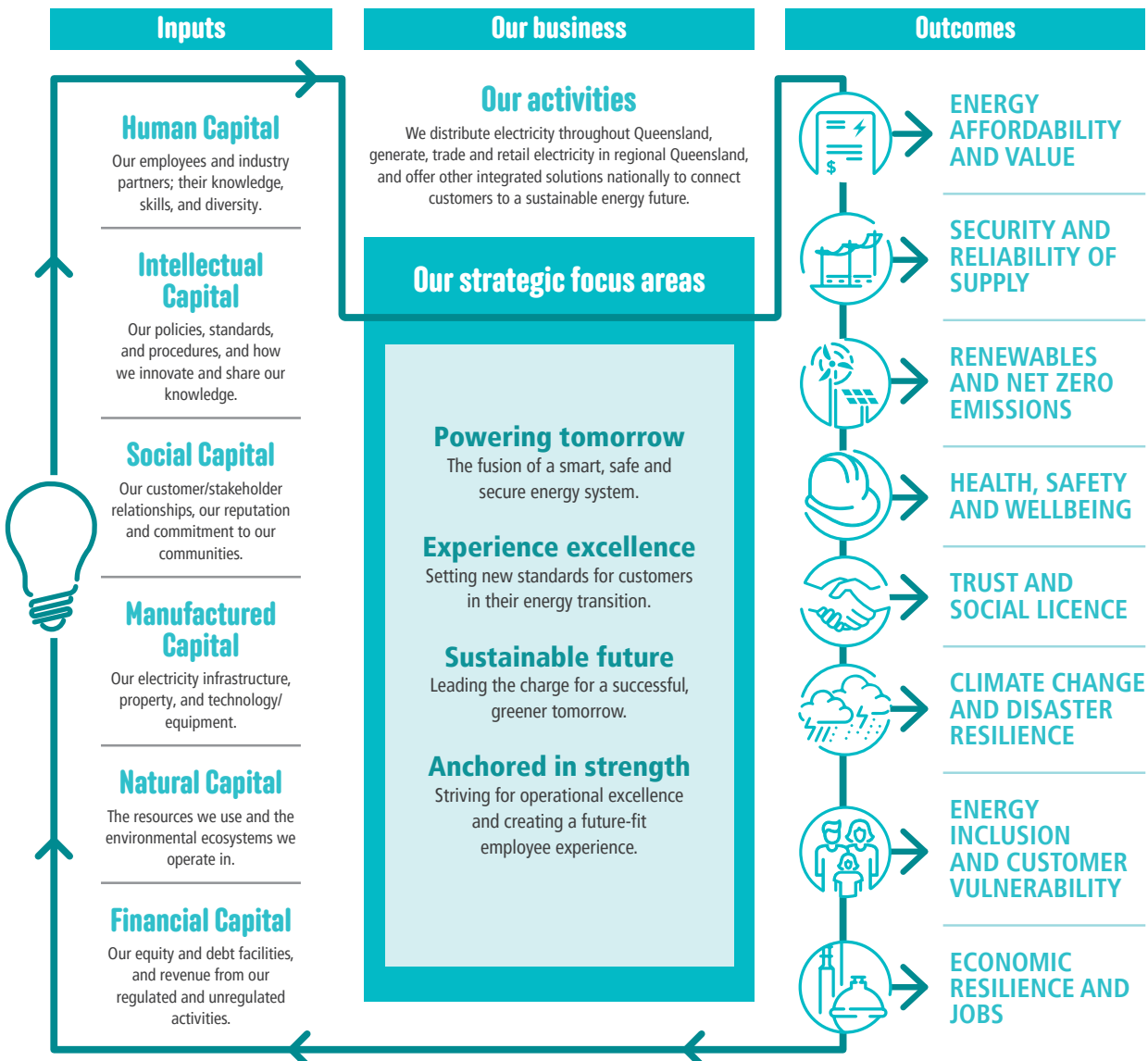
We have always maintained a focus on sustainability, continuously striving to enhance our contribution to a sustainable future for Queensland. But we know there is always more we can do, so we are broadening our approach with a strategic focus area around leading the charge for a successful greener tomorrow.

During the year, this has seen us form an internal Sustainability Working Group, comprising representatives from various areas of the organisation, appoint a Sustainability Manager, and commence a whole-of-business collaborative process to develop an overarching sustainability framework. The aim is to embed ESG commitments into our operational and financial frameworks to ensure prudent investment into long-term sustainability initiatives (including carbon reduction).

Our Board of Directors continue to have oversight of our sustainability performance, supporting our ability to create value in the short, medium, and long term via our corporate governance framework. Our most important sustainability topics are discussed by our four Board committees – the Audit and Risk; Digital Enablement; People, Safety and Environment; and Regulatory and Investment. Energy Queensland’s Governance Statement (pages 73-79) provides further information on the Group’s corporate governance practices.

In the coming year, we will refresh our assessment of our material topics with our stakeholders to ensure we remain focused on the appropriate areas. We will advance our climate-related disclosures, including the risks and opportunities for our businesses as Queensland shifts to a low carbon economy. Our reporting will adhere to the Queensland Government’s Sustainability Reporting Framework, which we anticipate will align with the incoming Australian Accounting Standards Board (AASB) Sustainability Reporting Standards.

How we create value



Customers and communities

Material topics

PRIMARY



SECURITY AND RELIABILITY OF SUPPLY

Our distribution asset management strategies deliver against standards of network reliability – outage frequency and duration, for unplanned and planned, for the different network categories across the state.



TRUST AND SOCIAL LICENCE

As part of our customer and community strategies, we track public sentiment towards our brands, and along with stakeholder feedback, this helps guide our efforts.



ENERGY INCLUSION AND CUSTOMER VULNERABILITY

Through Ergon Retail, our communications strategies raise awareness of Queensland Government's rebates, and our customer service teams support customers in hardship.

SECONDARY

DATA ACCESS, PRIVACY AND SECURITY

To protect our information assets and ensure both critical services and customer data continue to be protected appropriately we have appropriate policies and a Cyber Security Strategy.

CUSTOMER EXPERIENCE AND PRODUCT INNOVATION

As part of our Customer Strategy, we are focused on enabling our employees to deliver for our customers, and responding to service improvement opportunities.

Key outcomes:

- Achieved a Customer Satisfaction Score of 70.3, with employees feeling more empowered to deliver.
- Transitioned Ergon Retail to an enhanced operating model and technology platform.
- Ergon Network and Energex processed more than 53,300 connection applications.
- Yurika continued to strengthen its telecommunications network, servicing government facilities, the resources and renewables industry, and a space rocket launch site.
- Established new customer working groups and 'Voice of the Customer Panels'.
- Invested \$2.2 billion to keep Queensland's electricity network safe, reliable, and secure.
- Provided \$1.2 million in funding to community groups and organisations across Queensland.
- Established new First Nations identified roles as part of our second Reconciliation Action Plan.

Our customer service experience

We are committed to delivering safe, reliable, and secure electricity for our customers and valued experiences based on a foundation of knowledge and understanding of the diversity of needs across all our customers and communities.

During the year, we established 'Experience Excellence' as a strategic focus area, as we look to set new standards for customers in their energy transformation. Meeting service expectations is especially important as cost-of-living pressures, and the electricity price rises from the 2022 wholesale energy market shock, continue to influence public sentiment across our tracking surveys.

Overall, in 2023-24, across our four customer facing brands (Ergon Network, Energex, Ergon Retail and Yurika) we achieved an indexed Customer Satisfaction (CSAT) score of 70.3. While a drop from 72.9, achieved in 2022-23, this remained above our stretch target (≥ 69). This quarterly corporate survey, using an independent survey panel, tracks how satisfied our customers are with the services received by each of our businesses.

Complementing our CSAT score, our well-established Voice of the Customer research program also surveyed more than 55,000 customers directly after they experienced interactions with our services or key touch points. The program continued to provide valuable insights and analytics of our customer reactions to assist with improving our customer experience offering.

To complement this, we also track how empowered employees feel to deliver on our customers' and communities' needs, as a critical element of our customer centricity. This year, our Customer Enablement Index score improved further to 68.6 (2022-23: 67.5), exceeding our target.

We also continued to track trust with a deep appreciation that maintaining our social licence will remain vital as our industry navigates the energy transformation. This year, our Net Trust Score for our public facing brands was 62.6 (2022-23: 63.6). This is below where we were targeting, however, comparable to other major players in our industry and related sectors. The quarterly survey is conducted independently with a random survey panel.

Ergon Retail – enhancing our service to regional Queensland

Ergon Retail continues to work hard to meet the needs of our customers across regional Queensland.

A model for the future

During the year, Ergon Retail successfully transitioned to an enhanced customer service operating model and technology platform. This investment is key to creating a culture of customer centricity, with a personalised service experience, and the ability to innovate as energy-related service offerings transform.

To allow us to deliver energy solutions around individual customer needs we transformed the operating model. We moved away from the traditional energy utility model of a call centre with multiple specialist teams to a flatter structure, where cohorts of customers are dedicated to a specific team or 'family' of energy specialists who are responsible for the management of that customer across their entire lifecycle. Everyone from senior management to the day-to-day customer representative are engaging directly with the customer. They are empowered to deliver a more personalised service and make decisions that will get their customers the best energy outcomes, without the need to handoff to specialist teams.

The new way of operating has been enabled by a major enterprise transformation program. The technology platform changes have been across customer relationship management, billing, credit collections, meter data management, market and standing data management, settlements, telephony, and customer online self-service portal. More than one million customer accounts were successfully migrated between July 2023 and May 2024. An agile implementation process was adopted, incrementally migrating customers in small cohorts while concurrently operating the legacy system landscape.

The changes have seen our call handling move away from the 'press 1 for...etc', to connecting the customer directly to a real person – their own energy expert, as well as improvements to our online customer portal. There are now over 186,000 registered users of the portal with return user rates exceeding 70% month on month.

Tariffs for a changing energy sector

Ergon Retail has a range of tariffs in place for regional Queensland customers, to assist them in managing their energy use and bills.

During the year, two new time of use tariffs were introduced as part of the Queensland Competition Authority (QCA) pricing determination for 2023-24. These Solar Soaker tariffs are providing residential and small business customers with much lower daytime rates, with the savings made possible by the increased penetration of solar in the grid.

Ergon Retail sells electricity to regional Queensland customers at the notified prices determined by the QCA and subsidised by the Queensland Government (page 62). These prices are set considering the Queensland Government's Uniform Tariff Policy which provides that, wherever possible, customers of the same type should pay no more for their electricity regardless of their location in Queensland.

Customer support initiatives

Through Ergon Retail, we continue to build on our customer service offering in response to social change and offer various assistance schemes to customers experiencing hardship, family violence or require a specific service due to medical conditions.

We continued to support customers impacted by family violence during the year, providing further training and support for our people to better assist customers. Our Family Violence Policy outlines our commitment to supporting customers affected by family violence in a respectful and flexible manner. The policy explains how we can assist customers, which may include referral to our hardship program where a customer is experiencing financial difficulties, how we identify affected customers and consider their safety, how we protect personal identity and location information, and tailored communication options for affected customers.

With cost-of-living pressures increasing, our Customer Assist program, received increased referrals. This meant our Ergon Retail team continued to help more customers struggling to pay their electricity bill, offering personalised payment plans, energy advice and guidance around financial assistance, which included targeted debt relief.

We continued to engage with customers in isolated Queensland communities during the year, having face-to-face conversations in Townsville, Rockhampton, Aurukun, and the Torres Strait to promote greater awareness of our electricity network and transformation to renewables, and the various support schemes available to assist them with the cost of living.

We report hardship indicators to the AER on a quarterly basis; including the number of different types of customers on the hardship program, debt levels, the types of payment plans, payment methods being used, and assistance provided, information on customers entering and exiting the program, and disconnection and reconnection data.

Across our regional Queensland customer base around 2.0% of our residential customers are in debt, compared to the national average of around 2.9% (debt >90 days, excluding customers in the hardship program).

To help those in need, at the end of the year, we were supporting 8,652 through our hardship program. This was an increase on last year (2023: 6,186); during the year, to protect customers interests while we migrated customers to the new billing system, we paused disconnection for debt and did not actively exit customers from the hardship program. The average hardship debt is currently \$670.

Ergon Network and Energex – facilitating new customer connections

Despite years of pressure following COVID-19, our commitment to delivering timely network connections for our customers has yielded positive results. During 2023-24, Ergon Network and Energex processed more than 53,300 connection applications (2022-23: 54,500).

For all new connections submitted, 88% of them had supply readily available and only 12% required network augmentation; 95% of those with available supply were connected within five business days. For the remaining 12% of the requests, where existing network capacity was not available and augmentation was required, we continued to improve the timeframes for customers to connect with us.

For subdivisions, where we are continuing to deal with elevated activity in line with housing challenges, we have addressed the state-wide backlog and are delivering connection offers across South East Queensland and throughout regional Queensland (Ergon Network) well within the 65 business days specified under the National Energy Customer Framework.

Considerable commercial and industrial customer demand is also driving the major network connection activity across Queensland with several transport infrastructure projects across South East Queensland, including connections to enable zero emission bus routes across Brisbane (page 44).

Significant connection enquiries are also being received regarding the Queensland Energy and Jobs Plan, with projects ranging from water security to manufacturing, including the new electric rail locomotive facility at Maryborough due for connection late 2025.

A boost for customer experience

We have continued with the upgrade of our customer, market, and metering systems for Ergon Network and Energex during the year. When completed, the 100% cloud-based software program will enable consolidated customer, market and metering systems and processes across Ergon Network and Energex to streamline and provide a contemporary customer platform with the capability to scale according to ongoing change. The new system is on track for implementation in 2024-25, following system testing.

To manage potential risks and breaches we have a comprehensive Cyber Security Strategy in place and continue to review our cyber security measures, implementing additional protection controls and providing further training to our people.

Yurika – providing customers technology solutions

With a strong commitment to service excellence in commercial and industrial markets, throughout 2023-24 Yurika continued to deliver energy and infrastructure, telecommunications, and metering solutions to customers across Australia.

Yurika's pivotal role in connecting its customers to a sustainable energy future, as part of some of Australia's most significant renewable energy projects, as well as in the electrification of transport, is showcased in the Climate Change and Environment section (page 44).

Telecommunications and digital

Yurika provides a range of innovative digital and telecommunication solutions, tailored to the unique needs of its growing customer base. In 2023-24, Yurika made further advances in capability, assisted more than 120 customers with their connectivity across Queensland and interstate, and completed several major high capacity, high speed connectivity projects.

Further extension and strengthening of Yurika's fibre network continued across the state with additional fibre links built for Yurika customers. We continued to connect Queensland Government facilities with 234 new or re-contracted services connected for multiple departments, all supported by a 24-hour critical response capability within the Yurika team. Additional sites are being connected via our fibre networks and the NBN Co's fibre, plus microwave radio, fixed wireless, and satellite services in remote regions.

Yurika has continued to support the resources and renewables' industry in Queensland by connecting services to 56 resources sites and 24 renewables sites, as well as internet and monitoring services to nine battery sites. This included mining accommodation camps, where the increase to their internet capacity is important for the wellbeing and safety of the teams who are living and working in these remote areas. Yurika also established internet connectivity to remote construction camps to enable construction of renewables infrastructure.

A major fibre build onto the Abbott Point precinct was completed to provide telecoms services to all businesses on the site, including Gilmore Space Technologies. Gilmore required a secure highspeed connection to enable their rocket launch project to go ahead. We have also continued to support QCN Fibre through the delivery of maintenance and support across Queensland.

Smart metering

Yurika continued to scale up our national footprint as a metering services provider with more than 95,000 meter installations for residential, commercial, and industrial customers.

In line with Queensland Energy and Jobs Plan and Australian Energy Market Commission initiatives for a full smart meter rollout by 2030, Yurika renewed many long-standing relationships with major direct customers, while also securing new agreements to complete smart meter deployments for energy retailers. These include partnerships with First Energy, Next Business Energy and Flo Energy.

Metering works also included national programs for embedded network installations, and smart meter deployments for service providers outside of the National Electricity Market, such as the Northern Territory Power and Water Corporation and Western Power.

Yurika continues to provide a significant contribution to the rollout of smart (digital) meters in Queensland (page 27).

Responding to customer enquiries

Ergon Retail serves customers regionally through our contact centres with enquiries around bill support, energy efficiency advice, connection needs and more.

This year, 1,112,892 customer calls were managed through Ergon Retail's customer contact centres. The significant 50% increase in calls on last year (2022-23: 661,857) was largely associated with the July 2023 bill increases (page 62), rebate enquiries, and the customer account changes required to introduce the new retail technology platform. To respond, we established a presence in Maryborough, with a new contact centre, in early 2024 and recruited almost 60 new employees throughout the year. This saw extended wait times improve and the year end with our newly introduced Customer Happy Index trending up to 69.3%.

Our self-service portal for Network connection applications and other service requests was used by 340,751 customers, with 24 million views of our online power outage information recorded, and 32,439 customers registering for SMS updates.

Through our Network contact centres we manage emergency, loss of supply and general enquiry calls, emails, and webchats, as well as coordinate and schedule service requests for customers. In 2023-24, 199,294 calls relating to the Ergon Network were managed, along with another 234,895 calls specifically relating to Energex (2022-23: 201,466 and 231,434). The unprecedented storm season from December through to February saw significant demand on our Network contact centre.

Call answering performance

		TARGET	2022-23	2023-24
Unplanned Outage Enquiries	Ergon Network	Loss of supply and emergency calls ≥79.91% answered in 30 seconds	84.9%	82.9% ▼
	Energex Network	Loss of supply and emergency calls ≥88.08% answered in 30 seconds	89.7%	85.4% ▼

These targets are part of our Service Target Performance Incentive Scheme.

Feedback and complaints

Listening and acting on feedback received through our complaints process is critical to help us improve our internal processes, continue to refine our established complaints management framework, and ensure we maintain best practice across the Group.

Ergon Network and Energex received 0.025 complaints per 100 customers on average each month through the year, which is a reduction on last year (0.030). Most concerns raised were related to the impact of our safe entry policy and associated processes, which is aimed at increasing safety of our staff and contractors when entering premises for activities such as meter reading. Network arranged planned interruptions for maintenance of the network reduced compared to the previous financial year but remained a major contributor to the overall volume of complaints. Severe thunderstorms, along with Cyclone Jasper and Cyclone Kirrily, resulted in a higher volume of complaints relating to unplanned outages as is expected with unpredictable events.

Ergon Retail received 0.064 complaints per 100 customers (2022-23: 0.055) on average each month through the year. Complaints received were largely regarding high bills and estimated bills. To address this, we are providing access to visualisation tools where customers can see their meter data and usage patterns to help them make choices on how they use their energy.

Meeting our commitment to Guaranteed Service Levels

We are committed to ensuring that the safe and efficient delivery of electricity to homes or businesses meet industry standards. When commitments are not met, we provide a Guaranteed Service Level (GSL) payment to the electricity account holder. Network Reliability GSL payments are \$124 per customer, while 'Notification Planned Interruptions' payments are \$31 for residents and \$77 for businesses.

There were 8,241 Network Reliability GSL payments recorded in 2023-24 for Ergon Network. This is a decrease in overall payments on last year, despite multiple significant weather events in December 2023 and January 2024, which impacted customers in Far North Queensland.

There were 14,016 Network Reliability GSL payments recorded in 2023-24 for Energex, which was a significant increase compared to 2022-23, due to several major weather events across South East Queensland in December 2023 impacting multiple areas, including the Sunshine Coast, Brisbane South, Ipswich/Lockyer, and the Gold Coast.

Overall, Queensland was impacted by multiple events including cyclones, storms, flooding and bush fires over our marked Event Season in late 2023 to early 2024 with 22,257 Reliability Duration GSL payments processed in 2023-24.

Guaranteed Service Level payments

	ERGON NETWORK		ENERGEX	
	2022–23	2023–24	2022–23	2023–24
Network reliability	10,825	8,241 ▼	2,686	14,016 ▲
Notification planned interruptions	651	889 ▲	433	304 ▼
Other	221	201 ▼	553	1,458 ▲
TOTAL PAYMENTS	11,697	9,331 ▼	3,672	15,778 ▲

Supporting customers relying on power for medical conditions

The network businesses support customers with a range of medical conditions, who are reliant on electricity to power various types of medical equipment by notifying them of all planned electricity supply interruptions directly and via their energy retailer. In regional Queensland, there are approximately 12,000 life support registered customers and in the South East approximately 39,000 life support registered customers.

We continue to monitor and learn from instances of non-compliance and near miss situations to strengthen processes and further educate staff. Ergon Network and Energex engage with field crews and service providers through annual training to ensure compliance obligations are forefront of mind when undertaking planned electricity supply interruptions across the network and ensure our customers are notified prior to the interruption.

Engaging on Queensland’s energy future

To stay relevant in the changing energy landscape, we must understand our customers’ needs, expectations, and preferences, and collaborate with them to support the energy future.

Customer forums

During the year, our business-as-usual customer forums such as the Energy Queensland Customer and Community Council (stakeholders and customer advocates), Energy Academy (electrical contractors), the Agriculture Forum (agriculture sector), Retailers Forum (energy retailers) and Public Lighting Forum (local authorities) all met to engage on a range of strategic and operational activities and issues.

We also utilised an independent advisory group, our Reset Reference Group, to support the development of our networks’ Regulatory Proposals and Tariff Structure Statements 2025-30 (page 62).

Additionally, new customer advocacy Working Groups were established to address specific energy industry challenges. This includes the Demand Flexibility and Innovation Working Group tasked with exploring issues relating to demand management,

energy flexibility and demand innovation in the electricity industry. We also established the Network Pricing Working Group to provide for in-depth collaboration on opportunities to reach consensus (where possible) for network pricing and tariff reform into the future.

Some of the key issues discussed by these different customer forums and working groups were:

- 2025-30 Regulatory Proposals (network investment and revenue recovery plans)
- Customer service performance measures, metrics, and improvement initiatives
- Demand management activities and demand flexibility options, including dynamic operating envelopes and the 2024 Demand Management Plan
- Electric vehicle (EV) charging options
- Energy affordability and energy support/information requirements
- LED public lighting deployment
- Legacy Meter Retirement Plan (methodology and pace)
- Metering options for agriculture operations
- Network pricing and tariff reform
- Standards updates relating to both the Queensland Electricity Connections Manual and Joint Supply and Planning Manual.

Voice of the Customer

This year, as part of our engagement for our distribution Regulatory Proposals and Tariff Structure Statements, we also established two ‘Voice of the Customer Panels’ – one for Energex in the South East and one for Ergon Network in regional Queensland. The Panels, representative of our diverse residential customer base, focused on where they could influence the services to be provided by our network businesses through the development of our proposals, including incentive schemes and network pricing/tariff reform.

Both Panels were independently facilitated and met five times online from June to October for in-depth discussions, which culminated in Ergon Network and Energex panel recommendations reports. They highlighted the need for simple information on pricing and energy usage data to help make smart choices around their energy solutions, that good customer service is expected, that we needed greater transparency around our performance, and how customers value how we respond to severe weather events and other natural disasters.

To further enhance the ‘customer voice’ in our proposals, we also held two face-to-face Customer Focus Groups (Brisbane and Townsville) to discuss issues relating to our investment in

fleet, property, information and communications technology enhancements, the allocation of legacy metering costs with the transition to smart meters, and the pace and investment in integrating customer energy resources. These Focus Groups expressed preferences for moderating the pace of our fleets' EV uptake; for upgrading our customer service channels in line with new tech; providing improved online information around our services; and that legacy metering services costs should be shared equitably across all customers. Participants also asked us to balance considerations around the desire of customers to take-up new technologies to export electricity with the needs of those customers who are unable to invest into new technologies.

Customer and community communications

We keep our customers and communities updated on our activities, news, resources, and opportunities through various channels, including our websites, social media, media releases, engagement forums, annual reports, strategic plans, disclosure reports, fact sheets, flyers, electronic direct mail, and community events.

In September 2023, we launched new Ergon Network and Energex websites, featuring improved functionality and user experience. The new-look websites include consistent navigation, design and functionality, a homepage position for our popular Outage Finder tool, and a dedicated documents library to house all the technical documents for contractors, developers, and installers. The development of the new websites involved extensive consultation with internal stakeholders, government agencies, electrical contractors and solar installers, retailers, and metering providers.

To enhance communication with customers during disaster response, especially those who do not follow social media, as part of the Cyclone Kirrily response we introduced a new online Live News Feed to share electrical safety messages and provide regular updates on our network power restoration effort. After a successful pilot, which attracted 14,300 views, the online Live News Feed will be used in future extreme weather events that severely impact the electricity network (page 39).

Prioritising smart metering

As a key initiative of the Queensland Energy and Jobs Plan, Ergon Retail, Yurika, Ergon Network, and Energex each play a part in the roll out of smart or digital meters into all Queensland homes to help deliver on the Queensland Government's target of 100% penetration by 2030.

To empower customers to make smart energy decisions, and support energy affordability into the future, Ergon Retail is leading the rollout of these smart devices across regional Queensland, including converting a number of our remote First Nations communities over the year (page 48), with the support of Yurika as their metering coordinator/provider. As at end of June 2024, 48% of Ergon Retail customer premises had digital metering, with Yurika installing 77,300 meters in regional Queensland during the year. Yurika is also installing new meters in the South East and nationally.

Ergon Network and Energex have commenced consultation on a Legacy Meter Retirement Plan for implementation from July 2025. This has included stakeholder conversations around the fundamental principles used to develop the plan and the appropriate data sharing arrangements to be incorporated into the current reforms being considered by the Australian Energy Market Commission. Together, this will ensure the roll out progresses in a coordinated, efficient way, with a priority on customer benefit, safe access, and grid visibility.

Our electricity networks

We are in a period of transformation across the energy industry, with the pace and complexity of those changes being unprecedented.

Our role in managing the network is evolving, as are our customers' interactions with it. Their expectations are shifting, necessitating prudent investments in an intelligent, integrated, and dynamic network. This transformation is underpinned by innovation, technology, and policy reform.

Throughout the year, Ergon Network and Energex invested \$1.7 billion (2022-23: \$1.4 billion) to improve the safety, security, and reliability of our distribution network with our Operations and Engineering teams working together to upgrade our assets and infrastructure across Queensland.

Renewing our networks

Our network renewal progressed under our Integrated Works Program with a total investment spend of \$966 million (2022-23: \$822 million). A substantial portion (\$680 million) was allocated to projects targeting the replacement of poles, cross arms, and conductors on the Ergon network approaching the end of their serviceable life, with \$286 million spent similarly on the Energex network in the South East.

Throughout the year, our teams completed 430,000 asset inspections. With pole failures continuing to be a safety concern for the community and our networks, 108 pole failure incidents were investigated across a rural/urban location ratio of 80/20 (Ergon 101, Energex 7). Our teams subsequently replaced or reinforced 23,000 poles (2022-23: 16,500), and 33,000 cross arms. Additionally, 18,000 (2022-23: 9,200) customer service wires were replaced, as well as 50 condition-based circuit breakers in major substations, and 820 kilometres of overhead powerlines (including targeted aged copper conductor across coastal regions). An approximate 50% increase in conductor replacement is anticipated in the Ergon network region for 2024-25.

Works were impacted by bushfires and extreme weather throughout the state from September 2023 to January 2024, with hundreds of Ergon Network and Energex crews being deployed to affected areas to assist with our response to these events, restoring power to more than 300,000 customers (page 39).

Despite these challenges, our program of work delivery was above target, achieving an index of 94.6% (2022-23: 92.4%) against a $\geq 90\%$ target. This index comprises four measures to track delivery efficiencies and effectiveness, including the design and commissioning of our capital projects, along with operational works. We will continue works across the state in

the coming year to deliver further improvements and reduce network risks.

We monitor our networks, undertaking regular inspections, both ground and aerial (via drone and helicopter), to identify defects, with each one logged in our system and incorporated in our annual works program in order of priority.

During the year, we continued to invest in clearance to structure and ground asset inspection and defect rectification activities. In collaboration with our Engineering and Operations teams, as well as our asset inspection service providers, we successfully rectified over 4,000 defects across Queensland throughout the year. These defects were due to a variety of factors, including third-party structures and weather-related damage. To assist us in maintaining clear and safe access to our powerlines, our quality assured contractors keep vegetation away from more than 800,000 spans of overhead powerlines, undertaking regular assessments to determine areas requiring trimming.

With some of our poles and wires located in areas where ground access is not possible (such as rainforests and mountain gullies), we employ helicopters to assist us in replacing or restoring powerlines. About 200 kilometres of conductor was replaced via helicopter throughout the year due to difficult and sensitive terrain. Helicopters were also used to inspect over 150 kilometres of powerlines across the South East network after the severe Christmas storms.

Delivering major projects

Investment in our major assets continued over the year, with the commissioning of 174 projects and the continuation of 586 projects to deliver greater network resilience. Teams across the Group worked collaboratively to ensure effective community engagement for our major projects.

Major powerline and substation projects commissioned in 2023-24:

- Refurbishment of Childers to Gayndah powerline
- Establishment of Gracemere Substation
- Refurbishment of Bundaberg Substation
- Establishment of Egans Hill to Gracemere powerline.

We also invested in non-regulated, network-connected energy storage, to support the take up of rooftop solar and the performance of the network (page 40).

Addressing network performance

Overall, for 2023-24, our networks met the Queensland-wide System Average Interruption Frequency Index (SAIFI) target established in our SCI for unplanned outage performance. However, the target for System Average Interruption Duration Index (SAIDI) was not achieved due to the severe/adverse weather experienced across the state.

This is reflected in the outcome for both Ergon Network and Energex; each network met their targets for network-wide unplanned outage frequency (SAIFI), but not for unplanned outage duration (SAIDI).

All Minimum Service Standards (MSS) performance measures declined this year, except for Energex's CBD SAIDI and SAIFI. These standards, which include both planned and unplanned outages, are set as part of our Distribution Authority. Together this saw a slight drop in community satisfaction, with 71% of participants in our Queensland Household Energy Survey stating they were provided with a reliable energy supply (2022-23: 73%).

Ergon Network continues to exceed the MSS for overall outage duration across the three feeder categories. The results across Urban, Short Rural and Long Rural SAIDI are largely due to the planned outages associated with the works addressing network safety and reliability of the electricity supply in regional communities. This impact is expected to continue while the level of asset renewal investment remains escalated.

The results for the number or frequency of unplanned outages (SAIFI) on the Ergon network continued to meet the prescribed standards across the three categories.

During the year, we responded to 22,974 unplanned outages across the Ergon network, due to various reasons, including the failure of network assets, and circumstances out of our control such as storms. We conducted 22,171 planned outages across the regional network, to undertake repairs and maintenance of our assets and infrastructure, with customers notified in advance in accordance with our customer notification process.

To minimise the duration of outages and associated impacts, we continued our focus on our works management, expediting return to service, increasing line patrols and, where reasonable and practicable, using live-line techniques, mobile generation, and improving performance on selected feeders, in addition to other initiatives.

Energex's network performance against the MSS for both outage duration and outage frequency for each of the three network categories met the prescribed standards for 2023-24.

We responded to 11,092 unplanned outages across our Energex network, due to asset failures, and had 7,026 planned outages across the South East network, to conduct repairs and maintenance of our assets and infrastructure, with customers notified in advance.

In response to heat wave related network outages experienced during the year, Energex immediately commenced remediation works and will continue to deliver these projects as part of the 2024-25 works program.

Network outages

ERGON NETWORK	2022-23	2023-24	TARGET
Number of outages per customer (System Average Interruption Frequency Index)			
Network-wide – unplanned	2.15	2.11 ▼	≤2.38
Urban (unplanned/planned)	1.64	1.76 ▲	≤1.98
Short Rural (unplanned/planned)	3.03	3.06 ▲	≤3.95
Long Rural (unplanned/planned)	5.85	6.12 ▲	≤7.40
Average length of outages – minutes (System Average Interruption Duration Index)			
Network-wide – unplanned	278.5min	286.5min ▲	≤282.4
Urban (unplanned/planned)	231min	262min ▲	≤149min
Short Rural (unplanned/planned)	481min	498min ▲	≤424min
Long Rural (unplanned/planned)	1,141min	1,340min ▲	≤964min

ENERGEX	2022-23	2023-24	TARGET
Number of outages per customer (System Average Interruption Frequency Index)			
Network-wide – unplanned	0.66	0.78 ▲	≤0.82
CBD (unplanned/planned)	0.03	0.01 ▼	≤0.15
Urban (unplanned/planned)	0.62	0.66 ▲	≤1.26
Short Rural (unplanned/planned)	1.17	1.39 ▲	≤2.46
Average length of outages – minutes (System Average Interruption Duration Index)			
Network-wide - unplanned	72.3min	88.2min ▲	≤81.5
CBD (unplanned/planned)	4min	3min ▼	≤15min
Urban (unplanned/planned)	81min	87min ▲	≤106min
Short Rural (unplanned/planned)	171min	196min ▲	≤218min

The Unplanned Network-wide targets are part of our Service Target Performance Incentive Scheme (STPIS). The others are Minimum Service Standards (MSS), including unplanned/planned outages, with reporting based on exclusion criteria outlined in each network's Distribution Authority. Ergon Network data includes regulated main network and excludes isolated networks.

Monitoring and controlling the networks

Throughout the year, our focus remained on optimising our network data systems to equip our employees with modern tools that enhance customer service, prioritise community safety, and drive operational efficiencies.

Building on the successful implementation of the PowerOn Network Management System last year, we continued to transition our distribution field teams across the state onto this digital platform. This strategic move aims to elevate network visibility and control while establishing a standardised operational approach state-wide.

In May 2024, we achieved a significant milestone with the successful completion of the Network Management Solution software upgrade. This enhancement not only bolsters our systems but positions us for future growth opportunities, including the seamless integration of outage management capabilities.

To further streamline our mapping and analysis of the state's electricity network, we embarked on the re-platforming of our Geographical Information System (GIS). This initiative will facilitate seamless integration with asset management technologies and enhance the platform's security and reliability. The project is well on track for deployment by the end of 2024.

Our ongoing efforts to enhance operational efficiency also extended to the Lines Design Tool, which has been in use across our network businesses for over two years. Over the past year, we optimised the tool for user-friendliness and efficiency, mitigating adoption risks and improving data quality.

These strategic initiatives underscore our commitment to leveraging technology and innovation to drive sustainable growth, operational excellence, and enhanced service delivery to our valued customers and communities.

Managing our networks in a changing environment

During the year, we updated our Future Grid Roadmap, as we continue to modernise Queensland's electricity networks. Future Grid 2.0 is targeting grid investment to facilitate renewables, to support the growth in demand for electricity, unlock opportunities for customers to easily connect and manage their energy needs, while also managing peak and negative demand, and reverse power flows.

The Roadmap focuses on six areas that are underpinned by our network customer strategy: evolving connection processes, building system flexibility, integrating customer energy resources, including supporting EV uptake, transition to Distribution System Operator, providing resilient energy solutions

for remote communities, and modernising grid operation. These guide our efforts towards a sustainable grid transformation.

Dynamic customer connections, which were introduced in 2022, are a key initiative of the Roadmap, allowing our networks to better coordinate the use of electricity across Queensland communities by managing the two-way power flows within the network in 'real time'. The connections use infrastructure that communicates active constraints and opportunities between the network and customer energy resources. Dynamic connections play a vital role in the development of the energy future, enabling more households and businesses to install rooftop solar and benefit from other energy-related technologies, and access new and emerging market opportunities.

We have seen around 1,000 customers seek a dynamic connection to date and we expect this number to grow rapidly as installers become more familiar with the opportunity they present to customers.

A key enabler for our dynamic connections is our Distribution System State Estimation, which harnesses network models and telemetry data to form a complete and consistent picture of how the network is performing in real-time. During the year, we conducted trials of a model-free approach to the calculation of dynamic operating envelopes across several low voltage feeders in areas with lower quality network models or limited telemetry via smart meter data. This trial, supported by an Australian technology company, has been essential to ensure that the capability and opportunity of dynamic connections is not limited to locations with high communications availability like major cities, but also allows us to offer dynamic connections in the most regional locations of our network. This trial further demonstrates how Ergon Network and Energex are leading the way internationally in integration of rooftop solar and is focused on ensuring more customers can connect safely and reliably.

These innovations lead us closer to becoming Queensland's Distribution System Operator. As we build this capability, coordinating the state's electricity system we see an opportunity to enhance the safety, reliability, and resilience of the network. We can increase opportunities for customers while reducing the costs associated with Queensland's extensive network.

Impact of solar on demand

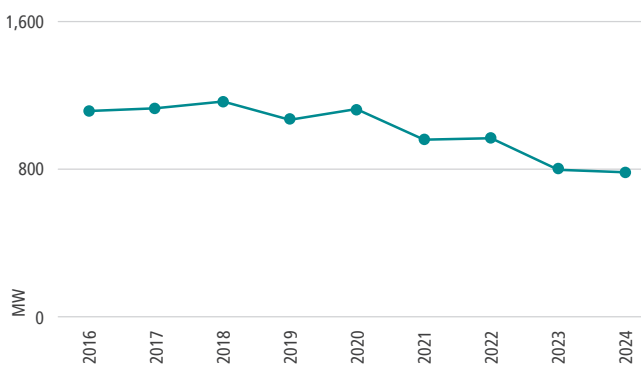
Minimum demand on the Energex total network fell even further during the year, to 241MW in October 2023. This was a Sunday daytime minimum, when the commercial and industrial load was down, and summer's air conditioning load was absent. Although the minimum demand was not negative, the trend shows that, at a system level, the daytime minimum demands for the Energex network could fall below zero anytime within the next few years. With the offsetting impact of solar energy in the system locally, maximum demand for the South East

was 5,687MW in January 2024, at 4:30pm, more than a 7% increase on the previous record summer demand set in 2022.

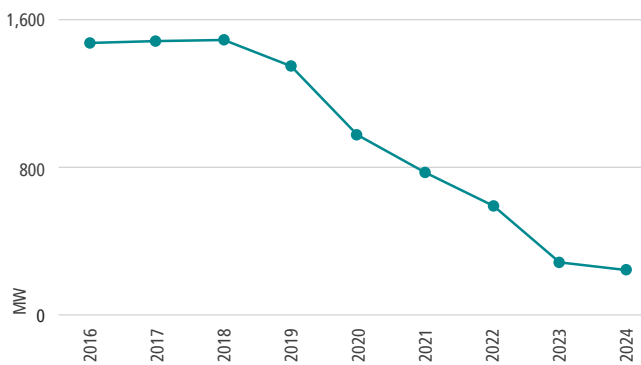
Ergon’s network also experienced a record low system-wide minimum demand at 784MW in May 2024. This was a Sunday, again, when there was lower commercial and industrial demand and a reduced Queensland winter air conditioning load.

The diversity of conditions across regional Queensland masks the trend in some localised areas where negative demands are being experienced. Maximum demand on the Ergon Network peaked at 2,873MW in January 2024, like Energex, more than 6% above the 2022 peak.

Reduction in minimum demand - Ergon Network

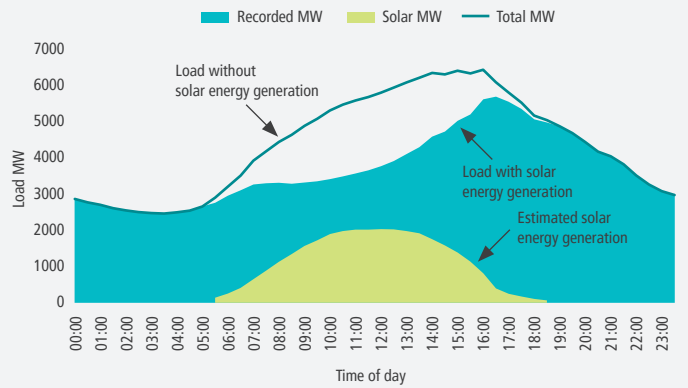


Reduction in minimum demand - Energex

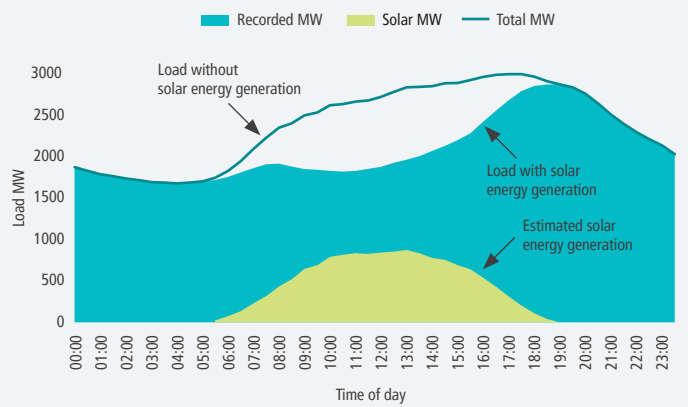


Minimum demand on the Energex network and Ergon Network has continued to fall as additional rooftop solar comes online. Minimum demand tends to occur in the shoulder seasons (either spring or autumn), during times of low demand aligning with clear skies – facilitating solar energy generation.

Impact of solar energy on peak demand – Ergon Network



Impact of solar energy on peak demand – Energex



Ergon Network and Energex distribution networks experienced significant peak demands over the summer of 2023-24, driven by heatwave conditions. Within the Energex network (where there is high population density in a relatively small geographic area) the solar energy generation has reached a scale where annual peak demands are not only driven by factors like heat and humidity, but also by variations in solar energy generation when cloud cover rolls quickly across the network at times of high air conditioning load.

Distribution network key metrics

ERGON NETWORK	2022-23	2023-24
Number of connected customers	776,736	782,348 ▲
Network-wide peak/maximum demand*	2,637MW	2,873MW ▲
Network-wide minimum demand	799MW	784MW ▼
Electricity delivered	13,869GWh	13,927GWh ▲

ENERGEX	2022-23	2023-24
Number of connected customers	1,569,943	1,587,141 ▲
Network-wide peak/maximum demand	5,221MW	5,687MW ▲
Network-wide minimum demand	237MW	241MW ▲
Electricity delivered	21,724GWh	22,364GWh ▲

Ergon Network data includes regulated main network and excludes isolated networks.

Demand management

Our Demand Management Program rewards hundreds of thousands of customers across the networks for their demand flexibility. It provides customers with simple 'set and forget' solutions using load control tariffs and the PeakSmart air conditioning program.

The program is continually evolving to respond to changes occurring in customers' demand – from the take up of air conditioners to the installation of solar energy systems and growing numbers of EVs.

While traditionally demand management has focused on reducing peaks in demand, we continue to see lower and negative troughs (minimum demand) arising on our networks due to increasing levels of rooftop solar. In some locations, there is more solar energy generated than load, with energy flowing upstream through our substations. This also creates large fluctuations between forward and reverse flows challenging quality of supply.

To assist us in addressing minimum demand, we adjust our schedules for hot water systems on load control tariffs in autumn and spring when solar generation is at its peak. This ensures hot water systems are off during evening peak and heating during the middle of the day, with hundreds of thousands of customer's hot water systems acting as solar sponges soaking up some of the excess solar being generated and exported to the grid, helping the network while still ensuring customers have hot water when they need it.

In accordance with our reporting obligations to the Australian Energy Market Operator (AEMO), we report our demand management position in April each year. As at 1 April 2024, we had achieved a combined demand management portfolio of approximately 673MW in load available to provide network support during system-wide and localised issues. This is made up of:

- 505MW provided by appliances that are connected to control load tariffs, such as hot water systems and pool pumps
- 107MW provided by demand responsive air conditioners in our PeakSmart program
- 48MW provided by customer generation and load shifting contracted through our network support agreements
- 12MW provided by battery energy storage.

In August 2023, we completed the detailed design of our Distributed Energy Resource Management System, which will further assist us in aggregating customer loads for emergency and load shaping responses. The system, which is expected to be launched in 2025, will optimise the utilisation of flexible customer energy resources, with consideration of our network constraints and customer preferences.

During the year, we expanded our program to cover Ergon Network's 33 isolated power stations, which are contributing to the transformation and decarbonisation of the energy system. Additionally, we developed a plan to reduce the long-term cost to decarbonise these isolated communities.

We also formed a dedicated stakeholder forum, the Demand Flexibility and Innovation Working Group to gain insights and feedback from key industry leaders, customer advocates and technology innovators around topics specific to demand flexibility and innovation to help inform the Demand Management Plan and Demand Flexibility Strategy.

Our Demand Management Program will play a pivotal role in matching customers' consumption of electricity with renewable generation to enable a smooth low-cost decarbonisation journey of the energy system.

Working towards improved community safety

Community safety-related incidents reduced over the past 12 months from 532 down to 506.

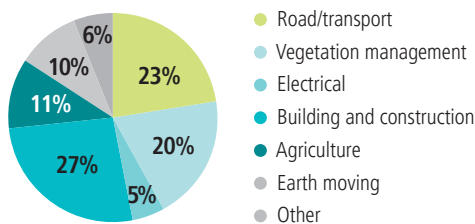
We continue to engage with at-risk industry businesses and associations delivering face-to-face awareness presentations and providing powerline safety advocacy across various industries. For example, our Look Up and Live app is an online safety tool available to business owners, machinery operators, and other workers working near powerlines. It enables users to locate overhead powerlines at work sites. The app was downloaded to over 80,000 devices throughout the year, with the app's map accessed 220,000 times.

Despite our efforts to promote greater safety awareness across the building and construction sector, we saw an 8% increase in work site incidents during the year, with 136 building and construction incidents recorded (2022-23: 125).

Aviation incidents also increased in the year, with 12 incidents recorded (2022-23: 7). High rainfall and saturated paddocks led to the need for aerial application (crop dusting) in the agriculture sector, with an increase in wire strikes contributing to this result.

Pleasingly, all other sectors saw decreases, with earthmoving incidents reduced by 24% to 49 (compared to 2022-23: 64), agriculture down by 12% to 54 (2022-23: 61), and road transport and vegetation management declined by 8% and 5% to 115 and 102 respectively (2022-23: 125 and 108).

Network safety incidents involving the community



Promoting community safety awareness

We continued to promote greater awareness of our distribution networks and electrical safety throughout the year. Our 'Safe Actions' community safety messages 'Look Up and Live', 'Spot It, Report It', 'Report Fallen Powerlines' and 'Stay, Call, Wait' were shared across various advertising channels, television, digital TV, outdoor, social media, radio and network websites. This is part of our broader community safety campaign, which also includes: 'No excuse for abuse,' 'Shocks and Tingles,' 'Restrain your dog,' and 'Don't go from DIY to DIE' messaging. We track awareness and behaviours outcomes for these campaigns with an index result of 72.6 this year.

During the extreme weather events impacting Queensland from September 2023 to January 2024, we emphasised the danger of fallen powerlines and provided guidance on what to do if people encounter them.

To enhance powerline safety awareness on work sites, we partnered with Master Builders Queensland for their July-September 2023 Master Builder magazine. Our Look Up and Live campaign urged construction crews to prioritise powerline safety whenever they are planning or performing work, with a focus on identifying and controlling hazards before using any large equipment, or whenever they are in the vicinity of overhead or underground powerlines. The article included in the feature shared the safe course of action if a powerline is struck, to ensure the safety of everyone in the area. It also provided tips to help remain line aware, such as our successful spinning powerline markers which serve as a visual reminder of the risk.

As part of our targeted tradies campaign, in September 2023, we launched our 'Tools Down Break' promotion. Aired via selected radio stations in Brisbane, Cairns, Bundaberg, and Townsville, we asked tradies to share their powerline safety tips to win a 'Tools Down Break', with the aim of prompting more thoughts and discussions on working around powerlines.

Safety Heroes

As part of Electrical Safety Week, more than 120 of our employees visited over 100 Queensland primary schools in September 2023, to provide presentations as part of our annual Safety Heroes education program. The program is designed for a variety of ages and abilities starting from Prep and teaches students about electrical safety. To celebrate the 10-year anniversary of the Safety Heroes program in 2024, we have introduced a new design for our characters and educational materials, while also updating content to meet outcomes for the Australian Curriculum v9.

School children participate in discussions around electrical safety as well as fun and educational activities, such as scratch programming – a block-based visual coding language used to teach coding to primary-aged students in a simple, fun way, and interactive whiteboard lessons. The materials also include a social stories booklet for students with autism spectrum disorder.

Following several months of planning and development, we introduced version two of our Safety Heroes technology-based gaming app as part of the 2024 Safety Heroes program, to immerse primary aged students in electrical education in an innovative and digitised way. As a take-home resource, students can also download the upgraded Safety Heroes app, now with a fresh look user interface including new missions, progress indicators, audio messages, vibrations, and visual cues to expand on the diversity and inclusion of our users.

Landowner engagement

Ergon Network and Energex teams continued to engage with landowners on safety and privately-owned property poles/lines during the year. Our proactive assessment of the electrical safety and bushfire risks associated with unmaintained poles is complementing the responsibilities of the landowner to inspect and maintain any privately-owned poles and wires.

We also continued to use aerial inspections to ensure safe clearances are maintained between our overhead powerlines and buildings or other structures in the community. When we identify issues with buildings and signs under or too close to our lines, we are engaging proactively with the landowner to rectify the safety risk. We also continue to promote the importance of safe clearances to councils and the construction industry.

Copper theft

We continue to experience increasing cases of copper theft across our Queensland networks and public assets such as street lighting, which pose a significant safety risk to our communities, our people, and result in unnecessary costs to repair or replace damaged or stolen assets.

We actively participated in the Queensland Government's Inquiry into Scrap Metal Theft, which began in September 2023. Our statement highlighted the impact of copper theft on our networks and the safety risks to our people and the public. With an estimated annual cost of \$4.5 million, we remain vigilant and collaborate with relevant bodies to coordinate an effective response.

Improving network safety

Ergon Network and Energex progressed the Early Fault Detection (EFD) technology trial during the year, expanding the scope to include a Single Wire Earth Return (SWER) trial through a high bushfire risk zone at Dalby. This work follows the success of the 3-phase trial in the South East and Northern regions over 2022 to 2024. EFD units can detect emerging fault conditions on the network before a fault occurs by monitoring the overhead assets in real time. The initial trial saw 29 3-phase EFD units installed in heavily forested, bushfire risk and poor reliability areas on the 11, 22 and 33kV feeders across both Energex and Ergon Networks. A further 10 devices were installed in Dalby as part of the current phase of the trial. We expect the SWER EFD devices will assist in pre-emptive and accurate fault detection, reducing the patrolling time of field crew and improving network reliability and resilience. The current trial is expected to be completed by early 2025.

Our community involvement

We actively participate in the communities we serve, fostering strong community partnerships that support our social licence to operate.

Supporting our communities

Throughout the year, we invested \$1.2 million (2022-23: \$1.3 million) through our community partnerships and continued to provide in-kind support to various groups and organisations. Through all our brands – Energy Queensland, Ergon Network, Energex, Ergon Retail, and Yurika – we seek to deliver a positive and sustainable impact, providing support to a diverse range of community projects, programs, events, and initiatives.

Major community partnerships

During 2023-24, Ergon Network and Energex continued to support the Queensland State Emergency Services (SES) and Queensland Rural Fire Service, building on strong community foundations that have been developed over many years working together to keep Queenslanders safe. The partnership has proudly supported SES volunteers with more than \$1.5 million worth of lifesaving equipment over the past decade.

Ergon Network and Energex continued their partnership with the Queensland Museum Network as Repatriation Partner to help ensure the protection of cultural material that otherwise may have been disposed of and lost for all time. Partnerships with the arts, including Queensland Ballet and Queensland Theatre Company, assisted in providing scholarships for aspiring young dancers, theatre productions and First Nations cultural displays and exhibitions supporting homegrown arts and artists.

Energex also commenced a partnership with QPAC to support their First Nations festival, Clancestry. The event celebrates First Nations people. It caters for all ages and includes live music, theatre, current and meaningful conversations, children's shows, as well as cultural workshops and displays.

Ergon Retail continued to facilitate support of the Royal Flying Doctor Service (RFDS) – Queensland Section through the voluntary donation scheme available to customers and employees. Funds raised go towards new aircraft, critical infrastructure, life-saving medical equipment, and essential primary health care services to regional, rural, and remote communities. Our customers and employees have donated more than \$19 million to the RFDS over the last 24 years via the scheme. Ergon Retail also supported the RFDS Local Heroes Awards, which recognise those who selflessly give their time and energy to their local community. The 2024 winner, Jodi Hamilton, from Coen, received a \$20,000 grant to support health and wellbeing in her community.

Yurika again supported various community initiatives throughout the year, including the Brisbane Festival as naming rights sponsor of the Nieergoo: Spirit of the Whale drone show, with 400 drones illuminating the city skyline. Directed by Traditional Owner and storyteller, Shannon Ruska and Tribal Experience, the spectacle celebrated Brisbane's ancient stories of culture and place. Yurika also provided support to Orange Sky, assisting the charity washing laundry for the homeless via their innovative van services.

Energy Queensland's educational partnerships continued during the year, including the University of Queensland TJ Effenev Scholarship, the University of Southern Queensland STEM Camp, and the QUT Dean's Scholars Program. These partnerships allow us to promote career opportunities across our Group, with graduate employees presenting at events to inspire future employees.

Community Fund

The Ergon-Energex Community Fund provided \$140,000 in grants to not-for-profit community organisations across Queensland, with individual grants up to \$10,000 available. We aim to support projects that build community resilience and aid in disaster recovery, or look to the future, and help communities move to renewable energy and, away from the use of fossil fuels. The 19 community projects supported included the installation of solar panels to the Burrum District Community Centre in Howard, Disaster Preparedness events in Ross and Garbutt, and Foodbank's School Breakfast Program in Morningside, which provided 400 vulnerable school children with take home food packs. Our \$5,000 People's Choice bonus went to Queensland Koala Society, further assisting them with fencing for a eucalyptus farm for developing koala joeys.

Across our 17 areas we also supported other local grassroot initiatives. Some of our local sponsorships included the Nathan and Bald Hills AEIOU Centre, assisting the centre to support children with autism to develop essential life skills, independence and confidence, and Crossroad Arts Major Artistic C.R.U.S.H. Workshops (Mackay), supporting workshops in contemporary movement, performance and theatre making to persons with disabilities.

Demonstrating our commitment to reconciliation

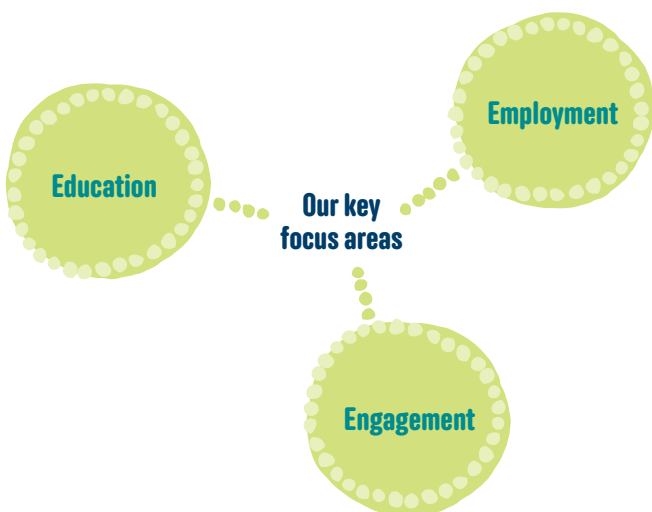
We launched our second Energy Queensland Reconciliation Action Plan (RAP) 2023-2025 in September 2023, highlighting our ongoing commitment to playing a meaningful and active role in reconciliation.

Our vision for reconciliation is an Australia with respect, equity, and unity between Aboriginal and Torres Strait Islander Peoples and other Australians, that accepts and acknowledges our shared history. At Energy Queensland, this means building strong connections, learning from First Nations Peoples and cultures, centring on the aspirations of First Nations communities, and working together to safely deliver secure, affordable, and sustainable energy solutions.

Energy Queensland's RAP contains 80 deliverables, and all parts of our organisation will play a role in delivering the plan. The plan features a design that was created by First Nations creative and digital design agency, ingeous studios. It encapsulates Energy Queensland's commitment to reconciliation, respect, and building positive relationships with First Nations Peoples. It incorporates cultural symbolism and imagery to convey the importance of acknowledging the past, embracing diversity, and working towards a just and equitable Australia for all.

The key focus areas we aim to progress during the life of the plan are:

- **education** for employees to strengthen cultural capability
- **employment** pathways for First Nations Peoples
- meaningful **engagement** with First Nations customers and communities as we implement the Queensland Energy and Jobs Plan.



We have actively worked to deliver on our 'employment' RAP actions throughout the year. This involved collaborating with Traditional Owner groups, communities, and our employees to promote employment opportunities for First Nations peoples across the Energy Queensland Group.

A highlight has been the establishment of three new First Nations identified roles to help guide our second RAP and community-level engagement. Additionally, we introduced cultural learning initiatives across our organisation, including new online interactive Middy Yarnin sessions hosted by our First Nations employees, along with various reconciliation events and training (page 55).

Our engagement actions taken throughout the year have largely centred around the decarbonisation of the energy supply in First Nations communities across Queensland that are isolated from the main grid. Our First Nations employees and Engineering and Operations personnel visited various isolated communities to engage with community representatives, local councils, and other key stakeholders to promote greater awareness of the energy sector and our role in the renewable energy transformation and provide customer support and assistance to build and enhance our community relationships. Ergon Retail also partnered with local and not-for-profit organisations to introduce a new educational program, PowerSavvy, in February 2024, to further enhance engagement efforts in our isolated communities (page 48).

We continued to support community events and initiatives that aim to promote First Nations identity and culture inclusion and wellbeing including the JUTE Theatre Company's Dare to Dream school and community residency program and Queensland Museum initiatives (page 35).

In May and June 2024, we installed signage on our Energex Geebung depot and Ergon Network Glenmore Road (Rockhampton) depot respectively, acknowledging the Turrbal people and Darrumbal people as Traditional Custodians of the land where the buildings are situated. We worked closely with the Traditional Custodians on the design of the signs to ensure they were supportive and involved in the outcome (page 53).

Climate change and environment

Material topics

PRIMARY



RENEWABLES AND NET ZERO EMISSIONS

In line with Queensland's targets, we are enabling renewable connections on our networks and the electrification of transport and reducing our isolated communities' reliance on diesel generation.



CLIMATE CHANGE AND DISASTER RESILIENCE

Our Emergency Management Plans guide our response to natural disasters. Safety and the power restoration timeframes are the key performance outcomes.



ENVIRONMENT AND CULTURAL HERITAGE

Energy Queensland's [Environment and Cultural Heritage Policy](#) focuses the Group on a low carbon future, waste reduction, oil risk, cultural heritage and biodiversity.

SECONDARY

ENERGY MARKET POLICY AND REGULATION

We are continuing to consult on and contribute a Queensland perspective to energy market policy and regulatory reforms needed as part of the energy transformation.

Key outcomes:

- Accelerated our utility-scaled battery deployment, and advanced neighbourhood and community battery initiatives.
- Refurbished Thursday Island's iconic wind turbines as we decarbonise our remote communities.
- Restored power supplies across the state to hundreds of thousands in need following a summer of bushfires, cyclones, floods, and severe storms.
- Commenced a two-year program to replace 2,200 streetlights in our isolated communities with energy efficient LED bulbs.
- Updated the Queensland Electricity Connections Manual, as the platform for connecting to our networks throughout the energy transformation.
- Partnered to erect a crossing for possums in the Atherton Tablelands, and successfully salvaged vulnerable plants from a Cairns depot.

Addressing climate change risks

Throughout the year, our strategic focus centred on enabling more customer renewable energy onto our networks and the uptake of EVs. Simultaneously, we invested proactively to reduce our own carbon footprint. Our disaster response capabilities were also enhanced, ensuring resilience in the face of extreme weather events, and rigorous environmental standards across all our operations maintained.

We are placing a growing focus on integrating climate change risk and sustainability considerations into our business decision-making to ensure we can sustainably deliver a safe, reliable, and affordable supply of energy to our customers and communities now and into the future.

From an electricity supply perspective, we are focused on mitigating the physical impacts of climate change. With more severe weather events, and periods of higher temperatures, the resilience of our distribution networks and the capability of our operational response is critical. In addition, with the transformation to renewables and the 'electrification of everything,' our networks must be able to meet future demands and manage system security and stability.

We are also having to manage transformation risks with tariff reforms that are essential, both from a customer behaviour and revenue stream perspective, whilst managing challenges in the scale of the works plan, with competition for skilled resourcing and uncertainty in supply chains.

Importantly, we recognise that the energy industry has long been a contributor to greenhouse gas emissions and that we have a critical role in mitigating further environmental harm by transforming the energy industry to a greener, net zero future through advocacy, investment, innovation, and the enabling of renewables. We continue to work with industry partners throughout the supply chain in Queensland to transition to more renewable energy sources. We are also developing an operational strategy to achieve our own emission reductions and looking at the possibility of using some of our pole properties for generating carbon offsets.

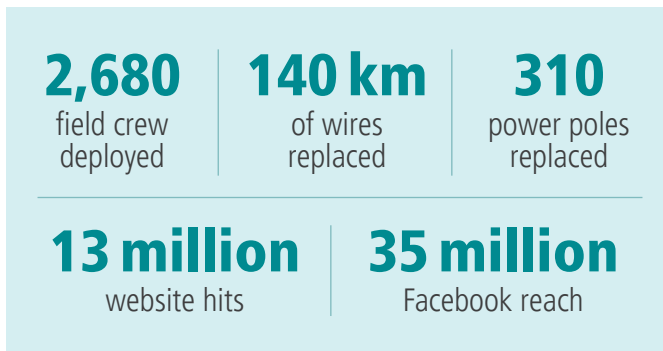
Energy Queensland has corporate Risk Appetite Statements, approved by the Board, which establish the amount of risk Energy Queensland is willing to pursue or accept to achieve our objectives. These statements are part of a framework designed to ensure risks and opportunities are identified, considered, and addressed in a planned manner through a consistent, structured, and integrated approach.

We continue to consider and collaborate with others to advance our understanding and better respond to the potential impacts of climate change to our business activities and networks to ensure the safety and continuity of our operations for the communities we serve.

Our response to this year's natural disasters

More than 300,000 homes and businesses were without power as a result of the natural disasters Queensland experienced over the 2023-24 summer season.

The season started with bushfires, most notably in the Tara and Kogan area, west of Toowoomba, where 90 power poles were destroyed. In December, storms swept across the South East, and Cyclone Jasper in the Far North.



Cyclone Jasper saw Ergon Network and Energex mobilise 500 field crew from across Queensland. While the initial impact from the Category 2 system, which made landfall on 14 December, was significant, the flooding that followed provided the real response challenges – in some areas more than two meters of rain fell. The worst impacted areas were Machans Beach to the Cairns Northern Beaches, and up to Port Douglas, Mossman, and the Upper Daintree to Wujal Wujal. Every effort possible was made to restore the power by Christmas Eve, within 11 days, with around 65 kilometres of powerlines needing to be repaired and 97 poles replaced.

While we were demobilising in the North, on Christmas Day, severe thunderstorms caused havoc across the South East, in Logan, the Scenic Rim, and the Gold Coast, with more than 100 kilometres of powerlines and 86 poles needing to be replaced. In total, 135,000 homes and businesses lost supply, with the worst impacted areas around Mount Tamborine, Cedar Grove, Wongawallan, Jimboomba, Guanaba, and Cedar Vale. More than 1,000 field crew members, supported by hundreds of other employees – from network control experts to our contact centre representatives and logistics teams – worked tirelessly to restore the grid by 7 January (14 days). The challenge in this restoration was in the extent of the network damage and the vegetation debris impacting road access.

A few weeks later, we prepared for Cyclone Kirrily, which ultimately made landfall north of Townsville during the evening of 25 January. The cyclone impacted the power supply to 66,700 homes and businesses throughout Townsville, Burdekin, Ayr, Hinchinbrook, Home Hill, and out west to Charters Towers. While the winds were not as destructive as the earlier systems, the widespread damage, largely from vegetation debris, followed by

heatwave conditions, required a coordinated response. Within six days, 650 field staff repaired 42 kilometres of powerlines and replaced 37 power poles.

Throughout these events, we continued to fine tune our approach and innovate to meet the specific circumstances. This included the introduction of Starlink high-speed internet, which allowed us to communicate with field crews efficiently and safely (page 57) and conducting continuous improvement debriefs following each event (page 59).

Customer and community updates

We continued to evolve our networks' public communications approach during the storm season, understanding that this is a vital part of our response. We placed a priority on providing details about restoration progress on our website, embedding site specific details into our online Outage Finder. Through these events we managed hundreds of media enquiries, with local team leaders the face of live news updates, and our radio interviews providing a vital channel of communications to the community. We received significant praise for the transparency and supportive tone of our daily social media updates, with over 70% average positive sentiment, and dedicated community engagement activities at community hubs. Our messages ranged from the dangers of fallen powerlines and safe use of generators, to what to do if your service line attachment or solar panels are damaged.

We also introduced a new channel for the first time during the response to Cyclone Kirrily, with an online news blog providing updates in real time for customers who do not follow our social media channels. It proved successful in its first use and will form an ongoing channel in future disaster response communications.

During each of these disaster responses, we worked closely with Local, District and State Disaster Management Groups, the State Disaster Co-ordination Centre, and other emergency services stakeholders to ensure a safe, co-ordinated response with daily situation reports and briefings to help manage expectations.

Building network resilience

In addition to our disaster response, to mitigate the physical impacts of climate change, we have also been building greater resilience in our networks, as well as our operations, and supply chains. We are building on existing strategies and systems to improve our response to climate extremes and the associated consequences such as bushfires and rising temperatures.

Energex and Ergon Network are now using specialist weather forecasting of heatwaves, storms and lightning levels, flood levels and an interface that integrates a satellite fire detection layer with the location of our assets, to guide our response and target planning efforts. In high bushfire risk areas, we have started installing steel butted wood poles and concrete poles, as well as fire-resistant paints and timber pole wraps to mitigate the bushfire risk on our network. We are also implementing other bushfire management-related design standards into new constructions, from enclosed switches to covered conductors in highly vegetated areas.

During the year, we updated our Substation Climate and Natural Hazard Resilience Standard recognising the increasing frequency of high ambient temperatures, hailstorms, flooding and wind events. We have also been updating our powerline design standards to improve network resilience in high winds, and for underground lines, to flood or storm surge risk. And investment is also being made in flood mitigation through Queensland Reconstruction Authority's Queensland Betterment Fund throughout the impacted area of the 2022 South East floods.

With Queensland's exposure to natural disasters, we continued to place great importance on emergency management planning to be in the best position to respond to any natural disasters safely. Our emergency management and response arrangements use a whole of Group 'all hazards' approach that provides the appropriate level of command, control and coordination that can be scaled to suit any emergency event – including inter-agency cooperation and integration.

Our preparedness activities, which commence well in advance of the summer bushfire and storm season, also include routine asset inspections and maintenance, as well as vegetation management to reduce the risk of contact with lines and damage during weather events, which no doubt lessened the impact of this year's events.

Our renewable energy support

We are supporting various actions in the Queensland Energy and Jobs Plan as we work towards the Queensland Government’s target of net zero emissions by 2050. Our role is largely in supporting the move to 70% renewable energy by 2032, and then 80% by 2035, along with the electrification of transport.

This future could potentially see double the amount of solar energy, and at least two million EVs connected to our distribution networks. Our challenge is to stay a step ahead and ensure Queensland’s renewable energy advantage can provide our customers, and the broader community, a clean, reliable, and affordable energy into the future.

In response, following months of collaboration internally and with various energy stakeholders, we published an updated version of our Queensland Electricity Connection Manual during the year. The manual sets a platform to provide certainty for our customers when connecting to our network throughout the energy transformation, particularly with the increased uptake of solar, EVs and the electrification of transport.

The updated manual supports the smart meter rollout, smart connections and network access for new energy technology and dynamic connections for customers.

We also established dedicated renewables design and construction and commissioning teams during the year, bringing representatives from our Engineering and Operations teams, and various other functions, together to collaborate on the planning around the integration of renewables in our future operating model. The teams will focus on areas such as employee training, building, and operating, and maintaining renewable solutions.

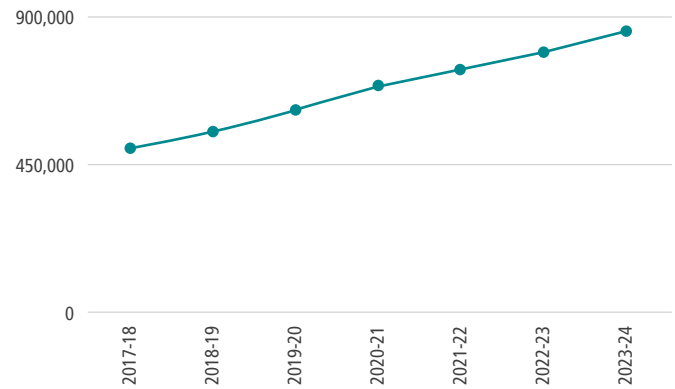
Connecting more rooftop solar and renewable energy

Our distribution networks currently support 853,600 rooftop and other small-to-medium solar energy systems with a generation capacity greater than Queensland’s three largest power stations (Tarong, Gladstone and Stanwell) combined.

With one of the highest penetrations of rooftop solar energy systems in Australia, this year Queenslanders with rooftop systems exported around 3,881GWh of solar energy generation into our networks (2022-23: 3,471GWh), benefitting the owners of the systems and reducing the emissions intensity of grid-supplied power for all consumers.

The number of connection applications for solar energy systems being upgraded or replaced also continued to grow, in parallel to the annual increase in the new rooftop solar energy systems connected to the Ergon Energy and Energex networks. New systems are also increasingly installed as a solar-battery package.

Queensland's rooftop solar connections



During the year, 54,262 new rooftop solar energy systems were connected into our distribution networks across Queensland, taking the total connected by the end of June 2024 to 853,644 systems.

Solar energy connections

	NUMBER	TOTAL CAPACITY
Small-scale (≤ 30 kVA)	845,373	4,656,512kVA
Medium-scale (>30 to 1,500kVA)	8,227	614,857kVA
Large-scale ($>1,500$ kVA)	44	977,559kVA
TOTAL CONNECTIONS	853,644	6,248,928kVA

The export of power is measured in watts (W), inverter capacity is measured in volt ampere (VA)

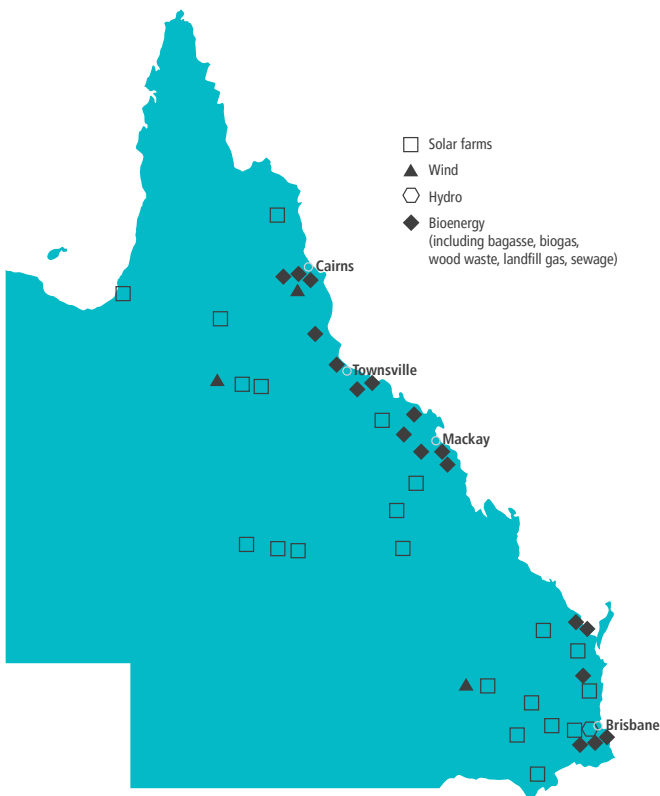
Enabling major renewable network connections

Throughout the year, Ergon Network and Energex assisted the development of several large-scale renewable energy projects, including Banksia Solar (near Childers), Bundaberg Solar, and Munna Creek Solar, and we have another 550MW of large-scale renewable energy project connections underway, including several energy storage projects.

In regional Queensland, we continued our partnership with the sugar industry’s bagasse generation sites to support new technology and upgrades of existing assets such as Tully Mill in Far North Queensland. A range of waste to energy projects, including expansion of existing landfill biogas gas generation sites to incorporate batteries, were progressed state-wide.

We are also responding to connection requests for the electrification of bus depots (page 44).

Major renewable energy connections on our networks



Across our distribution networks we are supporting various renewable energy connections. Twenty-seven solar farms harness the sun's abundant energy. In strategic locations, such as Brisbane and Cairns, two hydro-electric generators channel the force of water, while the winds turn the turbines of three wind farms in Atherton, Hughenden, and Dulacca.

Our commitment to renewable energy extends beyond these installations. We also support 48 large bioenergy connections, primarily fueled by bagasse, the residual fibre left from the sugar milling process. These bioenergy systems not only power local communities but also contribute to the broader grid, weaving a greener future.

Delivering the Local Network Battery Plan

During the year, in line with the Queensland Government's Queensland Energy and Jobs Plan, we have accelerated the deployment of utility-scale batteries and advanced our neighbourhood and community battery initiatives.

Ergon Network and Energex have been installing batteries across the state since 2019-20, to maximise the benefits of Queensland's growing rooftop solar resource. Our Local Network Battery Plan is enabling our networks to store the excess clean energy being made locally in the community, during the day, for use locally when electricity demand is high, which is usually at night.

The rollout of batteries continues to involve extensive engagement with various stakeholders, including our customers and communities, to address any concerns regarding this new infrastructure and ensure greater awareness of the benefits associated with batteries and our renewable energy transformation in general.

Utility-scale batteries

Our pilot and Stage 1 of the Local Network Battery Plan already has six utility-scale, 4MW/8MWh batteries connected to the high voltage distribution network across regional Queensland, with the capacity of the batteries being used during the year to support the network, as well as energy trading by Ergon Retail.

During 2023-24, Stage 2 commenced, with six of the 12 network connected battery projects well underway as at the end of June 2024, with the remaining to be rolled out over the coming year. These batteries are in Cairns (two sites), Townsville, Mackay, Emerald, Mundubbera, Gladstone, Howard, Toowoomba, Raby Bay, Morayfield, and Bribie Island in the Brisbane area.

In early 2024, the Queensland Government also announced funding support from the Queensland Renewable Energy and Hydrogen Jobs Fund for stages 3 and 4 of the battery plan. Planning for Stage 3, another 12 4MW/8MWh batteries, is underway for installation across the state in 2024-25, building on what we have learnt from the sites developed in Stage 1 and 2, with efficiencies and benefits being continually added into the program as we progress.

The funding package will also enable the installation of two different types of flow batteries. Stage 4 will allow Ergon Network and Energex to investigate the suitability of these technologies as an alternative to lithium batteries. The sites currently being finalised for these new technologies are in the Wide Bay and Ipswich areas. This builds on the understanding we are gaining from the vanadium flow battery project below.

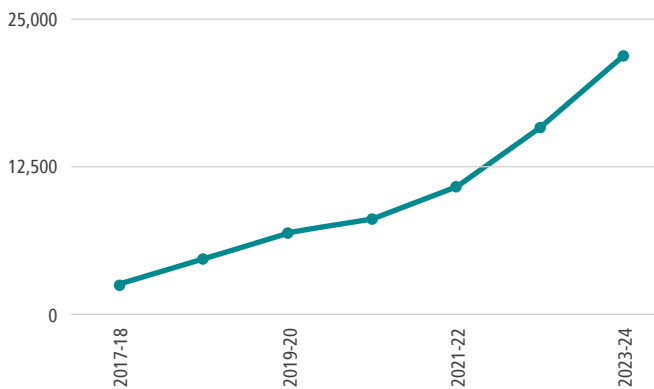
Over the next four years, the planned \$500 million investment in our network battery program, included in the 2024-25 Queensland Government Budget in June, will see Stage 5 further scale the roll out, and take our total fleet of utility-scale batteries to 50 batteries with the capacity to store 800MWh of solar every day.

This investment will also support local, integrated grid solutions. Plans are underway to establish two Local Renewable Energy Zones (LREZ) pilots, which will demonstrate the benefits for all members of the community of coordinating local energy storage with customer energy resources, demand management and tariffs, to accelerate the path to net zero.

Community batteries are also being installed by Ergon Network and Energex across 12 communities throughout Queensland. These small-scale local network-connected batteries are funded through the Australian Government’s Community Batteries for Household Solar – Delivery of Election Commitments Stream 1 program. This project will see 90kW/180kWh of either pole or ground-level batteries in each community.

From this pilot program, at the end of the year, we were awarded further funding through Australian Renewable Energy Agency’s (ARENA) Community Batteries Funding Round 1, which is aiming to remove the barriers to enabling community batteries across Australia. This will see our networks install over 69 additional community batteries state-wide in the coming years.

Behind-the-meter customer batteries



In addition to our batteries, connected directly to the network, interest in customer-owned 'behind-the-meter' batteries is continuing to grow. This was supported by the Queensland Government’s Battery Booster rebates launched during the year.

Yurika, connecting customers to a sustainable energy future

Yurika’s commercial service offering is playing a major role in the numerous high voltage renewable energy and infrastructure projects underway across Queensland, and nationally.

Projects include:

- The MacIntyre Wind Farm, west of Warwick. Yurika is delivering the electrical design and construction of the substations. It is also providing the electrical balance of plant works for Stage 1 and Stage 2 of the Wambo Wind Farm, located near Jandowae. Consisting of 83 wind turbines, the project will add more than 500MW of clean energy to Queensland’s energy system.
- The Clarke Creek Wind Farm, north west of Rockhampton. Currently the largest renewable project in the southern hemisphere, the scope includes several transmission line sections, a reticulation network, three substations and the installation of a synchronous condenser.

From a solar perspective – Yurika is undertaking early works for the Broadsound Solar Farm, west of Marlborough, and providing balance of plant services to a number of other major solar farms. On a smaller scale, Yurika is advancing James Cook University’s sustainability objectives with a new 1,500kW solar energy system installed across their Townsville campus. This solar energy system comprises rooftop and car park solar panels, seamlessly integrated into the site’s high-voltage embedded network. The system is expected to reduce the university’s annual operational costs significantly while making a substantial contribution to its sustainability goals.

In addition to the battery projects mentioned above:

- Yurika began constructing a 250MW/500MWh battery energy storage system at the former Swanbank B coal-fired power station site, in collaboration with CleanCo and Tesla, in early 2024. Set to be a pivotal component for the Swanbank Clean Energy Hub and Queensland’s clean energy future, it will be able to store enough energy to power more than two-thirds of Ipswich for two hours each night when demand rises as the sun sets.
- Yurika is also delivering batteries for Stanwell Corporation; the first a 300MW system capable of supplying energy into the grid for up to four hours – making it the largest committed battery project in Queensland. This system is being constructed at Stanwell’s power station near Rockhampton, as part of the site’s transition to a Clean Energy Hub. Construction commenced in May 2024, and with further funding from the Queensland Government’s Queensland Renewable Energy and Hydrogen Job Fund announced soon after, the battery system is now set to double in size, with it due to be operational by mid-2027. Yurika is also constructing a 300MW battery energy storage system at Tarong Power Station near Kingaroy, which is due for completion in June 2025.

Yurika’s support of renewable energy infrastructure developments also extends to the provision of energy material supplies – to renewable energy proponents, developers, and electrical contractors. In partnership with Powerlink Queensland, Yurika also continues to maintain the state’s transmission network.

Providing reliability support

Renewable energy solutions, as well as reducing emissions, are also promising improved reliability outcomes.

During the year, Ergon Network completed a Community Microgrid Feasibility Study for the communities of Clairview and Stanage Bay with promising findings. The study commenced in late 2021, using our expertise in our 33 isolated, stand-alone microgrids, supported by the Australian Government's Regional and Remote Communities Reliability Fund. It has investigated how innovative technologies, using battery storage integrated with smart communications devices, can improve the reliability of the electricity supply on Ergon Network's three-phase and SWER networks, in remote and regional communities at the fringe of Queensland's electricity grid. The study's preliminary findings identified technical options to improve reliability outcomes, by 'islanding' small fringe of grid communities, enabling supply to be maintained for a period in the event of a fault of the main feeder powerline. The study's final report will be presented to the funding body toward the end of 2024.

Ergon Network continued to prepare for the roll out of its network support stand-alone power systems (SAPS) solution for individual remote and fringe of grid customers throughout the year, in readiness for Queensland to opt-in to the network-led SAPS framework. Our trial network support SAPS include a solar generation and battery storage, along with back-up diesel generation. They were first trialled in 2021-22 as a solution for remote or difficult to access sites with poor reliability. Construction on the next phase of SAPS sites commenced during the year, following the success of the initial trial sites. These sites are currently supplied by long 'SWER' lines that are difficult to access and susceptible to outages. As part of the next phase of the trial, we are seeking customer agreements to install a further 10 systems.

Yurika is also constructing a microgrid for a small community supplied by Ausgrid to deliver a more resilient, reliable local power supply. The community is currently on a single rural radial feeder that experiences multiple power outages throughout the year. The new microgrid consists of 100kW solar, 1MWh battery and 500kVA generator and complex control system. It can operate in multiple modes, including supporting the grid at peak times, as well as creating an electrical island and maintain power to the main street, if the town power supply is interrupted. Yurika has completed engineering studies and design and construction is in progress. Detailed testing and commissioning will be completed later in 2024.

Purchasing to support the economy

Ergon Retail is already one of the largest purchasers of renewable energy in Queensland – the 940GWh of renewable energy bought in 2023-24 through their power purchase agreements (PPAs) is enough to power 195,000 homes for a year. These PPAs are important to our Retail energy trading strategy, while at the same time providing a major economic contribution to other industries, especially Queensland's sugar mills through their ability to generate electricity from the sugar manufacturing process.

To support distributed rooftop solar, Ergon Retail credited its 'solar' customers a total of \$140 million during 2023-24 for the energy they exported back into the grid through the notified solar feed-in tariff (FiT) available in regional Queensland. The solar feed-in tariff increased from 9.3 to 13.4 cents per kWh in July 2023. Ergon Retail customers are also subscribing to our Clean Energy program and purchase energy from renewable energy generators to achieve their emissions reduction goals.

Ergon Network and Energex also paid almost \$165 million state-wide for the energy exported by customers on the Queensland Government's Solar Bonus Scheme's 44c/kWh feed-in tariff.

Our role in the electrification of vehicles

Across the Group we continue to play a key role in the electrification of transport.

The year saw Ergon Network and Energex advance EV grid integration, with Yurika supporting the rollout of public charging infrastructure.

Establishing new connection standards and offerings

We recognise that our customers seek flexible options for charging their EVs based on their individual circumstances, including utilising their solar energy for charging. These priorities were highlighted during consultations to inform updates to the Queensland Energy Connection Manual, and in our customer research on EV charging preferences within the regulatory framework and tariffs.

The Ergon Network and Energex technical standards have been updated to foster interoperability between the network and EV chargers, creating shared value by cultivating demand flexibility and bidirectional charging (such as vehicle-to-grid capabilities). One significant network challenge is fast single-phase charging, which can substantially increase a site's peak energy demand. When multiple customers in the same area charge simultaneously during peak times, it can place strain on the network and impact performance. In response, this year, we introduced two new customer charging options for EV Supply Equipment connections that provide flexibility for the customers and the network; to mitigate peak demand when required. We also improved our website content to provide customers with better information about their EV charging options, including an animated video.

Supporting public charging stations and public transport

Queensland is experiencing a rapid surge in EV adoption, driving a corresponding demand for new charging infrastructure across the state. In the past year, we received numerous enquiries for public EV charging network connections through Ergon Network and Energex, resulting in 249 connection offers and 98 ongoing projects.

To better understand the needs of charge point operators, we engaged in multiple roundtable discussions with key industry stakeholders during the year. A common challenge faced by the industry is identifying suitable sites for public charging stations. Our focus is on ensuring access to necessary electrical infrastructure while maintaining safety and functionality, especially at existing service station sites. As a result of these discussions, we enhanced our publicly available network load capacity maps and established dedicated key account managers for EV charge point operators.

Simultaneously, we have made progress in network connection feasibility studies for electric bus charging stations. These stations have distinct energy demands compared to public EV charging

infrastructure. While their requirements are generally higher, they also offer greater flexibility. We are exploring demand flexibility options to support these unique connection requirements.

We recognise that the electrification of transport represents a significant shift in energy supply and consumption across Queensland. Our commitment remains steadfast as we engage with industry and stakeholders to drive sustainable change.

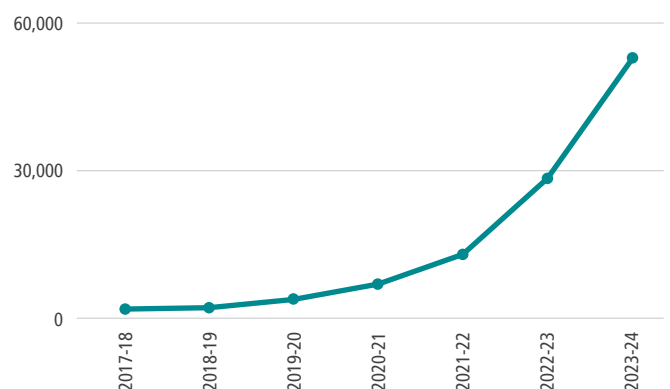
Yurika is driving the charge

Yurika has played a key role in the advancement of EVs, with a range of intelligent EV charging solutions installed throughout the year.

Yurika's ongoing development of the Queensland Electric Super Highway has seen new charging stations installed in Emerald, Injune and Rolleston. Once operational in late 2024, these new stations take the Super Highway up to approximately 7,000 kilometres long. Planning is underway for the year ahead, with regional coverage expansion remaining a focus, encompassing regional cities, tourism destinations, and inland areas. A replacement program for early technologies across the Super Highway is also being developed for implementation next year.

As part of its agreement with Ampol, during the year, Yurika also installed AmpCharge EV fast-charge stations at a further 27 locations nation-wide. Yurika's strength in the EV solutions has also allowed it to invest in warehouse delivery ready stock for its customers. The Siemens Charging Stations have been made available to help fast track the roll out of EV charging infrastructure.

Queensland's move to electric cars



The number of EVs on Queensland roads increased by almost 90% this year, from 28,300 to over 53,000. More than 87% of those EVs are electric-only Battery EVs, and the remainder are Plug-in Hybrid EVs.

Our environmental and cultural heritage management

Our [Environment and Cultural Heritage Policy](#) is our commitment to reduce the impacts of our operations on the environment and cultural heritage, while also continuing to foster respectful relationships with all the communities we serve.

To achieve this, we continue to implement and support robust systems and processes in line with legislative compliance and transparently report on objectives and targets to continually improve environment and cultural heritage outcomes.

Our focus this year has been on a low carbon future, waste reduction, no oil to ground, cultural heritage, and the protection of biodiversity.

Our Integrated Management System (IMS) assists us in improving environmental management and performance associated with our activities. Throughout the year, our monitoring programs guided action around the current and potential future environmental impacts of our operations. Our IMS is certified to the international standard for environmental management for ISO14001:2015 Environmental Management Systems.

Investing in a low carbon future

Across the Group, we are actively investing in a low carbon future. We strive to proactively reduce the direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions associated with the fossil fuel we use to generate electricity, in our transport fleet, our public lighting and electricity use in our buildings and depots.

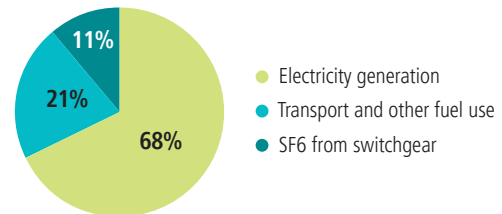
From a Scope 1 perspective, while only 1% of the total carbon inventory, investigations are also continuing on alternatives to using sulphur hexafluoride (SF6) gas. This inert gas is used extensively throughout the network as an insulating gas but is also a highly potent greenhouse gas when released to the atmosphere. The management of new and waste gas in addition to opportunities to recycle and reuse gas are an ongoing focus.

We are also continuing to explore how we can influence our upstream and downstream, or Scope 3, emissions.

Our emissions

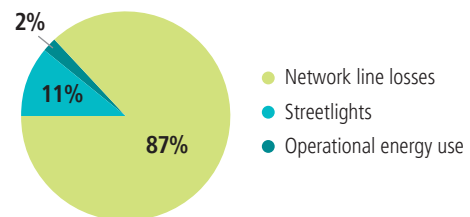
The Group reports greenhouse gas emissions to the Clean Energy Regulator under the National Greenhouse and Energy Reporting Scheme (NGERS). For 2022-23, our carbon footprint, including both Scope 1 and 2 emissions, equated to 1,532,032 tonnes of carbon dioxide equivalent (tCO₂-e) (as the most up-to-date report at time of writing this report). The decrease from 1,810,681tCO₂-e in 2021-22 resulted from a change in the Emissions Factor used for NGERS reporting of Scope 2 emissions with electricity from the grid.

Direct emissions - Scope 1



Our direct Scope 1 emissions equate to 9% of our total carbon inventory. During 2022-23, emissions from transport increased slightly, while those from isolated generation reduced.

Indirect emissions - Scope 2



The Group's overall carbon footprint is predominantly due to the energy that is lost while distributing electricity along the thousands of kilometres of powerlines throughout our distribution networks (an indirect, Scope 2 emission). These network line losses are largely unavoidable, with engineering solutions cost-prohibitive and of limited value. As the generation mix in Queensland moves towards renewable energy and away from fossil fuels, the emissions associated with network losses will decrease. Our aim is to keep the proportion of losses at current level as our networks grow and evolve.

Our isolated communities

Ergon Network has 33 isolated systems (consisting of both generation and network assets), which supply electricity to 39 remote communities throughout western Queensland, the Gulf of Carpentaria, Cape York, throughout the Torres Strait, and on Palm and Mornington Islands.

Given their remote location, the majority of electricity has been supplied to these communities via centralised diesel-fuelled power stations. As part of our isolated network strategy, we are looking to progressively decarbonise the isolated power stations by integrating more renewable generation, along with battery energy storage systems, into the communities' power supply, and reduce the reliance on fossil fuels.

A highlight of the year was the refurbishment and commissioning of Thursday Island's wind turbines. The two iconic wind turbines represent the history and the future of renewable energy. Since 1997, they have generated more than 18,921MWh of renewable energy and saved over five million litres of diesel and, with the major refurbishment, will continue to generate clean energy for years to come. The \$2 million project, which saw the turbines offline this year and renewable energy output drop overall, will now continue to reduce emissions for the island community.

Isolated generation

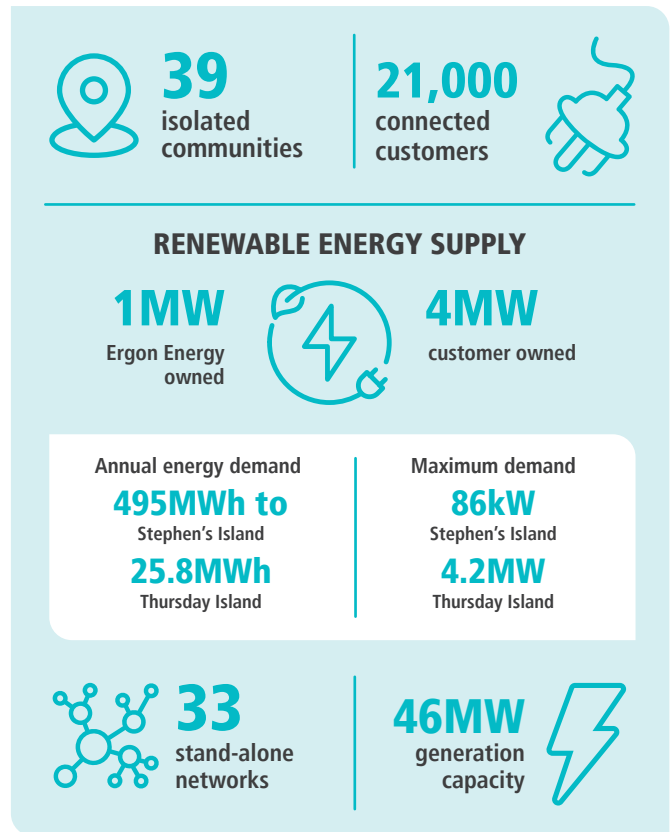
	2022-23	2023-24
Diesel generation	126,766MWh	128,476MWh ▲
Renewable generation	1,069MWh	779MWh ▼
Total generation	127,835MWh	129,255MWh ▲
Emissions saved by supplying with renewable generation	742tCO ₂ -e	541tCO₂-e ▼

We have also made a major investment in replacing streetlights with energy efficient LED bulbs.

As part of the transformation to renewables, new pilot projects will commence in Boulia, Burketown, Doomadgee, and Windorah in the coming year, with feasibility studies to be undertaken across the remaining communities.

The first new project to turn dirt is the Windorah 850kW solar farm and battery project, which is expected to be completed in mid-2025. The system will generate enough to power for over 50% of Windorah's total energy needs, saving 150,000 litres of diesel, from the same site as the previous solar trackers (these were very early technology and only supplied 10% of the town's needs).

Community and stakeholder engagement has begun for further transitioning Thursday Island, Horn Island and Hamond Island, as well as the five communities of the Northern Peninsula Area (Bamaga, Seisia, New Mapoon, Injino, and Umagico) to 80% renewable energy.



In line with the community benefit objectives of these projects, Ergon Retail launched the PowerSavvy energy education program in these communities in February 2024. The Queensland Government funded program has been developed in partnership with local not for profit organisations, who are now delivering Household Energy Health Checks in their communities. The program also offers whitegoods rebates for customers upgrading to 4-star energy efficient appliances to help families save energy and money. As part of the program, we are also visiting schools within these remote communities to educate students about energy efficiency, electrical safety, and renewable energy. The codesign of this program has seen us introduce creole language education material and a range of other innovations.

In parallel with this, in early 2024, we commenced installing digital meters across Thursday Island and in the Northern Peninsula Area.

Ergon Retail's Barcaldine Power Station

In May 2024, the Queensland Government announced a \$75 million investment into Ergon Retail's Barcaldine Power Station, which will see a new 30MW hydrogen-ready gas-powered generator built alongside the existing 37MW gas-fired power plant in central-west Queensland. As only the second power station in the state to upgrade to hydrogen-ready to be able to fuel its electricity generation, this investment has the potential to dramatically lower the site's generation emissions, with the benefit of the growing renewable energy output across the region, while maintaining its operational capability.

Yurika is set to commence construction on the power plant in early 2025 with completion expected in early 2026. The power station upgrade will create up to 40 jobs, providing an economic boost for the region, while developing new skills for the future clean economy.

With gas set to play a significant role in the energy transformation, this investment will help Ergon Retail's trading team manage the uncertainties in the retirement of traditional generation plants.

LED streetlights

Ergon Network and Energex own, operate, and maintain more than 500,000 public lights across Queensland, and manage billing records for another 67,000 lights owned and maintained by our customers.

A highlight of the year was seeing a \$7 million investment get underway to replace all the 2,200 streetlights in our isolated communities with energy efficient LED bulbs. The new lights are more durable and will reduce the energy for lighting in these communities by around 30%, delivering not only significant emissions savings but also financial savings to the councils to go into other local community programs. The two-year program has already seen the lights changed over across the Torres Straits, the Northern Peninsula Area, as well as in Coen, Camooweal, and Boulia.

We also continued the major five-year program to replace mercury vapour streetlights state-wide with more energy efficient LED lights, with 52,000 replaced throughout the year, realising a saving of more than 16.5tCO₂-e. In total, the program has made more than 142,500 light replacements and is now 63% complete.

Throughout the year, we continued to engage Queensland's 77 councils and the Department of Transport and Main Roads on our proposed public lighting strategy for 2025-2030. This engagement began in late 2022 with sessions on different aspects, including the conversion of the remaining conventional lights to LEDs, smart controller benefits, and tariff design. Through submissions following our issues papers, we received in-principle support for our public lighting strategy, with feedback incorporated into our proposed plans, submitted to the AER in January 2024.

Across our buildings and depots, we are also looking for ways to reduce our footprint. Most recently, in our latest electricity purchasing contract for our small sites across the South East, we moved to 100% renewably-sourced energy. New property developments, like the Rocklea Training Centre (page 56), are including energy efficiency measures, solar energy, and EV chargers.

Reducing waste to deliver positive environmental outcomes

As a Group, we continued to prioritise waste reduction, recycling or reuse, and treatment over landfill disposal.

Throughout 2023-24, we sent 10,979 tonne (t) of waste from our operational depots and offices to landfill. While this was an increase on the previous year, we are taking action to help mitigate this. We have been able to divert nearly 35% of our waste from landfill, just below the previous year. This is being achieved by increasing the recycling of scrap metals and regulated waste, and by gifting redundant timber poles and crossarms to landowners for various (non-structural) uses, like fenceposts, as well as other initiatives. We currently track the emissions associated with our waste, which was 7,7771tCO₂-e in 2023-24.

With the re-invigoration of Australia's recycling industry, Energy Queensland is engaging with Queensland companies to recycle and repurpose clothing and hard plastics (pillars, tiger tails, hard hats) to further reduce our waste to landfill.

Safely handling fuels, oils, and chemicals

With different fuels, oils and chemicals used in the operation of our network across the state, we have several processes in place to ensure the safe handling and containment of the associated hydrocarbons.

Field and depot staff are trained in contaminant and spill management, and we have a regulated waste contractor as support throughout Queensland to help with larger spills.

We updated our contaminated land and spill management processes during the year and are working through change management with impacted staff. The revised information gives guidance for immediate containment of minor and major spills, working with the environment team, post clean-up and reporting requirements.

During 2023-24, Energy Queensland notified the Department of Environment, Science and Innovation of eight events. One Pre-enforcement letter was received and was resolved with no further action. No Clean-Up Notices or Penalty Infringement Notices were issued. The events are categorised as:

- Vandalism to assets (2)
- Asset failure (2)
- Third party inadvertent asset damage (1)
- Change in condition of the land (contamination detection) (2)
- Unauthorised biosecurity carrier (soil) movement (1)

The two vandalism incidents involved members of the public damaging assets to steal copper and spilling oil in the process. In the first incident, a transformer was disconnected and due to be removed from a demolition site. Thieves removed the plug in the oil tank, causing oil to leak, before stealing copper from inside the asset. The second incident occurred at an Ergon Network storage facility in a regional centre, where two large transformers were damaged when thieves broke in to steal copper.

Preserving Queensland's cultural heritage

Energy Queensland is committed to preserving the state's heritage values across our work sites so future generations can enjoy our rich cultural legacy.

We undertake a cultural heritage risk assessment ahead of our projects or works to identify the potential for harm to both Indigenous and historic cultural heritage items or values. Our cultural heritage assessment process involves both desktop and field inspection components and provides a standard approach across the Group that ensures work activities that have the potential to harm cultural heritage are managed effectively.

During the year, we undertook a comprehensive review of our internal cultural heritage training suite, after which we consolidated the awareness training, and implemented an interactive assessment training package.

We maintain Indigenous Land Use Agreements (with cultural heritage provisions) with more than 55 Traditional Owner groups across the state and collaborate with these and all identified groups for the assessment and protection of cultural heritage. Throughout the year, we engaged Traditional Owner groups for more than 30 project assessments. While there were no significant cultural heritage finds, several small artefact salvages were completed, and scar trees avoided.

Collaborating to protect our biodiversity

We are committed to protecting biodiversity and managing any biosecurity risks that our network activities may pose to primary producers and other stakeholders. We have a range of measures integrated into our normal work procedures to help preserve our biodiversity, and protect our economy, environment, and the community.

As part of our biosecurity commitments we:

- stay on existing roads and tracks as much as possible
- carry out clean down procedures regularly and routinely and always after being in infestations
- report outbreaks immediately
- observe government quarantine signs
- request landholder assistance for planned work
- identify local area problem weeds

Our employees and contractors also follow a Land Access Protocol when accessing land for new project works, planned maintenance, and vegetation management. This ensures we adhere to all standards and commitments such as property specific rules and entry conditions.

We continue to monitor our work areas for invasive pests including the electric ant, yellow crazy ant, and fire ant. Extensive collaboration with Biosecurity Queensland is ongoing to ensure the Group's operations continue and do not increase the risk of spreading invasive pests. Movement of soil remains the highest risk of our operations and we have specific permits in place to allow us to do this work.

In November 2023, we partnered with South Endeavour Trust, to design and erect a lifesaving aerial crossing for possums and other small wildlife in the Atherton Tablelands. The wildlife bridge, constructed using spare network timber poles and rope netting, stretches across a busy road, connecting the wildlife corridor at Lake Eacham and Curtain Fig National Parks. The bridge is now providing a safe road crossing for a significant number of local endemic possums.

In March 2024, we successfully salvaged 43 unique tropical ant-plants (*Myrmecodia beccarii*) from five paperbark trees at one of our operational depots in Cairns. The vulnerable plants were removed for operational purposes and, with council's assistance, were relocated to local areas previously affected by floods.

During the year, we also contributed to the development of the Energy Charter's Better Practice Renewables and Biodiversity: Opportunities for Collaboration Guide, participating in several workshops with environmental and energy associates to promote better practice environmental outcomes during the transformation to renewable energy.

Our people

Material topics

PRIMARY



HEALTH, SAFETY AND WELL-BEING

Our Actions in our Health and Safety Policy, our People Strategy, asset management strategies, communications campaigns, and various other policies deliver against our community and workplace health and safety goals.

SECONDARY

FUTURE TALENT AND WORKFORCE CULTURE

Our People Strategy and engagement initiatives focus on employee engagement. We also have strategies for graduate recruitment and apprenticeships, as well as training and development.

DIGITALISATION AND TECHNOLOGY ADVANCEMENT

A significant investment is being made in the roll out of smart technology, promoting continuous improvement. In line with this we track customer and employee engagement with digital solutions.

DIVERSITY, EQUITY AND INCLUSION

Energy Queensland has a Diversity, Equity and Inclusion Policy that drives a range of initiatives. We measure employee representation across women and other minority areas.

Key outcomes:

- Grew our workforce by over 10% as part of our commitment to supporting the energy transformation.
- Launched a new People Strategy and a set of employee-led corporate values.
- Celebrated an employee engagement score of 73%, a considerable increase, and well above industry average.
- Had a record 173 apprentices join us, as well as engineering graduates and paraprofessional trainees.
- Launched a unified Pay, Time, and Leave software, integrating our resources and aligning with government payroll standards.
- Halved the Group's Significant Injury Frequency Rate to 0.4 with a focus on high-risk hazards.
- Enhanced our In Vehicle Asset Management system across our fleet and introduced a comprehensive Driving Awareness course.

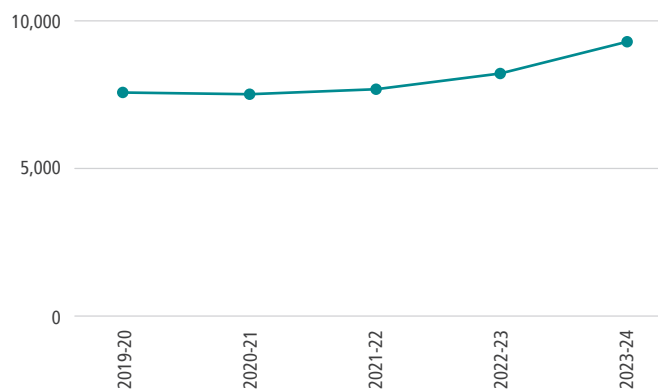
Our employees

Our aim is to create a future fit workforce through attracting, retaining, and developing a diverse mix of capable and high-performing people, to deliver the best results for our customers and community. We are also committed to fostering a culture of safety, where every individual is involved in maintaining a safe and healthy work environment.

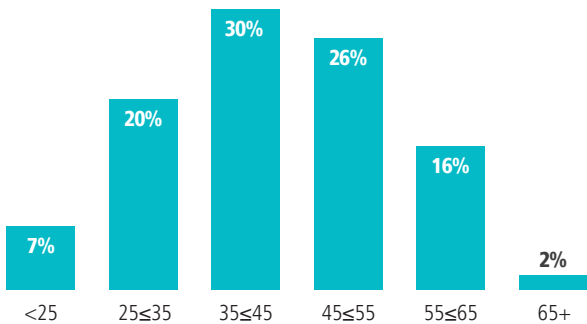
Our workforce increased by over 10% during the year in response to our commitment to the energy transformation, with 736 new employees joining our Operations and Engineering teams alone, despite a challenging and competitive labour market. We also welcomed a record number of apprentices and paraprofessional trainees through the year. We anticipate further growth in our people over the coming years as we continue to develop our capacity to provide for the renewable energy future.

As at end of June 2024, Energy Queensland employed 9,311 people across a wide variety of roles. Of these, 8,948 are full time employees (2022-23: 7,848), 265 are part-time employees (2022-23: 277) and 98 are employed on a casual basis (2022-23: 77).

Number of employees



Age profile of workforce



Location of employees



Approximately half of our employees reside and work in regional areas.

Embracing a new strategy and values

In collaboration with various teams across the organisation, we developed and introduced our new People Strategy in March 2024. The strategy comprises four key pillars: 'Culture,' 'Talent,' 'Capability' and 'Leadership' and reflects our commitment to fostering a dynamic and inclusive work environment.

We worked with our employees to explore 'what matters most to our people' during the year, with a series of workshops informing the development of four new values, which were introduced more widely in March 2024.



Our values, We're Safe, We Belong, We Grow, and We Deliver, reflect the principles for how we want our people to work each day, together with one another, and alongside the customers and communities we serve.

We are embedding these values in the way we work throughout the organisation via values workshops, various communication channels, in our 2024-25 performance plans, our leadership development programs, recruitment programs, the annual employee engagement survey, as well as integrating these into our igniteEQL recognition program.

Engaging our employees

In May 2024, we celebrated a significant achievement with our annual employee engagement survey. Our engagement score was an impressive 73%, a considerable increase from the previous year's 67%. Participation rates also saw a boost, rising to 79% from 75% in the previous year. These figures not only underscore our commitment to continuous improvement, they place Energy Queensland in the top quartile of organisations across Australia and New Zealand, and tower over the average employee engagement score of 61% in Australia and New Zealand.

We saw an increase in all three of our key indices with Effective Leadership experiencing the largest uptick of 7% to 51%, Change Management up 3% to 69% and our Inclusion index up 2% to 78%.

The results of the survey confirmed Safety continues to be a priority for our employees and is regularly demonstrated by our people leaders, along with strong leadership behaviours of Fairness, Inclusiveness, and Communication. The survey also identified the key areas for improvement continue to be Collaboration and Senior Leadership’s business and people focus areas.

Results of the survey were communicated to employees via various internal whole-of-business communications and directly through a series of team briefings.

The 2024/2025 engagement action planning begins in July. We will incorporate these focus areas into our internal strategies over the coming year to enhance engagement and improve results in the 2024-25 engagement survey.

Employee recognition

We value the importance of rewarding and recognising the efforts of our people. Our igniteEQL recognition program encourages our employees to regularly recognise others by sending instant eCards, nominating them for bronze, silver, and gold awards, or an annual ‘Up in Lights’ award, for outstanding achievement and excellence and significant contribution to our organisation.

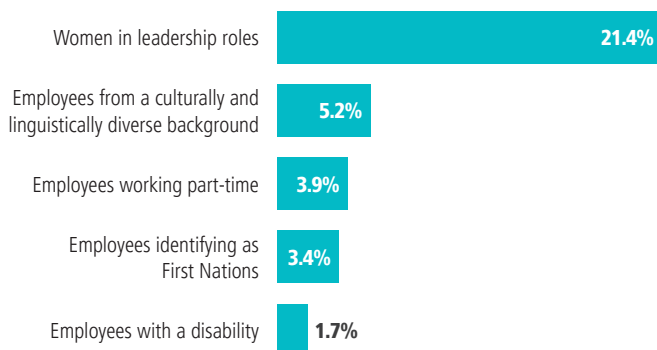
The ‘Up in Lights’ award has six categories – ‘EQL Values,’ ‘Industry,’ ‘Customer,’ ‘Community,’ ‘Operational Excellence,’ ‘Apprentice of the Year,’ and ‘Supervising Tradesperson of the Year.’ We also invite employees to vote for their peers through the ‘People’s Choice’ award. During the year, more than 13,000 awards were provided to employees through the program.

Award recipients also receive award points, which are allocated to an employee’s igniteEQL online platform. These points can then be used to redeem retail vouchers through the platform.

Promoting diversity, equity, and inclusion

We aim to create a workplace that reflects the communities in which we live and work. We understand that equitable, diverse, and inclusive workplaces lead to better, balanced results for both our organisation and our customers.

Our workforce diversity



Our Council for Diversity, Equity and Inclusion, chaired by our CEO, continues to oversee the organisation’s activities. Central to our commitment to inclusivity is our working parties – the First Nations working party; Women in Technical and Operational Roles working party, and EQL Pride working party. Each working party is represented on the Council and ensures we continue to put employee experiences at the core of the work we do.

In early 2024, we established our Diversity, Equity and Inclusion Plan 2024-2026, mapping our areas of focus for the next three years. The plan includes implementing diversity measures to ensure we become more representative of our communities, placing greater focus on people with disabilities and those from culturally and linguistically diverse backgrounds, aligning with best practices for managing pay equity, and growing the capability of our people to contribute inclusively.

We continue to promote diversity, equity, and inclusion, through various events, activities and educational resources throughout each year including International Women’s Day, Domestic and Family Violence Prevention Month, National Reconciliation Week, NAIDOC Week, Wear it Purple Day, and the International Day of People with Disability.

First Nations opportunities

As part of our RAP deliverables, we provided a voice to First Nations employees seeking their input on attracting and recruiting First Nations people and understanding what is required for retention. This included our inaugural First Nations Apprentice Forum in Cairns. This event brought together current First Nations apprentices and recent graduates, providing us with insights into their Energy Queensland employee experience – from onboarding and recruitment to training and permanent employment.

During National Reconciliation Week, in May 2024, we unveiled signage on our Geebung Depot, acknowledging the Traditional Custodians of the land in the Geebung area, the Turrbal people. Our Glenmore Road Depot (Rockhampton) also had signage placed at its entry in June 2024, acknowledging the Darrumbal people as Traditional Custodians of the land where the building is situated.

We also wrapped the first of several of our vehicles in our First Nations RAP artwork in May 2024 to increase cultural safety for our people and demonstrate our appreciation for First Nations culture and people to our customers and communities.

At its core, reconciliation is about strengthening relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous communities. In alignment with our RAP, we also support the Queensland Energy and Jobs Plan, which includes specific commitments to support First Nations communities (page 36).

Gender equality

In March 2024, Energy Queensland's Chief Executive Officer became a member of the Champions of Change Coalition's Energy Group, joining CEOs across the industry to progress gender equality. The work of the Coalition focuses on shifting the systems of gender inequality in the workplace and is backed by a proven methodology for increasing the representation of women in organisations and developing the conditions and cultures that enable them to thrive. We are proud to be contributing to several streams of work through the Coalition's activities.

In June 2024, Energy Queensland's Chair, confirmed our commitment to the international Equal by 30 campaign, which aims to achieve equal gender balance, equal pay, and leadership opportunities for women.

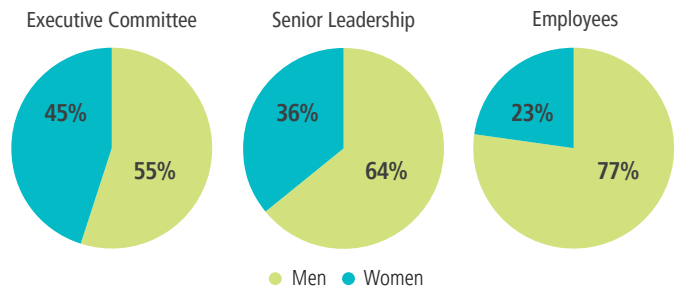
Our recruitment efforts to attract more women into trade roles have yielded positive results. As of June 2024, over 143 women (2022-23: 120) are actively participating in our apprenticeship program, and more than 134 (2022-23: 80) trade-qualified women now hold field-based roles.

In addition to our external commitments, we progressed several key pieces of work internally in support of gender equality:

- The Women in Trade and Operational Roles working party held an inaugural forum for Women in Trades. Over two days, more than 60 tradeswomen contributed thinking to improve our attraction, retention, and development of this critical cohort. Following the forum, the working party has progressed a range of actions related to career planning, support for women apprentices, improvements to tooling, inductions and more.
- The Championing Women of EQL virtual network – expanding discussions on women's wellbeing by hosting a frank and fearless discussion on the topic of menopause. Women's wellbeing will be further supported with the addition of new leave that can be used for menstrual, menopause or fertility reasons as part the organisation's new Enterprise Agreement.
- Significant work was also undertaken to examine our gender pay gap – an aggregate measure of gender equality. This analysis forms an important baseline from which to measure the organisation's attraction, retention, and promotion of women into the future.

We actively encourage participation in the Australia Power Institute's (API) prestigious Powerful Women in Leadership Program. One of our engineering graduates received a scholarship to participate in the 2024 program.

Gender distribution



Note: 0.4% nominate as non-binary or have not provided a gender identity.

In partnership with Dream Big Australia's STEAM Ahead Program we continued to support women and non-binary students in launching their STEAM careers through development and networking opportunities with industry partners. Two 2024 scholarship holders are active participants in the program.

LGBTQ+ community

Our EQL Pride working party and online network of over 630 members promote a culture of open and respectful discussion about sexual orientation and gender identity through the sharing of knowledge and resources and support of LGBTQ+ and colleagues. In August 2023, our LGBTQ+ network, EQL Pride, celebrated its 5th birthday in conjunction with Wear it Purple day, an occasion aimed at creating a safe and inclusive world for rainbow young people.

In February 2024, we participated in the national Australian Workplace Equality Index Employee Survey, conducted by Pride in Diversity. More than 650 employees completed the survey, providing their insights into the understandings and perceptions of our workforce, which will help us to develop inclusion plans and initiatives that prioritise safety and inclusion of LGBTQ+ employees and their allies. In the coming year, we will further promote inclusion in regional and operational areas of our workforce – a key opportunity identified through the survey.

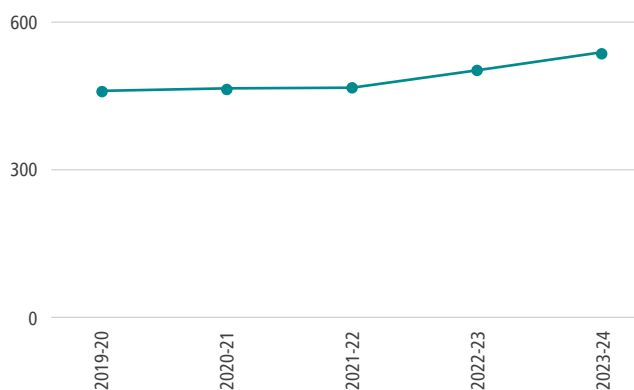
Cultivating tomorrow's talent

Apprenticeships

We continue to offer apprenticeships across a variety of trades at Ergon Network and Energex to enhance the future capabilities of our Operations team. We had a record 173 apprentices join us through our 2024 apprenticeship intake (2023: 153). Of these, 67 are training to be an Electrician, five as a Communications Technician, 80 as a Distribution Linesperson, eight as an Underground Cable Joiner, two as a Mechanical Fitter, and 11 as a Transmission Linesperson. We also continue to grow a workforce whose demographic diversity reflects our customers and communities, with 47 women and 14 First Nations people in our 2024 apprentice cohort.

As part of our Apprenticeships program, we continued to partner with the RSL Employment program throughout the year to provide employment opportunities to ex-serving Defence personnel transitioning into civilian life. Eight veterans joined us through our 2024 apprenticeship intake, with a total of 38 veterans completing an apprenticeship with our organisation as at 30 June 2024. Supporting veterans and their families is a shared goal, and Energy Queensland greatly values the leadership, organisational skills, and values that veterans bring to the workplace.

Number of apprentices



Paraprofessional traineeships

Every February, we traditionally open our doors to over 20 trainees via our paraprofessional traineeship program. This initiative offers them the unique opportunity to earn while they learn, as they complete an associate degree with us in partnership with the University of Southern Queensland. In 2024, we welcomed 31 trainees, handpicked from an impressive pool of 300 applicants. Of these, 15 will bolster our Operations team (split between Ergon Network and Energex), eight will enhance our Engineering team, and four will join both our Customer team at Energy Queensland and Yurika.

The cohort includes two graduates of our apprenticeship program, who are progressing straight into paraprofessional traineeships; school leavers; external tradespeople; several participants making a career change; and three internal tradespeople upskilling through the program.

Throughout their associate degree, the trainees will have the opportunity to contribute to projects, gain invaluable real-world experience in the energy sector, and work alongside our passionate people.

Scholarships

Our Future of Energy Engineering Scholarships program offers up to \$20,000 per year to students studying energy-related engineering undergraduate degrees at one of the seven Queensland universities.

This annual program aims to grow our highly skilled electrical engineering workforce, ensuring that Queensland has some of the best-trained electrical engineers in the world.

Our primary focus is on electrical/electronic and mechatronics engineering students, with a small number of other complementary engineering disciplines. We maintain 100 scholarships per year, with half available to students from regional Queensland and the other half to students from the South East. We received 461 applications for 39 scholarship places in 2024, with 20 students offered scholarships in regional areas and 19 in Brisbane.

Successful applicants gain real-world experience working with some of Australia's most innovative electrical engineers. They are exposed to new and emerging technologies that support the country's largest electricity network, including designing and building infrastructure for renewable energy, EVs, and energy storage.

First Nations employment pathways

During the year, we increased First Nations representation, in part due to the promotion of apprenticeship and work experience opportunities to First Nations peoples within our communities.

In alignment with our RAP, we are committed to providing sustainable employment opportunities to First Nations peoples. Throughout the year, we engaged directly with First Nations employees to seek input into our recruitment and retention strategies with a particular focus on understanding perceptions of recruitment, development, and retention of our current First Nations employees. This included a First Nations apprentice forum, bringing together First Nations apprentices from around Queensland to share their experiences as an apprentice with Energy Queensland.

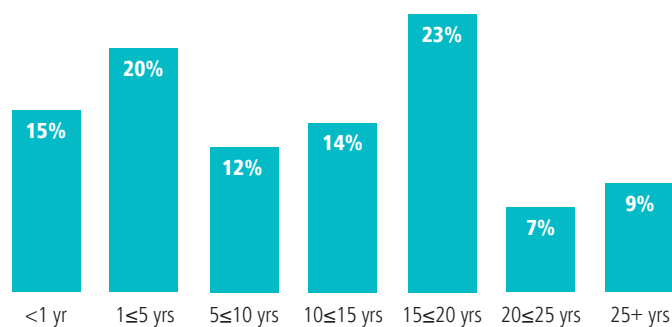
Currently, we have two Career Tracker interns specialising in engineering and data disciplines at our Newstead and Townsville offices. Our goal is to support these interns in transitioning to full-time employees, while also viewing internships as an opportunity to build a First Nations pipeline of talent and foster diverse thinking in our STEM career pathways. We also actively promote apprenticeship and work experience opportunities to First Nations peoples within our communities. In addition to the two Career Tracker interns, we have three First Nations peoples within the scholarship cohort and two employees in the graduate program.

Long-serving employees

We have 861 long-serving employees (greater than 25 years of service) across Ergon Network, Ergon Retail, and Energex, collectively representing approximately 29,000 years of contribution to the growth of our organisation.

Energy Queensland remains well-placed in the market, attracting high levels of recruitment interest with just under 30,000 job applications received throughout 2023-24.

Tenure profile of workforce



Enhancing our capabilities and leadership

We are committed to developing our people and continue to provide personal and professional training opportunities. Ensuring our employees are skilled and appropriately trained to perform in their roles is a priority for us because we know this fosters greater engagement and bolsters our workforce for further advancements in our energy evolution.

Our people are required to participate in ongoing training to promote an understanding of our health and safety policies and procedures, vision, purpose, and values, as well as cyber security awareness and other technical skills.

As part of our commitment to supporting reskilling and development for our employees, we provide access to LinkedIn Learning – an extensive library of online courses, videos, readings, and learning resources. The diverse content ensures that all employees can build skills and knowledge relevant to their current roles and prepare for growth and career changes within our organisation.

We customise learning opportunities for our graduates, scholarship holders, and apprentices through purpose-built career development programs and pathways, supporting an individualised approach to capability uplift. Our organisational implementations now ensure that targeted training is developed and rolled out as part of large-scale change management practices. This approach builds capability and confidence in our people to support new ways of working. Examples include a purpose-built Learning Hub for the new pay, time, and leave implementation, and the organisational rollout of training to support our new vehicle monitoring system.

Leadership training

During the year, we launched our Leadership Development three-year roadmap. This roadmap includes several custom-designed pathways and programs focusing on key capabilities for leaders at each level of leadership, both now and in the future. Two key initiatives launched include the Step into Leadership Pathway (a pathway with several learning interventions targeted at leaders with single teams) and our new flagship program: Leading at Energy Queensland (a two-day values-based program for all leaders, focusing on how we lead in our organisation). In the coming year, we will introduce the Step Up Leadership Program (for leaders who lead teams), the Leadership Development Library and self-serve tools and resources, and Emerging Leader Development.

We also developed and delivered a leadership program to help leaders navigate mental health conversations, provide ongoing support to team members, and be more confident in navigating the complexity and changing nature of mental health.

A new Organisational Development team was also created during the year, to focus on leadership development and organisational learning and capability and continue to deliver on the key initiatives from our Leadership Roadmap and People Strategy.

Facilities for training

In February 2024, the Queensland Government approved our application to redevelop the Rocklea Training Centre into a modern, purpose-designed training facility to support Queensland's response to the transforming electricity sector. Construction commenced in late February 2024, with completion of the new training space expected in early 2025.

Rocklea represents the largest and most comprehensive technical training facility across our portfolio and the redevelopment of the site is crucial in realising the increasing training requirements to support our contribution to the Queensland Energy and Jobs Plan.

Adopting digital solutions

Employees from across our organisation continue to collaborate with industry experts to ensure we appropriately scope, plan and deliver the technology uplifts we need to support the energy transformation ahead of us.

Over the course of the year, we have made significant strides in advancing our technological capabilities. We have empowered our employees with innovative tools and systems, a move that has not only improved our customer service but also strengthened community safety. Furthermore, these advancements have streamlined our operations, leading to notable efficiencies.

In November 2023, we launched a unified Pay, Time, and Leave software, integrating our resources and aligning with government payroll standards.

Our Digital team continued the transformation of our Retail systems throughout the year, culminating in the launch of a new customer portal in November 2023. Additionally, we successfully deployed our Distribution Contact Centre Technology project, which provides our people with an improved customer contact platform for better customer support.

In April 2024, we transitioned from our on-premises Virtual Desktop Infrastructure (VDI) to a more advanced cloud-hosted desktop solution. This strategic shift equips our employees with seamless connectivity, augmented flexibility, and notable cost efficiency.

We also drove continuous improvement in our Enterprise Resource Planning solutions, improving efficiency across several elements including accounts payable, accounts receivables, asset accounting and taxation.

Technology in the field

Throughout the year, we expanded our investment in Starlink, leveraging its low earth orbit (LEO) satellite constellation for high-speed, low-latency connectivity across Queensland. Starlink has revolutionised our remote Network crews' daily work, enabling mobile switching, work dispatch, communication, and collaboration. Our portable ROAM kits, deployed to approximately 200 depots, enhance remote connectivity and supplement slower or less reliable communication at work sites and remote generation locations. This has improved productivity, safety, and connections for our teams.

In fact, Starlink played a crucial role during the busy storm and natural disaster season in 2023-24. When traditional communication channels were unavailable, Starlink allowed us to assess network damage faster, allocate work efficiently and safely, and restore power to our communities.

To further support our field crews in navigating the ever-evolving digital landscape, we introduced a Digital Adoption Influencer Network in May 2024, which comprises passionate employees from across the Operations, Engineering, and Digital teams. Their shared commitment is to drive digital adoption and continuous improvement within the Operations team.

We conducted regular technology training sessions for our field crews throughout the year, enhancing digital literacy and technological readiness. These collaborative forums allow team members to explore digital tools, share insights, and address queries. Currently, Tech Sessions are available to our crews in South East Queensland, with plans to extend them to central and northern field crews in the coming year.

We also introduced new technological tools for signing into substations and managing administration associated with field operations in early 2024, providing our employees the flexibility to access crucial supervisory control and data acquisition (SCADA) data on both their laptops and iPads.

Our digital transformation also delivered improvements in our approach to safety throughout the year with the introduction of in-vehicle systems and new digital pre-start checklists (page 59).

Cyber security

Cyber security continues to be a high priority for us as an operator of critical infrastructure. As a Group, we are focused on keeping our people, customers, data, and the services we provide safe and secure while meeting our regulatory obligations. During the year, our Cyber Security team worked with teams across the organisation on various initiatives and training to enhance our security technologies, capabilities, and processes to combat evolving security threats, including the deployment of new security tools. All employees were engaged in ongoing Cyber Security Awareness Training though the year and a risk-based approach to improving cyber security capability was adopted, driving appropriate and targeted uplift of controls across the organisation while maintaining relevant compliance obligations.

Determining wages and conditions

Energy Queensland is committed to providing a rewarding work environment for all employees.

The wages and conditions of the majority of our employees are provided in Enterprise Agreements made under the *Fair Work Act 2009* (Cth). Consistent with the Government Owned Corporations Wages and Industrial Relations Policy, Energy Queensland collaboratively engaged in Enterprise Agreement negotiations with industry unions to replace our current Enterprise Agreements which nominally expired on 29 February 2024.

These negotiations resulted with in-principle agreement being reached on the Energy Queensland Union Collective Agreement 2024 and the Energy Queensland Retail Union Collective Agreement 2024.

They will both operate from 9 July 2024 and nominally expire on 29 February 2028. We believe they balance recognition of our workforce's expertise and the expectations of Queenslanders that we serve.

Our safety

At the heart of our organisation lies a steadfast commitment to the safety and wellbeing of our employees

We are committed to fostering a culture of safety, where every individual is involved in maintaining a safe and healthy work environment. Our approach is proactive, leveraging a robust framework in line with safety regulations and industry standards that encourages teamwork and continuous enhancement of our health and safety performance. We have maintained Certification to ISO45001:2018 Occupational Health and Safety Management Systems and Yurika to the Office of Federal Safety Commission. We believe that by constantly monitoring and improving our safety measures, we can ensure a secure and productive workplace for everyone.

Our Health and Safety Policy focuses on five key areas:

- People and Wellbeing – we demonstrate our care for the physical and mental wellbeing of our people. We remove the stigma around mental health.
- Safety Is Defence – we set our defences at the start of the day and focus on both the dynamics and mechanics of how work is done.
- Sensitivity to Operations – our efforts are focussed on supporting our customer facing teams to efficiently deliver their work.
- Deference to Expertise – we build trust with our people and know that they are the best informed to make decisions and create improvements in their work.
- Continuous Learning – we are relentless in our drive to learn at every opportunity and create improvement in how we operate.

Safety and quality observations and workplace inspections are conducted regularly across our organisation and various work sites by senior leaders, work group leaders, and various subject matter experts to ensure day-to-day activities are carried out in the safest manner.

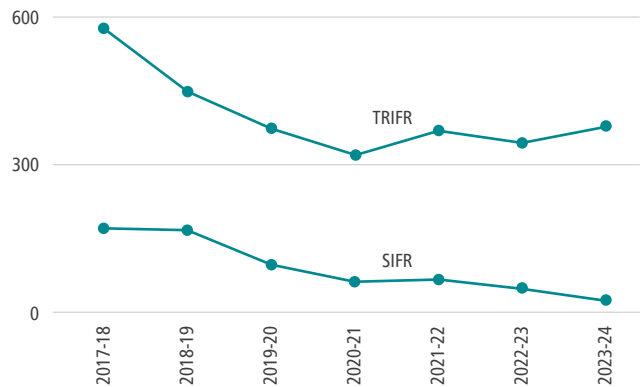
Working towards reduced workplace injuries

Throughout the year, we continued our focus on learning and the reduction of incidents in relation to our Fatal Hazards, with a greater than 50% reduction in the Group-wide Significant Injury Frequency Rate (SIFR) of 0.4 realised (2022-23: 0.9) against a target of ≤ 1.1 .

Our Total Recordable Injury Frequency Rate was 7.6 and the Lost Time Injury Frequency Rate was 2.2 (2022-23: 6.9 and 2.1). The increase in injuries largely relate to hand and power tools (an increase of seven events) and impact injuries (also an increase of seven events), both of which will be focus areas for 2024-25.

We reviewed and refined our incident reporting process over the year. Our goal is to ensure that we not only meet but exceed statutory requirements. By doing so, we aim to foster a culture of transparency and accountability, thereby enhancing the safety and wellbeing of all stakeholders.

Significant and total workplace injuries



The Group's Significant Incident Frequency Rate (SIFR) halved with a continuous focus on high-risk hazards. Total Recordable Injury Frequency (TRIFR) lifted slightly, retargeting our focus areas.

Workplace safety performance

	2022-23	2023-24	TARGET
Significant Incident Frequency Rate	0.9	0.4 ▼	≤ 1.1
Total Recordable Injury Frequency Rate	6.9	7.6 ▲	≤ 7.0

Promoting safe behaviour

We are committed to regularly reviewing, enhancing, and simplifying our processes to ensure a safe environment for our employees, particularly our field workers who are regularly engaged in high-risk tasks.

In August 2023, we launched a comprehensive Driving Awareness course, underscoring the significance of adhering to safety protocols while operating vehicles. Given that a substantial number of our employees are tasked with travelling to diverse locations and work sites state-wide, we deem this training imperative for ensuring their health and safety.

In April 2024, we enhanced our In Vehicle Asset Management (IVAM) system across our fleet with in-cabin alerts. The IVAM system captures critical data including vehicle location, distance travelled, equipment usage, fatigue monitoring, route tracking, and driver behaviour. The new feature allows drivers to receive real time feedback on their safety performance with in-cabin alerts for such activities as fatigue and speeding. The IVAM system also features an emergency distress button installed in each vehicle, providing an additional layer of safety for our workforce. With real-time data accessibility, we can respond swiftly and effectively to any situation, further ensuring the wellbeing of our team.

We commenced the replacement of our paper-based pre-start checklist with a new digitalised version in May 2024. The new checklist will make it easier for our people to complete their pre-start checks at the start of the day or change of shift. Pre-start checks are a critical step in keeping our people safe when driving and using equipment.

Emergency situations

As part of our storm preparedness efforts, we conduct a Summer Preparedness program, including Emergency Planning and Response Training and scenario exercises to ensure the safety of our employees. Throughout the year, we developed and delivered five online self-paced training packages, facilitated eight interactive sessions, and created specialised exercises for bushfires, storms and cyclones. Our ongoing review and updates to emergency processes and documentation, and our internal platforms, equip our employees with the necessary tools and knowledge to plan, respond, and recover from emergency events safely.

As part of our unwavering commitment to continuous improvement and refining our emergency management strategies, we conducted debriefs on each event and initiated a survey in early 2024, which inform our Lessons Management approach. The debriefs and survey involved employees who played a crucial role in our response efforts during the extreme events that transpired from late 2023 to early 2024. The primary

objective of this survey was to gather invaluable insights and feedback. This information is pivotal in our quest to enhance our readiness and response mechanisms in the face of such critical situations (page 39).

Supporting health and wellbeing

We prioritise the health and wellbeing of our team members and have implemented a variety of employee benefit schemes to support this commitment.

Mental health

In August 2023, we introduced the Energy Queensland Mental Health Focus Areas based on findings from our previous year's Mental Health and Wellbeing Survey.

The four focus areas will target portfolio-wide improvement opportunities that benefit our people the most. These are:

- Stigma Reduction – we are committed to addressing barriers that surround mental health discussions and ensuring our people know when and where they can turn for support.
- Leadership – our leaders play a pivotal role in not only championing mental health initiatives but minimising workplace factors which contribute to mental ill health.
- Key Psychosocial Hazards – understanding and developing strategies to mitigate psychosocial hazards is a critical component of our commitment to the mental health of our people. We want to continue creating safer and healthier work environments.
- Governance & Assurance – we will update risk assurance processes to incorporate psychosocial risks, as well as the mental health initiatives we have, or will, progress to address these risks.

In addition to these overarching Mental Health Focus Areas, each area of the Group continues to review specific needs identified within their respective teams. We encourage employees to normalise mental health conversations, participate in initiatives, understand available support, and provide feedback where needed.

In response to the national shortage of professional psychological services, particularly in regional areas, and recognising the demand for specialised support, we have taken steps to enhance mental health assistance beyond the invaluable services currently provided by our Employee Assistance Provider (EAP) provider. Starting in March 2024, we launched a 12-month trial of the Mental Health Rebate Program, enabling employees and their immediate family members to access local service providers outside of the EAP offerings and receive rebates of up to \$140 for their out-of-pocket expenses.

Mates in Energy

Our Mates in Energy program is dedicated to increasing awareness of mental illness, promoting help-seeking behaviour, and addressing suicide prevention. We actively encourage all employees to engage in the Mates in Energy General Awareness Training, which equips participants to recognise signs in colleagues, family, or friends who may require assistance and guides them in taking appropriate actions. Further training is also available to employees to assist with the identification of suicidal behaviour and intervention. Employees and their families can also access the 24-hour Mates hotline.

Monitoring and managing risks

The management of hazards and risks is a shared responsibility that involves all employees and contractors. This principle is deeply ingrained in our business operations, influencing how we plan and execute our work. We have established processes that facilitate the identification, management, and control of hazards, ensuring a safe and secure work environment for everyone.

Asbestos management

Our Asbestos Management Policy reflects our commitment to proactively eliminate asbestos from all affected buildings within our operations by 2030, to the extent reasonably practicable. To date, we have successfully removed over 72,000 square meters of asbestos-containing materials and 33,000 tonnes of asbestos-contaminated soil from more than 620 sites and structures. We continue to conduct routine inspections of our sites to monitor any residual asbestos-containing materials that remain after previous removal activities.

HazChat

HazChat is our hazard identification and management tool. The key principles of HazChat are to:

- Enable meaningful in-field safety conversations
- Focus on hazard identification and treatment
- Provide a simple process that strips away everything unnecessary
- Balance the mechanics and dynamics of how teams work
- Work hand in hand with the pillars of Safety is Defence and SMEACS (Situation, Mission, Execution, Admin/Logistics, Command/Communications, Safety).

The HazChat App continues to evolve and improve, with an additional feature, 'Copy a HazChat' added in June 2024, based on end user feedback. The feature may be utilised by teams who perform project work or multiple day maintenance tasks where hazards often remain the same.

Economic value

Material topics

PRIMARY



ENERGY AFFORDABILITY AND VALUE

Prices and affordability are priorities in our distribution Regulatory Determination Proposal 2025 project. We are also focused on the impact of rising Ergon Retail prices in regional Queensland.



ECONOMIC RESILIENCE AND JOBS

Our customer connections efforts, Procurement Policy (aligned with the State Government's Queensland Procurement Policy), and People Strategy contribute to Queensland's local economies.

SECONDARY

ECONOMIC CONTRIBUTION AND VIABILITY

Our 2023-24 financial results are shown here. The Statement of Corporate Intent details our financial forecasts/targets, including the policy for dividends to Queenslanders.

Key outcomes:

- Submitted Proposals to the AER for 2025 and beyond with a priority on energy affordability, limiting the future increases in distribution network charges.
- Supported regional Queenslanders with cost-of-living through Queensland Government rebates and a regional subsidy.
- Delivered a \$2.2 billion capital works program across the state with a focus on replacing and upgrading network assets.
- Stimulating the development of a Queensland battery industry through procurement and technology trials.
- Improved Ergon Retail's financial performance as markets stabilised, through robust hedging strategies.

Our affordability focus

We are committed to making energy affordable for everyone, ensuring that no one gets left behind during the energy transformation.

Prioritising future energy affordability

In January 2024, Ergon Network and Energex submitted Regulatory Proposals and Tariff Structure Statements to the AER for 2025 and beyond.

Our Regulatory Proposals set out the forecast capital and operating expenditure we require to build, operate, and maintain our distribution networks and the revenue we intend to collect through network charges. Our Tariff Structure Statements explain the network tariffs we plan to use in the next five-year period to recover the total allowed revenue.

Through our engagement on the energy future (page 26), our customers told us affordability is their number one concern, and at the same time, they expect us to uphold reliability, resilience, service, and safety. With this in mind, we sought to strike the right balance between investing in the network to ensure we can deliver for the communities we serve and the cost we would need to pass on. Across our proposals we placed a priority on customer value and affordability. We sought to limit the increase in distribution network charges for households to 5% each year.

This has been achieved by a 2% reduction in the revenue allowance requested respectively in Energex and Ergon Network's separate Regulatory Proposals, through applying a productivity factor to capitalised overheads and operating expenditure and excluding the difference between the AER forecast and our information and communications technology (ICT) capital expenditure for the last five years.

As this report is being published, the AER will release Draft Determinations feedback. We will then refine our Revised Regulatory Proposals for submission in December 2024.

Addressing the cost of living

During the year, Ergon Retail worked closely with the Queensland Government to help our customers with the cost-of-living and doing business.

For vulnerable households, a \$700 Queensland Government Cost of Living Rebate was passed on via electricity bills, in addition to the existing \$372 Queensland Electricity Rebate. A \$550 Cost of Living rebate was also provided to all other Queensland households, and a \$650 rebate for small businesses. Ergon Retail automatically credited these rebates to electricity bills on a quarterly basis.

In April 2024, the Queensland Government boosted the Cost of Living rebate to \$1,000 for all Queensland households for 2024-25, in addition to the other rebates. This will result in most Queenslanders not paying a cent on their first power bill for 2024-25. Small businesses will receive a \$325 Queensland rebate. In addition, there are Commonwealth Government rebates for 2024-25, \$300 for residential and \$325 for business, which will be applied to bills. We will continue to support these rebates through our customer communications and billing system.

These rebates followed significant cost-of-living pressures through the year. With other inflationary pressures, electricity prices across the country increased significantly in July 2023, in line with wholesale energy prices. The Queensland Household Energy Survey 2024 indicated that electricity bill concern is rising in line with these cost pressures, with 56% of customers indicating high electricity bill concern this year (2022-23: 53%). In regional Queensland, where the QCA sets the prices Ergon Retail charge, a typical residential customer saw an increase of 28.7%, while a typical small business customer saw an increase of 26.8%.

Since then, network and retail costs have increased, only partly offset by a decrease in energy costs. The result, as we move into July 2024, is that while a typical Ergon Retail small business customer will see a 1.1% reduction, a typical residential customer will see an increase of 5.0%.

The Queensland Government subsidises the price of electricity for regional Queenslanders. This economic subsidy, known as the Community Services Obligation or CSO payment, makes bills in regional Queensland around 20% less on average than the cost of electricity supply. In 2023-24, the subsidy was \$619 million, taking the total provided to support our retail customers with the rebates above to \$1,067 million.

Our financials

As a Government Owned Corporation, our financial performance and investment program is central to delivering Queensland’s energy policies, including customer rebates and subsidies.

Network restoration, maintenance and cost pressures impact financial results

Energy Queensland reported a Net Loss After Tax of \$65 million, a \$148 million improvement on the prior year.

The improvement is predominantly due to the recovery of Ergon Retail’s financial performance. Like many retailers Australia-wide, Ergon Retail’s Earnings Before Tax had been impacted by challenging trading in the volatile wholesale energy market. Through 2023-24, markets stabilised and Ergon Retail’s robust hedging strategies delivered a \$80.9 million retail profit.

Our network businesses responded to numerous extreme weather events (page 39) and continued to have a firm focus on the maintenance and safety of our electricity networks. Profitability came under pressure from the scale of our emergency response efforts following the natural disasters, which we are seeking to recover financially, and the ongoing escalated levels of operational maintenance works, compounded by a challenging cost environment.

The total expenditure for core Standard Control Services was \$2,735 million (up from \$2,222 million in 2022-23), in line with Queensland Government and the Board’s expectations around the network business’s significant operational and capital investment programs. The increase in spend was driven, in part, by our power restoration efforts following the summer cyclone and storm events. We continued robust investment in the replacement of network assets to ensure we meet safety requirements, legislative compliance, and the reliability expectations of our customers. The year also saw an increased investment in new customer connections.

The Yurika business continued its organisational and revenue growth in a challenging cost and operating environment, which placed margins under pressure.

Investing in Queensland’s electricity networks

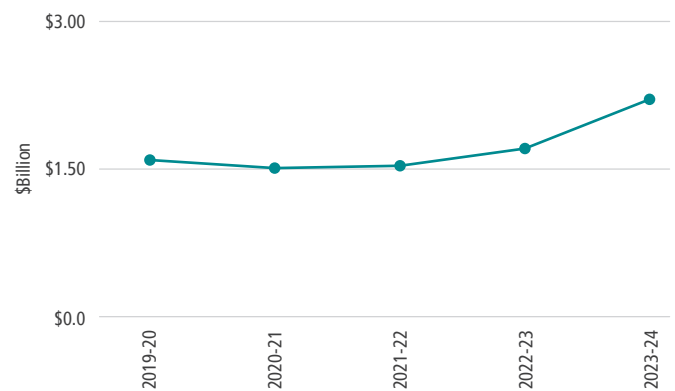
Across the state, the Energy Queensland Group delivered a record \$2.2 billion capital works program this year, predominantly representing a significant investment into our network assets.

To address safety risks and associated reliability, most notably in regional Queensland, Ergon Network and Energex have continued

a multi-year refurbishment and replacement program, focused on addressing electricity network assets reaching the end of their serviceable life. The scale of the \$1.1 billion capital works program in Ergon’s regulated network exceeded what has been provided for by the AER’s regulatory determination (page 28). Energy Queensland continues to work with the AER regarding the regulatory overspend.

Our 2023-24 capital works program included a growing investment of \$95 million in network-connected energy storage. This investment is playing a critical role in supporting the renewable energy transformation. These batteries have been funded from retained dividend from 2021-22 and moving forward with Queensland Government equity as unregulated assets (page 41).

Capital investment



Our Integrated Works Program has seen a record \$2.2 billion invested as part of our commitment to ensuring Queensland’s electricity distribution networks remain safe and reliable and able to support the State’s economic development.

Buy Queensland in action

The Energy Queensland Group benefits local communities through employment opportunities and procurement. We profile the strength of our jobs and skills outcomes in Our people section (pages 51-60).

We have also continued to work together with communities and suppliers to develop industry capability and capacity to secure sustainable economic and social benefits. Operating across the breadth of the State, in 2023-24, we injected \$1.5 billion in direct purchases from Queensland suppliers (2022-23: \$1.1 billion).

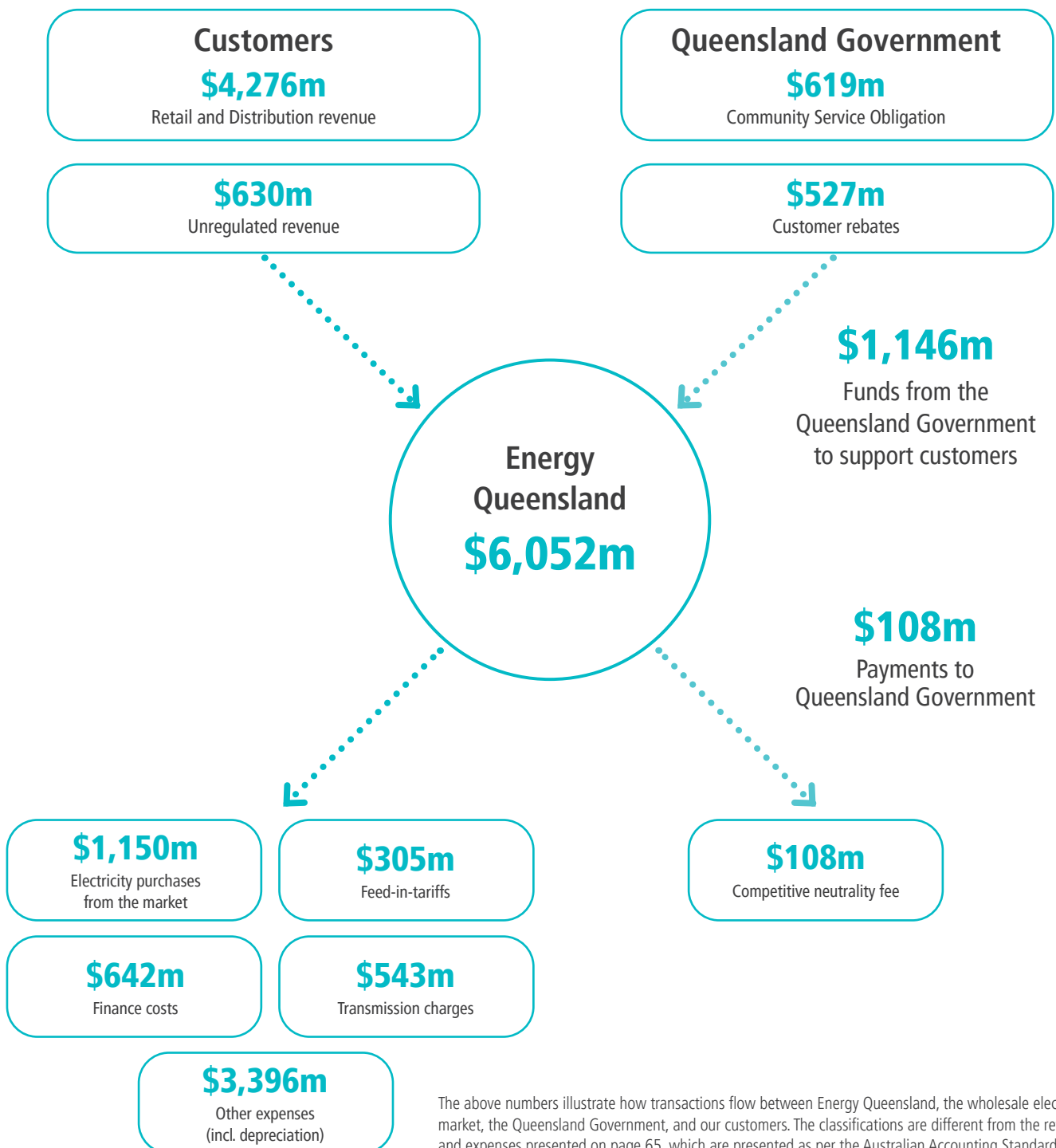
In line with the Queensland Government’s Buy Queensland approach to government procurement, the Queensland Energy and Jobs Plan, and the Queensland Procurement Policy 2023, we are committed to ensuring Queensland suppliers are engaged in government-related works, and that the opportunities in the energy transformation and the Brisbane 2032 Olympic Games leave a legacy for Queenslanders.

Our Local Network Battery Plan (page 41) is stimulating the development of a Queensland battery industry. The next generation of our high voltage batteries for Stage 2 are now being constructed in Brisbane. We have also engaged with two vendors in Queensland to produce our low voltage batteries and have been working with these vendors for the broader rollout of our projects throughout the year. Through the Queensland Government’s funding into our flow battery trials,

as an alternative to lithium batteries, we are aiming to provide a proving ground for the technology and developing pathways for flow battery inclusion in future battery programs.

During the year, we also focused on increasing First Nations supplier diversity, to support improved economic outcomes, with the implementation of our Aboriginal and Torres Strait Islander Procurement Strategy, including training and internal communications, and membership to Supply Nation.

Where the value flows



Our financial statements explained

This section explains the key financial outcomes for Energy Queensland Limited to 30 June 2024. This commentary is not exhaustive – for full disclosures refer to the Energy Queensland Limited Annual Financial Report on pages 85 to 156.

Where does our revenue come from?

Energy Queensland's total revenue is \$6,115 million consisting predominantly of electricity Retail sales and Distribution revenue (\$4,494 million).

The Queensland Government's Community Service Obligation (CSO) subsidy for the year is \$619 million. The CSO is paid to Ergon Retail, for the network businesses to provide electricity in regional Queensland at prices based on the costs of supply in South East Queensland, in accordance with the government's Uniform Tariff Policy.

Unregulated revenue from other services is \$629 million.

What are our main expenses?

Our total expenses (excluding income tax) are \$6,210 million. Our operating and maintenance expenditure was \$2,675 million, with increased costs in employee benefits, materials, and services. Transmission charges and electricity purchases were \$1,617 million.

Depreciation, amortisation, and impairments of \$1,168 million continues to be a substantial expenditure due to the considerable investment in capital for the provision of electricity distribution services.

Our finance costs of \$750 million correlates with the average debt balance and prevailing interest rates.

What assets do we own?

Our total asset base is \$30.3 billion. Property, plant and equipment are the major components of our asset base, at \$26.9 billion, which consists mostly of regulated electricity network assets. Our network assets are revalued to fair value on an annual basis.

What are our liabilities?

Total liabilities are \$26.1 billion. Our largest liability, the interest-bearing loan with Queensland Treasury Corporation, is \$20.3 billion with \$946 million in loan drawdowns this year to fund business requirements, including capital investment. We remain committed to maintaining a sustainable financial position by managing our long-term debt levels to an appropriate target gearing ratio as considered appropriate by our Board, in consultation with our shareholder. The Debt to Standard Control Services Regulated Asset Base Ratio is 66.4%.

What was our capital investment?

Energy Queensland made \$2.2 billion in capital investment during the year, to maintain our network performance and service levels, and fulfil our commitment to meeting the future requirements of our communities.

What is Energy Queensland's dividend policy?

Energy Queensland's normal policy is to declare dividends based on 100% of its Net Profit After Tax adjusted for material non-cash items. No dividend will be declared given a loss for the year.

Key financial outcomes

	\$MILLION 2022-23	\$MILLION 2023-24
OUR REVENUE		
Revenue and other income	5,289	6,115
OUR EXPENSES		
Transmission charges and electricity purchases	1,495	1,617
Operating expenses	2,299	2,675
Depreciation, amortisation and impairments	1,081	1,168
Finance charges	714	750
OUR PROFIT / (LOSS)		
Net profit / (loss) before tax	(300)	(95)
Net profit / (loss) after tax	(213)	(65)
OUR ASSETS		
Current assets	1,565	2,297
Non-current assets	27,607	27,994
Total assets	29,172	30,291
OUR LIABILITIES		
Current liabilities	1,293	2,234
Non-current liabilities	23,237	23,915
Total liabilities	24,530	26,149
Net assets	4,642	4,142
OUR INVESTMENT		
Total capital investment	1,707	2,203
DIVIDENDS		
Dividends declared	-	-



Governance

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Board of Directors

Energy Queensland is governed by a Board of eight Directors.

Sarah Zeljko

Chair

LLB GAICD GAIST

Sarah Zeljko joined the Board as Chair in October 2022 and is a member of the Audit and Risk Committee and the Regulatory and Investment Committee.

Recognised for her commercial acumen, Sarah has a record of delivering revenue growth in large corporations through developing and executing corporate strategy, negotiating commercial agreements, and project management across complex multi-million-dollar transactions.

She is a Non-Executive Director on the board of Stockyard Beef, Unitywater, Intellidesign, Queensland Rugby Union and International River Foundation.

Previously, Sarah served as a Director on the Board of Powerlink and has previously held professional non-executive director and governance Board roles with Brighter Super, Millovote, Bravehearts, Waterways Plus, Uniq You, Venlo and Verbrec.

Sarah is an admitted legal practitioner in the New South Wales and Queensland Supreme Courts and has held previous roles as General Counsel and Company Secretary for G8 Education (an ASX200 listed entity), the Wiggins Island Coal Export Terminal and Cement Australia.

Vaughan Busby

Director

B.Pharm MBA GAICD

Vaughan Busby joined the Board in 2017. He is the Chair of the Regulatory and Investment Committee and a member of the Audit and Risk Committee.

Vaughan currently serves as the Chair for ASX listed SciDev and is the Chair of Netlogix Australia Pty Ltd. He is also a Director of EnergyCo. Previously, he was a Director of Energy One Ltd, Ergon Energy Queensland Pty Ltd, and the Managing Director for HRL Morrison & Co Australia, an infrastructure fund manager responsible for managing the NZX listed fund Infratil.

With extensive experience in the energy industry and infrastructure sectors, Vaughan holds an MBA from the IMD Business School in Switzerland.

Mark Algie

Director

BA (Politics) MBA CAHRI GAICD

Mark Algie joined the Board in 2016. He is the Chair of the People, Safety and Environment Committee and a member of the Digital Enablement Committee.

Mark is a highly experienced human resources executive with over 15 years' experience across numerous sectors including defence, heavy engineering, construction, utilities, infrastructure, and media.

He is currently the Managing Director of Human Outsource which specialises in the provision of human resources and psychology services. Mark is also the Chair of the AEIOU Foundation Board.

Previously, Mark has held appointments as Director, Events and Custom Media for News Corp Australia and Human Resources Director with APN, Australian Regional Media. He also spent four years with Tenix Australia in a number of HR appointments including as Manager Human Resources Infrastructure, and two years with Ergon Energy Corporation Limited as a Senior Employee Relations Consultant. He began his career as an Army Officer with the Department of Defence.

Teresa Dyson

Director

LLB (Hons) BA MTax MAppFin FAICD GAIST

Teresa Dyson joined the Board in 2016. She is the Chair of the Audit and Risk Committee and a member of the Regulatory and Investment Committee.

Teresa is currently a non-executive director of Seven West Media Ltd, Shine Justice Ltd, and Brighter Super.

She is a member of the Gold Coast Hospital and Health Services Board, the Takeovers Panel and the Australian Tax Office Audit and Risk Committee and Chair of the Chief Executive Women Queensland Policy and Engagement Committee. Teresa was formerly a member of the Foreign Investment Review Board, Housing Australia, Chair of the Business Law Section of the Law Council of Australia, Chair of the Board of Taxation, and non-executive director of Genex Power Ltd.

Prior to becoming a full-time non-executive director, Teresa had over 20 years legal experience advising the private sector and governments on complex infrastructure, mergers and acquisitions, finance transactions and social infrastructure. She was formerly a partner of each of Ashurst Lawyers and Deloitte Australia.

In 2011, Teresa was named Woman Lawyer of the Year by the Women Lawyers Association of Queensland.

Kevin Kehl

Director

BEng (Hons) GAICD

Kevin Kehl joined the Board in June 2024. He is a member of the Audit and Risk Committee and the Regulatory and Investment Committee.

Previously an executive leader at Powerlink Queensland and Energex, Kevin has more than 40 years' experience in the energy industry across the distribution and transmission networks sector. He is currently a non-executive Director of TasNetworks and MarinusLink Pty Ltd and has held senior leadership roles in the energy sector, including twelve years in chief and senior executive management positions across business and market development, change, policy, strategic, regulatory, finance, customer and stakeholder relations, operations, and governance functions.

Kevin holds a BE (Hons) in Electrical Engineering and a Graduate Certificate in Electricity Supply Engineering and is also a Graduate Member of the Australian Institute of Company Directors.

Hon. Paul Lucas

Director

B.Econ LL.B. MBA MURP Prof. Cert. Arb. MPIA FAICD

The Honourable Paul Lucas joined the Board in 2021. He is a member of the People, Safety and Environment Committee, and the Regulatory and Investment Committee.

Paul has extensive experience with regulated utilities in the energy, rail, and aviation sectors at both a State and Federal level. His background provides him with a particular understanding of regional and remote communities together with governance, risk, and strategy expertise. Dual qualified as a Solicitor and Urban Planner, he is a consultant to a major Eastern Seaboard law firm.

He is an independent Director on the Board of the PKKP Aboriginal Corporation and is on the Board of the Southwest Hospital and Health Service. Paul is currently the Chair of the Lockyer Valley Somerset Water Collaborative and is a member of the Council of the University of Sunshine Coast. He conducts DFAT funded courses internationally in areas including governance, infrastructure, and disaster resilience. He is the Queensland Honorary President of the Australian Institute of International Affairs and an Honorary Member of the National Indigenous Science Translation Centre.

He has previously served as Chair of the Cross-River Rail Delivery Authority; and as a Director of Airservices Australia; Powerlink; The Institute for Urban Indigenous Health; Kokatha Aboriginal Corporation; regional airline Skytrans; and Central Highlands Development Corporation.

A former Deputy Premier of Queensland, he served as a Minister for 11 years in a variety of portfolios including Energy, Infrastructure and Planning and Local Government.

Karen Lay-Brew

Director

B. Applied Science – Computing MBA MAICD

Karen Lay-Brew joined the Board in 2021. She is the Chair of the Digital Enablement Committee and a member of the People, Safety and Environment Committee.

Karen brings extensive international experience in Chief Information Officer and Chief Productivity Officer roles in multinational corporations including BHP, Microsoft, and Honeywell Asia Pacific with responsibility for implementing systems and technologies, culture change and operational excellence.

Karen has served on high-level Australian Government boards for a number of years and was previously a director and President of Australian Business Software Industry Association, now renamed DSPANZ, and a director of Multicap, a leading support organisation for people with disabilities.

She is the Managing Director of 3Pillars.Digital, which supports organisations to apply contemporary and digital technologies to deliver sustained business outcomes. The 3Pillars group provides management consulting services to numerous industries including mining, utilities, defence, and public sector.

Megan O'Hara Sullivan

Director

BAppSc (Optom)

Megan O'Hara Sullivan joined the Board in June 2024. She is a member of the Digital Enablement Committee and the People, Safety and Environment Committee.

Megan has significant experience as a non-executive member across various boards. She is currently the Chair of the Toowoomba Hospital Foundation Research Grants Committee and a member of the Australian Local Government Women's Association Queensland Branch Management Committee. She recently served as Councillor for Toowoomba Region and has formerly been a director of Regional Development Australia.

Executive Leadership Team

Energy Queensland's Executive Leadership Team comprises of a Chief Executing Officer (CEO) and nine executive leaders.

Peter Scott

Chief Executive Officer

DipBus BBus MPA MBA FCPA GAICD

Peter Scott was appointed Chief Executive Officer of Energy Queensland in September 2023.

Bringing a wealth of leadership and energy industry experience, Peter previously acted as CEO of Energy Queensland from July 2019 to March 2020 and held the role of Executive General Manager Finance from November 2016 to December 2022.

Prior to Energy Queensland, Peter served as Energex's Chief Financial Officer for two years.

Peter holds a Diploma of Business, a Bachelor of Business, a Master of Professional Accounting, a Master of Business Administration, and is a Fellow of Certified Practising Accountants and a Graduate of the Australian Institute of Company Directors.

Paul Jordon

Chief Operating Officer

GAICD

Paul Jordon joined the Executive Leadership Team in December 2017 and leads the operations and maintenance of Energy Queensland's distribution network across the State covering both Ergon Energy and Energex's operational streams.

The Chief Operating Officer role encompasses the full range of operational aspects including works programming, field delivery, network operations, system design, substations and delivery enablement which covers apprentices, fleet, contract resources, training and emergency planning and response.

Paul's experience in both electricity distribution and retail fields spans in excess of 30 years both in Australia and internationally. He continues to work proactively with energy entities globally sharing knowledge and learnings and innovations to enhance the future of our industry.

Paul has an expansive knowledge of disaster preparedness and response and is passionate about the safety and wellbeing of our employees and the communities we work with.

Peter Price

Chief Engineer

BEng (Hons) MEng MCIPS FAICD

Peter Price was appointed to the Energy Queensland Executive Leadership Team in November 2016 and is responsible for leading our engineering and asset management strategies, which includes the safe and efficient management of our electricity distribution networks.

Prior to joining Energy Queensland, Peter was a member of Energex's Executive Management Team for ten years. His career with Energex included managing and leading capital planning and program delivery, asset management, procurement, regulatory issues, and the growth of new commercial businesses.

Peter holds both a bachelor's degree (with honours) and a master's degree in engineering from the University of Queensland and is a fellow of the Australian Institute of Company Directors.

Peter is also a Director of TAFE Queensland, and a member of the Queensland Energy System Advisory Board.

David Malek

Chief Financial Officer

MAppFin MBA (Fin&Ec) BA BusMgt FCPA GAICD

David Malek joined Energy Queensland in March 2023. His responsibilities encompass the Business Services function at Energy Queensland, which includes financial control, financial performance and analysis, procurement and supply chain, enterprise risk and compliance, organisational resilience, business process improvement and legal services.

He has extensive global experience across property, logistics, airports, and energy sectors. He is dedicated to commercial excellence, fostering high-performance cultures, and championing the success of staff and customers. Throughout his career, David has led change that benefits organisations, their customers, and their communities.

Before joining the Energy Queensland team, he was CFO at Brisbane Airport Corporation and has held senior leadership roles in the infrastructure sector and investment banking. He holds a Bachelor of Arts in Business Management, a Master of Business Administration (Finance and Economics), and a Master of Applied Finance. David is also a Fellow of Certified Practising Accountants (FCPA) and a Graduate of the Australian Institute of Company Directors (GAICD).

Belinda Watton

Executive General Manager, Yurika

BCom MAppLaw GradCertAppFin GAICD

Belinda Watton has been a member of the Executive Leadership Team since 2016 and was appointed as the Executive General Manager of Yurika in January 2023, making her responsible for leading a competitive commercial business that boasts a rapidly growing, national footprint.

Offering solutions including the engineering, design, procurement, construction, operation and maintenance of significant Energy and Infrastructure projects, the Yurika business also offers an integrated suite of energy solutions including Telecoms, Internet of Things, Metering and Energy Material Supplies.

Belinda has a track record of transforming cultures and delivering organisational objectives in public, private and not for profit organisations across a range of different industries.

Having previously served as a Non-Executive Director with the Electrical Safety Board and Executive Director for Ergon Energy Retail and Energex and Ergon Distribution Boards, Belinda is currently a Non-Executive Director at Energy Skills Queensland.

She has a Bachelor of Commerce, Masters of Applied Law, qualifications in finance, is a graduate member of the Australian Institute of Company Directors and a member of Chief Executive Women.

Ayesha Razzaq

Executive General Manager, Retail

BEng (Hons) GAICD FAMI

Ayesha Razzaq was appointed Executive General Manager, Retail in March 2020. She is responsible for leading Energy Queensland's Retail business, Ergon Energy Retail. This includes delivering a positive customer experience, managing wholesale energy procurement, and the ongoing development of products and service choices for customers.

With over 20 years' experience in senior executive roles within the energy industry, Ayesha is committed to customer-centricity, operational and transformational excellence, and driving innovative strategies to deliver profitable growth. Her prior experience in navigating a Retail business through significant energy industry change will help continue to move the Retail business forward in its customer-centric approach.

Ayesha holds a Bachelor of Engineering with Honours and has graduated from Harvard Business School where she completed the Advanced Management Program. She was awarded the 2017 ACT Corporate Telstra Business Woman Award.

Michael Dart

Chief Customer Officer

BSc (AusEnvSt) BSc (EnvHlth) Dip(Mgt) GAICD

Michael Dart was appointed to the Energy Queensland Executive Leadership Team in January 2020. He is responsible for leading customer, community, stakeholder engagement, brand, marketing, media, internal communications, digital communications, and investor relations strategies for Energy Queensland.

He also has executive responsibility for the largest 24/7 Network Customer Operations centre in Australia and oversees the market transaction and customer connections functions for 2.3 million customers.

He has executive management, stakeholder relations, policy development and communications experience reaching more than 25 years. He has worked for state and local governments and as consultant to the private and public sectors.

Michael has spent more than a decade as an Energy Industry leader and as a Non-Executive Director in the government, arts, environment, science, and health fields including for Griffith University, Queensland Theatre, and Jobs Queensland.

Sharyn Scriven

Chief Information Officer

MBA GAICD MCIPs

Sharyn Scriven has over 25 years of leadership experience in the Australian utility sector working in areas of Asset Investment, Operations, Workforce Management, Strategic Program Management, Procurement and Supply and Commercial Partnerships.

Sharyn was permanently appointed as the Chief Information Officer in May 2024 following a short period of acting in the role. She was previously the General Manager Grid Investment at Energy Queensland managing an annual \$2 billion network investment portfolio.

She is Chair of the Dream Big Australia Board, a charity committed to enhancing women's potential and their ability to succeed in STEAM careers.

Sharyn holds an MBA from the University of South Australia, is a Graduate of the Australian Institute of Company Directors and holds MCIPs with the Chartered Institute of Procurement and Supply.

Her speciality areas are transformational change, strategic thinking, people development and operational excellence.

Todd Reynolds

Executive General Manager, People, Property and Safety

BSc MBA GAICD

Todd Reynolds joined Energy Queensland in January 2024 as Executive General Manager, People, Property and Safety. He has responsibility for leadership of Human Resources, Industrial Relations, Safety, Environment & Cultural Heritage, Corporate Shared Services, Property and Security.

Todd has significant experience across the aviation and energy industries. He has spent the last 10 years working in the aviation sector which includes General Manager roles in Workplace Relations, Human Resources and Government Relations.

Prior to working in aviation, Todd held Industrial Relations and Human Resources leadership roles with Stanwell Corporation, a Queensland Government Owned Corporation (GOC).

Todd holds a Bachelor of Science from James Cook University, a Master of Business Administration (Executive) from the Royal Melbourne Institute of Technology and is a Graduate of the Australian Institute of Company Directors.

Trudy Fraser

Acting Executive General Manager, Regulation

LLB BSc GradDip (FinMgt) Assoc AICD

Trudy Fraser has over 25 years of leadership experience in the energy and local government sectors, working across Regulation, Corporate Governance and Compliance, and Environmental Services functions.

She has held key regulatory leadership positions across a number of Energy Queensland companies over the past 12 years, where she has gained a deep understanding of all facets of national and state energy regulation. Trudy has established a proven track record of driving balanced commercial, regulatory and customer outcomes that support the achievement of strategic objectives.

As Executive General Manager Regulation (Acting) Trudy has responsibility for leading Energy Queensland's economic regulation, network pricing and forecasting and regulatory policy and reporting functions.

Trudy holds a Bachelor of Laws, Bachelor of Applied Science, and a Graduate Diploma in Financial Management. She is also an Associate of the Australian Institute of Company Directors.

Jane Nant

Company Secretary

BA (Hons) LLB (Hons) LLM Grad Dip ACG GAICD

Jane was appointed to the role of Company Secretary in May 2017. Jane has over 17 years' senior leadership experience in the utilities industry including over 15 years as Company Secretary.

Jane started her career as a property, planning and environmental lawyer and holds a Bachelor of Arts (Hons), Bachelor of Laws (Hons), Master of Laws and a Graduate Diploma in Applied Corporate Governance. She is a graduate of the Australian Institute of Company Directors.

Corporate governance statement

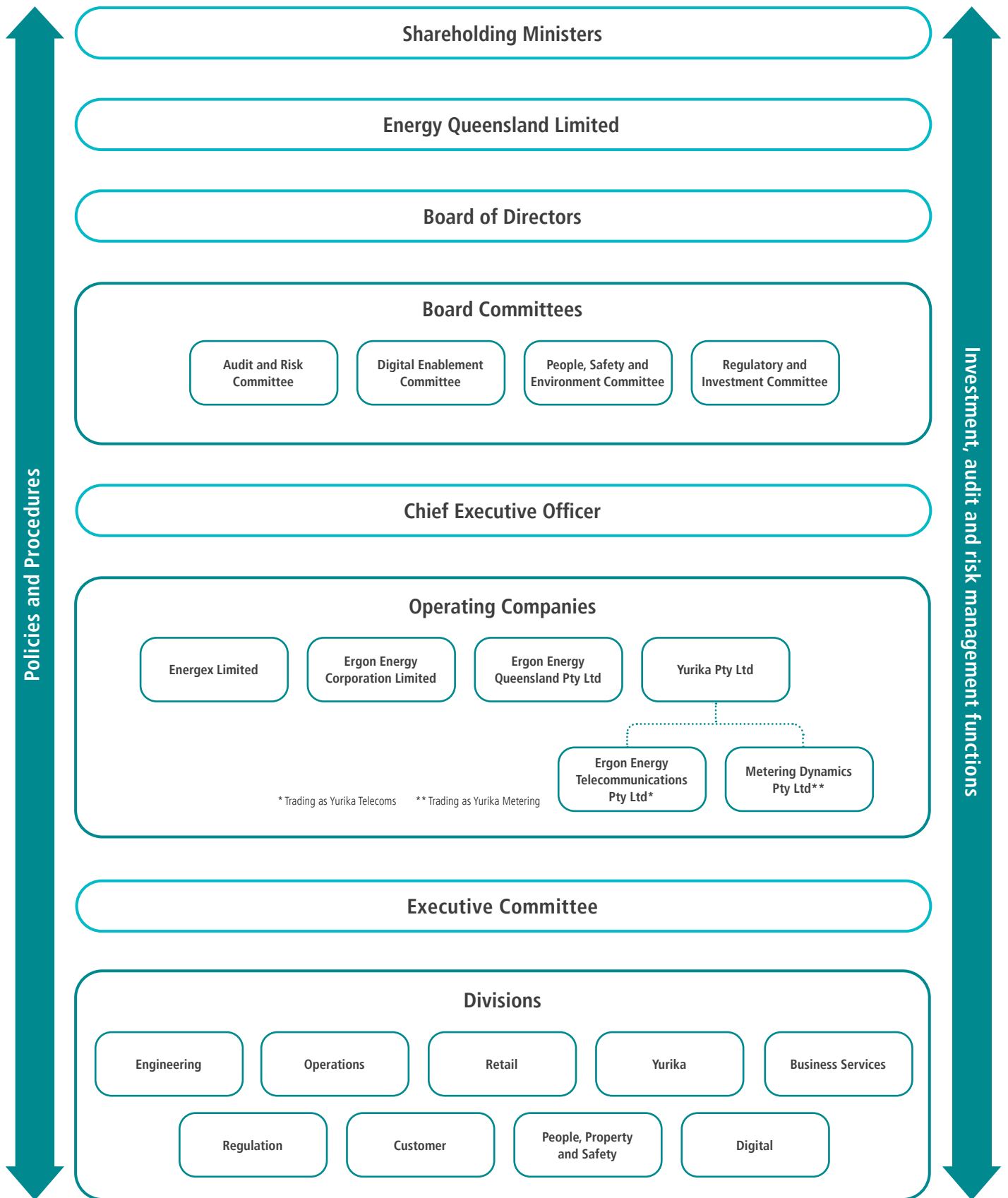
Energy Queensland Limited is a Government Owned Corporation (GOC) reporting to the Queensland Government via shareholding Ministers – the Deputy Premier, Treasurer and Minister for Trade and Investment and the Minister for Energy and Clean Economy Jobs, on behalf of the communities across Queensland.

Energy Queensland is the parent company of operating subsidiary companies, including Ergon Energy Corporation Limited, Energex Limited, Ergon Energy Queensland Pty Ltd, Yurika Pty Ltd, Metering Dynamics Pty Ltd and Ergon Energy Telecommunications Pty Ltd whose main business is the provision of regulated electricity distribution, retail services to customers and other unregulated business activities.

Energy Queensland is governed by an independent Board of Directors whose primary role is to provide effective governance, oversight, and strategic direction of the affairs of the Energy Queensland Group. This ensures the interests of the shareholding Ministers are protected while having regard for the interests of all stakeholders including community stakeholders, customers, industry partners and employees.

Energy Queensland's corporate governance practices are in line with the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations and where applicable the Australian Stock Exchange (ASX) Corporate Governance Council Principles and Recommendations (4th edition). These provide a framework of eight principles that guide Energy Queensland's corporate governance arrangements.

Corporate governance framework



Principle 1 – Foundations of management and oversight

Energy Queensland's Board Charter outlines the role of the Board and sets the framework for the Energy Queensland Group's long-term success providing effective governance, oversight, and strategic direction over Energy Queensland's affairs. The Board Charter supports Directors and Executives in understanding their governance responsibilities. The Charter is reviewed every two years and can be accessed by the public [online](#). Charters also exist for the subsidiary companies and the Board Committees.

The activities of the subsidiary companies are overseen by their own boards made up solely of executive members.

The Board has established four committees to assist the Board in fulfilling its oversight, responsibility, and performance of its functions in key areas in accordance with Committee Charters which are available [online](#):

- **Audit and Risk Committee** – financial integrity and financial reporting, effectiveness of the fraud and internal control framework, policy framework, audit and assurance, risk culture, policy, framework and approach, compliance culture, policy, framework and approach, the sustainability framework and reporting, and resilience and insurance
- **Digital Enablement Committee** – digital strategy including digital projects and investments, and cyber matters including security and emerging technology issues
- **People, Safety and Environment Committee** – people and culture, safety (including asset safety, mental health and wellbeing), and environment and cultural heritage
- **Regulatory and Investment Committee** – energy regulatory issues and policies, ring-fencing, and regulatory determinations, investment management and investment management frameworks, major projects, prioritisation of projects, and performance of projects and investments

In addition, the Governance and Delegations Policy provides the framework for decision making and identifies the matters reserved to the Energy Queensland Board and its subsidiary companies as well as the Chief Executive Officer and executive management. The reporting relationship and decision-making responsibilities of the Energy Queensland Board and subsidiaries are documented in the Energy Queensland Group Governance Framework.

All new directors attend a structured induction session to ensure they understand roles and responsibilities, functions of the Board and Committees, and corporate expectations. New directors also receive an overview of Energy Queensland's operations and the Energy Queensland Board Handbook. Professional development opportunities for board members to develop and maintain the skills and knowledge required to fulfil their role and understand the Group's business are provided.

Energy Queensland's Executive Leadership Team comprises the Chief Executive Officer and nine other executives. The team is based across Queensland. Other key roles within the organisation include the Company Secretary and the General Counsel.

Energy Queensland prides itself in achieving gender diversity in senior executive positions and is a strong proponent of the benefits a diverse workforce brings. Our Diversity, Equity and Inclusion Plan was recently refreshed (2024-26) and our Diversity, Equity and Inclusion Policy is available [online](#). Of the nine executive positions, four are held by women. In addition, half of the Energy Queensland Board's positions are held by women with the Chair being female. The composition of Energy Queensland's workforce is made up of 23% women and 3.4% First Nations employees. Initiatives are in place to increase the number of women and First Nations people working in areas of engineering, field work and apprenticeships (page 53).

Key Performance Indicators and targets for senior executives are agreed on an annual basis with a performance review conducted during the year. The performance review of the Chief Executive Officer including setting of key performance indicators is conducted by the Chair on an annual basis in accordance with a defined evaluation process. Following on from this, the Chief Executive Officer conducts performance evaluations of the Executive, including setting of key performance indicators on an annual basis with a half-yearly check in pursuant to a defined performance review process

Principle 2 – Structuring the board to be effective and add value

Energy Queensland's Board of Directors, including the Chair, are independent, skills-based non-executive directors appointed for a set term by the Governor-in-Council in accordance with the *Government Owned Corporations Act 1993* (Qld).

Details of the Directors' qualifications, skills and relevant experience are on pages 68 to 69. The number of Board and Committee meetings held along with Directors' attendances, as well as the term of Directors, are set out in the Directors' Report, on pages 68-69.

The Directors Conflicts of Interest Policy is publicly available [online](#), and contains further details on materiality thresholds relating to Director independence. Energy Queensland has also adopted a Securities Dealing Policy and an Appointment of Energy Queensland Nominees to External Boards Policy to support the maintenance of Directors' independence and effective management of conflicts of interest. In addition, the Board Charter provides that, with the prior approval of the Chair, each Director has the right to seek access to independent professional advice required to fulfil their role at the company's expense.

Board performance evaluations are conducted at least every two years and are in accordance with the Corporate Governance Guidelines for Government Owned Corporations. These evaluations include assessment of director skills and experience, Board culture and meeting dynamics, the quantity, quality and timeliness of information and decision making. Opportunities for improvement and development identified during the evaluation performance conducted during the 2022-23 reporting period have been progressed and monitored to ensure the continued effectiveness of the roles of the Board and Committees, key relationships, and governance processes.

Principle 3 – Promoting a culture of acting lawfully, ethically and responsibly

Energy Queensland has instilled and is committed to continually reinforcing a culture across the organisation of acting lawfully, ethically, and responsibly. An Integrity Framework supports this via policies and guidelines as well as internal networks and support. Culture is a key element of the governance framework to promote lawful, ethical, and responsible decision-making. Culture references shared beliefs, assumptions, values, and ways of interacting in an organisation. Energy Queensland has developed tools and measures to assess and monitor the culture of the organisation, which provide insight to the Board as to the state of the culture and to enable the Board to address any systemic risk factors. The Board engages with employees and customers through regular Board visits and site tours.

The Code of Conduct sets the standard for how employees operate in accordance with business ethics, social objectives, and corporate values and associated policies. Advisers, consultants, and contractors are expected to comply with high ethical standards aligned with the Code of Conduct. New employees receive induction training on ethical business practices, including the Code of Conduct with regular refresher training and updates provided to all employees. The Board also has a Director Code of Conduct to assist in its decision-making process.

A declaration of Directors' interest is a standing agenda item at the commencement of every ordinary Board meeting.

Decision-making is delegated under the *Corporations Act 2001* (Cth) and formalised in the Governance and Delegations Policy. Decision making is further guided by policies established under the Energy Queensland Group Governance Framework.

Principle 4 – Safeguard integrity in corporate reporting

The role of the Audit and Risk Committee is to assist the Board in fulfilling, amongst other things, its oversight responsibility of the Energy Queensland's financial integrity and financial

reporting; effectiveness of the fraud and internal control framework; policy framework; and audit and assurance in accordance with the Audit and Risk Committee Charter. The Chair of the Audit and Risk Committee is not the Board Chair. Details of the Directors appointed to the Audit Committee are set out in the Directors' Report, on page 84.

The internal and external auditors are invited to attend Committee meetings to present relevant reports and discuss any concerns with the Committee, without management influence. The Queensland Audit Office is Energy Queensland's external auditor.

The Audit and Risk Committee defines the internal auditor's scope of work through establishment of an Internal Audit and Assurance Charter and Internal Audit Plan. Internal Audit is an independent function that assists the Board and Management in the effective discharge of their responsibilities.

Principle 5 – Make timely and balanced disclosure

The Board has reporting and disclosure obligations to the shareholding Ministers under the *Government Owned Corporations Act 1993* (Qld) and *Corporations Act 2001* (Cth).

Energy Queensland provides the shareholding Ministers with a copy of the audited accounts for each financial year and an annual report in accordance with the requirements of the *Government Owned Corporations Act 1993* (Qld). Energy Queensland also provides Quarterly Shareholder Reports to ensure that the shareholding Ministers have access to material information regarding the company and its subsidiaries, including its operations, financial performance, financial position, and governance.

Energy Queensland has in place a framework to facilitate the reporting of wrongdoing and the protection of those who disclose wrongdoing and is required to comply with the whistleblower protection requirements under the *Public Interest Disclosure Act 2010* (Qld) (PID Act) and the *Corporations Act 2001* (Cth). The Public Interest Disclosure and Whistleblower Policy encourages the reporting of Public Interest Disclosure matters under the PID Act (which are considered on their merits based on the nature, extent and scope of conduct that has given rise to the complaint made by employees or contractors of Energy Queensland) and Whistleblowers Disclosures under the *Corporations Act 2001* (Cth) about Energy Queensland's operations or an activity that could adversely impact the organisation. Public Interest and Whistleblower Disclosures are properly dealt with, assessed, and appropriately investigated (where necessary) and managed. Protection is provided to disclosers from reprisal and/or victimisation. A procedure for dealing with Public Interest Disclosure is available [online](#).

Principle 6 – Respect the rights of shareholders

Energy Queensland develops a Statement of Corporate Intent and Corporate Plan setting out the key strategies and performance targets for Energy Queensland annually and on a five-year rolling basis. The Statement of Corporate Intent is available [online](#).

In addition to regular quarterly reporting and this Annual Report, Energy Queensland reports to its shareholding Ministers in a timely manner on all issues likely to have a significant financial, operational, social, or environmental impact in accordance with obligations under legislation and government guidelines. Energy Queensland also reports on senior executive appointments and remuneration in accordance with the Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements.

Energy Queensland works cooperatively with the shareholding Ministers on these issues to deliver the best outcomes for customers and the Queensland community. The Board Chair meets regularly with shareholding Ministers and their representatives, as part of a broader government engagement program, to ensure active dialogue throughout the year.

The CEO and various senior managers and employees liaise with representatives of shareholder departments on a regular basis.

Shareholding Ministers require certain decisions to be approved by shareholders under the Investment Reporting Guidelines for Government Owned Corporations. The current thresholds are notified through the Statement of Corporate Intent and are set out in Energy Queensland's Governance and Delegations Policy.

Principle 7 – Recognise and manage risk

The role of the Audit and Risk Committee is to assist the Board in fulfilling, amongst other things, its oversight responsibility of Energy Queensland's approach to risk management, compliance management, organisational resilience, and insurance. The Regulatory and Investment Committee also assists the Board in fulfilling its oversight responsibility of the regulatory and investment matters for Energy Queensland. Both Committee Charters are available [online](#). A Digital Enablement Committee has been established to assist the Board in fulfilling its oversight responsibility to key digital projects and investments being undertaken by the Energy Queensland Group, as well as cyber matters including security, and emerging technology issues. This includes providing strategic support to the Executive in relation to the planning, risk management and execution of those digital projects and investments as well as providing oversight in relation to cyber and emerging technology risks.

Energy Queensland's approach to risk management aligns with the principles of AS/NZS ISO 31000:2018 Risk management – Guidelines.

Energy Queensland is committed to embedding a risk management approach across all levels of the organisation to support the delivery of strategic and operational objectives. The Risk Management Policy sets out the overarching risk management architecture, principles, and expectations to enable Energy Queensland to utilise appropriate integrated practices in order to be a resilient, flexible, adaptable, and sustainable business. A review of Energy Queensland's risk management framework and approach is conducted on an annual basis.

The Board retains ultimate responsibility for risk management and for determining the appropriate level of risk that the Board is willing to pursue or accept to achieve its objectives.

The CEO and Executive Leadership Team have ultimate accountability for ensuring that the Group has identified and managed its strategic and operational risks and has effective risk management strategies. Each Executive is accountable for ensuring risks are identified and managed within their business unit and for having appropriate crisis, disaster, incident, emergency management and business continuity planning in place. New and emerging risks are considered by the Executive Leadership Team, Audit and Risk Committee and then the Board in accordance with risk escalation processes.

To ensure appropriate systems and processes to enable delivery of Energy Queensland's corporate strategy are in place, the Audit and Risk Committee also provides oversight in relation to the appropriateness and effectiveness of risk management frameworks, processes and reporting, and the effectiveness of the internal control framework.

Environmental and social risks

Expectations on businesses in relation to environmental, social and governance matters are increasing from stakeholders. The Board and Executive Leadership Team regularly discuss the impacts of climate change on Energy Queensland's assets and operations, as well as Energy Queensland's contribution to climate change and the transformation required to support the Queensland government's Net Zero objectives. Non-financial risks such as psychosocial hazards, new digital technologies, diversity, equity and inclusion data, targets and initiatives, sustainability reporting, amendments to privacy legislation and protection of customer data, and complex issues such as addressing modern slavery and ethical procurement, are considered, and discussed. Risks in these areas are included in the risk reporting to the Audit and Risk Committee and are elevated to the Board if required. A summary of broader material risks is included in Energy Queensland's Statement of Corporate Intent.

Energy Queensland makes a Modern Slavery Statement each year, which outlines actions taken to address the risk of modern slavery in our operations and supply chain.

Cyber risks

Energy Queensland continually enhances its cyber security processes and controls to secure its data and systems, in line with the focus and emphasis placed on cyber security by the Board. This ensures that Energy Queensland is able to defend against cyber attacks, protect information and critical functions from disruption, preserve intellectual property and avoid data leaks or privacy breaches.

Fraud and corruption prevention

Energy Queensland is committed to promoting and achieving an ethical and transparent culture of integrity and best practice governance. Fraud and corruption are incompatible with this culture and present a risk to the achievement of strategic objectives. Energy Queensland is committed to preventing, identifying, and addressing fraud and corruption by raising awareness of fraud and corruption risks and implementing controls aimed at reducing the opportunity to commit fraud or corruption and increasing the likelihood of fraud or corruption being detected.

All allegations of fraud or corruption are treated seriously, investigated, and appropriate action taken. Suspected or actual instances of fraud or corruption are notified and referred to the appropriate authorities as required. Energy Queensland does not tolerate victimisation or reprisals against persons who report suspected Fraud or Corruption.

Energy Queensland’s Fraud and Corruption Prevention Policy outlines obligations for fraud identification and prevention, as well as the processes for reporting, recording, and investigating allegations including compliance with public interest disclosure requirements.

External audit

The Queensland Audit Office (QAO) is appointed as the external auditor for Energy Queensland.

The Energy Queensland Group submits to a number of external audits in pursuit of world-class practice to meet certification against International Standards for the management of our electricity transmission, distribution network and ancillary services. Achievement of Certification and Accreditation is a formal attestation to international standards demonstrating to customers, community and interested parties our commitment to empower an Electric Life through the 2032 Strategic Plan: Leading the energy transition towards 2032. Energy Queensland is certified to ISO9001:2015 Quality Management System, ISO14001:2015 Environmental Management System, and

ISO45001:2018 Occupational Health and Safety Management Systems. Maintaining Certification to these three management system standards requires a Recertification audit every three years and annual Surveillance audits. A Recertification audit was conducted in between July and September 2023. Accreditation is also held for the International standard ISO/IEC 17025 – Testing and Calibration to demonstrate competency and authority. Accreditation provides an independent benchmark for technical competence.

Certification and Accreditation is a symbol of assurance. In addition to Certifications and Accreditations, the Electrical Safety Office (ESO) mandates prescribed electricity entities to have and give effect to a Safety Management System (SMS) that it is assessed by an accredited auditor and conducted annually in addition to adhoc audits directed by the Regulator. These results are provided to Independent Pricing and Regulatory Tribunal (IPART), as a non-licensed electricity network operator with assets in New South Wales.

Internal audit

Energy Queensland’s internal control framework is comprised of policies and procedures, including compliance training and assurance processes, to ensure the affairs of the organisation are being conducted in accordance with relevant legislation, regulations, and codes of practice. Energy Queensland has established an Internal Audit function to support the Board and the Executive Leadership Team to monitor, in a timely manner, any material matters affecting the organisation and the performance of the internal control framework.

The General Manager Internal Audit and Assurance is accountable for Internal Audit reporting independently to the Audit and Risk Committee on progress against the Internal Audit Plan and resolution of issues raised in reports and administratively to the Company Secretary. The General Manager Internal Audit and Assurance has unrestricted access to the Chief Executive Officer to discuss any matter relating to the finances or operations of our businesses. The Internal Audit and Assurance Charter (available [online](#)), adopted by the Board, is reviewed on a regular basis.

Entertainment and hospitality

To provide the transparency expected of a government owned organisation, Energy Queensland reports on entertainment and hospitality expenses over \$5,000 incurred as part of normal business for the previous financial year.

DATE	EVENT	INVESTMENT
6 December 2023	Energy Queensland Leadership Forum (Townsville) – Dinner	\$6,195

Principle 8 – Remunerate fairly and responsibly

The People, Safety and Environment Committee assists the Board with its oversight of employee issues concerning:

- developing and maintaining a skilled workforce that meets Energy Queensland's requirements;
- a remuneration policy which leads to remuneration that is fair and to market; and
- performance management and behaviours which are consistent with the values and goals of Energy Queensland, and that value the customer, probity, teamwork, and a successful organisation.

Energy Queensland's remuneration strategy and practices are aimed at ensuring attraction and retention of highly competent and capable employees at all levels by providing an appropriate combination of competitive, fixed, and variable remuneration components. Remuneration packages for executives comply with government guidelines to achieve a balance between public accountability and transparency. Non-executive directors' fees and executive's remuneration packages including at-risk payments are reported in the Annual Financial Report on page 142. 'At-risk' payments are contingent upon the Board's assessment of the company's performance and shareholder expectations.

A performance management framework linking performance to the strategic objectives of the organisation promotes continual performance and opportunities for professional development for all employees with reviews conducted on an annual basis.

The performance of the Energy Queensland Group, including the Chief Executive Officer, against key performance measures set by the Board each year and the Statement of Corporate Intent, is assessed by the People, Safety and Environment Committee in the first instance with the Board undertaking the final assessment.

The People, Safety and Environment Committee Charter can be accessed [online](#).

Directions and notifications

No directions or notifications were issued by shareholding Ministers under section 114 of the *Government Owned Corporations Act 1993* (Qld) during 2023-24.



Directors' report

For the year ended 30 June 2024

Directors' report

For the year ended 30 June 2024

The Board of Directors of Energy Queensland Limited (the Company or Energy Queensland) is pleased to present their report together with the financial report of the consolidated entity, being the Company and its controlled entities (the Group) for the year ended 30 June 2024 and the auditor's report thereon.

Directors

The names of Directors in office at any time during or since the end of the last financial year end are:

	Date Appointed	Date Ceased
· Sarah Zeljko (Chair)	1 October 2022	n/a
· Teresa Dyson	1 October 2016	n/a
· Mark Algje ⁽¹⁾	1 October 2016	n/a
· Hugh Gleeson ⁽¹⁾	1 October 2016	30 September 2023
· Helen Stanton	1 October 2016	30 September 2023
· Vaughan Busby	12 October 2017	n/a
· Karen Lay-Brew	17 June 2021	n/a
· The Honourable Paul Lucas	17 June 2021	n/a
· Sandra Diethelm ⁽²⁾	1 October 2023	31 March 2024
· Kevin Kehl	1 June 2024	n/a
· Megan O'Hara Sullivan	1 June 2024	n/a

⁽¹⁾ Mark Algje and Hugh Gleeson's appointment as directors expired on 30 September 2022. However, they were reappointed as directors from 13 October 2022. Hugh Gleeson's appointment expired on 30 September 2023.

⁽²⁾ Sandra Diethelm was appointed as a Director of Energy Queensland Limited effective 1 October 2023 and resigned on 31 March 2024.

Please refer to the 'Board profiles' section of the Company's annual report 2023-24 for details of Directors' qualifications, experience, and special responsibilities.

Company Secretary

Jane Nant BA (Hons), LLB (Hons), LLM, Grad Dip ACG, GAICD

Jane was appointed to the role of Company Secretary in May 2017. Jane has over 17 years' senior leadership experience in the utilities industry including over 15 years as Company Secretary.

Registered office

420 Flinders Street
Townsville Queensland 4810

Principal activities

The principal activities of the Group are the:

- Design, construction and maintenance of the Queensland Electricity Distribution Networks;
- Distribution of electricity within Queensland;
- Non-competitive electricity retailing in regional Queensland; and
- Provision of electricity related services.

Directors' report

For the year ended 30 June 2024

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Operating and financial review

The Group's consolidated loss after income tax benefit is \$65 million for the year (2023: loss after income tax benefit of \$213 million).

Revenue

Energy Queensland's total revenue for the year is \$6,115 million (2023: \$5,289 million) consisting predominantly of electricity Retail sales and revenue for the use of the two Networks of a combined \$4,494 million (2023: \$3,855 million).

Revenue for the use of the Network is higher compared to 2023 due to both higher regulated revenue allowances determined by the Australian Energy Regulator and increased energy consumption in the current year. Revenue from sales of electricity is higher when compared to 2023 due to an increase in notified prices as published by the Queensland Competition Authority in 2024. Increases in network and wholesale energy costs were the key drivers of the increase in notified prices.

The Queensland Government's Community Service Obligation subsidy is \$619 million (2023: \$621 million). This receipt results from the difference between the cost of supplying energy in South East Queensland compared to the higher cost to supply customers in regional Queensland under the uniform tariff policy.

Expenditure

The higher total expenses for the year (excluding income tax) of \$6,210 million (2023: \$5,589 million) reflect higher material and labour costs due to increased operational activity and inflationary pressures, partially offset by stabilising wholesale electricity market conditions which led to lower fair value losses of \$106 million (2023: loss of \$290 million). Increased operational activity is the result of our ongoing maintenance of our networks growing in size and complexity and our response to numerous extreme weather events.

Depreciation, amortisation and impairments for the year of \$1,150 million (2023: \$1,061 million) continues to be a significant expense due to our substantial asset base utilised primarily for the provision of distribution network services.

The finance costs for the year of \$750 million (2023: \$714 million) include interest expense of \$650 million (2023: \$580 million) which largely correlates with the average debt balance held with Queensland Treasury Corporation and partial refinancing at prevailing interest rates.

Payments in respect of the Queensland Government's Solar Bonus Scheme increased to \$305 million (2023: \$263 million) driven by higher export volumes.

Financial Position

The primary asset included in the Group's total asset base consists of the distribution assets (collectively the two distribution supply systems) which are carried at fair value, determined by using an income approach based on a discounted cash flow methodology.

The Group delivered a \$2,203 million (2023: \$1,707 million) capital works program, continuing to target asset replacements as well as undertaking network augmentation, connections, reliability improvements, customer initiated capital works and introducing emerging technologies such as network battery energy storage systems. This investment contributes to sustaining a safe and reliable power supply system whilst continuing to meet the requirements of our customers and communities.

The Group's interest-bearing liabilities increased to \$20,340 million (2023: \$19,394 million) as additional borrowings of \$946 million (2023: \$921 million) were drawn down under the State Borrowing Program to fund Energy Queensland's capital expenditure program and other working capital requirements whilst ensuring an appropriate capital structure for an investment grade credit rating is maintained.

Dividends

No dividends were declared or paid during the financial year (2023: nil).

Directors' report

For the year ended 30 June 2024

Significant events after the reporting date

There are no matters, transactions or events which have occurred since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of operations or the state of affairs in future financial years.

Likely developments and future results

Our Statement of Corporate Intent and Corporate Plan sets out information on Energy Queensland's business strategies for future financial periods including likely developments in our operations and expected results in future years. The energy landscape is dynamic with ongoing, and a potentially accelerated transition signalled by, amongst others, the Queensland Energy and Jobs Plan (QEJP). It is in this environment that the Group expects to continue its operations including the design, construction and maintenance of the two Queensland distribution networks, the distribution of electricity, non-competitive electricity retailing and provision of electricity related services.

The Ergon Energy and Energex distribution businesses submitted their regulatory proposals for the 2025 to 2030 Regulatory Control Period to the Australian Energy Regulator (AER) on 31 January 2024. The regulatory proposals outline the networks' proposed investment and operating expenditure plans, proposed revenues, and tariff structures for the 2025 to 2030 regulatory period.

The AER will publish their draft determinations on 27 September 2024 and Ergon Energy and Energex then have until 2 December 2024 to submit revised proposals to respond to matters raised in the draft determinations. The AER will make final determinations by 30 April 2025 with new distribution network charges applying from 1 July 2025.

Environmental regulation and performance

The Group's environmental obligations are regulated under Federal, State and Local government laws.

There was no significant environmental incident reported to the Department of Environment and Science (DES) in the financial year.

During the reporting period all environmental performance obligations of the Group were overseen by the Energy Queensland Board, People, Safety and Environment Committee and the Energy Queensland Executive Committee. Detailed strategic and operational direction is provided through a dedicated Health, Safety and Environment Group.

Environmental obligations are from time to time subject to government agency audits, as well as internal and external audits undertaken as part of fulfilling environmental management requirements which monitors compliance. The Group's certifications to International Standard AS/ISO 14001 have been maintained.

The *National Greenhouse and Energy Reporting Act 2007* (NGER Act) requires the entities within the Group to report annual greenhouse gas emissions and energy use. Reports are submitted to the Clean Energy Regulator and based on data gathered from the Group's information systems.

Indemnification and insurance of directors and officers

Policies were held throughout the period to insure all Directors and Officers of the Group against liabilities incurred in their capacity as a Director or Officer. Insurance premiums paid or agreed to be paid totalled \$909,393 comprising of Directors and Officers Liability, Statutory Liability and Workplace Health and Safety Liability policies covering Energy Queensland Limited and its subsidiaries (2023: \$890,439).

Energy Queensland indemnifies the Directors and Officers of the Company and its subsidiaries for all liabilities and expenses incurred by the Directors and Officers, arising out of or in connection with their role as a Director or Officer, other than: any liability or expense arising from conduct that was deliberately dishonest, deliberately fraudulent or not in good faith, a liability owed to an Energy Queensland Group Company, or any criminal or pecuniary penalty (this is consistent with the requirements of the *Corporations Act 2001*).

During or since the end of the 2023-24 financial year, the Group has not otherwise indemnified or agreed to indemnify a director, officer or auditor of the Group or any related body corporate against a liability incurred as such by a director, officer or auditor.

Directors' shareholding

No Directors held any beneficial interest in the shares of the Group. All issued shares are held by the two shareholding Ministers on behalf of the State of Queensland.

Directors' report

For the year ended 30 June 2024

Directors' meetings

The number of Directors' meetings (including meetings of committees of the Board) and the number of meetings attended by each Director during the year ended 30 June 2024 are:

Directors' Name	Board Meetings ¹		Digital Enablement Committee ²		People, Safety and Environment Committee		Regulatory and Investment Committee ³		Audit Committee ⁴		Risk and Compliance Committee ⁴		Audit and Risk Committee ⁴	
	A	B ⁵	A	B ⁵	A	B ⁵	A	B ⁵	A	B ⁵	A	B ⁵	A	B ⁵
Sarah Zeljko (Chair)	12	12	-	-	-	-	5	5	-	-	-	-	2	2
Mark Algje	12	12	3	3	4	4	3	3	-	-	-	-	-	-
Vaughan Busby	12	12	-	-	-	-	2	2	3	3	2	2	2	2
Teresa Dyson	11	12	-	-	-	-	2	2	3	3	-	-	2	2
Hugh Gleeson	3	3	-	-	-	-	2	2	2	2	1	1	-	-
Karen Lay-Brew	12	12	3	3	4	4	-	-	-	-	2	2	-	-
The Hon Paul Lucas	12	12	-	-	4	4	5	5	3	3	-	-	-	-
Helen Stanton	3	3	-	-	1	1	-	-	2	2	1	1	-	-
Sandra Diethelm	6	6	1	1	-	-	-	-	-	-	1	1	1	1
Kevin Kehl	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Megan O'Hara Sullivan	-	1	-	-	-	-	-	-	-	-	-	-	-	-

A - number of meetings attended as a member

B - number of meetings held during the year

⁽¹⁾ Location of Board meetings included: Townsville (2 meetings), Newstead (3 meetings), Cairns (1 meeting), Garbutt (1 meeting), Gold Coast (1 meeting), Rockhampton (1 meeting), Brisbane City (1 meeting), Hervey Bay (1 meeting) and 1 meeting held via video conference.

⁽²⁾ The Digital Enablement Committee was established by the Board effective 1 January 2024.

⁽³⁾ The Regulatory and Policy Committee was renamed the Regulatory and Investment Committee effective 1 January 2024.

⁽⁴⁾ The Audit Committee and Risk and Compliance Committee merged and became the Audit and Risk Committee effective 1 January 2024. Membership of the Audit and Risk Committee changed 1 January 2024.

⁽⁵⁾ Number of meetings held during the time the Director held office during the financial year.

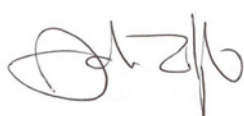
Auditor's independence declaration

The auditor's independence declaration is on page 87 and forms part of the Directors' report for the year ended 30 June 2024.

Rounding

The amounts contained in this report and in the consolidated financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the Company under the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.

Signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act 2001*.



Sarah Zeljko
Chair
22 August 2024



Annual financial report

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Auditor's independence declaration

To the Directors of Energy Queensland Limited

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Energy Queensland Limited for the financial year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Energy Queensland Limited and the entities it controlled during the period.



Rachel Vagg
Auditor General
Queensland Audit Office
Brisbane
22 August 2024

Consolidated statement of profit or loss

For the year ended 30 June 2024

IN MILLIONS OF DOLLARS	NOTE	2024	2023
Revenue	2	6,115	5,289
Expenses			
Transmission charges and electricity purchases	3	1,617	1,495
Solar photovoltaic feed in tariff		305	263
Employee expenses	3	1,117	842
Materials and services		829	660
Depreciation, amortisation and impairments		1,150	1,061
Net impairment losses on financial assets	6	18	20
Finance costs	3	750	714
Fair value losses	3	106	290
Other expenses		318	244
Profit/(loss) before income tax equivalent expense/(benefit)		(95)	(300)
Income tax equivalent expense/(benefit)	4	(30)	(87)
Profit/(loss) after income tax equivalent expense/(benefit)		(65)	(213)

The Consolidated Statement of Profit or Loss is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 30 June 2024

IN MILLIONS OF DOLLARS	NOTE	2024	2023
Profit/(loss) after income tax equivalent expense/(benefit)		(65)	(213)
Other comprehensive income			
Items that will not be reclassified to consolidated statement of profit or loss:			
Revaluation of property, plant and equipment	15	(568)	1,146
Deferred income tax relating to the revaluation of property, plant and equipment		171	(345)
Actuarial gains/(losses) on defined benefit plans recognised directly in equity	18	(84)	(41)
Deferred income tax relating to actuarial gains/(losses) on defined benefit plans		25	13
Items that may be reclassified to profit or loss:			
Movement in cash flow hedge reserve - gains/(losses)	14	30	(1,060)
Deferred income tax relating to movement in cash flow hedge reserve – (gains)/losses		(9)	318
Other comprehensive income/(loss) for the financial year, net of tax		(435)	31
Total comprehensive income/(loss) for the financial year		(500)	(182)

All profit and comprehensive income is attributable to the owners of the Company.

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of financial position

For the year ended 30 June 2024

IN MILLIONS OF DOLLARS	NOTE	2024	2023
Current assets			
Cash and cash equivalents	5	36	25
Trade and other receivables	6	1,806	934
Tax receivable		35	113
Inventories	7	252	245
Derivative financial instruments - assets	8	142	218
Other assets		26	30
Total current assets		2,297	1,565
Non-current assets			
Property, plant and equipment	15	26,935	26,456
Right-of-use assets	16	129	149
Intangible assets	17	653	662
Employee retirement benefits	18	196	281
Derivative financial instruments - assets	8	67	51
Other assets		14	8
Total non current assets		27,994	27,607
Total assets		30,291	29,172
Current liabilities			
Trade and other payables	9	1,258	522
Interest-bearing liabilities	10	11	14
Lease liabilities	16	36	22
Employee benefits	19	604	422
Derivative financial instruments - liabilities	11	22	121
Unearned revenue and contract liabilities	21	226	143
Provisions and other liabilities		77	49
Total current liabilities		2,234	1,293
Non-current liabilities			
Interest-bearing liabilities	10	20,340	19,394
Lease liabilities	16	135	166
Employee benefits	19	33	27
Derivative financial instruments - liabilities	11	14	40
Net deferred tax equivalent liability	20	3,386	3,602
Provisions and other liabilities		7	8
Total non-current liabilities		23,915	23,237
Total liabilities		26,149	24,530
Net assets		4,142	4,642
Equity			
Share capital	22	19,643	19,643
Other transactions with owners	23	(18,634)	(18,634)
Reserves	23	2,670	3,051
Retained earnings	23	463	582
Total equity		4,142	4,642

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2024

IN MILLIONS OF DOLLARS	SHARE CAPITAL (NOTE 22)	OTHER TRANSACTIONS WITH OWNERS (NOTE 23)	ASSET REVALUATION RESERVE (NOTE 23)	RETAINED EARNINGS (NOTE 23)	HEDGING RESERVE (NOTE 23)	TOTAL EQUITY
Changes in equity for 2023						
Balance at 1 July 2022	19,643	(18,634)	2,124	804	887	4,824
Transfer from reserves	-	-	(19)	19	-	-
Total comprehensive income/(loss) for the financial year	-	-	801	(241)	(742)	(182)
Balance at 30 June 2023	19,643	(18,634)	2,906	582	145	4,642
Changes in equity for 2024						
Transfer from reserves	-	-	(5)	5	-	-
Total comprehensive income/(loss) for the financial year	-	-	(397)	(124)	21	(500)
Balance at 30 June 2024	19,643	(18,634)	2,504	463	166	4,142

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2024

IN MILLIONS OF DOLLARS	NOTE	2024	2023
Cash flows from operating activities			
Receipts from customers		5,405	4,762
Receipts for community service obligations		688	689
Payments to suppliers and employees		(3,681)	(3,938)
Interest paid		(749)	(675)
Income tax equivalent receipts/(payments)		78	(149)
Net cash from operating activities	5	1,741	689
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		12	10
Cash advances to other parties	6	(556)	(18)
Interest received		17	8
Payment for capitalised interest		(23)	(19)
Payments for Property, plant and equipment and intangible assets		(2,099)	(1,629)
Net cash used in investing activities		(2,649)	(1,648)
Cash flows from financing activities			
Proceeds from borrowings		946	921
Payment of lease liabilities		(24)	(13)
Repayable deposits (paid)/received		(3)	3
Net cash from financing activities		919	911
Net decrease in cash and cash equivalents			
		11	(48)
Cash and cash equivalents at the beginning of the financial year		25	73
Cash and cash equivalents at the end of the financial year	5	36	25

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Section 1: Basis of Preparation

Note 1: Basis of preparation

(A) General information

Energy Queensland Limited (the Company or Energy Queensland) is a public company limited by shares and is domiciled in Australia.

The consolidated financial statements of Energy Queensland for the year ended 30 June 2024 (including comparatives) comprise the Company and its subsidiaries (collectively referred to as the Group).

The Company's registered office and its principal place of business are:

420 Flinders Street
Townsville Queensland 4810

All shares are held by shareholding Ministers on behalf of the State of Queensland. The Group is a for-profit entity.

The principal activities of the entities within the Group during the financial year consisted of:

- Design, construction and maintenance of the Queensland Electricity Distribution Networks;
- Distribution of electricity within Queensland;
- Non-competitive electricity retailing in regional Queensland; and
- Provision of electricity related services.

The consolidated financial statements were authorised for issue by the board of directors on 22 August 2024. The board of directors have the power to amend and reissue the consolidated financial statements after issue.

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations, requirements of the *Corporations Act 2001*, provisions of the *Government Owned Corporations Act 1993* (GOC Act), provisions of the *Corporations Regulations 2001*, and other relevant legislation issued pursuant to aforementioned Acts.

(B) Basis of preparation

The consolidated financial statements are presented in Australian dollars. The amounts contained in the consolidated financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the company under the *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*.

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 1: Basis of preparation (continued)

(i) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the valuation of certain derivative financial instruments at fair value, certain classes of property, plant and equipment at fair value and defined benefit assets and liabilities.

(ii) Basis of consolidation

The consolidated financial statements of the Group have been prepared using consistent accounting policies.

(iii) Comparatives

Comparative information reflects the prior year's audited consolidated financial statements except where amounts were reclassified to be consistent with the disclosures in the current reporting period.

(C) Changes in material accounting policies

(i) Deferred tax related to assets and liabilities arising from a single transaction.

The Group adopted *Deferred tax related to assets and liabilities arising from a single transaction (Amendments to AASB 112)* from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax balances were presented net in the Consolidated Statement of Financial Position. Under the amendments, the Group recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets (refer Note 20). There was no impact on retained earnings on adoption of the amendments.

(ii) Material accounting policy information

The Group also adopted AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they deal with the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements. Management determined no updates were required to the accounting policies disclosed in the notes to the consolidated financial statements as a result of these amendments.

There are no other new or revised standards effective for the year ended 30 June 2024 which resulted in any changes to accounting policies adopted in the Group's consolidated financial statements.

(D) Application of new Accounting Standards and Interpretations not yet adopted

The Australian Accounting Standards Board (AASB) has published new or amended accounting standards and interpretations that are not mandatory for the 30 June 2024 reporting period and none of these have been early adopted by the Group.

No standards or interpretations that are not yet effective are expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Section 2: Profit or loss information

Note 2: Revenue

IN MILLIONS OF DOLLARS	2024	2023
Revenue		
Revenue from contracts with customers		
Network use of system revenue	2,055	1,959
Retail sales revenue	2,439	1,896
Service charges	746	615
Non-refundable capital contributions	148	103
Revenue from sale of goods	65	64
Total revenue from contracts with customers	5,453	4,637
Government grant revenue		
Community service obligation	619	621
Other government grants	4	4
Total government grant revenue	623	625
Other revenue		
Interest received	18	8
Gain on disposal of property, plant and equipment	5	3
Other operating revenue	16	16
Total other revenue	39	27
Total revenue	6,115	5,289

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 2: Revenue (continued)

IN MILLIONS OF DOLLARS	2024	2023
Disaggregation of revenue from contracts with customers – timing of revenue recognition		
Revenue received over time:		
Network use of system revenue	2,055	1,959
Retail sales revenue	2,439	1,896
Service charges – construction contracts	647	513
Total revenue received over time	5,141	4,368
Revenue received at a point in time:		
Service charges – maintenance and fee based service contracts	99	102
Non-refundable capital contributions	148	103
Revenue from sale of goods	65	64
Total revenue received at a point in time	312	269
Total revenue from contracts with customers	5,453	4,637

Summary of material accounting policies

Performance obligations and revenue recognition policies

Revenue is measured at the fair value of the consideration received or receivable, net of goods and services tax (GST). Revenue is recognised when the Group transfers control over goods or provides a service to a customer.

The following information provides details about the nature and timing of the satisfaction of performance obligations in contracts with customers and related revenue recognition policies.

(i) Network use of system (NUOS) revenue

The Group is subject to a revenue cap that is earned on its regulated assets in the provision of Standard Control Services (SCS). SCS includes network supply services, small customer connections and services associated with unmetered connection points. The revenue earned on these services is referred to as Distribution Use of System (DUOS) revenue.

NUOS revenue is determined based on the allowed revenue cap for Distribution Use of System plus Transmission Use of System (TUOS) charges, also referred to as designated pricing proposal charges. The revenue received from the TUOS charges is a pass-through of charges levied by the providers of transmission services.

NUOS is billed to retailers, to be passed on to customers, based on a combination of customers' energy consumption, demand, capacity and fixed charges at the Australian Energy Regulator (AER) approved prices. The approved prices are calculated to recover the annual NUOS charges, plus other annual allowances approved by the AER (for example, Service Target Performance Incentive Scheme rewards or penalties). NUOS billed by Ergon Energy Corporation to the retailer Ergon Energy Queensland is eliminated on consolidation and not included in the Group Network use of system revenue as disclosed above. Refer note 26 for the accounting policy applied to the consolidation of subsidiaries. NUOS revenue to retailers is recognised as the aggregate of invoices raised, together with the estimated used but not yet invoiced energy consumption.

The performance obligation is to provide customers with access to the network and the majority of revenue is recognised based on actual consumption, but this may vary from the regulated revenue cap due to variances compared to forecast consumption used in the determination of pricing. Any current period under or over recovery of the revenue cap is recovered from or returned to customers in future periods through an adjustment to prices. Where over recoveries occur, they are deducted from revenue in the period in which they are returned to customers. Under recoveries are recognised as revenue in the period in which they are billed to customers.

The customer simultaneously receives and consumes energy delivered to their premises as the Group performs under the contract. Therefore, the revenue is recognised over time. Payment terms for network billings to most retailers is 10 business days.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 2: Revenue (continued)

(ii) Retail sales revenue

Electricity sales revenue to franchise customers (electricity consumers) is recognised as the aggregate of invoices raised, together with the estimated used but not yet invoiced energy consumption.

Retail sales revenue is recognised over time as energy is simultaneously delivered to and consumed by customers.

Payment terms on invoices to customers are usually 14 business days and the recovery of these receivables is assessed through the impairment review of financial assets which applies the expected credit loss model as described in Note 6.

(iii) Service charges – construction contracts

Revenue is earned for a variety of construction services for works undertaken at the customers' request. These include relocation of network assets, upgrades to or replacement of street lighting assets, metering upgrades and design and construction of non-regulated electricity assets. Revenue is recognised over time with reference to the performance obligations satisfied under a contract and applying the input cost method to measure the progress towards complete satisfaction of the performance obligations.

Billings are usually upfront prior to work commencement or at milestones throughout the works. Due to timing differences between billing and satisfaction of performance obligations, contract assets and contract liabilities may arise.

(iv) Service charges – maintenance and fee based service contracts

Revenue is earned for the provision of electricity-related operation and maintenance services for street lighting, metering services and ancillary network services. These are known as Alternative Control Services (ACS) and are subject to a regulated price determined by the AER (known as a price cap). The price charged for some of these services, such as electricity, disconnection, reconnection, meter reading and temporary connections, is limited under section 226 (2) of *Queensland's Electricity Regulation 2006* which overrides the AER price caps. There are also a number of non-regulated services provided such as maintenance of the transmission network, energy generation services, contestable metering services and telecommunication services.

Revenue is recognised at a point in time, when the service is provided (in the case of a simple fee based service such as de-energisations, re-energisations and meter reading) or, for ongoing services, over time as the customer receives and consumes the benefits from the underlying services. Billing usually occurs at the time the service is provided for fee for service contracts and on a monthly basis for ongoing service contracts.

(v) Non-refundable capital contributions

The Group finances part of its capital works program through non-refundable contributions from customers which are applied to the cost of these works. Contributions of cash towards assets constructed by the Group are recognised as revenue upon completion of the project in accordance with the performance obligations of the connection contract. The non-refundable contributions received upfront or at milestones throughout construction are initially recognised as a contract liability and subsequently recognised as revenue when the associated assets are brought into commercial operation.

The Group also receives non-refundable contributions of assets which are constructed by a third party and gifted to the Group for ongoing operation and maintenance. These are recognised as revenue when the performance obligation of connecting that asset to the network is satisfied and control of that asset passes to the Group. The revenue is measured at the fair value of the contribution, which is an approximation of the cost to construct the asset based on an approved AER pricing formula.

(vi) Revenue from sale of goods

Revenue for the sale of goods is recognised at a point in time, on delivery of the goods to the customer and transfer of control. This typically involves the sale of inventory such as transformers, cables, poles, electrical supplies, meters, and scrap. Major customers are property developers and payment terms are usually 30 days from date of invoice, with few exceptions.

(vii) Other government grants

Where there is reasonable possibility that the Group will comply with all conditions attached to government grants and thus the grants will be earned, they are recognised in the Consolidated Statement of Financial Position as unearned revenue or as a reduction to the carrying amount of the asset they relate to. Grants that compensate the Group for expenses incurred are recognised as revenue in the Consolidated Statement of Profit or Loss on a systematic basis as the conditions of the grant are fulfilled. Grants that compensate the Group for the purchase or construction of property, plant and equipment are recognised in the Consolidated Statement of Profit or Loss on a straight-line basis over the expected life of the related asset as a reduced depreciation expense.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 2: Revenue (continued)

(viii) Community service obligation (CSO)

Community service obligation (CSO) receipts are recognised as government grant revenue. The Group is legally required to charge its retail customers in regional Queensland at notified prices set by the Queensland Competition Authority. As a consequence, the tariff revenue collected is below the cost of supplying electricity. A Deed between the Group and the State of Queensland provides for CSO payments to be made by the State of Queensland to the Group.

In addition, Direction notices issued by the shareholding Ministers which result in the non-recovery of AER approved revenue from customers may qualify as a CSO. Where a Direction notice qualifies as a CSO, the Group has an entitlement to recover any such revenue shortfalls from the State of Queensland.

CSO revenue is recognised when the Group becomes entitled to a claim from the State Government for forgone revenue in accordance with section 112 of the GOC Act.

(ix) Interest received

Interest income is recognised in the Consolidated Statement of Profit or Loss as it accrues, using the effective interest rate method.

(x) Contract assets and liabilities

Refer to Notes 6 and 21 for information about contract assets and contract liabilities arising from contracts with customers.

An amount of \$79 million included in contract liabilities as at 30 June 2023 has been recognised as revenue in this financial year (2023: \$72 million).

Critical accounting estimates and judgements

(i) Unbilled retail energy sales

Retail sales revenue accrual estimates are made to account for the unbilled period between the customers last billed meter read and the end of the reporting period. Unbilled energy sales are accrued monthly using historical billing experience adjusted for seasonality.

(ii) Unbilled network charges

Unbilled network charges are accrued monthly. The calculation uses historic volumes and considers seasonality to estimate the unbilled network charges.

(iii) Construction contracts

Contract assets or contract liabilities are recognised with reference to the progress towards completion for construction contracts which span over financial years. Input costs incurred and construction contract estimates are used to calculate the amount of revenue to be recognised.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 3: Expenses

IN MILLIONS OF DOLLARS	2024	2023
Profit before income tax equivalent expense includes the following significant expenses:		
Transmission charges and electricity purchases		
Transmission use of system charges	543	555
Electricity purchases	1,074	940
Total transmission charges and electricity purchases	1,617	1,495
Finance costs		
Interest expense	650	580
Competitive neutrality fees	108	105
less capitalised financing costs	(23)	(19)
Other	15	48
Total finance costs	750	714
Employee expenses		
Wages and salaries	710	571
Employer contributions to defined contribution plans	127	94
Expenses related to post-employment defined benefit plans	4	1
Expenses related to annual and long-service leave	205	123
Termination benefits	9	7
Other	62	46
Total employee expenses	1,117	842
Fair value losses		
Fair value losses on financial instruments at fair value	109	183
Hedge ineffectiveness loss/(gain)	(3)	107
Total fair value losses	106	290

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 3: Expenses (continued)

Summary of material accounting policies

Expenses

(i) Transmission charges and electricity purchases

Transmission use of system (TUOS) expenses, electricity purchases and other costs associated with the sale of electricity are recognised as they are incurred.

Electricity purchases are calculated on an accrual basis, recognising the amount of electricity consumed from the National Electricity Market (NEM) multiplied by the relevant pool prices.

(ii) Finance costs

Finance costs charged by the State's central financing authority, Queensland Treasury Corporation (QTC), include administration fees, capital market fees and interest on the outstanding principal. Where applicable, a competitive neutrality fee is paid to offset any competitive advantage that may be obtained from borrowing at a lower interest rate than the private sector by virtue of the Group's government ownership.

Finance costs directly attributable to the construction of assets that take more than 12 months to prepare for their intended use are added to the cost of those assets. Finance costs not directly attributable to qualifying assets are expensed in the period in which they are incurred.

(iii) Employee expenses

Wages and salaries due but unpaid at reporting date are recognised in the Consolidated Statement of Profit or Loss at the current salary rates. As the Group expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognises any related restructuring costs.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 4: Taxation

IN MILLIONS OF DOLLARS	2024	2023
(A) Income tax equivalent expense/(benefit)		
Current tax expense	-	-
Deferred tax benefit	(30)	(87)
Income tax equivalent expense/(benefit)	(30)	(87)
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(30)	(77)
Decrease in deferred tax liabilities	-	(10)
Deferred income tax benefit attributable to profit from continuing operations	(30)	(87)

(B) Numerical reconciliation of income tax equivalent expense/(benefit) to prima facie tax payable		
Net (loss)/profit before income tax equivalent (benefit)/expense	(95)	(300)
Prima facie income tax equivalent (benefit)/expense on operating loss at 30% (2023: 30%)	(29)	(90)
Increase in income tax equivalent (benefit)/expense	(2)	-
Decrease in income tax equivalent (benefit)/expense	1	3
Income tax equivalent (benefit)/expense	(30)	(87)

IN MILLIONS OF DOLLARS	2024	2023
(C) Deferred tax recognised directly in equity		
Revaluation property, plant and equipment	(171)	345
Recognition of defined benefit (decrement)/increment	(25)	(13)
Hedge accounting of derivatives	9	(318)
Deferred tax recognised directly in equity	(187)	14

Refer to Note 20 for summary of material accounting policies related to taxation.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Section 3: Financial assets and financial liabilities

Note 5: Cash and cash equivalents

IN MILLIONS OF DOLLARS	2024	2023
Cash at bank	36	25
Total cash and cash equivalents	36	25

IN MILLIONS OF DOLLARS	NOTE	2024	2023
Reconciliation of profit/(loss) after income tax equivalent expenses To the net cash flows provided by operating activities			
Profit/(loss) after income tax equivalent expense		(65)	(213)

Non-cash flows and other income and expense items in profit:			
Depreciation, amortisation and impairment		1,168	1,081
Net gain/(loss) on disposal of property, plant and equipment		(5)	(3)
Interest income classified as investing activities		(17)	(8)
Shares in associates expense classified as investing activities		-	7
Provision for inventory obsolescence		4	18
Discounting of non-current liability		(1)	36
Fair value loss on financial instruments	3	106	290

Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(392)	(127)
(Increase)/decrease in inventory		(11)	(52)
(Increase)/decrease in other assets		(141)	(155)
(Decrease)/increase in trade and other payables		748	(12)
(Decrease)/increase in provisions and other liabilities		111	28
(Decrease)/increase in employee benefits		188	36
(Decrease)/increase in income tax payable		78	(155)
(Decrease)/increase in deferred income tax liability		(30)	(82)
Net cash flow provided by operating activities		1,741	689

Summary of material accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and investments in money market instruments. They are highly liquid, subject to an insignificant risk of change in value and have a maturity of three months or less.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 6: Trade and other receivables

IN MILLIONS OF DOLLARS	2024	2023
Current		
Trade receivables	742	527
Less provision for impairment of receivables	(46)	(39)
Total net trade receivables	696	488
Advances facility ⁽¹⁾⁽²⁾	813	257
Contract assets	125	41
Community service obligations receivable	57	50
Hedge receivable	50	33
Other receivables and prepayments	65	65
Total current trade and other receivables	1,806	934

(1) The Advances Facility was established with Queensland Treasury which accrues interest on daily balances.

(2) Includes Cost of Living Rebate of \$664 million provided by the Queensland Government to be applied to Ergon Energy Retail customer bills from 1 July 2024.

IMPAIRED TRADE RECEIVABLES

IN MILLIONS OF DOLLARS	GROSS 2024	IMPAIRMENT 2024	GROSS 2023	IMPAIRMENT 2023
Ageing of impaired trade receivables				
Unbilled revenue and current receivables	194	-	106	1
Less than one month overdue	48	2	36	2
One to two months overdue	23	4	12	3
Two to three months overdue	16	5	8	3
Over three months overdue	62	35	37	30
	343	46	199	39

IN MILLIONS OF DOLLARS	2024	2023
Movements in the provision for impairment of trade receivables are as follows:		
Carrying amount at the beginning of the financial year	39	34
Provision for impairment recognised during the financial year	18	20
Receivables written off during the financial year as uncollectible	(11)	(15)
Carrying amount at the end of the financial year	46	39

The recognition and reversal of the provision for impaired trade receivables is included in 'net impairment losses on financial assets' in the Consolidated Statement of Profit or Loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 6: Trade and other receivables (continued)

Summary of material accounting policies

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment. The recoverability of trade and other receivables is reviewed on an ongoing basis.

The impairment model prescribed by AASB 9 *Financial Instruments* applies to the Group's trade receivables and contract assets as these are measured at amortised cost. The impairment provision is based on expected credit losses resulting from all possible default events over the expected life of the financial instrument, with consideration of the credit risk of a financial asset and the impact of changing economic factors.

Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date for customer requested construction work such as relocation of network assets and other recoverable maintenance and construction contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Critical judgements in applying the group's material accounting policies

Impairment of receivables

A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is based on evidence of significant financial difficulties of the debtor and probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency.

In some cases, due to the high volume, low value of such trade receivables, management has exercised judgement in determining the provision for impaired trade receivables. The Group considers evidence such as historical trends of bad debts experienced within certain levels of aged receivables.

The impairment percentages applied have been determined based on historical experience, then re-assessed with regard to current conditions and reasonable forecasts of future events and economic conditions. The additional analysis to consider future events and economic conditions which impact retail and commercial customers includes a weaker economy due to high inflation and interest rates which affect real wages growth, tariff changes and regulatory intervention.

Assessment of the general provisioning for impaired receivables has taken into account expected economic conditions and future events (including the Cost of Living Rebate (CoLR) provided by the Queensland Government to be applied to Retail customer bills from 1 July 2024). The Group assisted customers experiencing financial hardship, including customers who have had drought status revoked during the year, with payment support options, hardship arrangements and government concessions.

Further disclosures in relation to credit risk are provided in Note 12(A).

Note 7: Inventories

IN MILLIONS OF DOLLARS	2024	2023
Current		
Maintenance and construction stocks	252	245
Total inventories	252	245

Maintenance and construction stocks are valued at the lower of average cost and net realisable value and include a provision for inventory obsolescence of \$31 million (2023: \$27 million). The provision is a result of ongoing reviews to assess the net realisable value of inventory and identification of items that are subject to factors such as technological obsolescence or loss of service potential. The creation and release of this provision is included in materials and services.

Inventories of \$157 million (2023: \$151 million) were recognised as an expense during the year and included in materials and services.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 8: Derivative financial instruments – assets

IN MILLIONS OF DOLLARS	2024	2023
Current		
Electricity derivative contracts – fair value through the profit or loss	11	102
Electricity derivative contracts – Cash Flow Hedges	131	116
Total current financial instruments - assets	142	218

IN MILLIONS OF DOLLARS	2024	2023
Non-current		
Electricity derivative contracts – fair value through the profit or loss	6	6
Electricity derivative contracts – Cash Flow Hedges	61	45
Total non-current financial instruments - assets	67	51

Relevant material accounting policies and critical accounting estimates and assumptions are outlined in Note 13 Fair values of financial assets and liabilities and Note 14 Hedge accounting.

Note 9: Trade and other payables

IN MILLIONS OF DOLLARS	2024	2023
Current		
Trade payables	383	331
Accrued interest	53	49
Electricity hedges payable	11	18
Other payables and accruals ⁽¹⁾	811	124
Total current payables	1,258	522

⁽¹⁾ Includes Cost of Living Rebate of \$664 million provided by the Queensland Government to be applied to Ergon Energy Retail customer bills from 1 July 2024.

Summary of material accounting policies

Trade and other payables

Trade and other payables are recognised as a liability when the Group has a legal obligation to pay cash. Such liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Where a dividend is declared by the Board on or before the end of the financial year but not distributed at the end of the reporting period, a dividend payable is recognised for such an amount.

No dividend was declared by the Board for the 2024 or the 2023 financial years.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 10: Interest-bearing liabilities

IN MILLIONS OF DOLLARS	2024	2023
Current		
Unsecured liabilities		
Customer and other repayable deposits	11	14
Total current interest-bearing liabilities	11	14

Non-current		
Unsecured liabilities		
Queensland Treasury Corporation loans	20,340	19,394
Total non-current interest-bearing liabilities	20,340	19,394

(A) Queensland Treasury Corporation loans

The fair value of Queensland Treasury Corporation (QTC) loans as at 30 June 2024 was \$19,567 million (2023: \$18,598 million).

The fair value of QTC loans is the price that the notional underlying bonds and instruments funding the loan could be bought for at balance date as advised by the QTC. This is classified as level 2 in the fair value measurements hierarchy.

The Group does not anticipate it will make loan repayments in the next 12 months (2023: nil). There is no obligation to make repayments under current loan arrangements with the QTC.

IN MILLIONS OF DOLLARS	2024	2023
(B) Financing arrangements		
The Group has access to the following short-term lines of credit:		
Working capital and credit facilities		
Facilities used at the end of the reporting period - unsecured loans	5	3
Facilities not utilised at the end of the financial year - unsecured loans	730	732
Total facilities available	735	735

These working capital and credit facilities are short-term in nature with the outstanding balance paid down regularly.

The Group has access to debt and cash management facilities from QTC and access to further borrowings from the QTC subject to approval of an annual State Borrowing Program limit. Borrowings under the State Borrowing Program amounted to \$946 million (2023: \$921 million).

As at 30 June 2024, the Group had borrowings of \$20,340 million (2023: \$19,394 million) with access to a further \$700 million (2023: \$700 million) in QTC facilities.

IN MILLIONS OF DOLLARS	2023			2024
(C) Reconciliation of movements of liabilities to cash flows arising from financing activities		Financing cash flows ⁽¹⁾	Non-cash changes	
Queensland Treasury Corporation loans	19,394	946	-	20,340
Customer and other repayable deposits	14	(3)	-	11
IN MILLIONS OF DOLLARS	2022	Financing cash flows⁽¹⁾	Non-cash changes	2023
Queensland Treasury Corporation loans	18,473	921	-	19,394
Customer and other repayable deposits	11	3	-	14

⁽¹⁾ The cash flows make up the net amount of proceeds from borrowings and payment of repayable deposits in the Consolidated Statement of Cash Flows.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 10: Interest-bearing liabilities (continued)

Summary of material accounting policies

Interest-bearing liabilities

Interest-bearing borrowings are initially recognised at fair value net of transaction costs incurred. They are subsequently measured on an amortised cost basis.

Note 11: Derivative financial instruments - liabilities

IN MILLIONS OF DOLLARS	2024	2023
Current		
Electricity derivative contracts – fair value through the profit or loss	7	6
Electricity derivative contracts – Cash Flow Hedges	15	115
Total current financial instruments - liabilities	22	121
Non-current		
Electricity derivative contracts – fair value through the profit or loss	14	27
Electricity derivative contracts – Cash Flow Hedges	-	13
Total non-current financial instruments - liabilities	14	40

Relevant material accounting policies and critical accounting estimates and assumptions are outlined in Note 13 Fair values of financial assets and liabilities and Note 14 Hedge accounting.

Note 12: Financial risk management

The Group has policies and procedures in place to manage the financial risks associated with its operating activities. Exposure to credit, interest rate, price and liquidity risk arises in the normal course of the Group's business. Derivative financial instruments are used to manage certain exposures to fluctuations in electricity prices.

The financial risks faced by the Group are managed in accordance with the Energy Queensland Treasury Policy.

(A) Credit risk

Credit risk arises from the potential failure of counterparties to meet their payment obligations under the respective contracts at or before maturity.

The Group manages credit risk by maintaining appropriate credit review processes.

The concentration of credit risk to retail customers is minimised due to transactions being with a large number of retail customers and limiting credit to any individual customer.

The concentration of credit risk related to distribution network customers is the risk of a retailer defaulting on their obligations. The Group operates in accordance with the Credit Support Guidelines issued by the Queensland Competition Authority, which align with the National Energy Customer Framework credit support arrangements. Under these guidelines, the ability to seek credit support is based on an assessment of the retailer's network charge liability compared to their credit allowance and payment history. As at 30 June 2024 the Group had trade receivables of \$162 million (2023: \$155 million) from third-party retailers. Four distribution network customers represented 74% of these trade receivables (2023: four distribution network customers represented 81% of these trade receivables).

Where appropriate, collateral in the form of a cash deposit is obtained from retail customers (other than limited by provisions outlined above) as a means of mitigating the risk of financial loss from defaults. At the end of the financial year, the Group held collateral of \$11 million (2023: \$14 million) from retail customers. Bank guarantees of \$1 million from Ergon Energy Retail customers were also held as at 30 June 2024 (2023: \$4 million).

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 12: Financial risk management (continued)

(A) Credit risk (continued)

Note 25 provides details of bank guarantees from wholesale Over-The-Counter (OTC) counterparties held by the Group. The Group manages its credit settlement risk associated with electricity market hedging by following the Credit Risk Management guidelines in the Energy Commodity Risk Management Policy and Manual. Credit settlement risk is managed by maintaining approved counterparty credit limits. The values of counterparty credit limits are determined by reference to each counterparty's credit rating, as determined by a recognised credit rating agency or, if the counterparty does not have a credit rating, by reference to the results of a detailed credit analysis. Where considered appropriate, the Group requires wholesale counterparties to provide appropriate letters of credit or bank guarantees. A total of \$3 million bank guarantees from wholesale OTC counterparties was held at 30 June 2024 (2023: \$5 million).

The Group trades with wholesale counterparties, principally large banks, and other electricity corporations. In order to meet its liability under the Renewable Energy Target Scheme and the Small Scale Renewable Energy Scheme, the Group also trades with non-wholesale market entities. Concentrations of credit risk that arise from OTC derivative instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentrations of OTC counterparty credit risk are indicated in the following table by the percentage of the total estimated worst case future loss from counterparties in the specified categories as measured by Ergon Energy Retail's internal wholesale credit exposure model:

COUNTERPARTY CLASSIFICATION	2024	2023
Queensland Government owned electricity entities	94%	67%
Entities with a credit rating AA ¹	1%	1%
Entities with a credit rating A ¹	1%	14%
Entities with a credit rating BBB ¹	1%	5%
Other entities	3%	13%

⁽¹⁾ Standard & Poor's or equivalent

The above credit risk exposure does not take into account the value of any collateral or security. Receivables due from major counterparties are monitored regularly.

Movements in the allowance for impairment in respect of trade receivables and contract assets are provided in Note 6.

(B) Interest rate risk

Floating interest rate borrowings expose the Group to interest rate cash flow risk while fixed interest borrowings expose the Group to fair value risk.

The Group's income and operating cash flows are substantially independent of changes in short-term market interest rates.

Other assets and liabilities exposing the Group to interest rate cash flow risk include cash and cash equivalents and advances facility (floating rate interest exposure) and interest-bearing repayable deposits (both fixed and floating interest rate exposure).

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 12: Financial risk management (continued)

(B) Interest rate risk (continued)

The effective interest rates on the Group's interest-bearing financial assets and liabilities as at balance date are detailed below.

IN MILLIONS OF DOLLARS	FLOATING INTEREST RATE \$	FIXED INTEREST RATE \$	WEIGHTED AVERAGE INTEREST RATE %
2024			
Financial assets			
Cash and cash equivalents	36	-	4.78%
Advances facility	813	-	4.79%
Total financial assets	849	-	
Financial liabilities			
Repayable deposits	11	-	4.75%
Lease liabilities	-	171	1.83%
Loans	-	20,340	3.74%
Total financial liabilities	11	20,511	
2023			
Financial assets			
Cash and cash equivalents	25	-	3.13%
Advances facility	257	-	3.26%
Total financial assets	282	-	
Financial liabilities			
Repayable deposits	14	-	4.50%
Lease liabilities	-	188	1.83%
Loans	-	19,394	3.65%
Total financial liabilities	14	19,582	

Sensitivity analysis – QTC Loans

At 30 June 2024, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's net profit and equity would decrease by \$26 million (2023: \$12 million). If interest rates had been 100 basis points lower and all other variables held constant, the Group's net profit and equity would increase by \$27 million (2023: \$13 million).

The Group's borrowings from QTC have been classified as loans with a fixed interest rate in the table above.

(C) Price risk

Electricity

Electricity price risk is the risk of an adverse financial outcome resulting from a change in the price of electricity in the National Electricity Market. This can be a change in the electricity pool price or a change in the forward price of electricity. Exposures mainly arise from positions in wholesale contracts (electricity derivatives), franchise load or power purchase agreements (PPAs) associated with the Ergon Energy Retail business (Ergon Energy Queensland Pty Ltd trading as Ergon Energy Retail). Wholesale contracts relating to franchise load are generally dealt over a period of less than three years.

There is limited price risk for the network distribution businesses, due to the AER revenue cap framework and the mechanism for over or under recoveries through the adjustment of prices in future periods.

To manage retail price risk the Group has established an Energy Commodity Risk Management Policy which is implemented through the Energy Commodity Risk Management Manual. The policy provides a framework for managing risks arising from the energy purchasing activities of the entity. The manual includes a market price risk exposure limit framework, monitoring and reporting requirements and review requirements.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 12: Financial risk management (continued)

(C) Price risk (continued)

The Group uses derivative financial instruments to manage its retail electricity price risk, consumer variable volume risk and associated cash flow risk as well as to hedge exposure to pool price fluctuations and against the committed and anticipated electricity purchases. The hedge portfolio consists predominantly of swaps, caps and option contract types. Caps and option contracts are valued at fair value through profit or loss. Hedge accounting is employed for swaps with unrealised gains and losses recognised in other comprehensive income and hedge ineffectiveness recognised in the profit or loss. Refer to Note 14 for further information regarding the application of hedge accounting.

The following table details the Group's sensitivity to a 20% (2023: 20%) increase and decrease in the electricity forward price at balance date with all other variables held constant. Analysis of underlying forward price volatility is used as an indicator of potential forward price movement. Under the assumption that there will be no events causing significant step changes in the market, Management have determined that 20% is considered a reasonably possible price movement.

IN MILLIONS OF DOLLARS	ELECTRICITY FORWARD PRICE			
	+20%	+20%	-20%	-20%
	2024	2023	2024	2023
Profit/(loss) before tax	59	47	(67)	(51)
Hedging reserve	220	235	(213)	(233)
Equity	279	282	(280)	(284)

Movements in forward prices impact the hedge reserve for effective hedges, with the fair value movement being deferred to the reserve until the underlying transaction is realised. Changes in electricity forward prices would not have an impact on future profitability or the margin associated with these transactions as the instruments hedge the cash flows of the underlying transactions.

A derivative financial instrument could lead to profits and losses across different measurement periods depending on the forward price at measurement date. These instruments remain valid economic hedges and the financial impact on settlement will be partially offset by trading margins associated with electricity sales to customers at the time of settlement.

Refer to note 13 and 14 for additional information in relation to accounting policies for financial instruments and hedge accounting.

(D) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Available lines of funding are disclosed in Note 10.

QTC is the approved Eligible Provider for the purposes of the Australian Financial Services Licence of an entity in the Group and is required to provide funding on written demand when requested by the Group pursuant to an approved Eligible Undertaking. QTC has provided an eligible undertaking for \$400 million (2023: \$400 million).

Where entities within the Group enter into contracts external to the regulated market, such contracts are transacted within the terms of the Energy Commodity Risk Management Policy and Manual which provides a framework for monitoring and limiting exposures.

Liquidity risk may potentially arise in the event of unexpected high market volatility and may result in a large margin call being required for settlement.

The tables below disclose the Group's financial liabilities, including derivative financial instruments, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual, undiscounted cash flows. For options contracts, the undiscounted cash flow represents the future premium payable. The maturities of derivative financial instruments are calculated on the basis that derivatives will be settled on a gross basis. The Group's long-term borrowings from QTC have an interest only in perpetuity repayment profile. The principal component of QTC borrowings are included in the over five years' time band with no interest included in respect of this facility for the period over five years.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 12: Financial risk management (continued)

(D) Liquidity risk (continued)

IN MILLIONS OF DOLLARS	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT
2024					
Derivative financial liabilities	55	27	-	82	36
Financial guarantees	150	-	-	150	-
Non-interest-bearing liabilities	1,205	1	-	1,206	1,206
Repayable deposits	11	-	-	11	11
Lease liabilities	39	139	2	180	171
Loans	724	2,924	20,340	23,988	20,340
Total	2,184	3,091	20,342	25,617	21,764
2023					
Derivative financial liabilities	123	48	-	171	161
Financial guarantees	150	-	-	150	-
Non-interest-bearing liabilities	521	1	-	522	522
Repayable deposits	14	-	-	14	14
Lease liabilities	25	154	20	199	188
Loans	631	2,536	19,394	22,561	19,394
Total	1,464	2,739	19,414	23,617	20,279

The amounts included as total contractual cash flows above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. For further information regarding guarantees refer to Note 25(C).

(E) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of interest-bearing liabilities disclosed in Note 10 and equity comprising share capital, other transactions with owners, reserves and retained earnings.

The Group borrows exclusively from QTC for long term debt requirements. The long-term borrowing facilities provided by QTC have an interest only in perpetuity repayment profile. The cost of debt is derived from debt instruments issued by QTC and a competitive neutrality fee designed to remove any competitive advantage obtained from borrowing at a lower interest rate than the private sector by virtue of the Group's Government ownership.

QTC manages debt financing, including new debt raising and the re-financing of existing borrowings, on behalf of the Group in accordance with agreed benchmarks. QTC borrows in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and also to reduce the risk associated with refinancing maturing loans.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 12: Financial risk management (continued)

(E) Capital management (continued)

The Group monitors capital on the basis of a key financial ratio for Net Debt to Standard Control Services Regulated Asset Base (RAB). At 30 June 2024 and 30 June 2023 this key financial ratio was as follows:

	2024	2023
Net Debt to RAB ratio	66%	67%

Note 13: Fair values of financial assets and liabilities

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1) Fair value measurements

The Group uses the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities measured and recognised at fair value.

IN MILLIONS OF DOLLARS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2024				
Assets				
Electricity derivative contracts	15	176	18	209
Large-scale generation certificates held for trading	-	1	-	1
Small-scale technology certificates held for trading	-	24	-	24
	15	201	18	234
Liabilities				
Electricity derivative contracts	10	2	24	36
	10	2	24	36
2023				
Assets				
Electricity derivative contracts	35	199	35	269
Large-scale generation certificates held for trading	-	4	-	4
Small-scale technology certificates held for trading	-	33	-	33
	35	236	35	306
Liabilities				
Electricity derivative contracts	12	39	110	161
	12	39	110	161

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 13: Fair values of financial assets and liabilities (continued)

2) Reconciliation of Level 3 fair value measurements

The following table presents the movements reconciliation of the Group's assets and liabilities in Level 3 of its fair value measurements hierarchy:

IN MILLIONS OF DOLLARS	ELECTRICITY DERIVATIVE CONTRACTS	TOTAL
2024		
Assets		
Opening balance	35	35
Purchases	1	1
Settlements	1	1
Movement recognised in Consolidated Statement of Profit or Loss ⁽¹⁾	(2)	(2)
Movement in Consolidated Statement of Other Comprehensive Income ⁽²⁾	(18)	(18)
Closing balance	17	17
Liabilities		
Opening balance	(110)	(110)
Settlements	191	191
Movement recognised in Consolidated Statement of Profit or Loss ⁽¹⁾	(19)	(19)
Movement in Consolidated Statement of Comprehensive Income ⁽²⁾	(85)	(85)
Closing balance	(23)	(23)
2023		
Assets		
Opening balance	465	465
Purchases	18	18
Settlements	(132)	(132)
Movement recognised in Consolidated Statement of Profit or Loss ⁽¹⁾	(305)	(305)
Movement in Consolidated Statement of Comprehensive Income ⁽²⁾	(11)	(11)
Closing balance	35	35
Liabilities		
Opening balance	(4)	(4)
Purchases	(57)	(57)
Settlements	102	102
Movement recognised in Consolidated Statement of Profit or Loss ⁽¹⁾	(45)	(45)
Movement in Consolidated Statement of Comprehensive Income ⁽²⁾	(106)	(106)
Closing balance	(110)	(110)

⁽¹⁾ This is recognised in the fair value gains/(losses) line in the Consolidated Statement of Profit or Loss

⁽²⁾ This is recognised in the movement in cash flow hedge reserve in the Consolidated Statement of Comprehensive Income

3) Transfers between level 2 and 3

Transfers between hierarchy levels are expected to occur when there is a change in the observability of a pricing input, or a change in valuation technique. The Group recognises transfers between levels of the fair value hierarchy as of the beginning of the reporting period during which the transfer has occurred. During 2024 there were no transfers of electricity derivatives between level 2 and level 3 (2023: nil).

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 13: Fair values of financial assets and liabilities (continued)

4) Valuation policies and procedures, and changes in valuation techniques

The Group has an established control framework with respect to the measurement of fair values of financial instruments. The Ergon Energy Retail Commercial Services team has the overall responsibility for overseeing all financial asset and liability fair value measurements, including level 3 fair value, and reports directly to the Executive General Manager Retail. Contracts are valued using a combination of data sources including current trades executed by Ergon Energy Retail, the Australian Securities Exchange (ASX), ICAP Plc (ICAP), TFS Australia Pty Ltd (TFS) and other market intelligence. Ergon Energy Retail trades frequently in these instruments and has sufficient market information to reliably measure the value of these contracts in accordance with the requirements of Australian Accounting Standards.

5) Methods and assumptions used in determining fair value of financial assets and liabilities

The Group currently has the following classes of financial instruments that are measured at fair value through profit or loss. These are: electricity hedges (which include swaps, caps and swaptions), large-scale generation certificates (LGCs) and small-scale technology certificates (STCs).

TYPE	METHODS AND ASSUMPTIONS
Swaps ¹	Over-The-Counter swaps are valued using broker quoted forward curves. A profiling methodology is applied to derive the Over-The-Counter trading interval level forward curve, using a combination of historical and forecast electricity pool prices. Where positions are held in periods beyond the curve, the curve is extended accordingly (refer Note 13(6)). Exchange traded swaps are valued using the Exchange quoted prices
Caps	\$300 exchange traded caps are valued using the Exchange quoted prices. Over-The-Counter caps (e.g., \$300 or \$500 caps) are valued using a mean reversion jump diffusion model incorporating historical pool price outcomes and broker provided cap curves. Where positions are held in periods beyond the curve, the curve is extended accordingly (refer to Note 13(6)).
Swaptions	Over-The-Counter swaptions are valued applying a Black Scholes 76 methodology incorporating broker quoted forward curves. Volatility is calculated based on market implied volatility. Exchange traded swaptions are valued applying the fair value on the exchange.
Large-scale generation certificates (LGCs)	LGC positions which are held for trading are valued using a curve derived from externally sourced broker quotes. Where positions are held in periods beyond the curve, the curve is extended accordingly.
Small-scale technology certificates (STCs)	STC positions which are held for trading are valued using a curve derived from externally sourced broker quotes. Where positions are held in periods beyond the curve, the curve is extended accordingly.

⁽¹⁾ A separate valuation approach for Fixed Multiplier Floating Rate Swaps has been adopted by the Group. These swaps involve the Group paying a price equal to the average of a financial year flat forward price during a future averaging period multiplied by a Fixed Rate Multiplier (Fixed Multiplier). The separate valuation approach has been adopted as there is no observable market price to assess the fair value of the fixed multiplier component of these swap contracts. This valuation approach adjusts the day one electricity forward curve used for valuation purposes by a percent scaler to align the day one value to the market value. The future market value movement of the fixed multiplier against the adjusted electricity forward curve will be recognised as an unrealised gain or loss in the consolidated statement of profit or loss.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 13: Fair values of financial assets and liabilities (continued)

6) Fair value valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used:

TYPE	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	INTER-RELATIONSHIP BETWEEN SIGNIFICANT UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT
Electricity hedges	The curve is sourced through broker quoted forward curves. A profiling methodology is applied to derive the OTC trading interval level forward curve. A combination of the historical and forecast electricity pool price is used to determine the forward curve profile.	<p>For Fixed Multiplier Floating Rate Swaps, as there is no observable market price for the multiplier component, the valuation methodology derives an estimate of the multiplier from the current forward curve to adjust fair value.</p> <p>The forecast electricity pool price input, and blended ratio of historical to forecast electricity pool price inputs are unobservable as they are determined by Ergon Energy Retail management.</p>	<p>A change in OTC trading interval level price may lead to higher or lower fair value.</p> <p>A 10% increase in the historical electricity pool price weighting in the blended profiling ratio would decrease the estimated fair value of the derivative instruments by approximately \$1 million.</p>

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 13: Fair values of financial assets and liabilities (continued)

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, e.g., when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position. This is because the Group does not have an enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

IN MILLIONS OF DOLLARS	NOTE	GROSS AMOUNTS OF FINANCIAL INSTRUMENTS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	RELATED FINANCIAL INSTRUMENTS THAT ARE NOT OFFSET	NET AMOUNT
2024				
Financial assets				
Electricity derivative contracts	8	209	(35)	174
Financial liabilities				
Electricity derivative contracts	11	(36)	35	(1)
2023				
Financial assets				
Electricity derivative contracts	8	269	(152)	117
Financial liabilities				
Electricity derivative contracts	11	(161)	152	(9)

Summary of material accounting policies

Financial instruments

Financial instruments held or issued for hedging franchise load are classified as derivative financial instruments and are recognised at fair value at the date that a derivative contract is entered into (trade date) and is subsequently measured at fair value at each reporting date. A positive revaluation amount is reported as an asset and a negative revaluation amount is reported as a liability. The resulting gain or loss is recognised in the Consolidated Statement of Profit or Loss immediately, with the exception of cash flow hedges designated for hedge accounting where unrealised gains and losses are deferred in the cash flow hedge reserve. Any ineffective portion of hedge accounted instruments is recognised directly in the Consolidated Statement of Profit or Loss. Refer to Note 14 for hedge accounting disclosures and accounting policies.

Critical accounting estimates and assumptions

Electricity financial instruments measured at fair value

The Group enters into electricity related financial instruments and determines the fair value of these instruments, which includes swaps and options (including caps and swaptions) using market-based valuation methods. It takes into account the conditions existing at balance date and has used its judgement in the following areas:

- future price and volume estimation using in-house and off-the-shelf valuation models;
- discounting to the present value for the time value of money; and
- option volatility.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 14: Hedge accounting

Cash flow hedges

Cash flow hedges are used by the Group to hedge the energy commodity price risk arising through the operations of Ergon Energy Retail. The Group undertakes derivative transactions to hedge the price of electricity it purchases over a three-year period within a set of Gross Margin at Risk limits. The Group principally uses energy swaps and options (including caps and swaptions) to protect against price and volume fluctuations. Hedge accounting is employed only for swap contracts. These derivative instruments may meet the requirements for hedge accounting. The eligible hedge contracts are valued at fair value and the resultant gains or losses that effectively hedge the designated risk exposures are deferred within the cash flow hedge reserve. Any hedge ineffectiveness on designated contracts or fair value movements on hedge contracts not designated for hedge accounting are recognised in the Consolidated Statement of Profit or Loss. Changes in hedge effectiveness are predominantly driven by changes in energy load forecasts.

The inherent variability in the volume of electricity purchased by customers and dispatched from generators means that actual purchase requirements and sales volume can vary from the forecasts. The forecasts are updated for significant changes in underlying conditions and where this leads to a reduction in the forecast below the aggregate notional volume of hedge instruments in the relevant periods impacted, the affected hedging instruments are de-designated and the accumulated gain or loss which has been recognised in the hedge reserve is recognised directly in the Consolidated Statement of Profit or Loss as the underlying forecast purchase or sale transactions are no longer expected to occur.

During the year ended 30 June 2024, no gains (2023: \$2 million gains) were reclassified to the Consolidated Statement of Profit or Loss due to the hedges no longer being designated as hedging instruments and the underlying forecast transaction no longer being highly probable to occur as originally forecast.

Where an effective hedging instrument is closed out and the underlying forecast transaction remains highly probable to occur as originally forecast, the hedge contract is de-designated and any accumulated gain or loss which has been recognised in the hedge reserve is deferred to the reserve. As at year ended 30 June 2024, \$8 million gains (2023: \$89 million gains) remain in the cash flow hedge reserve due to de-designation and all underlying forecast transactions remain highly probable to occur.

Gains and losses recognised in the hedge reserve in the Consolidated Statement of Comprehensive Income for electricity derivatives at the end of the reporting period will be released to the profit or loss in the period in which the underlying purchase or sale transactions are recognised.

(i) Nominal amount of electricity hedges outstanding

As at 30 June 2024, the average notional amount of electricity hedges outstanding over the next 3 years from FY 2025 to FY 2027 is approximately 3 million MWh (Megawatt hours) at an average strike rate of \$104 per MWh (2023: average notional amount outstanding over 4 years from FY 2024 to FY 2027 of 3 million MWh at an average strike rate of \$145 per MWh).

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 14: Hedge accounting (continued)

(ii) *Fair value of financial instruments designated as hedging instruments*

The following table sets out the fair value of electricity hedges which meet the criteria for hedge accounting. The accounting policies applied to the valuation of electricity derivatives is outlined below:

IN MILLIONS OF DOLLARS	NOTE	2024	2023
Financial Assets: Cash flow hedges - electricity derivatives	8	192	161
Financial Liabilities: Cash flow hedges - electricity derivatives	11	(15)	(128)

(iii) *The impact of hedging instruments designated in hedge relationships as at 30 June 2024 is as follows:*

IN MILLIONS OF DOLLARS	2024	2023
<i>Consolidated Statement of Profit or Loss</i>		
Gains/(losses) on unwinding of inception value of designated hedges	-	162
Cash flow hedge ineffectiveness gains/(losses) recognised in other income	28	(207)

IN MILLIONS OF DOLLARS	2024	2023
<i>Consolidated Statement of Comprehensive Income</i>		
<i>Cash flow hedge reserve (CFHR)</i>		
Opening balance	207	1,267
The effective portion recognised in CFHR (pre-tax)	53	351
Reclassification from CFHR to other income	(1)	(2)
Transfer from CFHR to electricity purchases	(22)	(1,409)
Closing balance (pre-tax)	237	207

(iv) *The table below outlines the impact of applying hedge accounting for the electricity hedges:*

IN MILLIONS OF DOLLARS	2024	2023
<i>Electricity Price Risk</i>		
Changes in value of hedge instrument	183	354
Changes in value of hedged item	199	335
Cash flow hedge reserve	237	207

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 14: Hedge accounting (continued)

Summary of material accounting policies

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date they are entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular cash flow risk associated with a recognised asset, liability, or highly probable forecast transaction.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 13. Movements of the hedging reserve in shareholders' equity are shown in the Consolidated Statement of Other Comprehensive Income.

The fair values of hedging derivatives are classified as current or non-current based on timing except for exchange traded derivatives which are classified as current.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit or Loss. Amounts accumulated in equity are transferred to the Consolidated Statement of Profit or Loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the eligible criteria for hedge accounting, hedge accounting is discontinued and any changes in the instrument's fair value which have been deferred to the cash flow hedge reserve (CFHR) is immediately transferred to the Consolidated Statement of Profit or Loss if the underlying forecast transaction is not expected to occur. In the event that a hedging position is closed out or sold and the underlying forecast transaction is still expected to occur, any fair value movement deferred to the CFHR will remain in the reserve and will be transferred to the Consolidated Statement of Profit and Loss when the forecast transaction ultimately occurs.

An ineligible hedge may arise where the derivative financial instrument is hedging more than the forecast load. As such there is no relationship between the hedging instrument and the hedged item for hedge accounting purposes. In this instance, the movement in the derivative instrument relating to the excess portion of forecast load is recognised in the Consolidated Statement of Profit or Loss, i.e., classified as fair value through profit or loss. If the forecast for load subsequently increases such that the derivative instrument becomes hedged against the forecast load, then the instrument will be designated as an eligible hedge for hedge accounting purposes from that point and any subsequent movement in the fair value will be taken to the CFHR. Any fair value movement that has been recognised in the Consolidated Statement of Profit or Loss up to the date of designation (referred to as the inception value) remains in the profit and loss and will unwind from the Consolidated Statement of Profit or Loss as the instrument matures.

Certain derivative financial instruments do not qualify for hedge accounting, despite being valid economic hedges of the relevant risk. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the Consolidated Statement of Profit or Loss, i.e., classified as fair value through profit or loss.

Refer to Note 13 for additional information in relation to accounting policies for financial instruments.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Section 4: Operating assets and liabilities

Note 15: Property, plant and equipment

IN MILLIONS OF DOLLARS	2024	2023
Supply systems		
Gross carrying amount	41,135	40,629
Less accumulated depreciation	(16,410)	(16,025)
Net carrying amount	24,725	24,604
Power stations		
Gross carrying amount	504	468
Less accumulated depreciation	(260)	(246)
Net carrying amount	244	222
Land – non-regulated		
Gross carrying amount	23	19
Other plant and equipment		
At cost	1,594	1,506
Less accumulated depreciation	(923)	(884)
Less accumulated impairment losses	(32)	(32)
Net carrying amount	639	590
Work in progress		
Work in progress	1,304	1,021
Total property, plant and equipment	26,935	26,456

IN MILLIONS OF DOLLARS	2024	2023
If property, plant and equipment were stated on a historical basis, the carrying amount would have been:		
Supply systems	20,702	19,890
Power stations	262	243
Land	21	16

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 15: Property, plant and equipment (continued)

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

IN MILLIONS OF DOLLARS	SUPPLY SYSTEMS	POWER STATIONS	LAND	OTHER PLANT AND EQUIPMENT	WORK IN PROGRESS	TOTAL
Year ended 30 June 2024						
Gross carrying amount at start of financial year	40,629	468	19	1,506	1,021	43,643
Accumulated depreciation and impairment at start of financial year	(16,025)	(246)	-	(916)	-	(17,187)
Carrying amount at start of financial year	24,604	222	19	590	1,021	26,456
Additions ¹	-	-	-	-	2,043	2,043
Capitalised interest	-	-	-	-	20	20
Transfer from work in progress	1,565	43	4	174	(1,786)	-
Transfers from/(to) intangible assets	-	-	-	-	6	6
Disposals	(6)	-	-	(2)	-	(8)
Revaluation increment/(decrement)	(568)	-	-	-	-	(568)
Depreciation expense ¹	(868)	(21)	-	(123)	-	(1,012)
Net impairment losses	(2)	-	-	-	-	(2)
Carrying amount at end of financial year	24,725	244	23	639	1,304	26,935

⁽¹⁾ \$33 million of the depreciation expense on fleet that was used in the construction of supply system assets was capitalised.

IN MILLIONS OF DOLLARS	SUPPLY SYSTEMS	POWER STATIONS	LAND	OTHER PLANT AND EQUIPMENT	WORK IN PROGRESS	TOTAL
Year ended 30 June 2023						
Gross carrying amount at start of financial year	37,943	436	24	1,483	896	40,782
Accumulated depreciation and impairment at start of financial year	(14,933)	(230)	-	(930)	-	(16,093)
Carrying amount at start of financial year	23,010	206	24	553	896	24,689
Additions ¹	-	-	-	-	1,556	1,556
Capitalised interest	-	-	-	-	12	12
Transfer from work in progress	1,252	34	-	162	(1,448)	-
Transfers from/(to) intangible assets	-	-	-	5	5	10
Disposals	(1)	-	(5)	(3)	-	(9)
Revaluation increment/(decrement)	1,146	-	-	-	-	1,146
Depreciation expense ¹	(803)	(18)	-	(125)	-	(946)
Net impairment losses	-	-	-	(2)	-	(2)
Carrying amount at end of financial year	24,604	222	19	590	1,021	26,456

⁽¹⁾ \$31 million of the depreciation expense on fleet that was used in the construction of supply system assets was capitalised.

Valuation of the Group's regulated supply system assets

The majority of the Group's property, plant and equipment are employed in the distribution of electricity and subject to regulation via a revenue allowance (revenue cap). The fair value valuation of the Group's property, plant and equipment is determined via Directors' valuation using an income-based approach.

The nature of the Group's property, plant and equipment is assessed on the assumption that it will continue to operate in perpetuity.

In completing the valuation of property, plant and equipment of the Group as a going concern, future cash flows are captured beyond the explicit five year forecast period using a terminal value. The terminal value was derived with reference to a forecast regulatory asset base (RAB) based on the current regulatory model. The valuation decrements this year stem from higher estimated operational costs included in the forecast cashflows.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 15: Property, plant and equipment (continued)

The following table outlines the key inputs and assumptions and their relationships to fair value considered in the discounted cash flow methodology for the valuation of the Group's regulated supply system assets:

UNOBSERVABLE INPUTS	NATURE AND RANGE OF INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Revenue cash flows ¹	Revenue cash flows have been determined per the Australian Energy Regulator (AER) Final Decision (2020-2025).	A higher allowed rate of return increases the fair value.
Operating expenditure ¹	Operating expenditures for the distribution network have been determined based on management forecasts.	A lower operating expenditure increases the fair value.
Capital expenditure ¹	Future capital expenditure required to ensure the security and reliability of the distribution network has been based on the most recent management forecasts available at the time of the valuation.	A higher future capital expenditure decreases the fair value.
Terminal value ¹	Terminal value at 30 June 2029 has been determined with reference to a forecast RAB using management forecasts of future cash flows and a terminal value multiple of 1.00 has been applied. RAB is periodically adjusted for inflation.	A higher terminal value and multiple increases the fair value.
Weighted Average Cost of Capital (WACC) discount rate	A nominal WACC of 7.43% (2023: 7.33%) has been employed in the valuation. The WACC discount rate has been determined in consultation with independent experts based on a long-term view of the market cost of capital.	The higher the nominal WACC, the lower the fair value.

⁽¹⁾ The projected cash flow forecasts for the periods beyond the regulatory period are based on management forecasts.

The discount rate used by the Group to discount future cash flows is higher than the allowed rate of return as established by the AER in its Final Decision for the regulatory control period 2020-2025 and the 2026-2030 proposal (which is the rate applied to the RAB to determine future cash flows). The use of a discount rate higher than the regulated rate of return leads to an estimated fair value below the value of the current year's RAB as determined by the regulator. When future capital expenditure is subject to a capital expenditure sharing scheme, then this higher expenditure can result in a lower valuation due to penalties imposed on the organisation in the form of reduced revenue allowances. The fair value is determined on the assumption that the actual and future capital expenditure above the AER determination amounts will be deemed prudent and efficient.

Valuation policies and procedures

The Group has established control frameworks with respect to the measurement of fair values. The fair value of the Group's regulated assets was determined using an income-based approach, which reflects the net present value of an investment's future cash flows in order to arrive at a current fair value estimate for an investment. As this valuation uses inputs not based on observable market data (i.e. unobservable inputs) this resulted in a level 3 fair value. There has been no change to the valuation technique or fair value hierarchy during the year.

The fair value measurement for the supply system and power stations of \$24,969 million (2023: \$24,826 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique applied.

The reconciliation from opening balances to closing balances for the level 3 fair value for the supply system assets is included on the previous page.

Impairment review of property, plant and equipment

The annual impairment review across the Group's cash generating units (CGUs) resulted in \$2 million (2023: \$2 million) of property, plant and equipment impairment. There were no reversals of prior year impairment losses in the current year (2023: nil).

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 15: Property, plant and equipment (continued)

Summary of material accounting policies

Property, plant and equipment

(i) Recognition and measurement

The cost of property, plant and equipment constructed by the Group includes the cost of materials, direct labour and other associated costs and, where appropriate, borrowing costs.

Supply system and power station assets are measured at fair value less any subsequent depreciation. The fair value of these assets was determined as at 30 June 2024 using an income-based approach as there was no market based evidence of fair value due to the specialised nature of the assets, and the items are rarely sold, except as part of a continuing business.

Other property, plant and equipment, and work in progress are carried at cost less accumulated depreciation where applicable. The carrying amount for these assets does not differ materially from their fair value.

Revaluation increments are recognised in other comprehensive income and accumulated in the asset revaluation reserve, except for amounts reversing a decrement previously recognised as an expense. Revaluation decrements are only offset against revaluation increments applying to the same asset and any excess is recognised as an expense.

(ii) Depreciation

Depreciation is calculated on a straight-line basis by reference to the estimated useful life and residual value of each item of property, plant and equipment, with the exception of freehold land, easements and work-in-progress which are not depreciated.

The supply system is treated as a complex asset. A complex asset is a physical asset capable of disaggregation into identifiable components that are subject to regular replacement. These components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

An assessment of useful lives is performed annually. The useful life estimate is determined with consideration of expected usage based on the asset's capacity, expected physical wear and tear, and expected technical or commercial obsolescence.

Items of property, plant and equipment which relate to the supply of electricity to a specific mine or facility may be depreciated over the operational life of the mine or facility. Major depreciation periods are:

	Measurement basis	Depreciation period
Supply systems	Fair value	5 to 70 years
Power stations	Fair value	5 to 60 years
Buildings	Fair value	40 years
Other plant and equipment	Cost	3 to 40 years

(iii) Disposal of items of property, plant and equipment

The gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds of disposals with the carrying amounts of the items. The net gains and losses on disposals are included in the Consolidated Statement of Profit or Loss.

(iv) Maintenance and repairs

Maintenance costs are charged as an expense as incurred. Other routine repair and minor renewal costs are also charged as expenses as incurred.

(v) Contributed assets

Contributed assets are those that are funded by customers and either constructed by the Group or constructed by an external party and then gifted to the Group. Contributed assets are recognised at fair value at the time control passes to the Group and the assets are ready for use.

(vi) Finance and related costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Impairment of assets

All assets which are depreciated or amortised are reviewed for events or changes in circumstances that may indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Dismantled supply system assets and assets held for sale are removed from the relevant cash generating unit and impaired once the decision is made to dismantle or sell. The resulting impairment loss is treated as a revaluation decrement and recorded directly in equity to the extent of any credit balance existing in the revaluation reserve, with the remainder recognised in the Consolidated Statement of Profit or Loss.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 16: Leases

Leases as lessee

The Group leases various office, workshop and storage space under non-cancellable operating leases expiring within one to six years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are re-negotiated.

The Group has five significant leasing arrangements, three in the greater Brisbane area and two in regional Queensland (Townsville and Cairns). The remaining lease terms of these properties range from three to six years and there are lease extension options on some of these leases as discussed below. The escalation applicable to each lease is a fixed annual rate or the greater of CPI and a fixed rate.

Right-of-use assets

Right-of-use assets related to property leases that do not meet the definition of investment property are presented below:

IN MILLIONS OF DOLLARS	2024	2023
Opening balance at start of financial year	149	171
Depreciation charge for the year	(26)	(26)
Additions to right-of-use assets	6	4
Total right-of-use assets at end of financial year	129	149

Lease liabilities

IN MILLIONS OF DOLLARS	2024	2023
Current lease liabilities	36	22
Non-current lease liabilities	135	166
Total lease liabilities	171	188

Amounts recognised in profit or loss

IN MILLIONS OF DOLLARS	2024	2023
Interest on lease liabilities	3	3
Expenses relating to short-term leases	1	1

Amounts recognised in Consolidated Statement of Cash Flows

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS		FINANCING CASH FLOWS ¹	OPERATING CASH FLOWS ¹	NON-CASH CHANGES	
IN MILLIONS OF DOLLARS	2023				2024
Lease liabilities	188	(24)	(3)	10	171
IN MILLIONS OF DOLLARS	2022				2023
Lease liabilities	197	(13)	(3)	7	188

⁽¹⁾ The cash flows make up the net amount of lease payments in the Consolidated Statement of Cash Flows. These are disclosed as a reduction to the principal lease liability in financing activities and the interest component in operating activities.

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period in order to provide operational flexibility to the Group. The extension options held are exercisable only by the Group and not by the lessors. The Group reassess whether it is reasonably certain to exercise these options when there are changes to the property strategy or other circumstances within its control.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 16: Leases (continued)

Summary of material accounting policies

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

Leases as a lessee

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for the majority of commercial property leases, the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate which is the loan rate provided by the Queensland Treasury Corporation that corresponds to the commencement date and term of the lease. The lease liability is remeasured when there is a change in future lease payments and a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to reflect a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are measured at cost on initial recognition and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use assets continue to be measured at cost but may be reduced for impairment losses where applicable and adjusted for remeasurements of the lease liability.

The Group has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases. These lease payments are recognised as expenses on a straight-line basis over the lease term.

Critical accounting estimates and judgements

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes aware of a significant event or a significant change in circumstances, which affects this assessment, and that is within its control.

During the current financial year, a four year extension was applied to an existing lease and remeasurements occurred on two other property leases as a result of market impacts to rent levels, leading to an increase to the lease liability and right-of-use assets of \$6 million. In the prior year, the financial effect of a lease extension and two new minor leases was an increase to the lease liability and right-of-use assets of \$4 million.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 17: Intangible assets

IN MILLIONS OF DOLLARS	2024	2023
COMPUTER SOFTWARE		
At cost	1,185	1,112
Less accumulated amortisation	(820)	(757)
Net carrying value	365	355
OTHER INTANGIBLES		
At cost	21	43
Less accumulated amortisation	(19)	(40)
Net carrying value	2	3
WORK IN PROGRESS		
Work In Progress	286	304
TOTAL INTANGIBLES	653	662

Reconciliations of the carrying amounts for each class of intangible asset are set out below:

IN MILLIONS OF DOLLARS	COMPUTER SOFTWARE	OTHER INTANGIBLES	SOFTWARE WORK IN PROGRESS	TOTAL
Year ended 30 June 2024				
Gross carrying amount at start of financial year	1,112	43	304	1,459
Accumulated amortisation at start of financial year	(757)	(40)	-	(797)
Carrying amount at start of financial year	355	3	304	662
Additions	-	-	137	137
Capitalised interest	-	-	3	3
Transfer from work in progress	106	-	(106)	-
Transfers from/(to) property, plant and equipment	3	-	(9)	(6)
Amortisation expense	(99)	(1)	-	(100)
Impairment losses	-	-	(43)	(43)
Carrying amount at end of financial year	365	2	286	653

IN MILLIONS OF DOLLARS	COMPUTER SOFTWARE	OTHER INTANGIBLES	SOFTWARE WORK IN PROGRESS	TOTAL
Year ended 30 June 2023				
Gross carrying amount at start of financial year	1,061	43	362	1,466
Accumulated amortisation at start of financial year	(775)	(39)	-	(814)
Carrying amount at start of financial year	286	4	362	652
Additions	-	-	132	132
Capitalised interest	-	-	7	7
Transfer from work in progress	161	-	(161)	-
Transfers from/(to) property, plant and equipment	(5)	-	(5)	(10)
Amortisation expense	(87)	(1)	-	(88)
Impairment losses	-	-	(31)	(31)
Carrying amount at end of financial year	355	3	304	662

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 17: Intangible assets (continued)

Summary of material accounting policies

Intangible assets

(i) Recognition and measurement

Internally generated intangible assets, including software, are measured at historical cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge or understanding, is recognised in the Consolidated Statement of Profit or Loss when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of a new or substantially improved product and process, is capitalised if the product or process is technically and commercially feasible, the Company has sufficient resources to complete development and it can measure reliably the expenditure attributable to the intangible asset during its development.

(ii) Amortisation

The cost of an intangible asset is amortised on a straight line basis over the estimated useful life of the asset unless such assets have an indefinite useful life. The estimated useful lives generally vary from 3 to 10 years.

(iii) Finance and related costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Software as a Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets as outlined above in the intangible assets accounting policy note. Licenced software and any configuration and customisation costs of that software, which is placed into a private cloud hosted environment and controlled by the Group is also recognised as an intangible asset with ongoing support agreements recognised as operating expenses when the services are received.

Critical accounting estimates and judgements

Impairment of assets

All assets which are depreciated or amortised are reviewed for events or changes in circumstances that may indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The Group recognised a \$43 million impairment loss this financial year related to legacy digital costs following assessment and replanning of its digital program (2023: \$31 million). The assessment performed was based on the experience and replan work undertaken to date in order to determine an estimate of legacy project costs that may not be fully utilised in the target state architecture. Key factors considered include the nature of the costs in terms of the project build, design, data and testing phases to determine their re-usability.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 18: Employee retirement benefits

Reconciliation of movements in the net defined benefit asset/(liability)

IN MILLIONS OF DOLLARS	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF PLAN ASSETS	NET DEFINED BENEFIT ASSET/(LIABILITY)
Year ended 30 June 2024			
Carrying amount at start of year	(650)	931	281
Included in profit or loss			
Current service cost	(17)	-	(17)
Interest income/(cost)	(33)	46	13
Total included in profit or loss	(50)	46	(4)
Included in other comprehensive income			
Remeasurement gain/(loss):			
Actuarial gain/(loss) arising from:			
Changes in financial assumptions	45	-	45
Experience adjustments	(118)	(11)	(129)
Total included in other comprehensive income	(73)	(11)	(84)
Other			
Contributions by the employer	-	3	3
Contributions by Fund participants	(6)	6	-
Benefit payments and tax	44	(44)	-
Total other	38	(35)	3
Carrying amount as at 30 June 2024	(735)	931	196

IN MILLIONS OF DOLLARS	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF PLAN ASSETS	NET DEFINED BENEFIT ASSET/(LIABILITY)
Year ended 30 June 2023			
Carrying amount at start of year	(594)	914	320
Included in profit or loss			
Current service cost	(15)	-	(15)
Interest income/(cost)	(29)	43	14
Total included in profit or loss	(44)	43	(1)
Included in other comprehensive income			
Remeasurement gain/(loss):			
Actuarial gain/(loss) arising from:			
Changes in financial assumptions	(58)	-	(58)
Experience adjustments	3	14	17
Total included in other comprehensive income	(55)	14	(41)
Other			
Contributions by the employer	-	3	3
Contributions by Fund participants	(9)	9	-
Benefit payments and tax	52	(52)	-
Total other	43	(40)	3
Carrying amount as at 30 June 2023	(650)	931	281

Defined benefit obligation

The Group contributes to an industry employer superannuation fund, Brighter Super (the Fund). The fund provides defined benefit members, lump sum and/or pension benefits on retirement, resignation, retrenchment, disability, or death. Lump sum benefits are calculated based upon years of service and final average salary.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 18: Employee retirement benefits (continued)

The major categories of plan assets are as follows:

IN MILLIONS OF DOLLARS	2024	2023
Cash	56	47
Fixed interest	316	316
Australian shares	93	84
International shares	177	186
Alternatives	149	158
Property and infrastructure	140	140
Total fair value of plan assets	931	931

This portfolio exposes the Fund to market risk. All shares and fixed interest plan assets have quoted prices in active markets. The actual return on plan assets for 2024 was a gain of \$36 million (2023: a gain of \$57 million).

The defined benefit assets are invested in a balanced investment portfolio, to match the weighted average duration of the defined benefit obligation of 6 years (2023: 6 years).

Key actuarial assumptions used at the reporting date are as follows:

IN PERCENTAGE	2024	2023
Expected rate of return on plan assets for one year	5.3	5.4
Pre-tax discount rate	5.3	5.4
Future salary increases – year one	4.5	6.5
Future salary increases – year two	3.5	10.6
Future salary increases – year three	3.0	4.2
Future salary increases – per annum thereafter	3.0	3.0

Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the key actuarial assumptions above, holding other assumptions constant were as follows:

IN MILLIONS OF DOLLARS	CHANGE IN ASSUMPTION	2024	2023
Base Case	As above	735	650
Scenario A	5.3% -0.5% discount rate	758	673
Scenario B	5.3% +0.5% discount rate	712	629
Scenario C	Various -0.5% salary increase rate	712	628
Scenario D	Various +0.5% salary increase rate	758	673

The expected maturity of undiscounted defined benefit obligations is as follows:

IN MILLIONS OF DOLLARS	2024	2023
Not later than one year	102	81
Later than one year and not later than five years	364	320
Following five years	371	350

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 18: Employee retirement benefits (continued)

Employer contributions

The Group contributes to both defined contribution and defined benefit superannuation plans. The Group made contributions to Brighter Super during the year of \$128 million (2023: \$93 million).

For the financial year ended 30 June 2024, the Group contributed 2% (2023: 2%) of defined benefit members' salaries. Based on actuarial advice, the Group could reduce its contribution rate to nil during the next financial year given the fund is in a net surplus position. Accordingly, the Group expects to make no contribution (2023-24: \$2 million) to its defined benefit plan in 2024-25. Funding recommendations are made by the actuary based on their forecast of various matters including future plan asset performance, interest rates and salary increases.

The Group will continue to assess the contribution rate in the future to ensure it remains appropriate.

Summary of material accounting policies

Employee retirement benefits

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

A defined benefit plan is a superannuation plan that defines the amount of the benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and final average salary. The asset or liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit superannuation plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of the plan assets, together with adjustments for past service costs.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, being Australian dollars and that have terms to maturity that approximate the terms of the related superannuation liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in equity.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 19: Employee benefits

IN MILLIONS OF DOLLARS	2024	2023
Current liabilities		
Employee benefits	601	419
Termination benefits	3	3
Total current employee benefits liability	604	422
Non-current liabilities		
Employee benefits	33	27
Total non-current employee benefits liability	33	27

Summary of material accounting policies

Employee benefits

Wages and salaries, annual leave, long service leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities that will be settled more than 12 months after the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

For long service leave, consideration is also given to expected future wage and salary levels and periods of service. Expected future payments relating to such liabilities are discounted using market yields at the reporting date on high quality corporate bonds.

Annual leave, vested long service leave and on-cost entitlements accrued but not expected to be taken within 12 months have been included as part of current liabilities as the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Termination benefits

Liabilities for termination benefits are recognised for the obligation to provide termination payments to employees where there is a valid expectation in those affected that the Group will progress with a restructuring and associated terminations.

Critical judgements in applying the group's material accounting policies

Employee benefits

Management has applied judgement in determining the key assumption of future increases in wages and salaries which is used in calculating long service leave at balance date.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 20: Net deferred tax equivalent liability

IN MILLIONS OF DOLLARS	2024	2023
(A) Deferred tax equivalent assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated statements of profit or loss		
Provisions/accruals	223	183
Tax losses	7	6
Derivatives	2	12
Unearned revenue	38	34
Leased liabilities	51	57
Other	4	3
	325	295
Amounts recognised directly in equity		
Hedge accounting of derivatives	5	30
	5	30
Total deferred tax equivalent asset	330	325
(B) Deferred tax equivalent liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated statements of profit or loss		
Property, plant and equipment	1,820	1,802
Derivatives	(16)	(22)
Lessor Assets	39	45
Other	44	62
	1,887	1,887
Amounts recognised directly in equity		
Recognition of defined benefit surplus	44	69
Revaluation of Property, plant and equipment	1,709	1,879
Hedge accounting of derivatives	76	92
	1,829	2,040
Total deferred tax equivalent liabilities	3,716	3,927
(C) Total net deferred tax equivalent liability		
Deferred tax equivalent asset	330	325
Deferred tax equivalent liabilities	(3,716)	(3,927)
Total net deferred tax equivalent liability	(3,386)	(3,602)

The Group has a closing current tax receivable of \$35 million at 30 June 2024 (2023: \$113 million tax receivable).

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 20: Net deferred tax equivalent liability (continued)

Summary of material accounting policies

Income taxes

(i) Tax equivalents

The Group is liable to make tax equivalent payments on its taxable income to the Queensland Government. Any taxation payments that it is required to make will be made pursuant to Section 129(4) of the GOC Act.

The National Tax Equivalents Regime (NTER) broadly utilises the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997* and associated legislation, the NTER Manual as well as Rulings and other pronouncements by the Australian Taxation Office (ATO), in order to determine the tax payable by the Group.

(ii) Changes in accounting policies

Refer to Note 1 (C)(i) Deferred tax related to assets and liabilities arising from a single transaction.

The Group previously accounted for deferred tax on lease liabilities applying the 'integrally linked' approach. Under the amendments, the Group discloses a separate deferred tax equivalent asset (DTA) in relation to its lease liabilities and a deferred tax equivalent liability (DTL) in relation to its right-of-use assets.

(iii) Current tax equivalents payable/receivable

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the financial year and any adjustment to tax payable in respect of previous years.

Current tax payable/receivable is recognised as current tax expense/benefit.

(iv) Deferred tax equivalent assets and liabilities

Deferred tax equivalent assets (DTA) and liabilities (DTL) are recognised on deductible or taxable temporary differences and unused tax losses and tax credits, which are recognised using the tax rates enacted or substantively enacted at the reporting date.

Temporary differences are differences between the carrying amount of an asset and liability for financial reporting purposes and their tax bases. Tax bases are determined based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Movements in DTA and DTL balances are recognised as deferred tax equivalent expenses, except to the extent they relate to items recognised directly in equity, in which case that portion is recognised in equity.

DTAs and DTLs are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

(v) Income tax equivalent expense

Income tax equivalent expense for the reporting period consists of current tax expense and deferred tax expense. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity.

(vi) Tax consolidation

Energy Queensland and its wholly-owned subsidiaries formed a tax consolidated group effective from 30 June 2016 and are therefore taxed as a single entity. The head entity within the tax consolidated group is Energy Queensland Limited.

DTAs and DTLs arising from temporary differences of the members of a tax consolidated group are recognised in the separate financial accounts of the members of the tax consolidated group using the standalone basis as specified in the tax funding deed.

The tax funding deed requires a notional current and deferred tax equivalents calculation for each entity as if it were a taxpayer in its own right, with the exception of distributions made and received within the tax consolidated group (e.g. intra-group dividends) which are treated as having no tax consequences.

The head entity recognises DTAs arising from unused tax losses and tax credits of the members of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. The recognised tax losses are available indefinitely for offsetting against the future taxable profits subject to the satisfaction of certain loss recoupment rules.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 20: Net deferred tax equivalent liability (continued)

Summary of material accounting policies (continued)

(vii) Nature of tax funding deed and tax sharing agreements

The members of the Energy Queensland tax consolidated group have entered into a tax funding deed which sets out the tax funding obligations for each member. The tax funding deed allows for an intercompany payable/receivable between the head entity and subsidiary equal to the current tax liability or asset assumed by the head entity. Any tax loss or deferred tax equivalent asset assumed by the head entity, results in the recognition of an inter-entity receivable in the separate financial accounts of the members of the tax consolidated group equal in amount to the tax loss/deferred tax equivalent asset assumed.

The head entity recognises the assumed current tax amounts as current tax liabilities/assets, adding to its own current tax amounts (if any), since they are also due to or from the same taxation authority. The current tax liabilities/assets are equivalent to the tax balances generated by external transactions entered into by the tax consolidated group.

Contributions to fund the current tax liabilities are payable as per the tax funding deed.

The members of the tax consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement as the likelihood of payment of any amounts under the tax sharing agreement is considered remote.

(viii) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Note 21: Unearned revenue and contract liabilities

IN MILLIONS OF DOLLARS	2024	2023
Current liabilities		
Unearned revenue – government grant	8	2
Contract liabilities	218	141
Total current unearned revenue and contract liabilities	226	143

Summary of material accounting policies

Unearned revenue – government grant

When there is reasonable assurance that the Group will comply with all conditions attached to the government grant and those grants are received, then they are recognised in the Consolidated Statement of Financial Position initially as unearned revenue. Grants that compensate the Group for expenses incurred are recognised as revenue in the Consolidated Statement of Profit or Loss on a systematic basis as the conditions of the grants are fulfilled.

Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers for customer requested design and construction work such as relocation of network assets and other recoverable maintenance and construction work for which revenue is recognised over time, and for cash contributions received for connection contracts for which revenue is recognised on completion of those works when the customer is connected to the network.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Section 5: Capital structure

Note 22: Share capital

	2024	2024	2023	2023
SHARE CAPITAL	Shares	\$M	Shares	\$M
Fully paid ordinary shares	100	19,643	100	19,643
Total share capital	100	19,643	100	19,643

Fully paid ordinary shares carry one vote per share and carry the rights to dividends. The shares have no par value.

There were no changes in share capital during the year.

Summary of material accounting policies

Share capital

Ordinary shares are classified as equity

Note 23: Other transactions with owners, reserves and retained earnings

IN MILLIONS OF DOLLARS	2024	2023
Other transactions with owners	(18,634)	(18,634)
Asset revaluation reserve	2,504	2,906
Hedging reserve	166	145
Retained earnings	463	582

Summary of material accounting policies

Other transactions with owners

Where assets and liabilities are transferred between entities of the wholly-owned group and State of Queensland controlled entities, under the directive of the owner (being the State of Queensland) and the consideration paid is not equal to the value recognised on the transferred assets, the difference is recognised as other owners' contributions.

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve relates to property, plant and equipment measured at fair value in accordance with applicable Australian Accounting Standards. Refer to Note 15 for further details of revaluation of property, plant and equipment.

Hedging reserve

The hedging reserve is used to record the effective portion of the gains or losses on hedging instruments in cash flow hedges that have not settled. Amounts are recognised in profit or loss when the associated hedged transactions affect consolidated profit or loss statement or as part of the cost of an asset if non-monetary.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Section 6: Other notes

Note 24: Commitments

IN MILLIONS OF DOLLARS	2024	2023
Capital expenditure commitments		
Estimated capital expenditure contracted for at the end of the financial year but not recognised as liabilities ⁽¹⁾	650	376

⁽¹⁾ These commitments consist of executed contracts and/or open purchase orders and are valued at price levels and foreign currency exchange rates as at the end of the reporting period.

Note 25: Contingencies

(A) Legal claims

A number of common law claims are pending against the Group and liability is not admitted. The amount of claims due to litigation and associated expected legal fees is \$6 million (2023: \$3 million). These claims are disclosed on a gross basis and exclude possible reimbursement through insurance recoveries.

(B) Other possible claims

From time to time the Group receives formal notifications from third parties which might indicate intention to lodge formal claims against the Group. The Group investigates these matters and responds appropriately to such communications in order to minimise potential future claims. There are no significant potential claims that are expected to have an impact on the Group's future financial position.

(C) Guarantees

(i) Third Parties

In order to participate in the electricity market, entities within the Group are required to deliver acceptable security as collateral to the Australian Energy Market Operator (AEMO) for their obligations to counter parties in the Electricity Market arising as a consequence of normal trading. Security, in the form of payment guarantees totalling \$150 million (2023: \$150 million), has been issued by QTC to the AEMO. EQL provides QTC with a Counter Indemnity up to the value of \$150 million in respect of this guarantee.

In order to participate in the electricity market, entities within the Group are required to hold an Australian Financial Services Licence for which QTC provides the required Eligible Undertaking to the value of \$400 million (2023: \$400 million). EQL provides QTC with a Counter Indemnity up to the value of \$400 million in respect of the eligible undertaking. The Group has in place a Bank Guarantee facility with Commonwealth Bank to the value of \$100 million (2023: \$100 million).

(ii) Subsidiaries – Wholly-owned

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Energy Queensland has guaranteed to pay any deficiency in the event of winding up of Energex Limited, Ergon Energy Corporation Limited, SPARQ Solutions Pty Ltd, Yurika Pty Ltd and Metering Dynamics Pty Ltd. These controlled entities have also given a similar guarantee in the event that Energy Queensland or any of the entities are wound up or does not meet their obligations. Refer to Note 26.

(D) Guarantees held

The Group holds bank guarantees from customers totalling \$87 million (2023: \$108 million) with the majority relating to the construction of capital assets.

There are \$3 million in guarantees held with trading counterparties (2023: \$5 million), as security to cover obligations arising from the trading of electricity.

(E) Environmental remediation

The Group provides for all known environmental liabilities. The Group estimates that current provisions for environmental remediation are adequate based on current information. However, there can be no assurance that new material provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites.

Summary of material accounting policies

Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements. Other than when required on acquisition of a business, contingent liabilities are not recognised in the consolidated financial statements. They are, however, disclosed in the notes to the consolidated financial statements, where appropriate.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 26: Consolidated entities and investments in associates

Consolidated entities

Energy Queensland Limited had 100% (2023: 100%) interest in the following subsidiaries during the financial year. All entities were incorporated in Australia and are domiciled in Australia for taxation purposes.

- Energex Limited⁽¹⁾
- Ergon Energy Corporation Limited⁽¹⁾
- Ergon Energy Queensland Pty Ltd⁽²⁾
- SPARQ Solutions Pty Ltd⁽²⁾
- Varnsdorf Pty Ltd⁽²⁾
- VH Operations Pty Ltd⁽²⁾
- Yurika Pty Ltd⁽²⁾
- Metering Dynamics Pty Ltd⁽²⁾
- Ergon Energy Telecommunications Pty Ltd⁽²⁾

⁽¹⁾ Australian public company, limited by shares

⁽²⁾ Australian proprietary company, limited by shares

Consolidated entities

Pursuant to the *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, relief has been granted to Energex, Ergon Energy, Yurika Pty Ltd (Yurika), Metering Dynamics Pty Ltd (Metering Dynamics) and SPARQ Solutions Pty Ltd (SPARQ Solutions) from the requirements under the *Corporations Act 2001* for the preparation, audit and lodgement of their financial reports. Ergon Energy Queensland Pty Ltd (Ergon Energy Retail), a subsidiary of Energy Queensland, still prepares its own financial statements. The remaining Energy Queensland subsidiaries are small proprietary companies and are therefore relieved from the requirement for preparation, audit and lodgement of annual financial statements.

Investment in associates

On 14 October 2019, Energy Queensland subscribed to Series B Preference shares (22% in total shares issued) in Redback Technologies Holdings Pty Ltd (Redback), a clean-tech company that manufactures smart solar storage and network management solutions. In March 2024, Redback and its subsidiary Redback Operations Pty Ltd announced that it had entered voluntary administration. In May 2024, Australia Ebon Pty Limited (Ebon) entered into a Deed of Company Arrangement (DOCA) where they agreed to acquire all of the shares of Redback and continue the Luceo business by establishing a new entity called Luceo Australia (LA). This means that following execution of the process contained in the DOCA, EQL will no longer be a shareholder in Redback Holdings and will no longer be deemed to have significant influence over Redback.

Energy Queensland also holds 49% of voting shares in Queensland Capacity Network Pty Ltd (QCN), a communications company set up for the purpose of enabling faster and more reliable internet services in regional Queensland.

EQL is deemed to have significant influence over QCN, and accounts for its investment in the associate using the equity method.

Summary of material accounting policies

Basis of consolidation

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent of the Group.

Investments in controlled entities are carried in the financial statements of the Company at the lower of cost and recoverable amount.

Where an acquisition has commercial substance, the cost of an acquisition is measured as the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued at the date of exchange. Where such transactions result from the restructuring of entities wholly-owned by the State of Queensland and are designated as transactions with owners, assets acquired and liabilities assumed are recognised at the current carrying amounts recorded by the transferor with any difference between consideration and the carrying amount at the date of exchange recorded in equity.

Where Energy Queensland has significant influence over an investment, it is deemed an associate and equity accounted.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 26: Consolidated entities and investments in associates (continued)

Closed group legislative instrument

As a condition of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, Energy Queensland entered into a Deed of Cross Guarantee with the following controlled entities:

- Energex Limited
- Ergon Energy Corporation Limited
- SPARQ Solutions Pty Ltd
- Yurika Pty Ltd
- Metering Dynamics Pty Ltd

The effect of the Deed is that Energy Queensland, the Parent, has guaranteed to pay any deficiency in the event of winding up of the above controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. These controlled entities have also given a similar guarantee in the event that any other entity in the Closed Group is wound up or if it does not meet its obligations under the terms of the overdrafts, loans, leases or other liabilities under the guarantee.

The existing Deed of Cross Guarantee continues to provide reporting relief to the above controlled entities.

The Consolidated Profit or Loss and Statements of Financial Position of the entities that are members of the Closed Group are provided in Note 28.

Further information regarding guarantees is provided in Note 25.

Note 27: Energy Queensland Limited (the Parent)

IN MILLIONS OF DOLLARS	2024	2023
Current assets	1,689	1,197
Non-current assets	23,063	22,484
Total assets	24,752	23,681
Current liabilities	789	570
Non-current liabilities	20,460	19,527
Total liabilities	21,249	20,097
Net assets	3,503	3,584
Issued capital	19,643	19,643
Other transactions with owners	(16,267)	(16,267)
Retained earnings	127	208
Total equity	3,503	3,584
Profit/(loss) of the Parent entity	(23)	(31)
Other Comprehensive Income		
Items that will not be classified to profit or loss:		
Actuarial gains/(losses) on defined benefit plan recognised directly in equity	(84)	(41)
Deferred income tax relating to actuarial gains/(losses) on defined benefit plans	25	13
Other comprehensive income for the financial year, net of tax	(59)	(28)
Total comprehensive income of the Parent entity	(82)	(59)

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 27: Energy Queensland Limited (the Parent) (continued)

Parent entity contingencies

There are no common law claims pending against the Company (2023: nil).

Parent entity capital commitments for acquisition of property, plant and equipment

During the year the Company entered into contracts to purchase plant and equipment for \$61 million (2023: \$47 million).

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 26.

Note 28: Closed Group

As discussed in Note 26, pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, relief has been granted to wholly-owned entities of the Group from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial reports. The Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position of the entities that are members of the Closed Group are as follows:

Consolidated Closed Group profit or loss

IN MILLIONS OF DOLLARS	2024	2023
Profit/(loss) before income tax	(213)	12
Income tax benefit/(expense)	65	(5)
Profit/(loss) after income tax benefit/(expense)	(148)	7
Retained earnings at the beginning of the year	476	473
Transfers to/(from) reserves	79	(4)
Retained earnings at the end of the year	407	476

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 28: Closed Group (continued)

Consolidated Closed Group Statement of Financial Position

IN MILLIONS OF DOLLARS	2024	2023
Current assets		
Cash and cash equivalents	16	9
Trade and other receivables	1,507	857
Tax receivable	35	113
Inventories	252	245
Total current assets	1,810	1,224
Non-current assets		
Property, plant and equipment	26,909	26,433
Right-of-use assets	129	149
Intangible assets	644	649
Investments in subsidiaries	119	119
Employee retirement benefits	197	281
Other assets	13	8
Total non-current assets	28,011	27,639
Total assets	29,821	28,863
Current liabilities		
Trade and other payables (including dividends payable)	1,011	580
Lease liabilities	36	22
Employee benefits	604	422
Provisions	27	1
Unearned revenue and contract liabilities	222	139
Total current liabilities	1,900	1,164
Non-current liabilities		
Interest-bearing liabilities	20,340	19,394
Lease liabilities	135	166
Employee benefits	33	27
Net deferred tax equivalent liability	3,370	3,596
Provisions and other liabilities	4	4
Total non-current liabilities	23,882	23,187
Total liabilities	25,782	24,351
Net assets	4,039	4,512
Equity		
Share capital	19,643	19,643
Other transactions with owners	(18,514)	(18,514)
Reserves	2,503	2,907
Retained earnings	407	476
Total equity	4,039	4,512

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 29: Key management personnel disclosures

(A) Details of Shareholding Ministers

The Group's responsible shareholding Ministers are identified as part of the Group's Key Management Personnel (KMP). The Ministers responsible during the financial year are, or were the:

- Deputy Premier, Treasurer and Minister for Trade and Investment, and the
- Minister for Energy and Clean Economy Jobs.

(B) Compensation – Shareholding Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Group does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

(C) Details of Directors

DIRECTORS OF ENERGY QUEENSLAND AS AT 30 JUNE 2024:		TERM OF APPOINTMENT	APPOINTMENT EXPIRY DATE
Sarah Zeljko	Chair	3 years	30 September 2025
Mark Algje	Non-Executive Director	3 years	30 September 2026
Teresa Dyson	Non-Executive Director	3 years	30 September 2026
Vaughan Busby	Non-Executive Director	3 years	30 September 2026
Karen Lay-Brew	Non-Executive Director	4 years	31 May 2028
Paul Lucas	Non-Executive Director	4 years	31 May 2028
Kevin Kehl	Non-Executive Director	4 years	31 May 2028
Megan O'Hara Sullivan	Non-Executive Director	4 years	31 May 2028

(D) Compensation – Directors

Directors' remuneration is set in accordance with the *Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies*.

The non-executive Directors of the Company do not participate in any variable reward or 'at-risk' incentive scheme.

Amounts disclosed for remuneration of key management personnel exclude insurance premiums paid by the Company in respect of Directors' and Officers' liability insurance contracts.

In accordance with Ministerial Guidelines, details of compensation provided to Directors in office during the financial period ended 30 June 2024 by the Group are as follows:

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 29: Key management personnel disclosures (continued)

(D) Compensation – Directors (continued)

DIRECTORS' REMUNERATION IN THOUSANDS OF DOLLARS	SHORT TERM BENEFITS Directors' fees		POST EMPLOYMENT BENEFITS Superannuation		TOTAL	
	2024	2023	2024	2023	2024	2023
Energy Queensland						
Sarah Zeljko ⁽²⁾	211	155	23	16	234	171
Mark Algie	87	88	10	9	97	97
Karen Lay-Brew	86	85	9	9	95	94
Vaughan Busby	87	88	10	9	97	97
Teresa Dyson	84	80	9	8	93	88
Hugh Gleeson ⁽³⁾	24	95	3	10	27	105
Paul Lucas	89	92	10	10	99	102
Sandra Diethelm ⁽⁴⁾	39	-	4	-	43	-
Kevin Kehl ⁽⁵⁾	6	-	1	-	7	-
Megan O'Hara Sullivan ⁽⁵⁾	6	-	1	-	7	-
Helen Stanton ⁽³⁾	23	92	2	10	25	102
Philip Garling AM ⁽¹⁾	-	52	-	5	-	57
Total	742	827	82	86	824	913

⁽¹⁾ Philip Garling's term as Director and Chair expired on 30 September 2022.

⁽²⁾ Sarah Zeljko was appointed as a Director and Chair of Energy Queensland Limited effective 1 October 2022.

⁽³⁾ Hugh Gleeson and Helen Stanton's terms as Directors expired on 30 September 2023.

⁽⁴⁾ Sandra Diethelm was appointed as a Director of Energy Queensland Limited effective 1 October 2023 and resigned on 31 March 2024.

⁽⁵⁾ Kevin Kehl and Megan O'Hara Sullivan were appointed as Directors of Energy Queensland Limited effective 1 June 2024.

No further fees were paid to Directors, other than the amounts disclosed in the table above.

(E) Compensation – Executives

Senior executive employment contracts

Remuneration and other terms of employment of executives are formalised in senior executive employment contracts.

Each of these employment contracts makes a provision for fixed remuneration and an 'at risk' performance incentive.

A Total Fixed Remuneration (TFR) concept for the structure of executive remuneration is utilised. While the total cost of a senior executive's remuneration package is capped, the executive then has the flexibility to decide the composition of the total fixed remuneration, which could include cash salary or salary sacrificed arrangements including motor vehicle, car park and additional superannuation, plus any fringe benefits tax incurred.

No other non-cash benefits are provided to executives as the TFR concept captures various benefits structured within a total cost rather than a base salary plus benefits approach.

Senior executive staff members are eligible for an 'at risk' or variable performance pay component that is directly linked to both the overall performance of the Group and their individual efforts against a range of key indicators and targets as contained in the annual Statement of Corporate Intent and the senior executives' performance agreement. Any 'at risk' payment is contingent upon the Board's assessment of the company's overall performance and shareholder expectations.

Performance payments may not exceed a maximum of 15% of the individual's TFR figure.

All senior executives are engaged on tenured contractual arrangements in accordance with *The Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements* (Policy).

Separation entitlements for all senior executives are subject to the terms and conditions of their contracts with the Group.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 29: Key management personnel disclosures (continued)

(E) Compensation – Executives

Application to Chief Executive Officer (CEO) and other Senior Executives

Upon termination the executive is entitled to pay in lieu of the executive's entitlements to annual leave and long service leave, calculated with reference to the executive's total fixed remuneration up to the date on which the termination takes effect. If the employment of the executive is terminated by Energy Queensland, except in the event of serious misconduct or incapacity, the executive is entitled to:

- i. salary for the balance of the notice period; and
- ii. a termination payment of six months (for CEO) and three months (for other Senior Executives) superannuable salary.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 29: Key management personnel disclosures (continued)

(E) Compensation – Executives

EXECUTIVE REMUNERATION	Short term benefits ¹	Performance payment ²	Post-employment benefits ³	Other long-term benefits ⁴	Ex gratia/ termination benefits	Total
2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Energy Queensland						
Peter Scott – Chief Executive Officer ⁽⁵⁾	1,072	-	27	28	-	1,127
David Malek – Chief Financial Officer	591	16	27	15	-	649
Belinda Watton – Executive General Manager Yurika	546	51	27	14	-	638
Karen Stafford – Acting Executive General Manager Services ⁽⁶⁾	257	32	16	7	-	312
Todd Reynolds – Executive General Manager People, Property and Safety ⁽⁷⁾	215	-	12	6	-	233
Peter Price – Chief Engineer	570	53	61	17	-	701
Paul Jordon – Chief Operating Officer	587	54	62	17	-	720
Michael Dart – Chief Customer Officer	496	41	27	13	-	577
Ayesha Razzaq – Executive General Manager Retail	533	44	27	14	-	618
Marianne Vosloo – Executive General Manager Digital ⁽¹⁰⁾	43	31	6	1	275	356
Sharyn Scriven – Chief Information Officer ⁽¹¹⁾	408	-	23	11	-	442
Nicola Roscoe – Acting Executive General Manager Regulation ⁽⁸⁾	265	27	18	6	-	316
Stephanie McDougall – Executive General Manager Regulation ⁽⁹⁾	64	-	5	2	122	193
Trudy Fraser – Executive General Manager Regulation ⁽¹²⁾	103	-	8	3	-	114
Total	5,750	349	346	154	397	6,996

⁽¹⁾ Short-term benefits include all payments made to the Officer during the year excluding at-risk performance payments (disclosed separately), less payments for annual leave and long-service leave taken and including annual leave benefits accrued during the year. The annual leave benefit accrued has been reclassified from long-term to short-term benefits from this financial year and the comparatives have been amended to reflect this treatment.

⁽²⁾ At risk performance payments are paid in the current financial year for performance for the prior financial year.

⁽³⁾ Post-employment benefits represent superannuation contributions made by the employer to the superannuation fund at the rates prescribed in the executives' employment contracts (in line with the maximum contribution base for defined contribution fund members and 10% as part of the fixed remuneration base for defined benefit fund members). Where superannuation contribution rates exceed the contribution cap, the excess amounts are paid to the employees as short-term benefits. Refer to Note 18 for further information regarding the defined benefit obligations of the Group.

⁽⁴⁾ Other long-term benefits represent long service leave benefits accrued during the year.

⁽⁵⁾ Peter Scott was formally appointed to the role of Chief Executive Officer on 14 September 2023.

⁽⁶⁾ Karen Stafford was acting in the role of Executive General Manager Services until 21 January 2024. Amounts disclosed include those earned by the individual whilst acting in that role.

⁽⁷⁾ Todd Reynolds was appointed to the role of Executive General Manager People, Property and Safety on 15 January 2024.

⁽⁸⁾ Nicola Roscoe was acting in the role of Executive General Manager Regulation until 9 February 2024.

⁽⁹⁾ Stephanie McDougall was appointed to the role of Executive General Manager Regulation effective 22 January 2024 and ceased in that role on 7 March 2024.

⁽¹⁰⁾ Marianne Vosloo discontinued office in the role of Executive General Manager Digital effective 22 July 2023. The termination benefits disclosed include the notice period and 3 months superannuable salary in accordance with the entitlements under the senior executive employment contract, and an additional ex gratia amount as approved by the Board.

⁽¹¹⁾ Sharyn Scriven commenced acting in the role of Chief Information Officer on 7 August 2023 and was permanently appointed on 24 May 2024.

⁽¹²⁾ Trudy Fraser commenced acting in the role of Executive General Manager Regulation on 7 March 2024.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 29: Key management personnel disclosures (continued)

(E) Compensation – Executives

EXECUTIVE REMUNERATION	Short term benefits ¹	Performance payment ²	Post-employment benefits ³	Other long-term benefits ⁴	Termination benefits	Total
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Energy Queensland						
Peter Scott – Acting Chief Executive Officer ⁽⁵⁾	154	-	4	5	-	163
Rod Duke – Chief Executive Officer ⁽⁶⁾	915	111	25	22	637	1,710
Peter Scott – Executive General Manager Finance ⁽⁷⁾	357	74	11	8	-	450
Armand Mahne – Acting Executive General Manager Finance ⁽⁸⁾	83	-	4	2	-	89
David Malek – Chief Financial Officer ⁽⁹⁾	187	-	8	5	-	200
Belinda Watton – Executive General Manager Yurika ⁽¹⁰⁾	550	58	25	14	-	647
Karen Stafford – Acting Executive General Manager Services ⁽¹¹⁾	403	-	22	11	-	436
Peter Price - Chief Engineer	543	63	56	15	-	677
Paul Jordon – Executive General Manager Operations	586	64	56	16	-	722
Michael Dart – Executive General Manager Customer	424	48	25	11	-	508
Ayesha Razaq – Executive General Manager Retail	470	49	25	13	-	557
Carly Irving – Executive General Manager Yurika ⁽¹²⁾	50	51	11	2	-	114
Marianne Vosloo – Executive General Manager Digital	481	48	25	12	-	566
Nicola Roscoe – Acting Executive General Manager Regulation ⁽¹³⁾	30	-	2	1	-	33
Total	5,233	566	299	137	637	6,872

⁽¹⁾ Short-term benefits include all payments made to the Officer during the year excluding at-risk performance payments (disclosed separately), less payments for annual leave and long-service leave taken and including annual leave benefits accrued during the year. The annual leave benefit accrued has been reclassified from long-term to short-term benefits from this financial year and the comparatives have been amended to reflect this treatment.

⁽²⁾ At risk performance payments are physically paid in the current financial year for performance for the prior financial year.

⁽³⁾ Post-employment benefits represent superannuation contributions made by the employer to the superannuation fund at the rates prescribed in the executives' employment contracts (in line with the maximum contribution base for defined contribution fund members and 10% as part of the fixed remuneration base for defined benefit fund members). Refer to Note 18 for further information regarding the defined benefit obligations of the Group.

⁽⁴⁾ Other long-term benefits represent long service leave benefits accrued during the year.

⁽⁵⁾ Peter Scott commenced acting the role of Chief Executive Officer on 27 April 2023.

⁽⁶⁾ Rod Duke discontinued office in the role of Chief Executive Officer effective 26 April 2023. The termination benefits disclosed were made in accordance with the entitlements under the senior executive employment contract as governed by the Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements.

⁽⁷⁾ Peter Scott resigned from the role of Executive General Manager Finance effective 31 December 2022.

⁽⁸⁾ Armand Mahne was acting in the role of Executive General Manager Finance from 3 January until 28 February 2023. The amounts disclosed are only those earned by the individual during the period acting in that role.

⁽⁹⁾ David Malek was appointed to the role of Chief Financial Officer effective 1 March 2023.

⁽¹⁰⁾ Belinda Watton was acting in the role of Executive General Manager Yurika from 8 August 2022 and formally appointed on 23 January 2023. Prior to that Belinda was in the role of Executive General Manager Services. The amounts disclosed are for the full financial year.

⁽¹¹⁾ Karen Stafford is acting in the role of Executive General Manager Services from 8 August 2022. Amounts disclosed include those earned by the individual since commencing in that role.

⁽¹²⁾ Carly Irving resigned from the role of Executive General Manager Yurika effective 6 August 2022.

⁽¹³⁾ The role of Executive General Manager Regulation was created effective 30 May 2023 and Nicola Roscoe acted in the role. Amounts disclosed include those earned by the individual since commencing in that role.

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 29: Key management personnel disclosures (continued)

(F) Fixed remuneration packages – Executives

TOTAL FIXED REMUNERATION PACKAGE ¹	2024	2023
	\$'000	\$'000
Energy Queensland		
Chief Executive Officer	1,099	1,052
Chief Financial Officer	600	600
Chief Operating Officer ⁽²⁾	679	617
Executive General Manager People, Property and Safety ⁽³⁾	503	479
Chief Engineer	666	611
Chief Customer Officer ⁽⁴⁾	495	450
Chief Information Officer ⁽⁵⁾	500	495
Executive General Manager Retail	550	500
Executive General Manager Yurika	563	554
Executive General Manager Regulation	413	395
Total	6,068	5,753

⁽¹⁾ The TFR package differs from the executive remuneration disclosures on the previous page, as the executive remuneration disclosures reflect the cost to the Group. Adjustments include leave and superannuation accruals and pro-rata payments for part-year entitlements.

⁽²⁾ The title of this position was renamed from Executive General Manager Operations to Chief Operating Officer effective 14 August 2023.

⁽³⁾ The title of this position was renamed from Executive General Manager Services to Executive General Manager People, Property and Safety effective 15 January 2024.

⁽⁴⁾ The title of this position was renamed from Executive General Manager Customer to Chief Customer Officer effective 14 August 2023.

⁽⁵⁾ The title of this position was renamed from Executive General Manager Digital to Chief Information Officer effective 7 August 2023.

(G) Compensation disclosures by category:

	2024	2023
	\$'000	\$'000
Short-term benefits	6,841	6,626
Post-employment benefits	428	385
Other long-term benefits	154	137
Termination benefits	397	637
Total	7,820	7,785

This table includes Directors and Executives remuneration.

(H) Transactions with related parties of key management personnel

Key management personnel and their closely related parties conduct transactions with the Group on an arm's length basis and on terms and conditions no more favourable than those available to non-related parties.

The following executives and former executives of the Group are or were Directors of controlled entities or associates. They did not receive any remuneration for their positions as Directors of these legal entities.

- Peter Scott
- David Malek
- Belinda Watton
- Peter Price
- Michael Dart
- Ayesha Razzaq

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 29: Key management personnel disclosures (continued)

(I) Loans to key management personnel

The Group has not made any loans to key management personnel in either the current or the prior financial year.

Note 30: Related party transactions

Entities subject to common control

The Company is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland. All State of Queensland controlled entities meet the definition of other related parties of the Group.

Transactions with State of Queensland controlled entities

The Group and the Company transact with other State of Queensland controlled entities. All material transactions are negotiated on terms equivalent to those that prevail in arm's length transactions.

	2024 \$'000	2023 \$'000
REVENUE		
Revenue from State of Queensland controlled entities	631,570	477,452
Pensioner rebate and Qld utility bill relief revenue from Department of Child Safety, Seniors and Disability Services	484,939	195,379
Electricity trading with State of Queensland controlled entities	(171,123)	211,068
Interest received from QTC	12,218	4,468
Community service obligation revenue received from Department of Energy and Climate	619,057	620,503
EXPENSES		
Expenses incurred to State of Queensland controlled entities	569,656	577,467
Interest on QTC borrowings (includes administration fees)	649,951	579,779
Competitive neutrality fee paid to Queensland Treasury	108,254	105,220
Environmental certificate transactions with State of Queensland controlled entity counterparties	-	3,047
NTER, Payroll Tax and Land Tax paid to Queensland Treasury	102,862	72,248
ASSETS		
Advances facility held with Queensland Treasury	813,477	257,363
Community service obligations amounts receivable	56,897	50,193
Current tax receivable	34,914	112,600
Electricity trading with State of Queensland controlled entities	4,284	6,170
Trade and other receivables from State of Queensland controlled entities	27,380	4,499
LIABILITIES		
Accrued interest and fees payable to QTC	52,697	48,850
Trade payables to State of Queensland controlled entities	44,070	45,822
Cost of living Rebate received from Department of Treaty, Aboriginal and Torres Strait Islander Partnerships to be passed on to customers	664,333	-
Borrowings from QTC	20,340,153	19,394,055
Accrued competitive neutrality fee payable to Queensland Treasury	27,425	26,758
Unearned grant revenue	7,597	1,353

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 30: Related party transactions (continued)

No provision for impairment of receivables was raised for any outstanding balances and no expense was recognised for bad or impaired debts due from State owned entities.

Transactions with State-owned electricity entities were made in accordance with the National Electricity Rules for transmission use of system charges. Other transactions are based on normal commercial terms and conditions and at market rates.

Transactions with other related parties

Disclosures relating to key management personnel are set out in Note 29.

Ultimate parent entity

The ultimate parent entity within the Group is Energy Queensland Limited.

Ownership interests in related parties

Interests in consolidated entities and associates are set out in Note 26.

Note 31: Auditor's remuneration

	2024	2023
	\$'000	\$'000
Remuneration for audit and review of the financial reports of the Group and the Company:		
Audit services – Auditor-General of Queensland		
Audit and review of financial reports	2,069	1,882
Audit and review of regulatory reports	669	609
Other service providers		
Non-financial review of regulatory reports	93	114
Total auditor's remuneration	2,831	2,605

Note 32: Events after reporting date

No events of a material nature have occurred since the end of the financial year that significantly affected or may significantly affect the operations of the Group or the Company.

Consolidated entity disclosure statement

Energy Queensland Limited had 100% (2023: 100%) interest in the following subsidiaries at the end of the financial year. All entities were incorporated in Australia and are domiciled in Australia for taxation purposes.

- Energex Limited ⁽¹⁾
- Ergon Energy Corporation Limited ⁽¹⁾
- Ergon Energy Queensland Pty Ltd ⁽²⁾
- SPARQ Solutions Pty Ltd ⁽²⁾
- Varnsdorf Pty Ltd ⁽²⁾
- VH Operations Pty Ltd ⁽²⁾
- Yurika Pty Ltd ⁽²⁾
- Metering Dynamics Pty Ltd ⁽²⁾
- Ergon Energy Telecommunications Pty Ltd ⁽²⁾

⁽¹⁾ Australian public company, limited by shares

⁽²⁾ Australian proprietary company, limited by shares

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the *Corporations Act 2001*. The entities listed in the statement are Energy Queensland Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

The percentage of share capital disclosed for subsidiaries included in the statement represents the economic interest consolidated in the consolidated financial statements.

Determination of tax residency

Section 295 (3A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

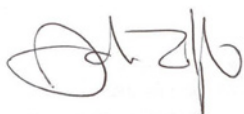
Directors' declaration

In the Directors' opinion:

1. The consolidated financial statements and associated notes set out on pages 88 to 148;
 - (i) Comply with the Australian Accounting Standards and Interpretations;
 - (ii) Are in accordance with the *Corporations Act 2001*; and
 - (iii) Give a true and fair view of the financial position of the Group as at 30 June 2024 and of its performance for the year ended on that date.
2. The Consolidated Entity Disclosure Statement set out on page 149 is true and correct.
3. As at the date of this declaration there are reasonable grounds to believe:
 - (i) That the Company will be able to pay its debts as and when they become due and payable; and
 - (ii) The members of the Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

Made in accordance with a resolution by the Directors.

Sarah Zeljko



Chair
22 August 2024

To the Members of Energy Queensland Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Energy Queensland Limited (the company) and its controlled entities (the group).

The financial report comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In my opinion, the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the group's financial position as at 30 June 2024, and its financial performance for the year then ended; and
- b) complying with the Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of supply system assets (\$24.7 billion)

Refer to note 15 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
<p>The fair value of the supply system assets has been determined using the discounted cash flow (DCF) technique (income approach).</p> <p>The fair value estimation involved significant assumptions and judgements for:</p> <ul style="list-style-type: none"> • aggregating supply assets to units of account for valuation purposes. • estimating future cash inflows and outflows based on: <ul style="list-style-type: none"> – revenue forecasts – estimations of efficient and prudent operating and capital cash outflow amounts occurring beyond the current regulatory period – tax cash flow – additional capital expenditure spends – deriving a terminal value in Energy Queensland Limited's regulated environment – setting the rate used to discount the forecast cash inflows, cash outflows and terminal value to present value. 	<p>I engaged an auditor's expert to assist me in:</p> <ul style="list-style-type: none"> • evaluating the appropriateness, with reference to common industry practice, of Energy Queensland Limited's identification of units of account and use of the income approach (having consideration for highest and best use and the principal market). • verifying the mathematical accuracy of the discounted cash flow models. • assessing the reasonableness of forecast revenue, operating expenditure, capital expenditure, and tax cash flows, by corroborating the key market related assumptions to relevant internal forecasts and historical external data. • evaluating the methodology used to derive terminal values with reference to common industry practice. • performing sensitivity analysis for the revenue cash flow growth rate, expenditure cash flow growth rate, discount rate, and terminal value to assess how management addressed estimation uncertainty. • agreeing the discount rate calculation methodology to industry range standards and available market information; and • assessing the reasonableness of the income approach valuation by performing valuation cross checks to comparable organisations and recent sales of similar entities. <p>In assessing the work of the auditor's expert, I:</p> <ul style="list-style-type: none"> • evaluated their qualifications, competence, capabilities, and objectivity. • considered the nature, scope and objectives of the work completed for appropriateness. • evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Valuation of derivative financial instruments-assets (\$209 million), derivative financial instruments-liabilities (\$36 million), and designation of hedging instruments

Refer to notes 8, 11, 13 and 14 in the financial report.

Key audit matter	How the audit procedures performed addressed this key audit matter
<p>The fair value measurement of Energy Queensland Limited's (EQL) derivative financial instruments is inherently complex.</p> <p>Key factors contributing to this complexity include the use of internal financial models and judgement to estimate key inputs due to the absence of observable market data for some assumptions.</p>	<p>I engaged an auditor's expert to assist me in:</p> <ul style="list-style-type: none"> obtaining an understanding of the valuation techniques and financial models used, and assessing their design, integrity, and appropriateness with reference to common industry practices and requirements of the Australian accounting standards. challenging management assumptions used in the valuation process and assessing the reasonableness of inputs and valuation techniques in reference to industry specific practices. testing, for a sample of derivative instruments, the reasonableness of the valuation calculations by agreeing key terms to supporting documents and counterparty confirmations, and recalculating the fair values based on an understanding of generally accepted valuation practices. <p>In evaluating the work of the auditor's expert, I:</p> <ul style="list-style-type: none"> evaluated the qualifications, competence, capabilities, and objectivity of the auditor's expert. assessed the nature, scope and objectives of the work completed by the auditor's expert. evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.
<p>EQL's application of hedge accounting is complex due to:</p> <ul style="list-style-type: none"> the specific requirements of AASB 9 <i>Financial Instruments</i> for an effective hedge relationship and deferral of fair value gains and losses to the cash flow hedge reserve judgements required in assessing EQL's forecast load to support hedge relationships use of an internally developed system to administer and account for hedge relationships. 	<p>With the assistance of an auditor's expert, my procedures included but were not limited to:</p> <ul style="list-style-type: none"> assessing EQL's hedge accounting process including exercise of management judgement in complying with the specific requirements of AASB 9 and testing the qualifying criteria for an effective hedge relationship and methodology to calculate hedge effectiveness. evaluating the scope, competency and objectivity of the Company's external experts involved in the design, implementation, and operation of the hedge accounting system and by examining the work performed, their professional qualifications and experience. for cash flow hedges, assessing the reasonableness of forecast information used to support the highly probable criterion required for an effective hedge relationship. testing the reconciliation of the cash flow hedge reserve, and presentation of gains and losses in the income statement. validating the appropriateness of disclosures in the consolidated financial statements.

Key audit matter	How the audit procedures performed addressed this key audit matter
	<p>In reviewing the auditor's expert work, I:</p> <ul style="list-style-type: none"> evaluated the qualifications, competence, capabilities, and objectivity of the auditor's expert. assessed the nature, scope and objectives of the work completed for appropriateness. evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Measurement of unbilled revenue (\$327million)

Refer to note 6 in the financial report.

Key audit matter	How the audit procedures performed addressed this key audit matter
<p>The complex unbilled revenue and accrual for network and retail charges calculation involved significant judgements for estimating the unread meter usage at balance date.</p> <p>In making this estimate, EQL based the calculation on a model that used historical consumption data, historical billing data and purchase load to create a seasonally adjusted periodical profile.</p>	<p>I have:</p> <ul style="list-style-type: none"> obtained an understanding of the modelling approach and assessed the appropriateness of its design. tested general information technology controls and application controls over relevant information technology systems. validated the inputs used, including historical consumption and billing data, purchase load and tariff rates, to relevant source data. verified the mathematical accuracy of key sections of the unbilled revenue model. developed an estimate of the unbilled network and retail revenue at year-end and compared our estimate to EQL management's estimated amount. validated the appropriateness of disclosures in the consolidated financial statements.

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Energy Queensland Limited's annual report for the year ended 30 June 2024 was the directors' report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and,

for such internal controls as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf

This description forms part of my auditor's report.



Rachel Vagg
Auditor-General

23 August 2024

Queensland Audit Office
Brisbane

Glossary

AASB	Australian Accounting Standards Board
AER	Australian Energy Regulator
AEMO	Australian Energy Market Operator
API	Australia Power Institute
ARENA	Australian Renewable Energy Agency
ASX	Australian Stock Exchange
CEI	Customer Enablement Index
CEO	Chief Executive Officer
CSAT	Customer Satisfaction
CSO	Community Service Obligation
EAP	Employee Assistance Provider
EFD	Early Fault Detection
ESG	Environmental, Social and Governance
ESO	Electrical Safety Office
EV	Electric Vehicle
FIT	Feed-in Tariff
GIS	Geographical Information System
GOC	Government Owned Corporation
GSL	Guaranteed Service Level
GRI	Global Reporting Initiative
ISO	International Organisation for Standardisation
ICT	Information and Communications Technology
IMS	Integrated Management System
IPART	Independent Pricing and Regulatory Tribunal
IVAM	In Vehicle Asset Management
LED	Light Emitting Diode lighting
LEO	Low earth orbit
LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Intersex, and other communities
LREZ	Local Renewable Energy Zones
MSS	Minimum Service Standard
nbn	National Broadband Network
NEM	National Electricity Market
QAO	Queensland Audit Office
QCA	Queensland Competition Authority
RAP	Reconciliation Action Plan
RFDS	Royal Flying Doctor Service
SAPS	Stand-alone power systems
SCADA	Supervisory control and data acquisition
SCI	Statement of Corporate Intent
SES	Queensland State Emergency Services
SF6	Sulphur hexafluoride
SDG	United Nations' Sustainable Development Goals
SMEACS	Situation, Mission, Execution, Admin/Logistics, Command/Communications, Safety
SMS	Safety Management System
SWER	Single Wire Earth Return
tCO ₂ -e	Tonnes of carbon dioxide equivalent
VDI	Virtual Desktop Infrastructure

Common measures

Reliability service standards

SAIDI	System Average interruption Duration Index. Network reliability performance index, indicating the total minutes, on average, that customers are without electricity during the relevant period (minutes).
SAIFI	System Average Interruption Frequency Index. Network reliability performance index, indicating the average number of occasions each customer is interrupted during the relevant period (interruptions).
Customer Minutes	Customer minutes is a measure of the number of customers interrupted multiplied by the duration of a power outage or outages, incorporating any staged restoration.

Workplace safety performance

TRIFR	Total Recordable Injury Frequency Rate reports a frequency rate of the number of total recordable injuries per million hours worked on a rolling twelve month basis. 'Total Recordable Injuries' is made up of Fatalities (F), Lost Time Injuries (LTIs), Medical Treatment Injuries (MTIs) and Medical Treatment Injuries – Suitable Duties (MTI-SDs) for EQL employees.
LTIFR	Lost Time Injury Frequency Rate reports a frequency rate of the number of Lost Time Injuries per million hours worked on a rolling twelve month basis.
SIFR	Significant Incident Frequency Rate. Significant HSE Incident Frequency rate measure includes the number of significant injuries which include class 1 (actual or potential) incidents, work related SELs and DEEs, expressed as a rate per million hours worked.
TRI	Total recordable injuries. 'Total Recordable Injuries' is made up of Fatalities (F), Lost Time Injuries (LTIs), Medical Treatment Injuries (MTIs) and Medical Treatment Injuries – Suitable Duties (MTI-SDs) for EQL employees.

Electricity-related

MVA	megavolt ampere: one MVA equals 1,000kVA
kW	kilowatt: one kW equals 1,000 watts
MW	megawatt: one MW equals 1,000 kilowatts
kWh	kilowatt hour: the standard 'unit' of electricity which represents the consumption of electrical energy at the rate of one kilowatt over a period of one hour
MWh	megawatt hour: one MWh equals 1,000 kilowatt hours
GWh	gigawatt hour: one GWh equals 1,000 megawatt hours or one million kilowatt hours



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