

**Kelly Healey**

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**Subject:** Opening of Premises ERM Power  
**Location:** Level 52, 111 Eagle Street, Brisbane

**Start:** Tue 23/04/2013 5:30 PM  
**End:** Tue 23/04/2013 7:00 PM  
**Show Time As:** Out of Office

**Recurrence:** (none)

**Meeting Status:** Meeting organizer

**Organizer:** Jon Grayson  
**Required Attendees:** 'Linda.Nash@CTPI - Personal Information'

**Categories:** External Event



Philip St. Baker  
invites you t...

Released under RTI - DPC

**From:** Jon Grayson <Jon.Grayson@premiers.qld.gov.au>  
**Subject:** ERM office opening  
**Date:** 11 December 2012 9:43:53 AM AEST  
**To:** Aniela Hedditch <Aniela.Hedditch@ministerial.qld.gov.au>  
**Cc:** Ben Myers <ben.myers@ministerial.qld.gov.au>, Barbara Tollenaere <IMCEAEX-\_O=PREMIERS+20DEPARTMENT\_OU=EXCHANGE+20ADMINISTRATIVE+20GROUP+20+28FYDIBOHF23SPDLT+29\_CN=RECIPIENTS\_CN=Barbara+2ETollenaere@premiers.qld.gov.au>

Aniela - You would have received a request from ERM Power for the Premier to officially open their new offices at 111 Eagle Street in February.

Ben - this may be one worth considering given the Government's focus on electricity, that we will probably be announcing or about to announce initiatives at that time, that there will be a cross section of energy industry people in attendance, that ERM is Queensland's largest electricity company, and is chaired by Tony Bellas, who chaired our IRP.

I understand that ERM is prepared to be flexible with the date to suit the Premier.

Kind regards

**Jon Grayson**  
Director-General  
Department of the Premier and Cabinet

(07) 322 44728

[jon.grayson@premiers.qld.gov.au](mailto:jon.grayson@premiers.qld.gov.au)

Executive Building | Level 15 | 100 George Street | Brisbane  
PO Box 15185 | City East | Queensland 4002

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From: ERM Power <events@ermpower.com.au>  
Subject: Philip St. Baker invites you to ERM's new office opening.  
Date: 20 March 2013 12:33:59 PM AEST  
To: Jon Grayson <Jon.Grayson@premiers.qld.gov.au>  
Reply-To: "events@ermpower.com.au" <events@ermpower.com.au>



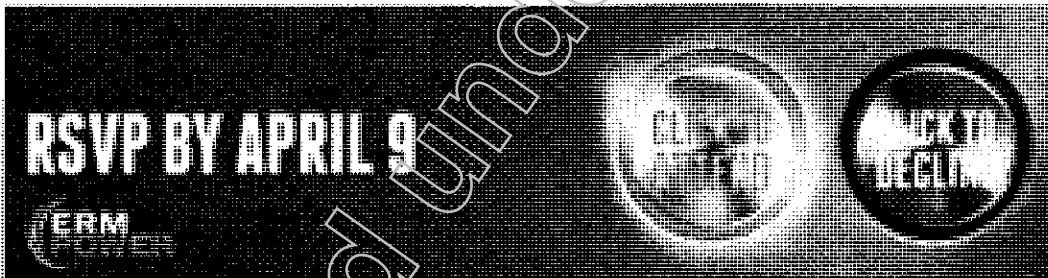
You're invited to join ERM Power and Queensland Premier Campbell Newman to celebrate the official opening of ERM Power's new offices at 111 Eagle St.

When: Tuesday, 23 April 2013

Time: 5.30pm to 7pm

Location: Level 52, 111 Eagle St, Brisbane Q 4000

Details: Join the ERM Power founders, Board and staff for drinks and canapés to celebrate the launch of our new offices.



[Click here to unsubscribe](#)

From: tony bellas <tonybellas@CTPI - Personal Information>  
Subject: FW: Information  
Date: 3 September 2012 8:14:24 AM AEST  
To: Jon Grayson <Jon.Grayson@premiers.qld.gov.au>

2 Attachments, 3.5 MB

FYI

**From:** Trevor St Baker [mailto:TStBaker@ ]  
**Sent:** Sunday, 2 September 2012 7:17 PM  
**To:** Hon Campbell Newman MP (premier@parliament.qld.gov.au)  
**Cc:** Philip St Baker; Tony Bellas - External  
**Subject:**

Premier,

You may have noticed when at the official opening of the new 111 Eagle Street office tower that ERM Power Limited is one of the major foundation tenants to occupy this outstanding new Brisbane landmark.

We move into the 52<sup>nd</sup> and 53<sup>rd</sup> floors of 111 Eagle Street in January 2013, and plan to celebrate our move into these stellar premises on **Wednesday 20<sup>th</sup> February 2013**, and to celebrate one-third of a century building a business in Brisbane to become now the 4<sup>th</sup> largest electricity supply company in the National Electricity Market and the largest new power generation developer in Australia over the last decade.

As you will see from ERM Power's 2012 full-year results presentation to its Shareholders and to the ASX, attached, ERM has become a major Queensland-based enterprise, now operating in all States from its Head Office in Brisbane, with branch offices in Sydney, Melbourne, Hobart and Perth.

As Founder and now non-executive Deputy Chairman of ERM Power Limited, it is my pleasure on behalf of our Chairman, Tony Bellas, and Board, to invite you to join us on this important occasion for ERM Power so that it might be marked by an official opening by the Premier of the State, as a lasting testimonial of this achievement.

While being very aware of the huge call on your time, and the demands on you as Premier at this time, we would hope that you might be able to spare a half-hour, between 5.30pm and 8.30pm, to perform an official opening of our new offices in 111 Eagle Street Brisbane.

With best regards

**Trevor St Baker**  
Deputy Chairman and Founder

**ERM Power Limited**

Level 5, 123 Eagle St, Brisbane  
GPO Box 7152  
Brisbane Qld 4001

Ph: 61 7 3020 5103  
Fax: 61 7 3020 5111  
Mob: [REDACTED]  
[www.ermpower.com.au](http://www.ermpower.com.au)



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From: Geoff Hines <geoff@CTPI - Personal Information>  
Subject: Search and Selection  
Date: 7 November 2012 10:04:48 AM AEST  
To: Jon Grayson <Jon.Grayson@premiers.qld.gov.au>

2 Attachments, 2.6 MB

Jon,

With the end of the year in sight and 2013 fast approaching, I wanted to make contact to remind you of our professional services and capability, particularly with regard to any potential recruitment requirements for next year.

Our experience over 30 years has proved that **now is a good time to start looking** to attract the better candidates to key positions for the following year, as the busy, successful people consider the upcoming Christmas break and their career options for the year ahead. Between now and year end, high quality executives and professionals tend to be **more open to new opportunities**.

Established in 1983, Hines Management Consultants is one of the most experienced firms in its field. We are a boutique, client focused business with considerable experience across a range of industry sectors, who work with a diverse group of client organisations to deliver Strategic Human Resources, Executive Search and Selection, and Management Consulting solutions.

With an extensive list of previous assignments across all position types and levels (see [www.hmcgroup.net.au](http://www.hmcgroup.net.au)), recent notable engagements have included:

- Executive Management Review for **Ergon Energy**
- HR and Outplacement Services for **ERM Power**
- CEO Salary Review for **Family Care Medical Services**
- CEO Review for **Port Binnli**
- **Searches for:**
  - Chief Executive for **Stanwell Corporation**
  - Chief Executive for **Powerlink** (*to replace the person we recruited 17 years previously*)
  - Chief Executive, Non Executive Director and Geology Manager for **Metallica Minerals**
  - Chief Financial Officer for **SEQ Catchments**
  - Chairman, Non Executive Directors, Chief Financial Officer, and Company Secretary and Corporate Counsel for **QC Resource Investments**
  - Chief Executive for **New Guinea Energy**
  - Chief Financial Officer, Human Resources Manager, Corporate Communications Manager, Power Station Manager and Business Development Manager for **ERM Power**
  - General Manager - Marketing and Sales for the **Australian Institute of Management**
  - General Manager - Professional Development and Research for the **Australian Institute of Management**
  - Brand Manager for the **Australian Institute of Management**
  - General Manager Operations for **Bow Energy**
  - General Manager for **Paradise Kids**
  - Warden for **St. Johns College, University of Queensland**

For your interest I have attached our recently updated **Capability Statement** and I would be pleased to discuss how we may be able to assist you and I look forward to meeting with you soon.

With kind regards and best wishes

Geoff

**GEOFF HINES**  
Executive Chairman



**HINES MANAGEMENT CONSULTANTS PTY LTD**  
[www.hmcgroup.net.au](http://www.hmcgroup.net.au)

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BRISBANE QLD 4000  
P O Box 10080  
BRISBANE ADELAIDE STREET  
Queensland  
AUSTRALIA 4000

Tel: (07) 3229 6577  
Fax: (07) 3229 6588  
Mobile: CTPI - [redacted]  
Email: [aeoff@al\[redacted\]](mailto:aeoff@al[redacted])

Information  
**Executive Search and Selection since 1983**

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HMC Capabi...pdf (2.6 MB)

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From: "Helen Gluer (Treasury)" <helen.gluer@treasury.qld.gov.au>  
Subject: Fwd: \* ETU media release - ETU challenges independence of electricity panel head and renews call for Federal Inquiry  
Date: 16 January 2013 11:22:42 AM AEST  
To: Jon Grayson <Jon.Grayson@premiers.qld.gov.au>

3 Attachments, 4 KB

Can you please call me

Regards

Helen Gluer  
Under Treasurer  
Queensland Treasury and Trade  
Level 9 | Executive Building  
100 George Street | Brisbane  
Direct: 07 3035 1930  
Mobile: CTPI - [REDACTED]  
Personal Information

Begin forwarded message:

**From:** "Black, Jon" <Jon.Black@dews.qld.gov.au>  
**Date:** 16 January 2013 11:19:09 AM AEST  
**To:** "helen.gluer@treasury.qld.gov.au" <helen.gluer@treasury.qld.gov.au>  
**Subject:** Fwd: \* ETU media release - ETU challenges independence of electricity panel head and renews call for Federal Inquiry

As discussed. Jon

Regards Jon

Jonathan (Jon) P.C. Black  
Director-General  
Department of Energy and Water Supply  
PO Box 15456, City East Qld 4002  
Phone: + 61 7 3006 2399 Mobile: [REDACTED]  
Email: [jon.black@dews.qld.gov.au](mailto:jon.black@dews.qld.gov.au)  
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Begin forwarded message:

**From:** "Barr, Benn" <Benn.Barr@dews.qld.gov.au>  
**Date:** 16 January 2013 11:08:48 AM GMT+10:00  
**To:** 'Melanie Mayne-Wilson' <Melanie.Mayne-Wilson@ministerial.qld.gov.au>  
**Cc:** "Millis, Alan" <Alan.Millis@dews.qld.gov.au> "Black, Jon" <Jon.Black@dews.qld.gov.au>  
**Subject:** RE: \* ETU media release - ETU challenges independence of electricity panel head and renews call for Federal Inquiry

Melanie

We can do some words on Tony Bellas selection to the Panel. It was undertaken so he did not examine any generation issues being referred to in that release.

Let me know

**Benn Barr**  
A/Deputy Director General  
Energy Division  
Department of Energy and Water Supply  
t: +61 7 3224 6320 ext: 46320  
m: [REDACTED]  
e: [benn.barr@dews.qld.gov.au](mailto:benn.barr@dews.qld.gov.au)

**From:** Melanie Mayne-Wilson [mailto:Melanie.Mayne-Wilson@ministerial.qld.gov.au]  
**Sent:** Wednesday, 16 January 2013 10:58 AM  
**To:** Anthony Jones; Mark McArdle  
**Cc:** Black, Jon; Barr, Benn  
**Subject:** Fw: \* ETU media release - ETU challenges independence of electricity panel head and renews call for Federal Inquiry

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**From:** Syvret, Paul [mailto:paul.syvret@news.com.au]  
**Sent:** Wednesday, January 16, 2013 10:53 AM E. Australia Standard Time  
**To:** Melanie Mayne-Wilson; Anthony Jones  
**Subject:** FW: \* ETU media release - ETU challenges independence of electricity panel head and renews call for Federal Inquiry

Hi Mel, can we get a response to this please?

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**From:** Jones, Chris (QNP)  
**Sent:** Wednesday, 16 January 2013 10:13 AM  
**To:** Syvret, Paul  
**Subject:** FW: \* ETU media release - ETU challenges independence of electricity panel head and renews call for Federal Inquiry

**Chris Jones** | Head of News

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**News Queensland**

Cnr Mayne Road and Campbell Street, Bowen Hills  
GPO Box 130, Brisbane, QLD 4001

**Direct** +61 7 3666 6848 | **Mobile** [redacted] CTPI - Personal Information

**Email** jonesc@[redacted]

**LinkedIn** <http://au.linkedin.com/in/chrisjonescm>

**Web** [couriermail.com.au](http://couriermail.com.au)

**Twitter** [twitter.com/couriermail](http://twitter.com/couriermail)

**Facebook** [www.facebook.com/couriermail](http://www.facebook.com/couriermail)

**[couriermail.com.au](http://couriermail.com.au): News Website of the Year 2011 and 2012**

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**From:** Andrew Irvine [mailto:andrew@[redacted]]  
**Sent:** Wednesday, 16 January 2013 09:55  
**Subject:** \* ETU media release - ETU challenges independence of electricity panel head and renews call for Federal Inquiry

Good morning all;  
Please find attached and below, the latest ETU media release re: electricity prices.

**Mr Gauld will be available for in face interview between 10.30am and 11am at the ETU head office Peel St Brisbane.**

**16 January 2013**

**LNP implicated in electricity price spikes?**

**ETU challenges "independence" of panel head**

The Electrical Trades Union (ETU) has called into question the independence of the head of the State Government's so called Independent Review Panel (IRP) into the electricity industry.

Mr Tony Bellas, a Director and Non-Executive Chairman of ERM Power Limited, which according to ERM's website owns at least two peak load power stations in QLD, was appointed by the LNP last year to oversee the IRP into what is causing upward pressure on electricity prices. ETU State Secretary Peter Simpson said that while base load is generated by the publicly owned generator, peak load is generated by privately owned generators and Mr Bellas' involvement should come under scrutiny.

"Mr Bellas hardly seems to be independent given ERM's portfolio of privately owned peak load power stations." Mr Simpson said "There appears to be issues of conflict of interest given Mr Bellas' comments published in yesterday's Courier Mail " *...that market has been massively oversupplied with base load for some years*". As a director of ERM, is



it any surprise that Mr Bellas wants the private market to gain a greater share of electricity generation profits?"

The ETU's inquiries have revealed that ERM donated \$16,500 to the LNP on the 25<sup>th</sup> May 2012, only months before the decision to "mothball" generators at Tarong's publicly owned base load Power Station.

"Mr Bellas is not only a director of ERM but also the former CEO of the publicly owned generation company CS Energy. Comments by Mr Bellas about manipulation of the electricity market "*...what you can do is stretch the peakers to the point where (they) run out of fuel and then come in and grab the prices*", are very concerning" Mr Simpson said "it appears to the ETU that he may be speaking with some experience on the matter."

The ETU's calls for a Federal Inquiry into the ownership structures and relationships between privately owned peak load stations and the LNP Government grew louder today after it was revealed that power prices skyrocketed to \$12,900 MW/h in recent days, far above the usual \$50 MW/h.

Mr Simpson said "I believe the Inquiry needs the following questions answered:

- Who is profiting from these decisions?
- What relationship does the LNP have with the private power stations?
- Is Mr Bellas independent?
- What did ERM get for their \$16,500 donation to the LNP Government?
- Has Mr Bellas been involved in the manipulation of prices within the electricity market to the detriment of consumers?

For further comments or interview contact;

Trevor Gauld [redacted] Andrew Irvine (Media Officer) [redacted]

**Mr Gauld will be available for in face interview between 10.30am and 11am at the ETU head office Peel St Brisbane.**

Andrew Irvine

Media and Research Officer

Mob [redacted] CTPI - Personal Information

Office 07 3010 0317

Email Andrew@[redacted]



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From: "Black, Jon" <Jon.Black@dews.qld.gov.au>  
Subject: Mr Bellas  
Date: 16 January 2013 12:57:18 PM AEST  
To: "Helen Gluer (Treasury)" <helen.gluer@treasury.qld.gov.au>, Jon Grayson <Jon.Grayson@premiers.qld.gov.au>  
Cc: "Lawrence, Jennifer" <Jennifer.Lawrence@dews.qld.gov.au>, "Black, Jon" <Jon.Black@dews.qld.gov.au>

Dear Helen and Jon,

Below is a draft to form the basis of our advice to Minister EWS to enable him to respond to media questions arising from allegations made by the ETU today. Can we discuss and settle when we meet?

Thanks, Jon

The Independent Review Panel (IRP) was appointed by the Government's Inter-Departmental Committee (IDC) on Energy Sector Reform to examine cost drivers in the network part of the electricity supply chain. The IDC is comprised solely of public servants, and reports to Cabinet. The IRP was selected by the IDC after a short-listing process that identified suitably qualified people. The IDC determined that Mr Bellas has skills, knowledge, credentials and experience to lead the IRP. He has relevant tertiary and post graduate qualifications, is a former Ergon (Network business) CEO, former Deputy Under-Treasurer in the Queensland Government and experienced executive with the experience to lead the review.

Because of a potential conflict of interest owing to Mr Bellas' involvement with ERM Power, the IDC explicitly excluded Mr Bellas from examining matters outside of the network businesses such as generators and retailers, these matters remained solely in the scope of the IDC.

Regards Jon

Jonathan (Jon) P.C. Black  
Director-General  
Department of Energy and Water Supply  
PO Box 15456, City East Qld 4002  
Phone: + 61 7 3006 2399 Mobile: [REDACTED] CTPI - Personal  
Email: [jon.black@dews.qld.gov.au](mailto:jon.black@dews.qld.gov.au)  
Please consider the environment before printing this email

From: Derek McKay <DMcKay@CTPI - Personal Information>  
Subject: g'day  
Date: 17 January 2013 11:52:06 AM AEST  
To: Jon Grayson <Jon.Grayson@premiers.qld.gov.au>

1 Attachment, 7 KB

Jon,

I've obviously had my head down and bum up, and only just noticed you were the DG – I'm only about a year behind obviously! Hope all is going well.

Cheers,

**Derek McKay**  
Chief Executive Officer - Generation

**ERM Power Limited**  
Direct Phone: 61 7 3020 5127  
Mobile: [REDACTED]

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**From:** Buffy Mills <BMills@CTPI - Personal Information>  
**Subject:** RE: RSVP Jon Grayson: Please join us  
**Date:** 20 December 2013 2:11:41 PM AEST  
**To:** Tina Culpo <Tina.Culpo@premiers.qld.gov.au>

1 Attachment, 7 KB

Tina,

Appreciate the advice.

Regards,

Buffy

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**From:** Tina Culpo [mailto:Tina.Culpo@premiers.qld.gov.au]  
**Sent:** Friday, 20 December 2013 2:10 PM  
**To:** Buffy Mills  
**Subject:** RSVP Jon Grayson: Please join us

Dear Buffy,,

Thank you for your kind invitation to Mr Jon Grayson to attend the Brisbane International Corporate Suite on Sunday 5 January at the Queensland Tennis Centre. Jon regrets that he is unable to attend and would like to send his apology on this occasion.

Jon would like to thank Tony Bellas and ERM Power for the invite.

Kind Regards

**Tina Culpo**  
Executive Officer  
Office of the Director-General  
Department of the Premier & Cabinet

Ph (07) 3003 9387 Mb [redacted]  
E [Tina.Culpo@premiers.qld.gov.au](mailto:Tina.Culpo@premiers.qld.gov.au)  
Executive Building | Level 15 | 100 George Street | Brisbane  
PO Box 15185 | City East | Queensland 4002 |

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**From:** Buffy Mills [mailto:BMills@redacted]  
**Sent:** Tuesday, 10 December 2013 10:07 AM  
**To:** Jon Grayson  
**Subject:** Please join us



## Please join us

Dear Jon,

We would like to extend an invitation for you and a guest to enjoy a session of the Brisbane International tennis tournament in our corporate suite.

You will find all the details in the attached invitation. I have also attached a copy of the Provisional Schedule of Play for your reference.

Please RSVP by Friday 13th December 2013.

We look forward to welcoming you.

Best regards,

Tony Bellas  
Chairman

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**From:** Ross Musgrove <Ross.Musgrove@premiers.qld.gov.au>   
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March  
**Date:** 6 March 2014 2:25:23 PM AEST  
**To:** Sarah Papas <Sarah.Papas@premiers.qld.gov.au>, David Hourigan <David.Hourigan@premiers.qld.gov.au>, Geoff Robson <geoff.robson@premiers.qld.gov.au>, Tim Herbert <Tim.Herbert@premiers.qld.gov.au>, Jon Grayson <Jon.Grayson@premiers.qld.gov.au>, Scott Peut <Scott.Peut@premiers.qld.gov.au>

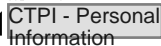
1 Attachment, 18 KB

More detail as per previous

Looks like a good program

**Ross Musgrove**


Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | 

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**From:** Peter Costantini [mailto:peter.costantini@  
**Sent:** Thursday, 6 March 2014 12:09 PM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Presentation / 3.00pm 28th March

Hi again Ross

Below are my suggestions for the ERM presentation. As mentioned, please add anything from your end.

ERM Power Presentation content:

- Growth story, what and how achieved.
- Approach to innovation and entrepreneurship, how that has played a role.
- Current business performance and future plans.
- How ERM Power engages with Government.
- Key policy issues of interest.
- Views on how Government can work better with the Private sector to create more (ERM's) in Queensland.
- Parallels between how Trevor started the ERM's generation / development side of the business with how the Commission of Audit recommendations are looking at de-regulation, outsourcing and asset sales.
- Whether Government policy is designed to encourage Qld business development and success at the same time as achieving efficiencies, etc.

**I have advise that you will confirm who will be attending from your end as soon as practical.**

In relation to format, I have suggested a formal presentation by members of the ERM Power team for 1 hour or little longer along with questions, then allow for some drinks and nibbles - say at 4.15 / 30 for 1/2 hour to 1 hour.

With kind regards



PETER COSTANTINI | CHIEF EXECUTIVE

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Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000

Released under RTI - DPC

From: David Hourigan <David.Hourigan@premiers.qld.gov.au>  
Subject: Fwd: QG use of Origin Energy - contracts  
Date: 29 June 2012 4:37:46 PM AEST  
To: Jon Grayson <Jon.Grayson@premiers.qld.gov.au>, Peter Walsh <peter.walsh@ministerial.qld.gov.au>, Paul Leven <paul.leven@ministerial.qld.gov.au>

Sent from my iPhone

Begin forwarded message:

From: SMYTH Greg <Greg.SMYTH@qgcpo.qld.gov.au>  
Date: 29 June 2012 4:16:57 PM AEST  
To: Geoff Robson <geoff.robson@premiers.qld.gov.au>  
Cc: David Hourigan <David.Hourigan@premiers.qld.gov.au>, "benn.barr@deedi.qld.gov.au" <benn.barr@deedi.qld.gov.au>, CARPENTER Craig <Craig.CARPENTER@publicworks.qld.gov.au>, "Robyn Turbit (Public Works)" <robyn.turbit@publicworks.qld.gov.au>  
Subject: RE: QG use of Origin Energy - contracts

Hi Geoff

**Are we locked into contracts?** - yes for Large sites until their term elapses.

The Origin Energy Sale of Electricity Agreement does not provide for termination by the customer unless by mutual agreement with Origin.

Any other termination would incur a "reasonable cost" provision therefore QGCPO would recommend advice from Crown Law should be sought before any move to terminate a supply contract is taken

#### Large Sites

Large Sites are defined as having 100 Mega-Watt-hours (MWh) per annum

QGCPO has established a panel of providers for large sites with ERM Power and Momentum, (a Third provider is in negotiations with QGCPO) and it should be noted that Origin is **not** one of the providers. This Arrangement will take effect over the next 12 months as existing contracts are renewed by agencies using the whole of Government Arrangement.

#### Small Sites (less than 100 MWh)

Origin is one of two default retailers in Queensland. Agencies have not been able to provide information on their retailers for small sites as many of the arrangements are handled locally.

For example School principals and local site managers may be approached by a retailer to sign up to an agreement for a fixed period in return for a discounted tariff. These agreements are not registered centrally and are not easily identified by Agencies.

Where there are contracts for fixed supply to small sites it is highly likely the Retailer (Origin) would seek compensation from the Government for breaking out of the contract prematurely.

regards

Greg Smyth  
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Queensland Government Chief Procurement Office  
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From: SMYTH Greg



**Sent:** Friday, 29 June 2012 2:35 PM  
**To:** 'Geoff Robson'; TURBIT Robyn  
**Cc:** 'David Hourigan'; 'benn.barr@deedi.qld.gov.au'; CARPENTER Craig  
**Subject:** RE: QG use of Origin Energy

**Additional information provided from billing information collected from retailers by Technical Services in HPW**

**Expenditure:**

Total annual spend across all agencies is estimated at **\$ 143.6M**

Of this, the spend with Origin Energy is estimated at **\$ 26.7M** (which is 18.6% of the total across govt).

The distribution of \$ by agency (pre MoG) is attached.

The larger Origin spend (almost 60%) is with Education. The next biggest is Main Roads with 9.2%. DPW have only 6%))

**Accounts:**

There are 8,878 accounts across govt.

2,529 (28.5%) of these accounts are with Origin

Only 15 of the 2,529 are contestable accounts. The remainder are regulated tariff accounts.

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**From:** SMYTH Greg  
**Sent:** Friday, 29 June 2012 2:27 PM  
**To:** 'Geoff Robson'; TURBIT Robyn  
**Cc:** 'David Hourigan'; 'benn.barr@deedi.qld.gov.au'; CARPENTER Craig  
**Subject:** RE: QG use of Origin Energy

Hi Geoff and Robyn

**General information**

The prices paid for electricity, both in the franchise (small sites) and the contestable (large sites) market, are comprised of a number of elements:

- **Cost of energy**, which makes up between 50 and 80% of the total electricity price. Energy is a higher proportion of the electricity price in larger sites. This cost includes the retailers' margin.
- **Energy losses over the transmission and distribution networks**, which are determined by site location, quality of the network and distance from generators. These usually make up between 5% and 10% of the total electricity price.
- **Network charges**, which reimburse the transmission and distribution entities for use of their infrastructure. These make up between 10 and 30% of the total electricity price.

- **Metering charges** which are levied by the MDA and passed through to the customer. This makes up less than 1% of the total electricity price.
- **Market management charges**, to pay for the function performed by AEMO. This makes up less than 1% of the total electricity price.
- **Other regulatory charges**, for example Renewable Energy Certificates (REC) and Gas Energy Certificates (GEC), Community Ambulance Cover. These combined make up less than 5% of the total electricity price.
- **Other retailer specific charges**, for example a per meter charge, which are often much less than 1% of the total electricity price.

### From information provided to QGCPO previously by Agencies

**Total spend by Agency pre MOG is in the attached spreadsheet – FY2010-11 & .....Energy Suppliers...**

please note DET no longer provides its SAP data to QGCPO for whole of Government reporting purposes.

Large sites on contracts are approximately 75% of power use 630,000MWh (not dollars spent). Unfortunately this type of breakdown is not possible on dollars spent.

There is also approximately another 17 % of power use 142,000MWh at large sites that are still on Tariffs

Small sites are approximately 8 percent of power 67,000MWh used (not dollars spent).

There are an estimated 80,000 sites metered on behalf of the Queensland Govt (includes public housing and schools)

### QG customers of Origin as a percentage of spend.

The attached Origin spreadsheet (**Origin 1**) identifies the Agency breaking down based on billing data and includes DET.

regards

*Greg Smyth*  
 Executive Director Procurement Services  
 Queensland Government Chief Procurement Office  
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---

**From:** SMYTH Greg  
**Sent:** Friday, 29 June 2012 1:02 PM  
**To:** 'Geoff Robson'; TURBIT Robyn  
**Cc:** David Hourigan  
**Subject:** RE: QG use of Origin Energy

Geoff,

Origin constitutes 40% of the Queensland Energy Market. (Source Dept Energy and Water Supply)

Working on the other questions

*Greg Smyth*

Executive Director Procurement Services  
Queensland Government Chief Procurement Office  
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---

**From:** Geoff Robson [<mailto:geoff.robson@premiers.qld.gov.au>]  
**Sent:** Friday, 29 June 2012 12:42 PM  
**To:** TURBIT Robyn; SMYTH Greg  
**Cc:** David Hourigan  
**Subject:** FW: QG use of Origin Energy  
**Importance:** High

Robyn, Greg

Please see below further questions from the Premier's office.

Can you please give me a timeframe for when this information can be provided?

Also, should I go to the Department of Energy and Water Supply for further information on Origin's share of the Qld market, or do you have that data available?

Thanks  
Geoff

Geoff Robson  
Director  
Economic Policy  
Department of the Premier and Cabinet (Qld)  
07 383 60993  
**CTPI - Personal**  
Information

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**From:** Paul Leven [<mailto:Paul.Leven@ministerial.qld.gov.au>]  
**Sent:** Friday, 29 June 2012 12:29 PM  
**To:** Geoff Robson  
**Cc:** Peter Walsh; Daniel Harris  
**Subject:** RE: QG use of Origin Energy

Geoff,


Can you please ask and see if we can receive urgently:

- What % of QG energy use is 'Large sites'
- What % of QG energy use is 'Small sites'
- A further breakdown on Small Sites, wherever possible. (Procurement must have some info on total energy consumption across Govt, for instance)
- What is Origin's share of Queensland's electricity market?

PL

---

**From:** Geoff Robson [<mailto:geoff.robson@premiers.qld.gov.au>]

From: Paul Laxon <Paul.Laxon@premiers.qld.gov.au> 

Subject: IPA0810\_QLD\_Energy\_Paper\_FINAL[1].pdf

Date: 14 October 2013 4:48:18 PM AEST

To: "Helen Gluer (Treasury)" <helen.gluer@treasury.qld.gov.au>, Jon Grayson <Jon.Grayson@premiers.qld.gov.au>, Masnata Karen <karen.masnata@dews.qld.gov.au>

Cc: "jfrazier@qtc.com.au" <jfrazier@qtc.com.au>, "CPedersen@qtc.com.au" <CPedersen@qtc.com.au>

---

1 Attachment, 4.3 MB

Helen/Jon/Karen- thought this might interest you. Its a paper prepared by Infrastructure Partnerships Australia that was reported in the Fin Review today.  
Regards



[IPA0810\\_QL...pdf \(4.3 MB\)](#)

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## POWERING QUEENSLAND:

Why competitive,  
private electricity  
markets offer lower  
prices and better  
infrastructure

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For more  
information  
please contact:

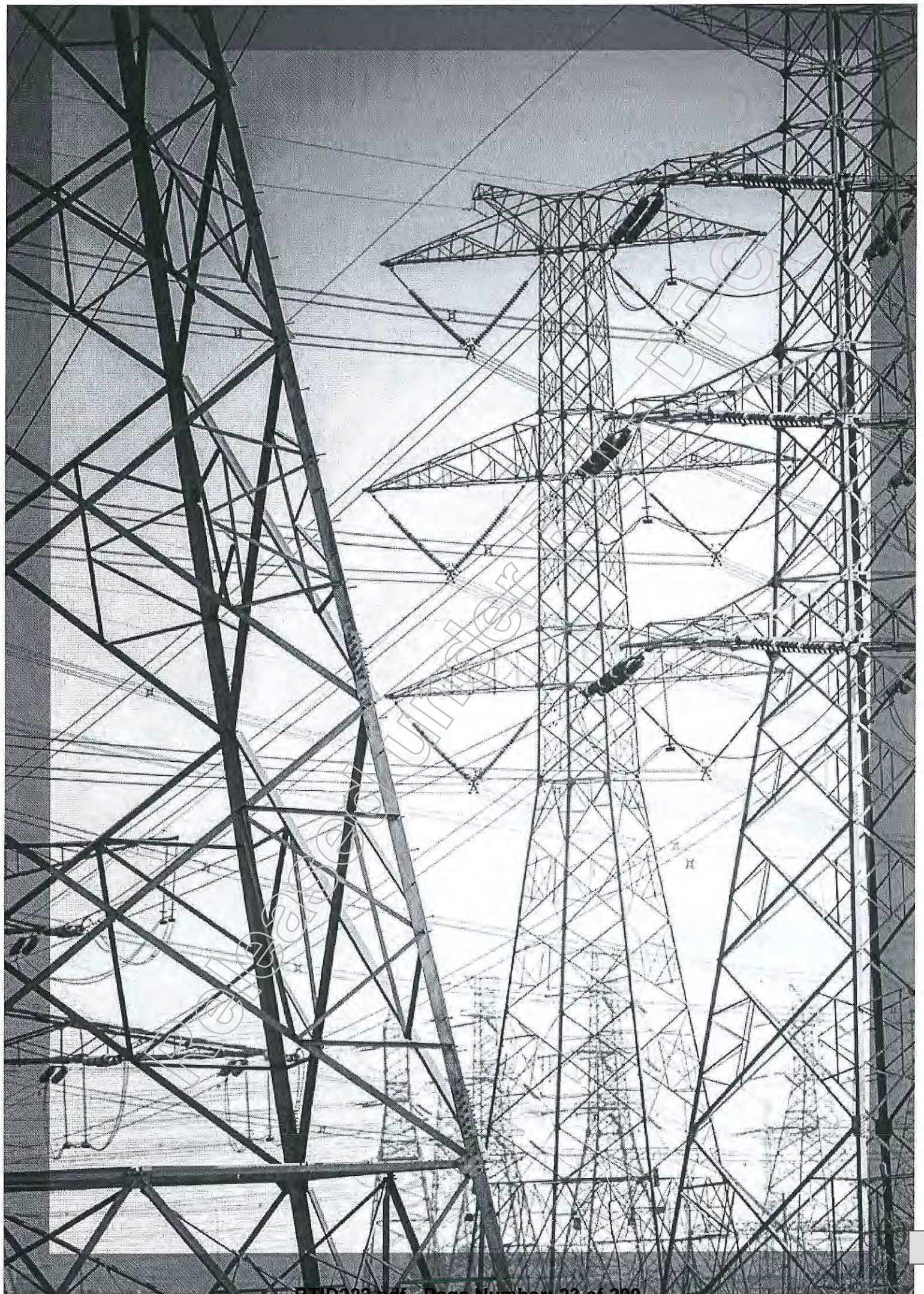
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# CONTENTS

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EXECUTIVE SUMMARY	8
RECOMMENDATIONS	11
1 THE CASE FOR REFORM	14
1.1 STALLED REFORM & PRICE IMPACTS	14
1.2 FISCAL CONSTRAINTS	15
1.3 CONFLICTS OF INTEREST	18
2 A CLEAR REFORM PATHWAY	20
2.1 RETAIL	20
2.1.1 ESTABLISHING AN EFFICIENT MARKET PRICE	20
2.1.2 ACHIEVING A TRULY COMPETITIVE RETAIL MARKET	21
2.2 GENERATION	22
2.3 NETWORKS	24
APPENDIX A – VALUATION WORKINGS	27
DISTRIBUTION AND TRANSMISSION	27
GENERATION	28
RETAIL	30
APPENDIX B – PRIORITY INFRASTRUCTURE PROJECTS	31
BIBLIOGRAPHY	33



# TABLE OF FIGURES

---

FIGURE 1: ELECTRICITY RETAIL MARKET SHARE (SMALL CUSTOMERS) BY JURISDICTION, 2011	14
FIGURE 2: INSTALLED GENERATION CAPACITY (& OWNERSHIP) BY JURISDICTION, 2012	15
FIGURE 3: TOTAL GOVERNMENT DEBT TO REVENUE RATIO	15
FIGURE 4: CAPITAL PURCHASES BY PURPOSE 2012-2013	16
FIGURE 5: REVISED ANNUAL ENERGY GROWTH RATES TO 2022-23 (GWH)	16
FIGURE 6: TOTAL GOVERNMENT GROSS DEBT, SHARE OF GSP	17
FIGURE 7: CUMULATIVE MONTHLY CUSTOMER SWITCHING OF RETAILERS (AS A % OF SMALL CUSTOMERS)	20
FIGURE 8: 2012-13 ANNUAL ELECTRICITY BILLS – COST-REFLECTIVE AND FROZEN T11	21
FIGURE 9: AVOIDABLE NETWORK COSTS RELATIVE TO TOTAL NETWORK CAPEX (\$M 2010)	21
FIGURE 10: NEM AVERAGE WHOLESALE PRICE (2013 PRICES)	23
FIGURE 11: NUMBER OF HOURS OF HIGH SPOT PRICES BY REGION 2010-11	23
FIGURE 12: ELECTRICITY NETWORK CAPITAL EXPENDITURE BY JURISDICTION, 2006-15	24
FIGURE 13 : RAB PER CUSTOMER ACTUAL AND FORECAST (\$JUNE 2010)	24
FIGURE 14: PERCENTAGE CHANGES IN RAB AND NETWORK CAPACITY FOR DISTRIBUTION NETWORKS	24
FIGURE 15: SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)	25
FIGURE 16: SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI)	25



# About Infrastructure Partnerships Australia

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Infrastructure Partnerships Australia (IPA) is the nation's peak infrastructure body – formed in 2005 as a genuine and enduring policy partnership between Australia's governments and industry.

IPA's formation recognises that through innovation and reform, Australia can extract more from the infrastructure it's got, and invest more in the infrastructure we need.

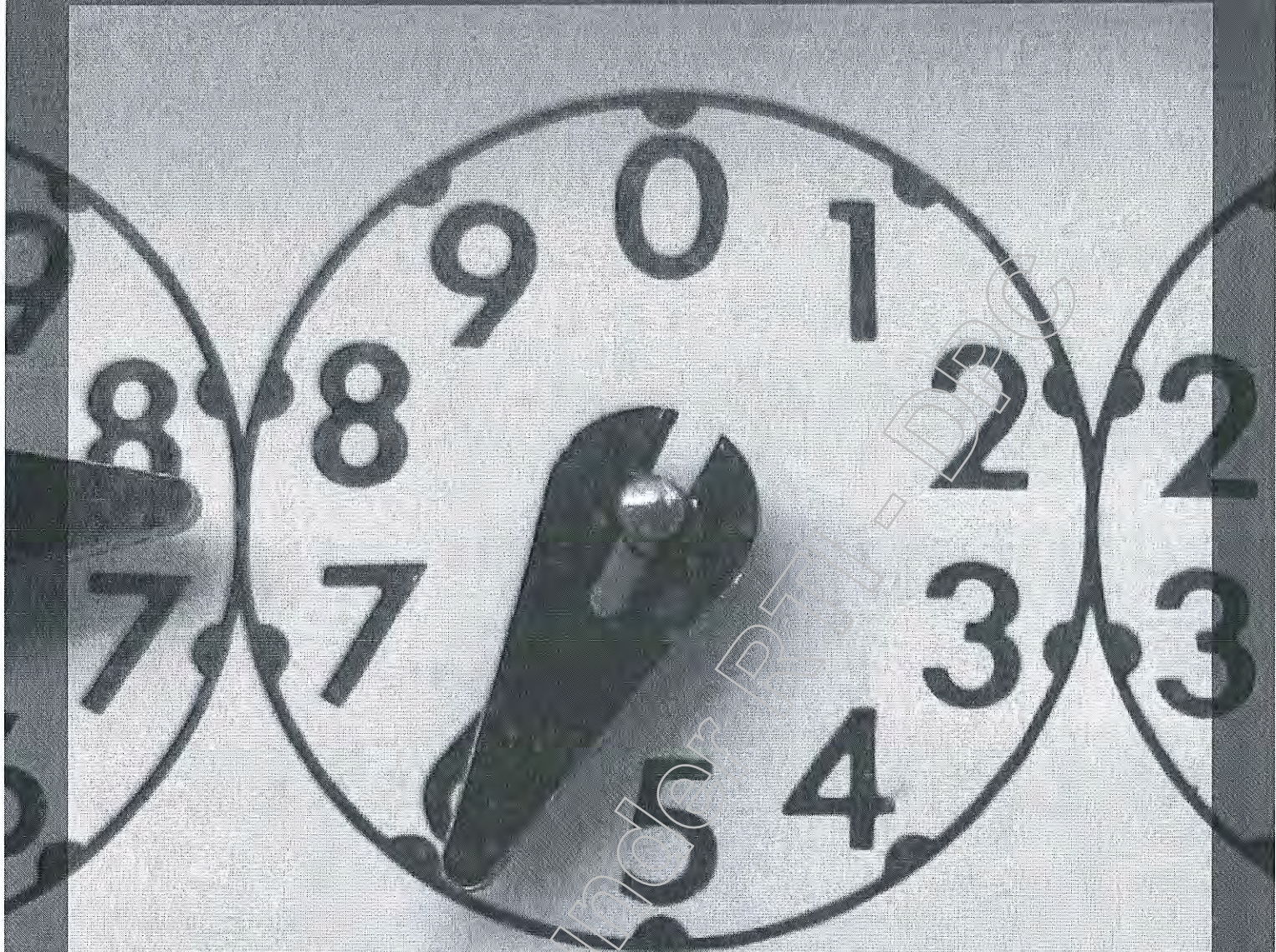
Through our research and deep engagement with policymakers and industry, IPA seeks to capture best practice and advance complex reform options to drive up national economic prosperity and competitiveness.

Infrastructure is about more than balance sheets and building sites. Infrastructure is the key to how Australia does business, how we meet the needs of a prosperous economy and growing population and how we sustain a cohesive and inclusive society.

IPA draws together the public and private sectors in a genuine partnership to debate the policy reforms and priority projects that will build Australia for the challenges ahead.

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O W A T T H  
I

# Executive Summary

Queensland is grappling with the pressure of trying to sustain its infrastructure investment, while simultaneously reducing both debt and recurrent expenditures. But these outcomes are likely to be mutually exclusive, at least over the medium term.

Indeed, the last two budgets have delivered necessary, politically unpopular and substantial savings across recurrent expenditures. But these cuts have only stemmed the blood loss, the State has still delivered a substantial net operating deficit, with subsequent increases in the State's debt profile.

Meanwhile, Queensland's manufacturing, tourism and services industries are facing ongoing erosion in their abilities to compete in the broader national, regional and global economies, as the costs of inefficient, public monopoly electricity networks are passed through to businesses and households.

This paper has been prepared by IPA to refocus the public policy debate back onto the win-win-win that can be delivered through the reform and sale of Queensland's electricity sector.

Enterprise valuations undertaken by IPA suggest that full privatisation of Queensland's publicly owned electricity businesses would have a bottom-line impact to State finances of between \$40 billion and \$48 billion (in 2012 dollars). This comprises:

- Retail businesses worth between \$650 million and \$1 billion;
- Generation assets worth between \$2.28 billion and \$3.25 billion; and
- Distribution and transmission assets worth between \$37.1 billion and \$43.8 billion.

Detailed workings are available at Appendix A.<sup>1</sup>

These valuations suggest that a restructure and divestment of the State's electricity sector, including the networks, would offer an immediate opportunity to restore Queensland's capacity to fund the services and infrastructure that are required by the State economy, and expected by the community.

Moreover, the sale of these assets represents the single greatest opportunity to restore the State's AAA rating within a few years, in turn reducing the increased cost of Government borrowings.

We also accept the reality that the Queensland Government will not pursue the divestment of electricity networks, in advance of an electoral mandate.

But achieving a mandate first requires an informed, public discussion about the options, the costs and the opportunities posed by reform. Additionally, many of the structural reforms required to enable a competitive market could be pursued in advance of seeking a mandate, given that they will also increase efficiency of pricing under public ownership.

This paper finds that the reform of electricity network businesses is the best opportunity for Queensland to simultaneously reduce its debt profile, restore its lost AAA credit rating, and fund its infrastructure requirements; all while delivering a modern, competitive electricity sector that will reduce the strain on Queensland's businesses and the broader community.

This paper contends that the reform and divestment of electricity offers the Queensland Parliament the opportunity to make the right decisions, and deliver on the win-win-win for the State's taxpayers, electricity consumers and infrastructure users.

## THE CASE FOR CHANGE: QUEENSLAND'S BUDGET

The last two Queensland budgets and the State's Commission of Audit have clearly established why change is necessary; the combination of large operating deficits, substantial borrowings and a major forward infrastructure requirement saw the State stripped of its AAA credit rating in 2009.

Over the past two budgets, the Queensland Government has shown considerable resilience, using these budgets to make heroic reductions in operating expenses across Government. Indeed, the 2012/13 Budget achieved savings of \$7.8 billion. However, the most recent budget achieved a more modest saving of \$450 million per annum – reasonably suggesting that the most immediate and substantial savings were achieved in the first budget.

<sup>1</sup> The ultimate value of energy sector assets held by the State can only be known at a point in time in which a fair market transaction takes place. The value can be impacted over time by a range of factors.

But despite these substantial and politically complex reforms to its operating budget, Queensland will still post a deficit this year of circa \$8.7 billion; with a return to an operating surplus unlikely until 2015/16, at the earliest (Queensland Treasury, 2013).

These ongoing deficits, together with the requirement to fund non-discretionary infrastructure investments (such as an upgrade to a hospital accident and emergency ward) will see Queensland's debt continue to rise. Queensland's non-financial public sector borrowings (debt) are forecast to increase from \$69.5 billion in 2012-13 to \$81.5 billion by 2016-17. The State's budget also predicts that debt will remain at these levels for the foreseeable future; with additional flexibility achieved through reforms to the cost of the public service to be deployed to the capital funding task.

While this is certainly legitimate, this approach of retaining very high levels of leverage also increases the budget's funding challenge, because of the additional debt servicing costs. The loss of the AAA rating has in turn increased the State's borrowing costs, meaning that before Queensland taxpayers can fund new projects, they must first fund the additional \$2.1 billion in costs that have resulted from the State's downgrade.

To put this in context, the additional cost of borrowings from this year alone would be enough to pay for the entire Toowoomba Second Range Crossing; or around half of the cost of Brisbane's unfunded Inner Rail project.

IPA's analysis suggests that the sale of Queensland's electricity sector, together with an ongoing process to reduce inefficient operating expenses, would strengthen the State's financial position to allow for a near-immediate return to a AAA rating; and consequently, reduce the additional costs of the State's remaining debt, money that can be used to close the gap between the State's revenue and expenditure, and subsequently fund infrastructure requirements.

Importantly, the sale of these assets would provide immediate funding capacity to allow the State to invest in the major projects that will make business more efficient, and reduce the burdens posed by inefficient transport, electricity and other infrastructure services.

## THE CASE FOR CHANGE: QUEENSLAND'S RETAIL ELECTRICITY PRICES

But the policy case for the restructure and sale of the electricity sector extends well beyond the important opportunity to rehabilitate the Queensland budget; it also offers the only substantial opportunity to reduce the burden of inefficient electricity prices on Queensland's domestic and business consumers.

Electricity is a key input cost in the production of goods and services, which means that higher prices not only reduce the wealth of Queensland's households, but also reduce the competitiveness of Queensland's manufacturing and business sector, as local businesses have to internalise the relatively higher cost of electricity into the price of their goods and services, compared to interstate and international competitors.

Indeed, the Queensland Competition Authority's recent determination will see the cost of electricity surge by 23 per cent in 2013/14, representing a \$268 increase for the average household and the largest single increase in the past five years (Queensland Competition Authority, 2013).

In the 15 years since privatisation, Victoria's electricity consumers have enjoyed the lowest price rises of any state within the National Electricity Market (NEM) (Australian Bureau of Statistics, 2013); and the State is widely observed as being the most competitive market of its type in the world; with one in four households switching their provider each year.

These substantial savings have occurred principally because the competitive, private market structure sees generators and retailers competing for customers based on the efficiency of pricing and broader service offering. The separation and regulation of privately owned monopoly transmission and distribution networks has also driven substantial efficiency into the costs posed by these networks.

The private ownership and operation of transmission and distribution ("poles and wires") businesses has been a key factor in Victoria's success; with lower operating costs and capital expenditure underpinning the State's lower price rises relative to Queensland and other unreformed states.

A 2011 Ernst & Young study found that Victoria's network costs decreased by nine per cent (on a per customer basis) between 1996 and 2010. Over the same period, network costs in Queensland increased 105 per cent in real terms (Ernst & Young, 2011).

Queensland network businesses are expected to spend around three times the level of capital (per customer) as their Victorian counterparts between now and 2015 (iGrid, 2011). With network costs accounting for more than half a typical household electricity bill in Queensland, the opportunity to derive efficiencies through private ownership cannot continue to be overlooked.

Queensland has recently committed to consider deregulation of retail prices by 1 July 2015; and is widely expected to privatise the State's electricity generation businesses, provided it achieves a mandate at the 2015 State election.

These are clearly sound steps toward a more efficient, competitive electricity sector. But these steps alone are unlikely to be enough to materially reduce the inefficient costs of electricity supply, given that the costs imposed by the network businesses are the main driver of price rises – and the area where the most substantial efficiencies are likely to be generated.

While these are welcome announcements and add to the momentum of broader reform, it is ultimately the sale of the State's valuable and capital intensive network businesses which offer the most substantial opportunities to rehabilitate the State's finances, fund new infrastructure and provide permanent relief from electricity prices for Queensland's households and businesses.

## CONCLUSION

The issue of asset sales and market creations or refinements is rarely a consensus issue. Public disquiet usually accompanies substantial changes to the status quo, and public sector unions and other direct stakeholders are likely to greet any reform process with disquiet or outright opposition.

Nonetheless, this is an issue that will have a fundamental impact on Queensland's future. Failure to reform will see negative impacts continue to accrue to every resident, taxpayer, and electricity consumer in Queensland.

Price impacts aside, the capital proceeds and shifted investment task resulting from electricity privatisation represents the only substantial option available to restore Queensland's finances, return the State's AAA credit rating, fund new infrastructure and apply downward pressure to retail electricity prices.

In its interim report, the Queensland Commission of Audit warned that unless "immediate corrective action" was taken, total State debt could exceed \$100 billion by 2018-19.

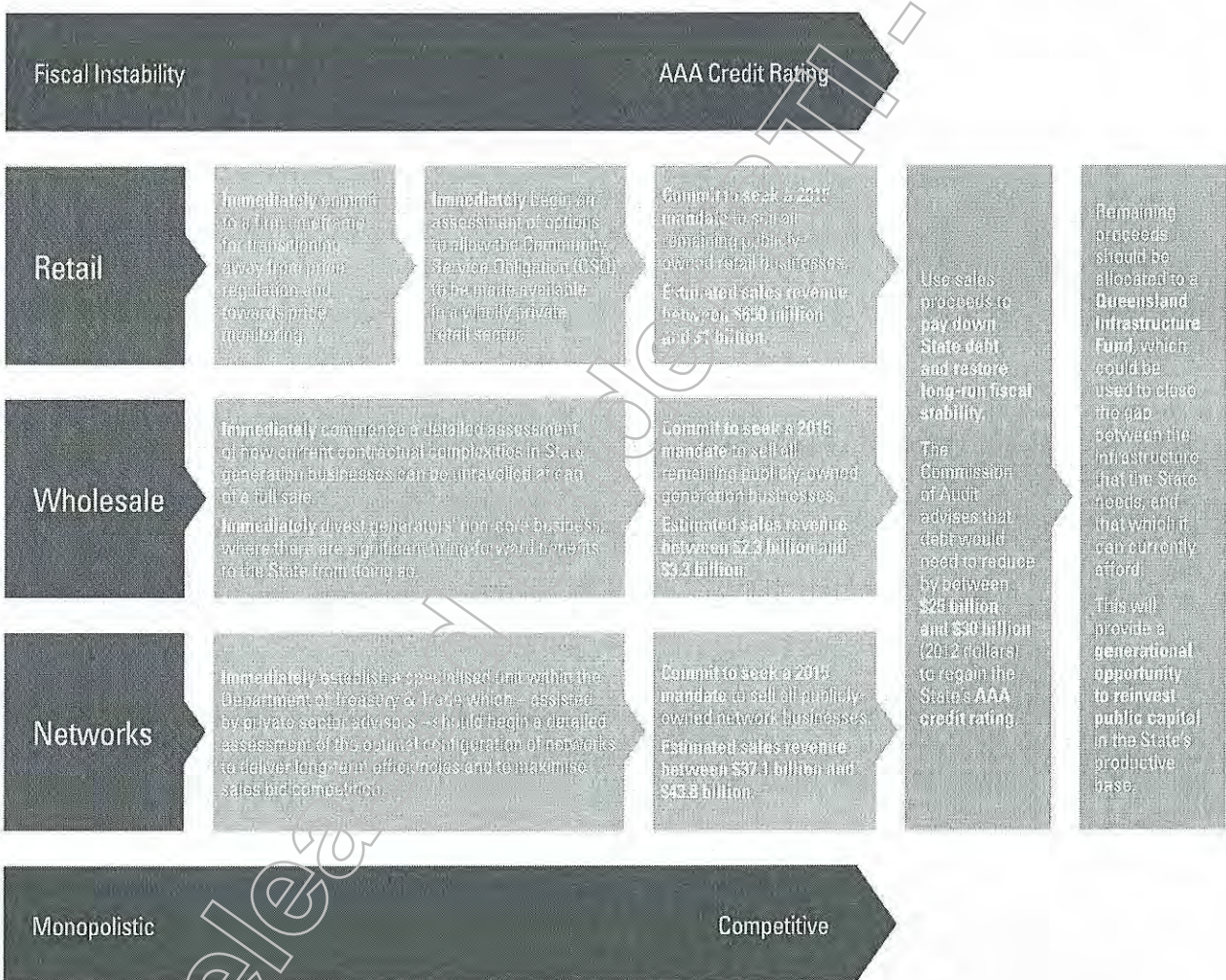
Based on the asset valuations in this paper, electricity privatisation would enable the State to meet the Audit's recommended reduction in debt of between \$25 billion to \$30 billion, with billions of dollars left over for infrastructure investment.

This paper contends that capital proceeds remaining from the sale should be allocated to a Queensland Infrastructure Fund. This would allow public scrutiny of the reinvestment of the proceeds of reform, and create immediate capacity to advance the State's highest priority projects, such as the Brisbane Inner Rail (including the Cross River Rail) and the Bruce Highway.

The policy case for the fundamental reform of the structure, ownership and competition within Queensland's electricity sector is clear. IPA hopes that this paper will contribute to the debate about options to rehabilitate the State's finances, reduce the impact of electricity prices on households and the economy and equip the state for the economic challenges and opportunities ahead.

# RECOMMENDATIONS SUMMARY

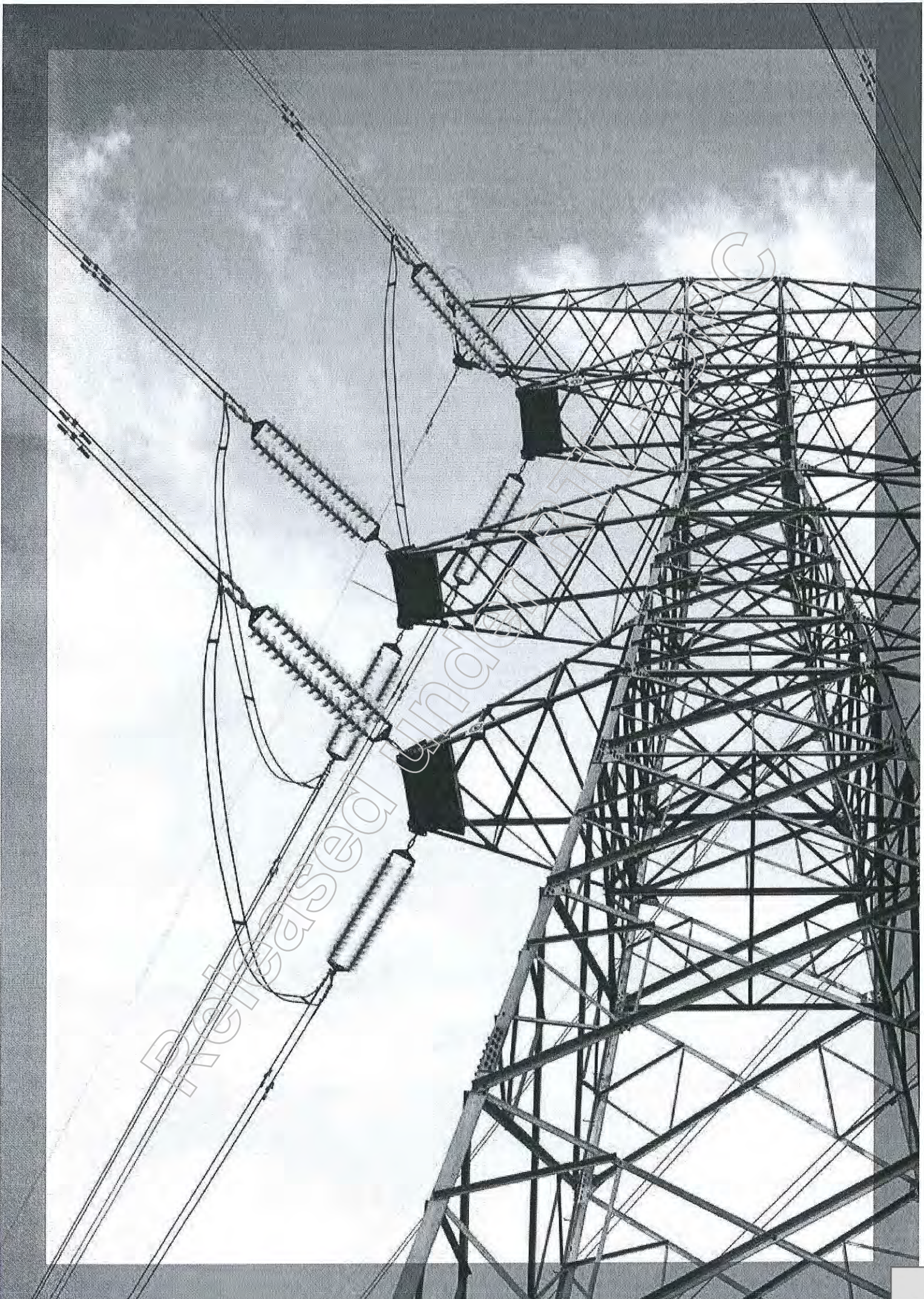
Recognising the Queensland Government's commitment not to proceed with asset sales without first seeking an electoral mandate, this paper outlines the short, medium and longer-term steps that are required to deliver immediate price benefits, as well as to pave the way for a future sales process.



### Key Points

- Full privatisation of Queensland electricity businesses could liberate between \$40 billion and \$48 billion (in 2012 dollars) in gross capital proceeds. Distribution and transmission – valued at between \$37.1 billion and \$43.8 billion – account for the vast bulk of potential capital proceeds, making their sale critical to fiscal repair.
- Following privatisation, Victoria reduced its net debt ratio from 26.7 per cent of GSP in 1994-95 to just 3.1 per cent by 1999-2000. South Australia, which completed privatisation of its electricity businesses in 2001, was able to reduce its net debt from 29.5 per cent of GSP in 1998 to 12.5 per cent in 2005.
- Continued public ownership of generation assets exposes taxpayers to substantial risks.
- Continued public ownership of generation, network and retail businesses constrains competition and investment, because of the chilling signal that is sent to potential market entrants.
- The failure to reform the Queensland electricity sector has seen electricity consumers pay higher prices for electricity, because these inefficiencies are reflected in the costs paid for electricity.
- Blunt regulatory responses to contain price rises, such as retail price regulation and the freezing of tariffs, is a major barrier to private investment and continued application would further distort the signals and appetites for new investment and greater competition in the Queensland electricity sector.
- Government's dependence on blunt tool approaches to electricity price containment – such as retail price regulation and the freezing of tariff 11 – is a major barrier to competition and private investment which, longer-term, will serve only to drive up prices.
- The public investment in electricity networks has been inefficient and expensive, with Queensland suffering the longest and most frequent interruptions in supply in the NEM, which suggests that the massive increases in network costs have not been reflected in corresponding increases in reliability and quality.
- Global and domestic experience suggests that reform towards a wholly private, competitive electricity generation and retail sector, with regulation and benchmark competition between natural monopoly network businesses, is the most successful, efficient and enduring means of lowering the inefficient costs of electricity.
- Getting the right market settings in-place is the only proven means by which the Queensland Government can ensure effective and sustained downward pressure on electricity prices. This has been demonstrated first-hand in Victoria which, having privatised its electricity sector between 1995 and 1997, has enjoyed the lowest price rises and greatest levels of retail competition of any NEM jurisdiction.
- In the 15 years since privatisation in Victoria, Victorian consumers have enjoyed the lowest price rises of any NEM jurisdiction (Australian Bureau of Statistics, 2013), while the Victorian electricity market is now widely observed as being the most competitive market of its type in the world; with one in four households switching their provider each year.
- Privately owned and operated transmission and distribution ("poles and wires") businesses have been a key factor in Victoria's success; with lower operating costs and capital expenditure underpinning the State's lower price rises relative to Queensland and other unreformed states. A 2011 Ernst & Young study found that Victoria's network costs decreased nine per cent (on a per customer basis) between 1996 and 2010. Over the same period, network costs in Queensland increased 105 per cent in real terms (Ernst & Young, 2011).
- Queensland network businesses are expected to spend around three times the level of capital (per customer) as their Victorian counterparts between now and 2015 (iGrid, 2011).





# 1 The Case for Reform

## 1.1 STALLED REFORM & PRICE IMPACTS

The positive effects of a wholly private, competitive electricity market are well established in Australia. In 1991, the Industry Commission (now the Productivity Commission) found that privatisation was the best way to realise efficiencies and lower prices (Industry Commission, 1991). The Commission, whose report became a blueprint for reform in Victoria and later South Australia, cited the formidable barriers to achieving full competition and recommended the sale of publicly-owned generation assets to remove ongoing "constraints" associated with public ownership, and to permit faster rationalisation of management and work practices (Industry Commission, 1991).

In 2007, the Energy Reform Implementation Group (ERIG) – appointed by COAG to provide advice on energy sector reform – made privatisation across the NEM its key recommendation; quantifying that privatisation and associated regulatory reform would increase real GDP by about \$400 million a year (in 2007 dollars), and could reduce retail prices by as much as two per cent (Energy Reform Implementation Group, 2007).

*"ERIG HAS BEEN STRUCK BY THE CONSISTENT REFRAIN THAT 'GOVERNMENT', PARTICULARLY SOME STATE GOVERNMENTS, ARE A BARRIER TO PRIVATE SECTOR ENTRY INTO ENERGY MARKETS. GOVERNMENT POLICY AND GOVERNMENT OWNERSHIP OF COMPETING BUSINESSES ARE THE TWO SOURCES OF SUCH BARRIERS."*

(ENERGY REFORM IMPLEMENTATION GROUP, 2007)

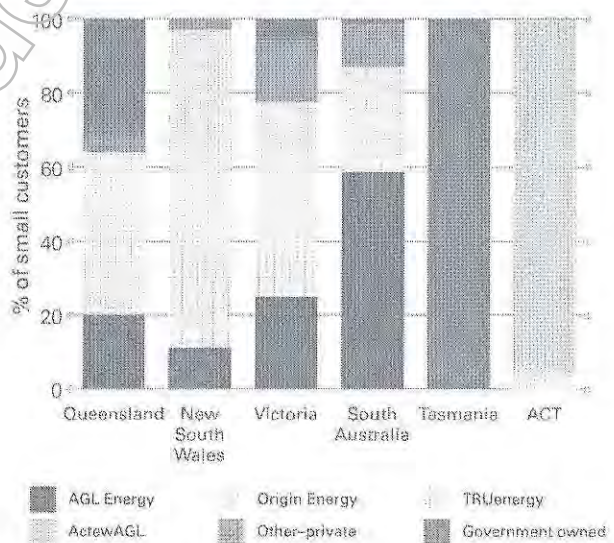
In the context of the Federal Government's Energy White Paper, released last year, privatisation has been put firmly back on the national reform agenda. In a speech to a CEDA conference in August 2012, former Federal Minister for Energy and Resources, The Hon Martin Ferguson MP, urged all states to adopt "more open market mechanisms," including the privatisation of state-owned energy assets to promote competition.

While Queensland's electricity sector has come a long way since the days of single, vertically integrated utilities under full government ownership, reform momentum has stalled.

As well as retaining significant stakes in both the retail and generation markets, the Queensland public sector continues to own and operate distribution and transmission businesses (see Figures 1 & 2). Successive governments have also retained retail price regulation and other blunt-tool approaches to price containment, such as the 2012-13 freeze applying to Tariff 11, which covers approximately 70 per cent of consumers in South East Queensland (Queensland Competition Authority, 2013).

▼ FIGURE 1

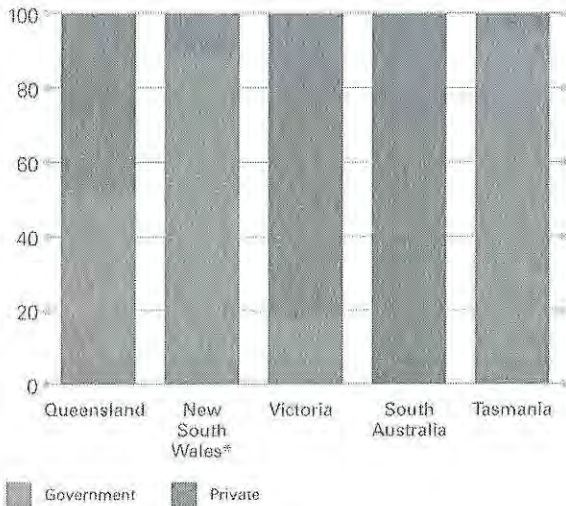
**ELECTRICITY RETAIL MARKET SHARE (SMALL CUSTOMERS) BY JURISDICTION, 2011**



Source: (ACCC, 2011)

▼ FIGURE 2

**INSTALLED GENERATION CAPACITY (& OWNERSHIP) BY JURISDICTION, 2012**



Source: IPA Analysis based on (ACCC, 2012)  
 \* New South Wales is currently in the process of privatising all of its remaining electricity generation assets, not including its stake in Snowy Hydro Ltd.

Ultimately, the historical failure to overhaul public ownership of electricity businesses in Queensland has been borne by the State’s energy consumers in the form of higher prices. Between 1996 and 2010, the price paid per megawatt-hour (MWh) of electricity in Queensland increased by 46 per cent in real terms. By comparison, over this same period in Victoria – a state with a wholly private, competitive electricity market – the price paid per MWh increased seven per cent (Ernst & Young, 2011).

Adverse price impacts were further reinforced in the Queensland Competition Authority’s (QCA) most recent retail price determination. The QCA approved a 23 per cent increase in retail prices for 2013-14 (equating to a \$268 increase for an average household), representing the largest annual increase for five years (Queensland Competition Authority, 2013).

Furthermore, the QCA attributed close to 50 per cent of the 2013-14 retail price rise to higher network costs; a price driver that is noticeably more acute in Queensland than in reformed states. Between 1996 and 2010, network costs in Queensland increased 105 per cent (in real terms) (on a per customer basis). Over this same period in Victoria, where network businesses are privately owned and operated, costs decreased nine per cent (in real terms) (Ernst & Young, 2011).

With network costs accounting for an ever increasing share of a typical household electricity bill, the divergence in what Queensland consumers pay relative to their counterparts in reformed states will only further increase; over the five years to 2015 capital spending by Queensland electricity networks is expected to be three times that of Victorian network businesses (iGrid, 2011).

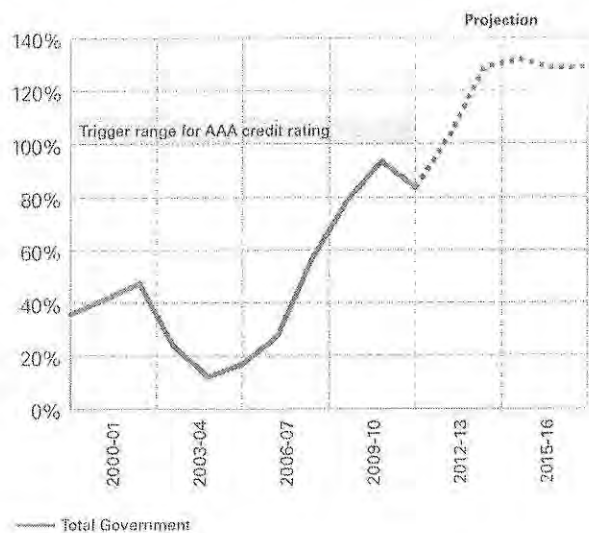
**1.2 FISCAL CONSTRAINTS**

In addition to ensuring maximum and sustained downward pressure on electricity prices, electricity privatisation provides Queensland with an opportunity to immediately strengthen its fiscal position through the repayment of debt, as well pave the way for future economic growth through increased investment in high-productivity infrastructure.

The Queensland Commission of Audit’s Final Report, delivered to the State Government in March this year, estimated that State debt will exceed \$100 billion by 2018-19, leaving State taxpayers dangerously exposed to negative externalities, such as a repeat of the 2008 financial crisis or the 2011 natural disasters (see Figure 3) (Queensland Commission of Audit, 2013).

▼ FIGURE 3

**TOTAL GOVERNMENT DEBT TO REVENUE RATIO**



Source: (Queensland Commission of Audit, 2013)

In order to regain its AAA credit rating, which it lost in 2009, the Audit found that the Queensland Government would need to reduce debt by between \$25 billion and \$30 billion. Further, and while recognising the steps made by the Newman Government in the 2012-13 Budget to repair the State’s financial position, the Audit stated that savings measures alone would not go far enough.

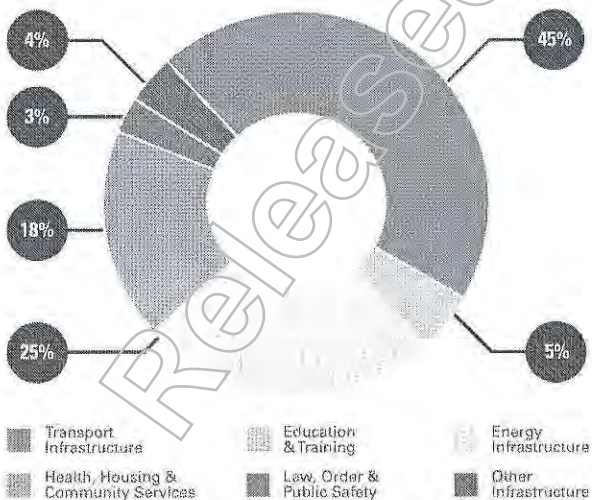
***“THE MAGNITUDE OF THE TASK THAT STILL REMAINS IS ENORMOUS. THE REDUCTION IN DEBT REQUIRED TO RECOVER A AAA CREDIT RATING CANNOT BE ACHIEVED WITHOUT RELEASING CAPITAL CURRENTLY TIED UP IN GOVERNMENT OWNED CORPORATION BUSINESSES.”***

**(QUEENSLAND COMMISSION OF AUDIT, 2013)**

The 2013-14 State Budget reaffirms this conclusion. Despite finding average annual savings of \$450 million over the forward estimates – additional to the \$78 billion in savings outlined in 2012-13 – the Budget is expected to remain in deficit until 2015-16, whilst State debt is set to continue to increase. Credit rating agency Standard & Poor’s also voiced concerns about the viability of a savings driven return to surplus. In its most recent commentary Standard & Poor’s cautioned that in the absence of a “sustained improvement in budgetary performance” – which they consider unlikely in the near term – Queensland would be unlikely to regain the prized AAA credit rating it lost in 2009 any time soon (AAP, 2013).

Aside from considerable capital proceeds, the sale of State-owned electricity businesses would shift a considerable investment task from taxpayers on to the private sector. The electricity sector consumes up to a quarter of total public infrastructure investment in Queensland – expenditure that would be better spent on ailing transport, hospitals and other social infrastructure (see Figure 4).

**▼ FIGURE 4**  
**CAPITAL PURCHASES BY PURPOSE 2013-14**

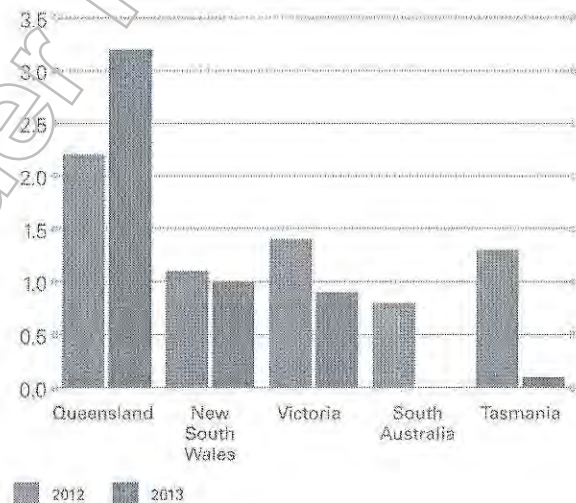


Source: (Queensland Treasury, 2013)

That energy businesses are capable of being owned and managed efficiently by the private sector was a key finding of the Commission of Audit, which stated that “there is no need for the Government to lock up scarce capital in such mature assets.” The Audit also pointed to the considerable opportunity cost in locking up scarce capital to the detriment of higher priority uses to meet core government service delivery priorities.

Energy demand projections suggest the investment task for Queensland’s electricity sector will also increase over the decade ahead, with South East Queensland’s strong forecast population growth a key factor. In its 2012 forecasting report the Australian Energy Market Operator (AEMO) found that Queensland was projected to have by far the fastest demand growth of any NEM jurisdiction (Australian Energy Market Operator, 2013) (see Figure 5).

**▼ FIGURE 5**  
**REVISED ANNUAL ENERGY GROWTH RATES TO 2022-23 (GWH)**



Source: (Australian Energy Market Operator, 2013)

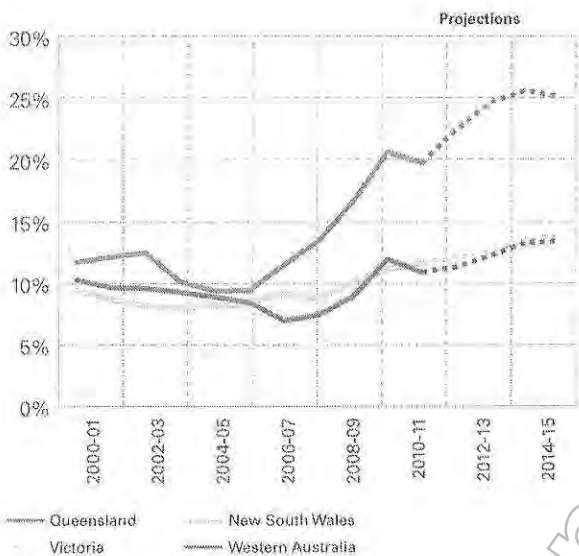
IPA estimates that the sale of all State-owned electricity businesses could realise between \$40 billion and \$48 billion in gross capital proceeds; an amount that would enable the Queensland Government to significantly reduce its debt levels, and begin bringing forward high-priority and productivity-boosting infrastructure projects.

To this end, Queensland policymakers should look to the first hand experiences of electricity privatisation in Victoria and South Australia. In Victoria, the sale of state-owned energy businesses between 1992 and 1998 raised over \$35 billion (in 2012 dollars) in gross capital proceeds. As a result of a broad programme of asset privatisations, of which electricity formed a sizeable proportion, Victoria was able to reduce its net debt ratio from 26.7 per cent of Gross State Product (GSP) in 1994-95, to just 3.1 per cent by 1999-2000.

This low level of net debt, relative to other states, has been a key facilitator of Victoria becoming a low tax state, in-turn increasing the State's competitiveness. Figure 6 below illustrates that Victoria continues to benefit from lower debt levels, reflecting the sustained, long-term nature of the impact the reforms had on the State's finances.

▼ FIGURE 6

**TOTAL GOVERNMENT GROSS DEBT, SHARE OF GDP**



Source: (Queensland Commission of Audit, 2013)

South Australia privatised its State-owned energy businesses from 1999 to 2001, realising sale proceeds exceeding \$8.4 billion (in 2012 dollars). As with Victoria, sales proceeds enabled the State to reduce its net debt from 29.5 per cent of GDP in 1998 to 12.5 per cent in 2005.

Ultimately, in lieu of the fiscal challenges, electricity privatisation represents the only viable option for the Queensland Government to restore fiscal stability. Furthermore, each year that asset sales are delayed, State taxpayers will be required to shoulder a significant and growing interest bill. In 2012-13, interest payments on government sector debt will cost Queensland taxpayers \$2.1 billion (Queensland Treasury, 2013); enough to pay for the Toowoomba Second Range Crossing (TSRC), or nearly half of the total cost for the Brisbane Inner Rail Solution.

## Tackling Queensland's Infrastructure Backlog

There is clear evidence of significant infrastructure shortfalls in Queensland. Road congestion, which cost the State economy more than \$2 billion this year, is just one everyday indicator. Similar challenges exist for public transport provision. Brisbane's cross river rail network is expected to reach capacity by 2016, with knock on effects to freight and commuter services, road infrastructure and bus networks. Significant issues also exist in terms of the quality and capacity of key public services, including social housing, public health and education.

On top of these existing constraints, Queensland is facing significant and sustained population growth. The State's population will surge from around 4.6 million people in 2013 to more than 6.1 million by 2026 (QLD Government Statistician, 2013). By 2050, the State's population is expected to pass 9 million. This will place the Government under significant pressure to invest in new and upgraded social infrastructure and public services, particularly in health, education and justice facilities (Office of Economic and Statistical Research, 2011).

Growth pressures are especially acute in South East Queensland (SEQ). By 2031, the SEQ population is expected to grow by over 1.3 million, while the resident population in metropolitan Brisbane is expected to grow by an additional 820,000 residents (OESR, 2012).

Against this backdrop of supply and demand side challenges, the sale of State-owned electricity assets presents a generational opportunity to boost the State's infrastructure funding capacity – both in the immediate term through the provision of catch-up funding, as well as in the longer term by reducing interest costs and restoring fiscal stability.

A list of high-priority infrastructure projects that could be funded through electricity privatisation is included in Appendix B.

### 1.3 CONFLICTS OF INTEREST

Government has an essential role in setting an overarching policy framework and clear strategic direction for the electricity sector, as it does with other essential utilities.

Fully divesting remaining state-owned electricity businesses will further enhance this role by removing the inherent conflict of interest whereby government is both a direct market participant and an objective policymaker.

This conflict of interest was observed by the OECD in its 2010 review of regulatory reform in Australia. The review recommended privatisation not just as a means to enhance competition but to ensure that governments "don't use their price control powers to support other policy objectives" (OECD, 2010).

The Federal Government's 2012 Energy White Paper further underlined this issue, stating that government ownership of energy assets "may create the potential for conflict in both policy and operational decisions". The White Paper goes on to call for a "levelling of the playing field" by removing conflicts of interest where they arise from the ongoing public ownership and governance of energy businesses (RET, 2012).

Full privatisation is the next logical step in a long-term process of ensuring an optimal operating environment and procedural framework is in place. In turn, this will enable market participants to meet demand at prices that recover the reasonably efficient cost of supply. This will build on previous reform including the establishment of the QCA as an independent economic regulator, and the corporatisation of State-owned utilities.

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# 2 A Clear Reform Pathway

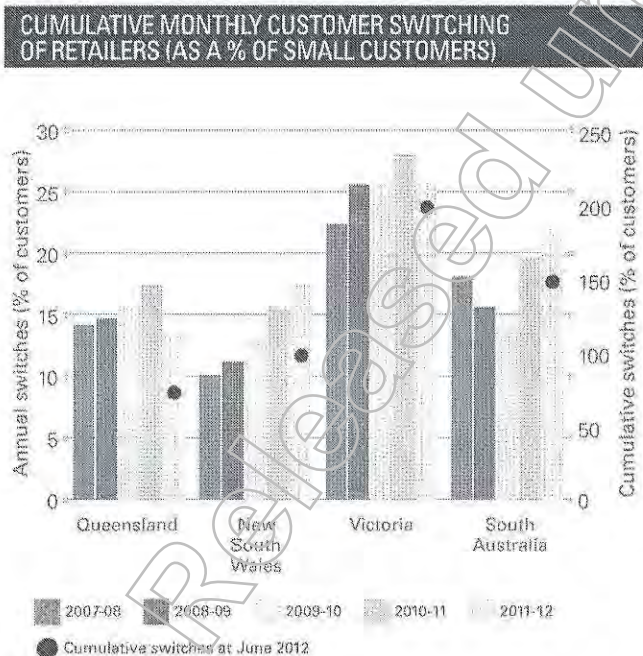
## 2.1 RETAIL

### 2.1.1 Establishing an Efficient Market Price

With the introduction of Full Retail Contestability (FRC) for residential consumers and small businesses from July 2007, coupled with the sale of the vast majority of State-owned retail businesses, Queensland's retail market has improved markedly. In particular, the retail market for both small and large customers has become competitive, with 27 licensed retailers currently operating in the State, of which 11 were actively retailing electricity to small customers (ACCC, 2011).

But notwithstanding the considerable progress made to-date, competition in the Queensland retail market remains suppressed relative to other NEM states. This is reflected in Figure 7, which shows a state comparison of customer switch rates for small customers; with reformed states such as Victoria and South Australia having demonstrably higher rates of switching.

▼ FIGURE 7



Source: (ACCC, 2012)

The comparatively low rate of customer switching in Queensland suggests that energy consumers in the State are presently not engaged in the market as actively as their counterparts in Victoria and South Australia. While there could be numerous possible causes, the low rate of switching ultimately implies that consumers in Queensland aren't yet taking full advantage of the price benefits of competition.

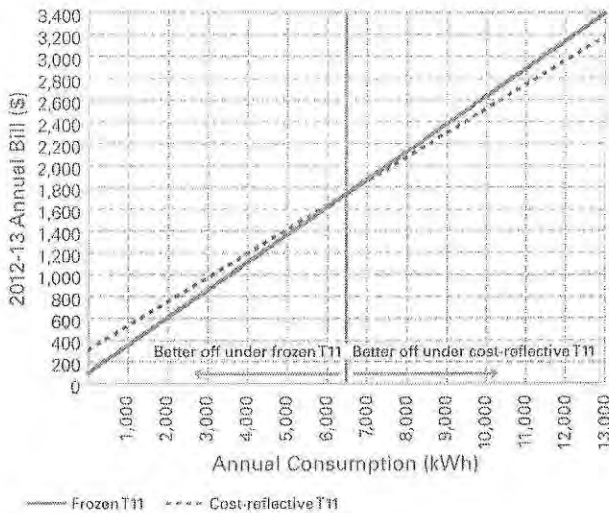
With FRC introduced from July 2007 there are no longer any legislative barriers to consumers switching provider. There are, however, considerable regulatory barriers to greater retail market competition, in particular the continued reliance by the Government on retail price regulation and other blunt tool approaches – such as the freezing of retail Tariff 11 for 2012-13 – as a principal means of price containment. Ultimately, whilst these levers may offer energy consumers a temporary reprieve, they also reduce retail competition and discourage investment in new generation capacity. The damage done to retail competition by the Tariff 11 price freeze has been clearly evidenced by the strong industry response, with several large retailers warning that ongoing regulated price instability could force them to exit the market.

The ineffectiveness of blunt tool approaches to price containment has also been strongly reinforced by the QCA's 2013-14 price determination. Approving a 23 per cent increase in the Tariff 11 retail price for 2013-14, the QCA cited the need for prices to "catch-up" due to the previous freeze. Furthermore, the QCA determination found that the Tariff 11 price freeze led to the fixed charge for Tariff 11 being significantly lower than the cost-reflective level, whilst the variable charge component of Tariff 11 has risen higher than the estimated cost-reflective level. As shown in Figure 8, this led to the adverse outcome whereby customers consuming more than around 6,500 kWh per year are "worse off" on the frozen Tariff 11 than they would be on a truly cost-reflective Tariff 11.



▼ FIGURE 8

**2012-13 ANNUAL ELECTRICITY BILLS – COST-REFLECTIVE AND FROZEN T11**



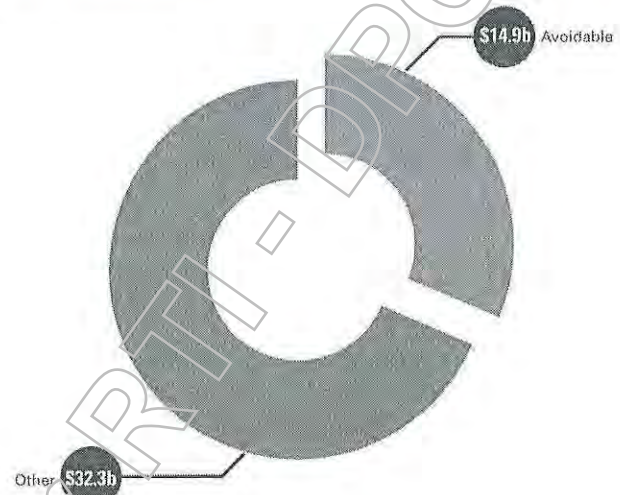
Source: (Queensland Competition Authority, 2013)

The case for price deregulation has also been supported by the Australian Energy Market Commission (AEMC). In its 2008 review of the effectiveness of competition in electricity and gas retail markets in Victoria, the AEMC stated that effective competition “protects consumers against the exercise of market power as firms strive to deliver goods and services to consumers demand at least cost and to improve their products, services and processes” (AEMC, 2008). The AEMC has also stated that “where competition is providing choice and efficient outcomes for consumers there is no need for (retail) price regulation”, and that “maintaining price regulation in an effectively competitive market adds unnecessarily to retail costs” and “distorts effective functioning of the market to the detriment of consumers”.

Price impacts aside, deregulation also represents the most effective means of dealing with the peak load problem, by facilitating innovative tariff structures such as time-of-use pricing, which assist consumers to better manage their use. By distorting price signals, flat retail tariffs effectively dilute the incentive for consumers to change their consumption behaviour. The resulting growth in peak demand has required considerable capital investment in network capacity which is used for just a few days each year. The CSIRO (as part of the iGrid consortium) has estimated that almost a third of approved capital expenditure on distribution and transmission networks is driven by growth in peak demand (see Figure 9). Clearly, a regulated, flat tariff structure is incapable of efficiently accommodating today’s load profile, without driving inefficient investment.

▼ FIGURE 9

**AVOIDABLE NETWORK COSTS RELATIVE TO TOTAL NETWORK CAPEX (\$M 2010)**



Source: (iGrid, 2011)

As outlined in IPA’s submission to the AEMC’s Power of Choice review, a fully deregulated retail price would also significantly strengthen the core business case for a smart meter roll-out, one of the key barriers to the implementation of flexible and cost-reflective pricing (Infrastructure Partnerships Australia, 2012).

Again, Victoria provides Queensland policymakers with a first-hand demonstration of the benefits of reform. In particular, the Victorian experience has shown that effective competition will deliver efficient, reliable and safe supplies of energy, at the same time maintaining the balance between supply and demand longer term.

**2.1.2 Achieving a Truly Competitive Retail Market**

Since the introduction of FRC in 2007, Queensland energy consumers have enjoyed the ability to switch providers, and to choose a provider best suited to their needs. Commendably, the Government has also put in place measures that restrict State-owned Ergon Energy from competing for retail customers, further encouraging competition and the creation of a wholly private retail market.

These developments are welcome, having facilitated a much more competitive retail market. However, the current policy whereby the energy Customer Service Obligation (CSO) can only be paid to Ergon Energy effectively precludes private retailers from competing for customers in areas where higher network costs apply. As well as stifling overall retail market competition, this arrangement is inhibiting a significant minority of consumers from accessing the level of choice enjoyed by consumers in areas of the State where network costs are lower.

This is not an argument for the energy CSO to be scaled-back. Rather, IPA believes that the application of the CSO should be re-designed in order to facilitate effective competition for Ergon Energy's retail customer base. To this end, the State Government should begin assessing options to restructure the CSO to achieve this broader policy objective.

The need to review the applicability of energy CSOs has been supported by the Ministerial Council on Energy (now Standing Council on Energy and Resources). In developing a national framework for CSOs the Council stated:

***"IF CSOs ARE TO CONTINUE TO OPERATE IN A WAY WHICH PROVIDES BENEFITS TO THEIR RECIPIENTS WITH MINIMAL IMPACT ON THE ENERGY MARKET, OR EFFECT ON ENERGY PRODUCERS AND CONSUMERS MORE GENERALLY, IT WILL BE IMPORTANT FOR GOVERNMENTS TO REVIEW THE NEEDS OF RECIPIENT GROUPS AND THE DESIGN OF CSO PROGRAMS."***  
(MINISTERIAL COUNCIL ON ENERGY, 2007).

The Council also found that a review of current arrangements becomes all the more pressing "as energy reform continues and the competitive market matures." Structuring the energy CSO in a way that facilitates competition for Ergon's remaining retail customer base will also enable the full sale of Ergon's retail business, with expected sale proceeds in the order of \$650 million – \$1 billion.<sup>2</sup> Direct fiscal benefits aside, the retention of an electricity retail business in public hands exposes taxpayers to considerable demand-side risk, owing to the highly variable and comparatively unpredictable demand of low volume customers. This demand-side risk will further increase as the share of publicly-owned generation capacity regresses.

## 2.2 GENERATION

The electricity generation sector is generally regarded as one of the success stories of the NEM, with the greatest exposure to competitive market forces. The bidding system that serves to match supply with demand has seen wholesale electricity prices come down or stay flat in real terms over the 15 years since the NEM was established (see Figure 10).

Regulators have also taken note of the impact of lower wholesale supply costs, with IPART in New South Wales stating that the decreasing cost of generation prevented an even greater price rise in its 2012-13 and 2013-14 retail price determinations.

This efficient, competitive, and cost reflective market has facilitated extensive investment by private industry. Indeed, the ACCC's 2011 State of the Energy Market report found that the three largest private energy companies – AGL, Origin, and EnergyAustralia (formerly TRUenergy) – now account for a full 58 per cent of new generation capacity commissioned or committed in the NEM since 2007, while collectively accounting for about 30 per cent of total generation.

The efficiency of the wholesale sector has also enabled electricity retailers to perform one of their key economic functions with greater effectiveness. As a bridge between the wholesale sector and the consumer, retailers are responsible for reconciling the low risk appetite of consumers with the highly volatile wholesale electricity market. In the NEM, private retailers have been able to mitigate this risk by acquiring existing or commissioning new generation capacity (ACCC, 2011). This would not have been possible without the existence of a competitive market and a stable regulatory framework.

But while Victoria and South Australia have fully privatised their generation assets, successive Queensland governments have retained a significant market share, depriving private retailers of the ability to effectively hedge against price volatility.

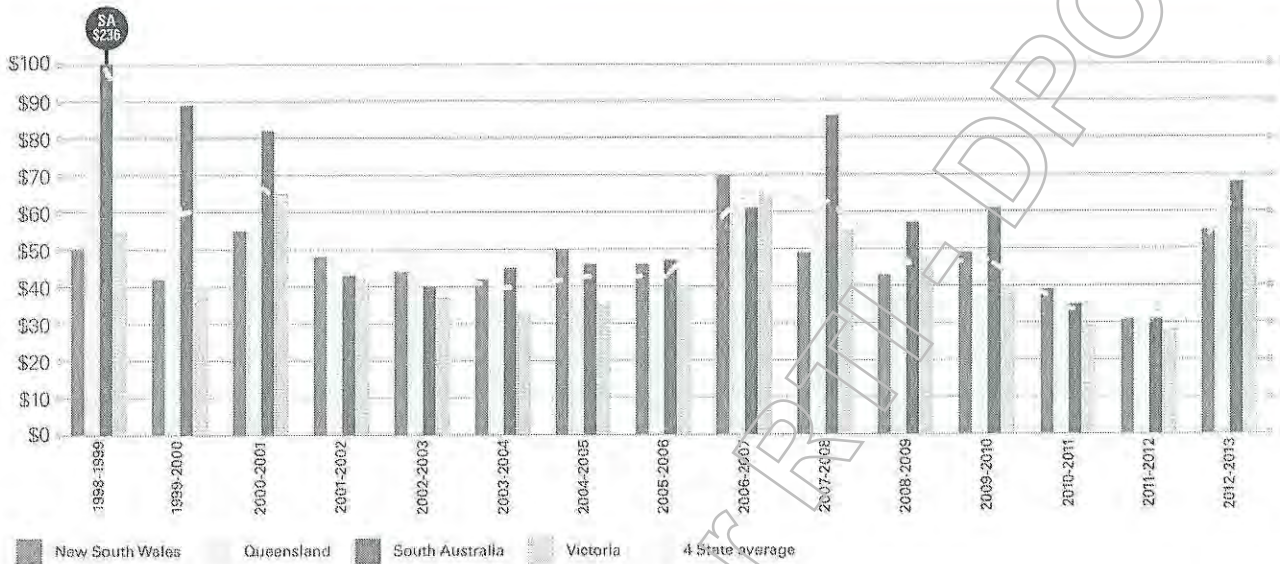
Queensland's decision to remain an active participant in the wholesale market has also cost State taxpayers, who have had to shoulder unnecessary investment. Past investment decisions by government-owned generation businesses have proven either reactionary (to overly optimistic AEMO demand forecasts) or inefficient, leading to the State's general oversupply of base load capacity. With increased supply not being matched by increased utilisation of interconnector capacity, Queensland generators have had to contend with some of the lowest wholesale prices in the NEM, in turn lowering profitability and deterring private investment.

The inefficiency of investment decisions is further evidenced by State-owned generators' capacity to set prices. Despite owning a full 64 per cent of generation capacity in Queensland, State-owned generators were found in 2010-11 to have set a disproportionately low 26 per cent of nodal prices (Queensland Commission of Audit, 2013).

<sup>2</sup> IPA valuations. See Appendix A for workings.

▼ FIGURE 10

NEM AVERAGE WHOLESALE PRICE (2013 PRICES)

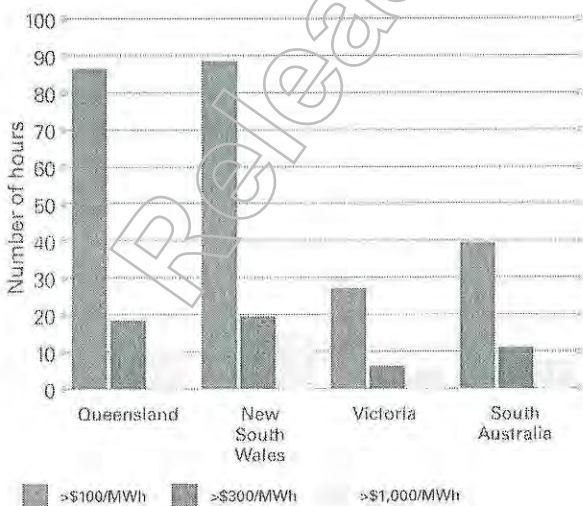


Source: IPA Analysis based on (AEMO Average Price Tables, 2013), (Australian Bureau of Statistics, 2013).

The overinvestment resulting from poorly scrutinised investment decisions (e.g. base load vs. peaking) made without the benefits of competitive pressure have oddly resulted in Queensland, along with New South Wales, experiencing the longest duration of above average spot prices in the NEM. Figure 11 shows the number of hours during 2010-11 where spot prices in the NEM went above \$100, \$300, and \$1,000 per MWh. A clear distinction can be seen between New South Wales and Queensland – two states with significant public ownership of generation assets – and Victoria and South Australia, where the wholesale market remains entirely privately owned and operated.

▼ FIGURE 11

NUMBER OF HOURS OF HIGH SPOT PRICES BY REGION 2010-11



Source: (AEMO, 2011)

AEMO data shows that South Australia and Victoria both experienced high spot prices as the NEM began, but that only in Queensland and New South Wales have the high spot prices persisted. The AEMO's *Electricity Statement of Opportunities* (ESOO) report notes that this price distortion may encourage market participants to install expensive peaking generation capacity, in order to take advantage of the more regular incidences of high wholesale prices, further devaluing existing base load power.

Set against this backdrop, the sale of State-owned generation assets should be a priority for the Queensland Government. To this end, the Queensland Government should commence an immediate assessment of how current contractual complexities in State-owned generation businesses, such as power purchase agreements, can be overcome ahead of a future sale. At the same time, the Government should commence the divestment of generators' non-core businesses; where there are clear bring forward benefits to the State.

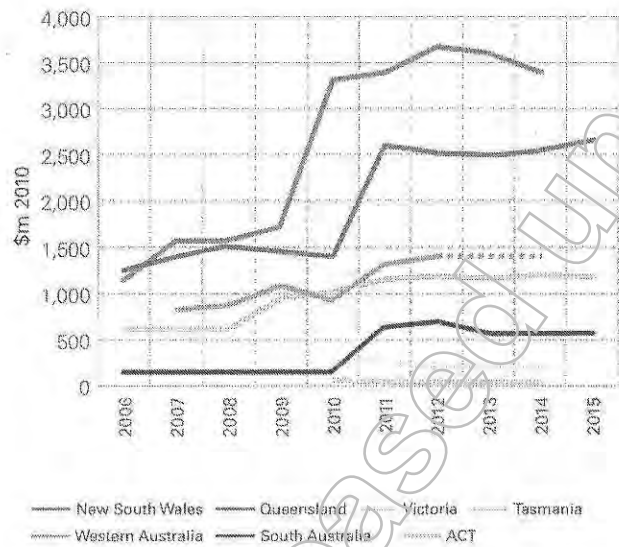
IPA estimates that a full sale of generation assets could liberate between \$2.3 billion and \$3.2 billion in gross capital proceeds (see workings in Appendix A). In particular, the two major State-owned generator companies, Stanwell Corporation and CS Energy, are in possession of some of the biggest power stations in Australia, with significant base load capacity. Stanwell Corporation is also the owner of substantial resource assets.

### 2.3 NETWORKS

Across the NEM, network costs now account for around 50 per cent of a typical household electricity bill. For the most part, network investment has been entirely necessary; owing to the need to replace ageing assets, accommodate electricity load growth and rising demand, as well as cope with rising peak demand and changed reliability standards.

However, the fact that network spending has been higher in some states than in others suggests that other factors are at play. This is certainly the case for Queensland and New South Wales, where capital spending per customer has consistently outstripped that in Victoria and South Australia. Figure 12 shows the planned capital expenditure of network businesses broken down by state, as permitted by the most recent price determinations. Queensland and New South Wales are shown to have experienced an unprecedented jump in investment not seen in any other jurisdiction.

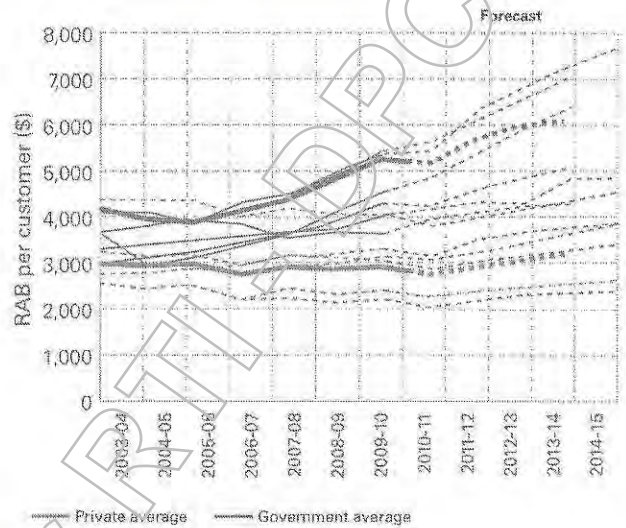
**FIGURE 12**  
**ELECTRICITY NETWORK CAPITAL EXPENDITURE BY JURISDICTION, 2006-15**



Source: (iGrid, 2011)

As shown in Figure 13, this higher relative investment in Queensland and New South Wales becomes even more evident on a per customer basis.

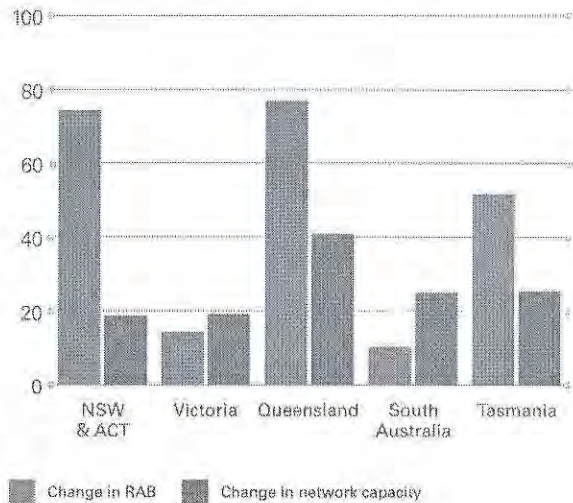
**FIGURE 13**  
**RAB PER CUSTOMER ACTUAL AND FORECAST (\$JUNE 2010)**



(Grattan Institute, 2012)

The actual effectiveness of this expenditure was examined by the Productivity Commission in its review of electricity network regulation (see Figure 14).

**FIGURE 14**  
**PERCENTAGE CHANGES IN RAB AND NETWORK CAPACITY FOR DISTRIBUTION NETWORKS**



Source: (Productivity Commission, 2012)

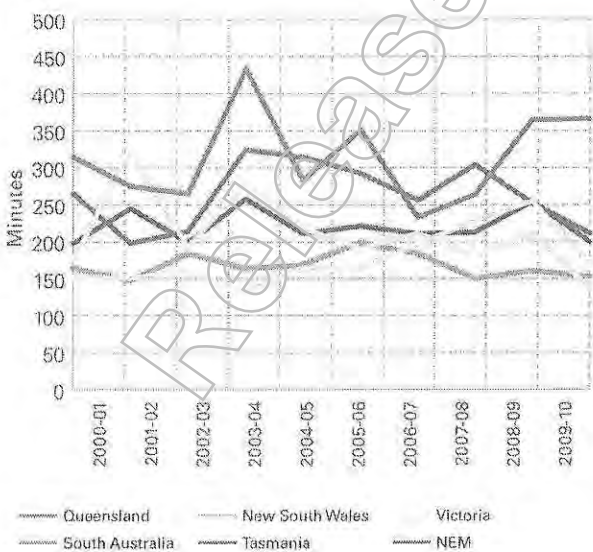
While there are of course other factors that can impact investment levels, their impact by comparison to that of public ownership is modest. Much attention has been paid of late to the potential effect of state-based regulatory frameworks setting reliability standards. The AEMC's 2012 *Review of Distribution Reliability Outcomes and Standards in NSW* found that a "modest reduction" in reliability outcomes would reduce prices for the average household by \$3 a year – while an "extreme reduction" in standards would deliver a \$15 a year saving (AEMC, 2012).

Comparatively, there is strong evidence to suggest that network spending is lower, and quality of service higher, where networks are privately owned and operated (ESAA, 2011). This was explicitly recognised by the 2011 Garnaut Review, which found that "government owners have an incentive to overinvest because of their low cost of borrowing and tax allowance arrangements".

In addition, Garnaut found that spending by publicly-owned networks is also influenced by "political concerns" about reliability of the network, and about the ramifications of any failures. This view has been subsequently supported by the 2011 New South Wales *Special Commission of Inquiry into the Electricity Transactions*, which stated that evidence before the Inquiry "tends to support the view that privatisation of the network businesses would lead to efficiency gains over time".

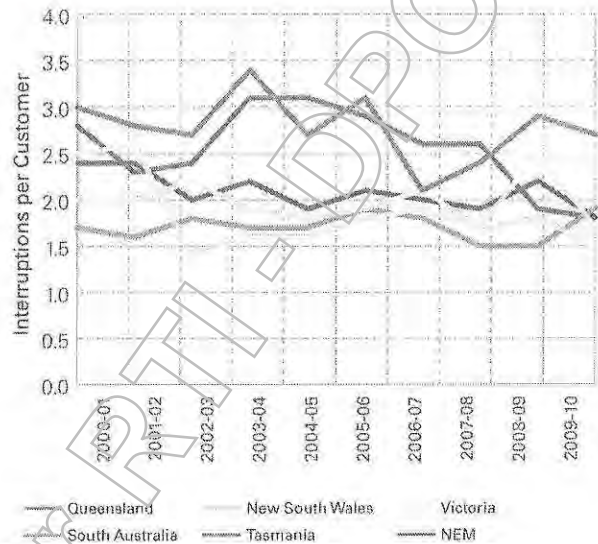
Unfortunately, the higher level of network investment in Queensland has not translated into better performance; Queensland network businesses have performed consistently worse than any other NEM jurisdiction on the basis of average duration of interruption and average frequency of interruption (see Figures 15 & 16).

▼ FIGURE 15  
SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)



Source: (ACCC, 2011)

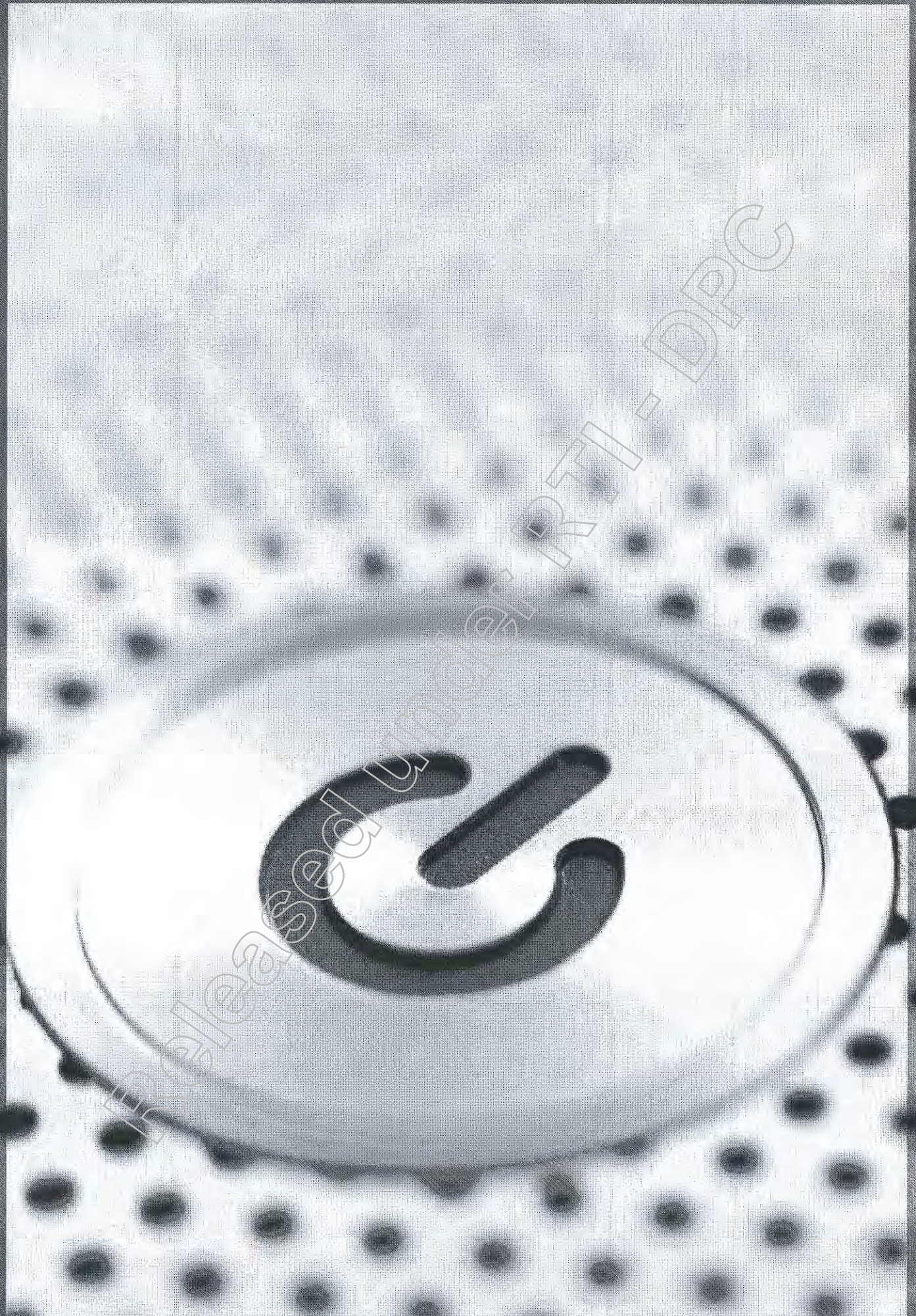
▼ FIGURE 16  
SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI)



Source: (ACCC, 2011)

The privatisation of electricity network businesses is essential in order to ensure effective and sustained downward pressure on electricity prices. Indeed, the Productivity Commission has estimated the potential savings from private network ownership at \$250 a year for the average customer (Productivity Commission, 2012). Price impacts aside, IPA's analysis suggests that the sale of network assets could liberate between \$37.1 billion and \$43.8 billion in capital proceeds. IPA's analysis has taken into account the time needed to prepare for a sale, and has considered the 2015 Regulated Asset Base (RAB) of these networks as the basis for valuations.

To pave the way for a future sale of network assets the Queensland Government should take immediate steps to establish a specialised unit within the Department of Treasury and Trade which, assisted by private sector advisors, should begin a detailed assessment of the optimal structure and timing of a sales process.



# Appendix A – Valuation Workings

## DISTRIBUTION AND TRANSMISSION

Full privatisation of Queensland's electricity network businesses could realise between \$37.091 billion and \$43.835 billion in gross capital proceeds. The estimate reflects relevant recent trading and transaction multiples.

Distribution	RAB (\$M) <sup>1</sup>	Low Value (\$M)	High Value (\$M) <sup>2</sup>
Energex	13,759	15,135	17,887
Ergon	11,958	13,154	15,545
<b>Total</b>		<b>28,289</b>	<b>33,432</b>

Transmission	RAB (\$M)	Low Value (\$M)	High Value (\$M)
Powerlink	8,002	8,802	10,403
<b>Total</b>		<b>8,802</b>	<b>10,403</b>

<b>Total Networks</b>	<b>\$33,719</b>	<b>\$37,091</b>	<b>\$43,835</b>
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1 Closing RAB values as at 1 July 2014-15 (based on AER Final Determinations).

2 The low and high multiple values (1.1x to 1.3x) are consistent with relevant trading and transaction comparables.

Regulated Assets – Trading	Description	EV (\$M)	RABx
DUET	Gas transmission and distribution, electricity distribution	5,524	1.11
Envestra	Gas distribution	3,071	1.22
Spark Infrastructure	Electricity distribution	4,408	1.32
Electranet <sup>1</sup>	Electricity transmission	2,462	1.18
SP Ausnet <sup>2</sup>	Electricity transmission and distribution, gas distribution	8,875	1.32
<b>Average</b>			<b>1.23</b>

1 Based on 2012 purchase of 41.11 per cent stake by StateGrid for \$500 million, assuming 60 per cent gearing ratio.

2 Based on 2013 purchase of 19.99 per cent stake by StateGrid for \$824 million, taking into account total debt of \$4.539 billion (SP Ausnet Annual Report).

## GENERATION

Full privatisation of Queensland's major State-owned generation assets could realise between \$2.277 billion and \$3.253 billion in gross capital proceeds. Due to poor financial returns, IPA has chosen to use an EBITDA multiple (7x – 10x) as the basis of estimated sales values for Stanwell and CS Energy, rather than the more commonly used capacity multiple. A capacity based valuation has been included for reference below.

	EBITDA (2015 EST. \$M)	Multiple		Value Estimate (\$M)	
		Low	High	Low	High
Stanwell Corp.	180	7x	10x	1,260	1,800
CS Energy	137	7x	10x	959	1,370
<b>Total</b>				<b>\$2,219</b>	<b>\$3,170</b>

Ergon Energy	Fuel Type	Capacity (MW)	MW Multiple		Value Estimate (\$M)	
			Low	High	Low	High
Barcaldine	Gas	49	1.2	1.7	58.8	83.3
<b>Total</b>					<b>\$58.8</b>	<b>\$83.3</b>

	Low (M)	High (M)
<b>Total Proceeds<sup>1,2</sup></b>	<b>\$2,277.8</b>	<b>\$3,253.3</b>

1 This valuation does not include the Mica Creek Power station (due to the likelihood of it closing); the Wivenhoe pumped storage facility (due to its significance in flood mitigation); the Callide C Oxyfuel power station (due to its status as a test site for carbon capture and storage); and the Gladstone power plant (due to the complicated contracts and ownership arrangements)

2 High and low multiples for black coal assets have been set to account for the impact of a carbon price.

Relevant Transactions	Date	EBITDA Multiple	Value Estimate (\$M)
Loy Yang A (4.7% stake)	FY11	12.9x	4,406
Loy Yang A (9.3% stake)	FY11	10.6x	4,276
NRG South Australia assets (Flinders)	FY11	10.3x	513
NRG Queensland assets (Gladstone)	FY11	7.2x	749
Loy Yang A	FY11	8.3x	3,480
Hazelwood Power	FY11	8.0x	1,668
Flinders Power	FY10	11.6x	344
<b>Average</b>		<b>9.85x</b>	

Stanwell Corp	Fuel Type	Capacity (MW)	MW Multiple		Value Estimate (\$M)	
			Low	High	Low	High
Stanwell	Black Coal	1,460	0.6875	1.375	1003.8	2007.5
Tarong	Black Coal	1,400	0.6875	1.375	962.5	1925
Tarong North	Black Coal	443	0.6875	1.375	304.6	609.1
Swanbank E	Gas (Baseload)	385	1.2	1.7	462.0	654.5
Barron Gorge	Hydro	150	3.16	3.86	474	579
Koombaloo						
Kareeya						
Mackay Gas Turbine	Gas (peaking)	34	0.9	1.3	30.6	44.2
<b>Total</b>					<b>\$3,237.5</b>	<b>\$5,819.3</b>



CS Energy	Fuel Type	Capacity (MW)	MW Multiple		Value (\$M)		Estimate	
			Low	High	Low	High	Low	High
Callide A	Black Coal	1,200	0.6875	1.375	825.0		1650.0	
Callide B	Black Coal	700	0.6875	1.375	481.3		962.5	
Kogan Creek	Black Coal	750	0.6875	1.375	515.6		1031.3	
<b>Total</b>					<b>\$1,822</b>		<b>\$3,644</b>	

Relevant Coal Transactions	Fuel Type	Capacity (MW)	MW Multiple	Value Estimate (Nominal \$M)
4.71% of Loy Yang A Power Station	Coal	N/A	2.23	N/A
9.3% of Loy Yang A Power Station	Coal	N/A	2.16	N/A
NRG Energy's South Australian power assets	Coal	N/A	0.79	N/A
Loy Yang A Power Station	Coal	N/A	2.23	N/A
50% of Redbank Power Station	Coal	N/A	3.32	N/A
IPO of Transfield Infrastructure Services Fund	Gas/Coal/Wind	N/A	1.60	N/A
<b>Average</b>			<b>2.055</b>	

Relevant Gas Transactions	Fuel Type	Capacity (MW)	MW Multiple (x)	Value Estimate (Nominal \$M)
Energy Developments Ltd	Gas	600	1.427	856
APA and AGL joint development, Diamantina	Gas	242	2.11	500.0
AEJ sells 50% of Oakey PS to ERM Power	Gas	332	0.58	93.5
ERM sale of 30% of Kwinana PS to EIT Kwinana Holdings	Gas	450	2.19	201.0
Sale of 24.9% of Baemar 2 to Arrow	Gas	N/A	1.26	131.0
BBP sell 50% of Kwinana to ERM	Gas	320	1.53	226.2
BBP 50% Sale of Neerabup Power Station to ANZIS	Gas	330	1.43	216.2
Sale of 20% of Kwinana PS to ERM	Gas	N/A	1.85	108
BBP Sale of Tamar Valley PS	Gas	230/180	1.54	534
BBP Neerabup Financial Close	Gas	330	1.22	360.0
<b>Average</b>			<b>1.514</b>	

Relevant Hydro Transactions	Fuel Type	Capacity (MW)	MW Multiple (Cpi Adjusted)	Value Estimate (Nominal \$M)
Southern Hydro	Hydro/Wind	736	2.33	1,425
Pacific Hydro	Hydro/Wind	269	4.76	945
<b>Average</b>			<b>3.5</b>	

## RETAIL

Full privatisation of retail assets could realise between \$650 million and \$1.005 billion for Queensland taxpayers. Sale values are conditional on reforms to the Community Service Obligation.

	Customers	\$/Customer	Sale Est Low (\$M)	Sale Est High (\$M)
Ergon Energy	650,000	1000-1600	650	1,005
<b>Total</b>	<b>650,000</b>		<b>650</b>	<b>1,005</b>
<b>Total Sellable</b>	<b>650,000</b>		<b>650</b>	<b>1,005</b>

Transactions	Customers	Year	Sale Value (\$M)	(\$ Value Per Customer)
Country Energy (NSW)	800,000	2011	1,300	1,625
EnergyAustralia (NSW)	1,400,000	2011	1,486	1,061
Integral (NSW)	866,767	2011	1,000	1,154
Sun Retail (QLD)	841,000	2007	1,300	1,545
PowerDirect <sup>1</sup>	473,000	2006	1,200	2,536
<b>Average</b>				<b>1,584</b>

<sup>1</sup> PowerDirect sale involved many large industrial customers in addition to several generation assets.

# Appendix B – Priority Infrastructure Projects

**The following are examples of high priority infrastructure projects that could be funded by the proceeds of electricity privatisation.**

## Bruce Highway (\$8.8 billion)

The Bruce Highway is a major north-south corridor in Queensland connecting Brisbane with Cairns. A vital link for 11 coastal ports and west-east freight movements, the 1,670km-long highway forms a key part of the National Land Transport Network. The highway carries huge traffic volumes daily, varying from 2,500 vehicles per day around smaller towns up to and exceeding 100,000 vehicles per day near the outskirts of Brisbane. These traffic volumes are predicted to rise at a rate of 3 per cent per annum along with increased demand from communities and industries along the Highway.

The Queensland Government's Bruce Highway Action Plan, released in April this year, identified \$3.6 billion in immediate safety, flood immunity and capacity augmentation works. The plan also identified a further \$5.2 billion worth of safety improvements, including wide centre line and shoulder seals, audible edge lines, more overtaking lanes, safety barriers, intersection improvements, verge clearing, improved rest areas and critical maintenance to catch up on the backlog of maintenance on the highway.

## Brisbane Inner Rail (Cross River Rail and Early Capacity Works) (\$4.75 billion)

The Early Capacity Works package of works (\$302 million) is aimed at increasing the capacity of Brisbane's rail network to accommodate growth occurring before the delivery of the Brisbane Cross River Rail project.

The Cross River Rail project (\$4.45 billion) would significantly boost the capacity of Brisbane's inner city rail network with new stations and services. Combined with new higher capacity trains, more frequent services and more efficient timetabling, Cross River Rail would also help to establish rail as the backbone of the SEQ transport network, with its ability to carry large numbers of people. The bus network could then be optimised to provide crucial urban links.

## Completing the Eastern Busway (\$825 Million)

In the context of projected population growth and the Government's stated aim of encouraging greater use of public transport, the completion of the Eastern Busway is a vital investment. In particular, the completion of the Busway would respond to the projected worsening of traffic congestion on Old Cleveland Road, taking thousands of cars off the roads.

## Rural & Regional Hospital Refurbishments (>\$635 million)

A Queensland Department of Health report, publicly released in August 2012, highlighted an alarming degree of disrepair at twelve rural and regional hospitals. The hospitals identified are located in Atherton, Ayr, Biloela, Charleville, Charters Towers, Emerald, Kingaroy, Longreach, Mareeba, Sarina Roma, and Thursday Island. The report identified critical maintenance and repair issues at each of these facilities.

## Toowoomba Second Range Crossing (\$1.66 billion)

The Toowoomba Second Range Crossing (TSRC), a 41km bypass route to the north of Toowoomba, would directly address a recognised constraint in the National Land Transport Network by improving the efficiency of freight movements and encouraging economic development. It would also markedly improve transport capacity over the range to meet future growth needs in the region, whilst improving community amenity, safety and liveability by redirecting heavy vehicle traffic away from the current range crossing and town centre.

**Connors River Dam & Pipeline (\$1.3 billion)**

The Connors River Dam project involves a 373,662-megalitre dam and 133km pipeline, and will primarily service coal mines (and associated communities) in Central Queensland's coal basins. Construction of the project is estimated to contribute over \$700 million in indirect and direct benefits to Gross State Product (GSP), while operations are estimated to contribute an additional \$9.5 million in direct and indirect benefits to GSP.

**New passenger rail stock (>\$1 billion)**

The New Generation Rollingstock (NGR) project is seeking to purchase up to 75 new six-car electric passenger trains for the city network providing newer, more comfortable and more frequent rail services. This will be essential to meet the growing demand for rail services in South-East Queensland.

**Mount Isa to Townsville Rail Corridor Upgrade (\$575 million)**

The Mount Isa Line, which extends 1,030kms from Stuart (near Townsville) to Mount Isa and includes the Phosphate Hill branch, services a number of communities along the line through passenger transport, and serves as a critical link from the North West Minerals Province to the Port of Townsville where the majority of bulk products are exported. The Line is also of particular national interest as it runs along some of the world's largest deposits of copper, lead, zinc, silver and phosphate rock; with the region surrounding the Mount Isa Line producing 75 per cent of Queensland's non-coal mineral output.

**Mackay Ring Road (>\$250 million)**

Mackay is a major regional centre and more than 1,500 trucks travel through the town each day. Truck movements are expected to increase as the town's port is a growing centre for exporting resources from the Bowen Basin. The Ring Road would deliver considerable benefits for Mackay and North-East Queensland; allowing for faster and more efficient movement of freight and coal traffic and encouraging the development of industries and businesses in the nearby Ooralea area. The Ring Road would also make traffic conditions safer by taking heavy trucks out of central Mackay and would provide a safer way for passenger and freight vehicles to travel around the surrounding region.

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**Michelle Walter**

---

**Subject:** FW: ERM / Ross Musgrove - Premier's Office team  
**Location:** ERM Offices, Level 52, 111 Eagle Street, Brisbane  
**Start:** Fri 28/03/2014 3:00 PM  
**End:** Fri 28/03/2014 5:00 PM  
**Recurrence:** (none)  
**Meeting Status:** Accepted  
**Organizer:** Peter Costantini

-----Original Appointment-----

**From:** Peter Costantini [mailto:peter.costantini@CTPI - Personal Information]  
**Sent:** Thursday, 6 March 2014 6:15 PM  
**To:** 'Peter Costantini'; 'Philip St Baker'; 'Peter Costantini'; 'rossmusgrove3'; Tim Herbert  
**Subject:** ERM / Ross Musgrove - Premier's Office team  
**When:** Friday, 28 March 2014 3:00 PM-5:00 PM (UTC+10:00) Brisbane.  
**Where:** ERM Offices, Level 52, 111 Eagle Street, Brisbane

Attendees:

- Peter Costantini
- Ross Musgrove
- Tim Herbert
- Geoff Robson
- Joanne Copp
- Martelle Fisher
- Debbie Patterson
- Steve Allan
- Scott Peut
- Anne Moffat
- Alex Brouwer
- Salu McFarland
- Mark Jackson
- Adam Pennicott
- Philip St Baker

Contact: Ashleigh, SAS Group – 3221 9222



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**Michelle Walter**

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**Subject:** FW: ERM / Ross Musgrove - Premier's Office team  
**Location:** ERM Offices, Level 52, 111 Eagle Street, Brisbane  
**Start:** Fri 28/03/2014 3:00 PM  
**End:** Fri 28/03/2014 5:00 PM  
**Recurrence:** (none)  
**Meeting Status:** Accepted  
**Organizer:** Peter Costantini

-----Original Appointment-----

**From:** Peter Costantini  
**Sent:** Tuesday, 11 March 2014 10:48 AM  
**To:** Peter Costantini; 'Philip St Baker'; 'Peter Costantini'; 'rossmusgrove3@ctpi.com.au'; Scott Peut; Debbie Paterson; Steve Allan  
**Subject:** ERM / Ross Musgrove - Premier's Office team  
**When:** Friday, 28 March 2014 3:00 PM-5:00 PM (UTC+10:00) Brisbane.  
**Where:** ERM Offices, Level 52, 111 Eagle Street, Brisbane

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**Michelle Walter**

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 11:46 AM  
**To:** Karen Kay; Geoff Robson; David Hourigan; Jon Grayson; Scott Peut; Sarah Papas; Tim Herbert  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00  
**Attachments:** invite.ics

As discussed.

An opportunity to meet with ERM to learn about the history of the company, current operations and their view of the future of energy markets.

I suggest that we take 5 from renewal, 5 from services and 10 from policy division.

Ross

**Ross Musgrove**

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | CTPI - Personal Information

**Great State. Great opportunity.**

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**From:** ross musgrove [mailto:[rossmusgrove3@](mailto:rossmusgrove3@)]  
**Sent:** Thursday, 6 March 2014 11:14 AM  
**To:** Ross Musgrove  
**Subject:** Fwd: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 ([rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com))

----- Forwarded message -----

**From:** Peter Costantini <[peter.costantini@](mailto:peter.costantini@)>  
**Date:** Thursday, March 6, 2014  
**Subject:** Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 ([rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com))  
**To:** "[rossmusgrove3@](mailto:rossmusgrove3@)" <[rossmusgrove3@](mailto:rossmusgrove3@)>, Philip St Baker <[pstbaker@](mailto:pstbaker@)>

**more details »**

**ERM / Ross Musgrove - Premier's Office team**

**When** Fri 28 Mar 2014 15:00 – 17:00 Eastern Time - Brisbane  
**Where** ERM Offices, Level 52, 111 Eagle Street, Brisbane ([map](#))  
**Calendar** [rossmusgrove3@](#)  
**Who**

- Peter Costantini- organiser
- Philip St Baker
- [rossmusgrove3@](#)

Going? **Yes** - **Maybe** - **No** [more options »](#)

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## Michelle Walter

---

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 2:25 PM  
**To:** Sarah Papas; David Hourigan; Geoff Robson; Tim Herbert; Jon Grayson; Scott Peut  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

More detail as per previous

Looks like a good program

### Ross Musgrove

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | CTPI - Personal Information

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**From:** Peter Costantini [<mailto:peter.costantini@>]  
**Sent:** Thursday, 6 March 2014 12:09 PM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Presentation / 3.00pm 28th March

Hi again Ross

Below are my suggestions for the ERM presentation. As mentioned, please add anything from your end.

ERM Power Presentation content:

- Growth story, what and how achieved.
- Approach to innovation and entrepreneurship, how that has played a role.
- Current business performance and future plans.
- How ERM Power engages with Government.
- Key policy issues of interest.
- Views on how Government can work better with the Private sector to create more (ERM's) in Queensland.
- Parallels between how Trevor started the ERM's generation / development side of the business with how the Commission of Audit recommendations are looking at de-regulation, outsourcing and asset sales.
- Whether Government policy is designed to encourage Qld business development and success at the same time as achieving efficiencies, etc.

**I have advise that you will confirm who will be attending from your end as soon as practical.**

In relation to format, I have suggested a formal presentation by members of the ERM Power team for 1 hour or little longer along with questions, then allow for some drinks and nibbles - say at 4.15 / 30 for 1/2 hour to 1 hour.

With kind regards

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## Sarah Papas

---

**Subject:** ERM / Ross Musgrove - Premier's Office team  
**Location:** ERM Offices, Level 52, 111 Eagle Street, Brisbane

**Start:** Fri 28/03/2014 3:00 PM  
**End:** Fri 28/03/2014 5:00 PM

**Recurrence:** (none)

**Meeting Status:** Not yet responded

**Organizer:** Peter Costantini

**Attendees:**

Peter Costantini

Ross Musgrove

Tim Herbert

Geoff Robson

Joanne Copp

Martelle Fisher

Debbie Patterson

Steve Allan

Scott Peut

Tim Gepp

Salu McFarland

Mark Jackson

Adam Pennicott

Philip St Baker

Contact: Ashleigh – 3221 9222

View your event at

[http://www.google.com/calendar/event?action=VIEW&eid=Xzc0c2phYzFqNiUyajRiYTE2MTFqZ2I5azhwMjQ4YjlvNmtxNDZiOWg2Z3NqYWgxcDwcWw4ZzlpNjggcm9zc211c2dyb3ZlM0Bt&tok=MzljcGV0ZXluY29zdGFudGluaUBzYXNncm91cC5uZXQuYXUyNGVkmWU2NjY5YTA0NjRhZjgyZjE2NmFjYTZlMjNjY2Q4YzZmNGE1&ctz=Australia/Brisbane&hl=en\\_GB](http://www.google.com/calendar/event?action=VIEW&eid=Xzc0c2phYzFqNiUyajRiYTE2MTFqZ2I5azhwMjQ4YjlvNmtxNDZiOWg2Z3NqYWgxcDwcWw4ZzlpNjggcm9zc211c2dyb3ZlM0Bt&tok=MzljcGV0ZXluY29zdGFudGluaUBzYXNncm91cC5uZXQuYXUyNGVkmWU2NjY5YTA0NjRhZjgyZjE2NmFjYTZlMjNjY2Q4YzZmNGE1&ctz=Australia/Brisbane&hl=en_GB).

## Sarah Papas

---

**Attachments:**

140306, ERM Power Briefing; 140306, ERM Presentation / 3.00pm 28th March; FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00 ; FW: 140306, ERM Presentation / 3.00pm 28th March; Fwd: 140306, ERM Presentation / 3.00pm 28th March; FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00 ; RE: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00 ; FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00 ; RE: 140306, ERM Presentation / 3.00pm 28th March; ERM meeting on Friday; RE: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00 ; ERM on Friday; Re: ERM on Friday; RE: 140306, ERM Presentation / 3.00pm 28th March; FW: 140306, ERM Presentation / 3.00pm 28th March; 140306, ERM Presentation / 3.00pm 28th March; 140306, ERM Power Briefing

**Sarah Papas**

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222

CTPI - Personal Information

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**Sarah Papas**

---

**From:** Peter Costantini [peter.costantini@CTPI - Personal Information]  
**Sent:** Thursday, 6 March 2014 10:41 AM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Power Briefing

Dear Ross

I would like to confirm details for the ERM Power briefing for you and your colleagues; being:

**3.00pm**  
**Friday 28th March**  
**Level 52, 111 Eagle Street, Brisbane**

I suggest you allocate a couple of hours although once ERM Power has had the opportunity to discuss their presentation in more detail we can refine the time.

As I understand you are keen for colleagues to hear about the ERM Power growth story - e.g.: they are now the 4th largest energy retailer in Australia, their approach to innovation and entrepreneurship, their current business performance and future plans.

Can you please advise if there are particular issues which you would like ERM Power to address in the presentation. In due course, I would appreciate confirmation of the names of people attending.

ERM Power is a client of the SAS Group on the Queensland Lobbyist Register.

I look forward to hearing back from you.

With kind regards



**PETER COSTANTINI | CHIEF EXECUTIVE**

---

P +61 7 3221 9222 | M [redacted] F +61 7 3221 9223 | W sasgroup.net.au  
Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000

**Sarah Papas**

---

**From:** Peter Costantini [peter.costantini@CTPI - Personal information]  
**Sent:** Thursday, 6 March 2014 12:09 PM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Presentation / 3.00pm 28th March

Hi again Ross

Below are my suggestions for the ERM presentation. As mentioned, please add anything from your end.

ERM Power Presentation content:

- Growth story, what and how achieved.
- Approach to innovation and entrepreneurship, how that has played a role.
- Current business performance and future plans.
- How ERM Power engages with Government.
- Key policy issues of interest.
- Views on how Government can work better with the Private sector to create more (ERM's) in Queensland.
- Parallels between how Trevor started the ERM's generation / development side of the business with how the Commission of Audit recommendations are looking at de-regulation, outsourcing and asset sales.
- Whether Government policy is designed to encourage Qld business development and success at the same time as achieving efficiencies, etc.

**I have advise that you will confirm who will be attending from your end as soon as practical.**

In relation to format, I have suggested a formal presentation by members of the ERM Power team for 1 hour or little longer along with questions, then allow for some drinks and nibbles - say at 4.15 / 30 for 1/2 hour to 1 hour.

With kind regards

**SAS** GROUP

PETER COSTANTINI | CHIEF EXECUTIVE

---

P +61 7 3221 9222 | M [redacted] F +61 7 3221 9223 | W [sasgroup.net.au](http://sasgroup.net.au)  
Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000

## Sarah Papas

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 11:46 AM  
**To:** Karen Kay; Geoff Robson; David Hourigan; Jon Grayson; Scott Peut; Sarah Papas; Tim Herbert  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00  
**Attachments:** invite.ics

As discussed.

An opportunity to meet with ERM to learn about the history of the company, current operations and their view of the future of energy markets.

I suggest that we take 5 from renewal, 5 from services and 10 from policy division.

Ross

### Ross Musgrove

Chief Operating Officer and Deputy Director-General Public Sector Renewal, Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | CTPI - Personal Information

**Great State. Great opportunity.**

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---

**From:** ross musgrove [<mailto:rossmusgrove3>]  
**Sent:** Thursday, 6 March 2014 11:14 AM  
**To:** Ross Musgrove  
**Subject:** Fwd: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00  
([rossmusgrove3](mailto:rossmusgrove3))

----- Forwarded message -----

**From:** Peter Costantini <[peter.costantini](mailto:peter.costantini)> CTPI - Personal Information  
**Date:** Thursday, March 6, 2014  
**Subject:** Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00  
([rossmusgrove3](mailto:rossmusgrove3))  
**To:** "[rossmusgrove3](mailto:rossmusgrove3)" <[rossmusgrove3](mailto:rossmusgrove3)>, Philip St Baker <[pstbaker](mailto:pstbaker)>

#### more details »

#### **ERM / Ross Musgrove - Premier's Office team**

**When** Fri 28 Mar 2014 15:00 – 17:00 Eastern Time - Brisbane  
**Where** ERM Offices, Level 52, 111 Eagle Street, Brisbane ([map](#))  
**Calendar** [rossmusgrove3](#)  
**Who**

- Peter Costantini- organiser
- Philip St Baker
- [rossmusgrove3](#)

**Going?** **Yes** - **Maybe** - **No** [more options »](#)

Invitation from Google Calendar

You are receiving this email at the account rossmusgrove3@gmail.com because you are subscribed for invitations on calendar rossmusgrove3@gmail.com.

To stop receiving these notifications, please log in to https://www.google.com/calendar/ and change your notification settings for this calendar.

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## Sarah Papas

---

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 2:25 PM  
**To:** Sarah Papas; David Hourigan; Geoff Robson; Tim Herbert; Jon Grayson; Scott Peut  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

More detail as per previous

Looks like a good program

### Ross Musgrove

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | CTPI - Personal Information

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---

**From:** Peter Costantini [<mailto:peter.costantini@...>]  
**Sent:** Thursday, 6 March 2014 12:09 PM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Presentation / 3.00pm 28th March

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**I have advise that you will confirm who will be attending from your end as soon as practical.**

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With kind regards

Released under RTI - DPC

## Sarah Papas

---

**From:** David Hourigan  
**Sent:** Thursday, 6 March 2014 3:50 PM  
**To:** Craig Wilson  
**Cc:** Sarah Papas  
**Subject:** Fwd: 140306, ERM Presentation / 3.00pm 28th March

Craig you would need to be in on this one too

Sent from my iPhone

Begin forwarded message:

**From:** Ross Musgrove <[Ross.Musgrove@premiers.qld.gov.au](mailto:Ross.Musgrove@premiers.qld.gov.au)>  
**Date:** 6 March 2014 2:25:23 pm AEST  
**To:** Sarah Papas <[Sarah.Papas@premiers.qld.gov.au](mailto:Sarah.Papas@premiers.qld.gov.au)>, David Hourigan <[David.Hourigan@premiers.qld.gov.au](mailto:David.Hourigan@premiers.qld.gov.au)>, Geoff Robson <[geoff.robson@premiers.qld.gov.au](mailto:geoff.robson@premiers.qld.gov.au)>, Tim Herbert <[Tim.Herbert@premiers.qld.gov.au](mailto:Tim.Herbert@premiers.qld.gov.au)>, Jon Grayson <[Jon.Grayson@premiers.qld.gov.au](mailto:Jon.Grayson@premiers.qld.gov.au)>, Scott Peut <[Scott.Peut@premiers.qld.gov.au](mailto:Scott.Peut@premiers.qld.gov.au)>  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

More detail as per previous

Looks like a good program

### Ross Musgrove

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224

CTPI - Personal Information

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With kind regards

**SAS** GROUP

PETER COSTANTINI | CHIEF EXECUTIVE

P +61 7 3221 9222 | M CTPI - Personal Information F +61 7 3221 9223 | W [sasgroup.net.au](http://sasgroup.net.au)  
Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000



## Sarah Papas

---

**From:** Sarah Papas  
**Sent:** Tuesday, 11 March 2014 11:27 AM  
**To:** Sarah Papas  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

---

**From:** Desley Jenkins  
**Sent:** Tuesday, 11 March 2014 10:56 AM  
**To:** Sarah Papas  
**Cc:** Debbie Paterson; Steve Allan; Scott Peut  
**Subject:** RE: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

Good Morning Sarah,

As per our earlier phone conversation this morning - I have spoken with Scott regarding the most relevant nominations here in Corporate Services and he would like to nominate Deb Paterson, Steve Allan and himself.

Please let me know if you require any further information or if you would like to discuss further.

Thanks heaps!

### Desley Jenkins

Executive Assistant  
Office of the General Manager, Corporate Services  
Department of the Premier and Cabinet  
PO Box 15185, City East, Qld, 4002  
Phone: (07) 300 39218  
Email: [desley.jenkins@premiers.qld.gov.au](mailto:desley.jenkins@premiers.qld.gov.au)

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---

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 11:46 AM  
**To:** Karen Kay; Geoff Robson; David Hourigan; Jon Grayson; Scott Peut; Sarah Papas; Tim Herbert  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

As discussed.

An opportunity to meet with ERM to learn about the history of the company, current operations and their view of the future of energy markets.

I suggest that we take 5 from renewal, 5 from services and 10 from policy division.

Ross

### Ross Musgrove

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | CTPI - Personal Information

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**From:** ross musgrove [mailto:rossmusgrove3@] [redacted]  
**Sent:** Thursday, 6 March 2014 11:14 AM  
**To:** Ross Musgrove  
**Subject:** Fwd: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove3@ [redacted])

----- Forwarded message -----

**From:** Peter Costantini <peter.costantini@ [redacted] CTPI - Personal Information >  
**Date:** Thursday, March 6, 2014  
**Subject:** Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove3@ [redacted])  
**To:** "rossmusgrove3@ [redacted]" <rossmusgrove3@ [redacted]>, Philip St Baker <pstbaker@ [redacted]>

**more details »**

**ERM / Ross Musgrove - Premier's Office team**

**When** Fri 28 Mar 2014 15:00 – 17:00 Eastern Time - Brisbane

**Where** ERM Offices, Level 52, 111 Eagle Street, Brisbane ([map](#))

**Calendar** rossmusgrove3@ [redacted]

- Who**
- Peter Costantini- organiser
  - Philip St Baker
  - rossmusgrove3@ [redacted]

**Going?** **Yes** - **Maybe** - **No** [more options »](#)

Invitation from [Google Calendar](#)

You are receiving this email at the account [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com) because you are subscribed for invitations on calendar [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com).

To stop receiving these notifications, please log in to <https://www.google.com/calendar/> and change your notification settings for this calendar.

## Sarah Papas

---

**From:** Geoff Robson  
**Sent:** Wednesday, 12 March 2014 6:09 PM  
**To:** Sarah Papas  
**Cc:** Kaley Fox  
**Subject:** RE: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

Hi Sarah

So far it's me, Salu McFarland and Mark Jackson.

Just need to sort the final two (it will be one from Productivity and Markets, and one from the renewal team).

Thanks  
Geoff

---

**From:** Sarah Papas  
**Sent:** Wednesday, 12 March 2014 5:43 PM  
**To:** Tim Herbert; Geoff Robson  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

Hi Tim and Geoff

Would you be able to get me the names of the people you want to bring from your teams? You can exclude Ross from your lists.

Tim, Scott has suggested 3 from his team so you could also bring 3 from yours.

Geoff, looks like you get 5 people.

Thanks.

**Sarah Papas**  
Strategic Advisor  
Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222

CTPI - Personal Information

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---

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 11:46 AM  
**To:** Karen Kay; Geoff Robson; David Hourigan; Jon Grayson; Scott Peut; Sarah Papas; Tim Herbert  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

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I suggest that we take 5 from renewal, 5 from services and 10 from policy division.

Ross

**Ross Musgrove**

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | CTPI - Personal Information

**Great State. Great opportunity.**

Please consider the environment before printing this email.

**From:** ross musgrove [mailto:rossmusgrove3@] [redacted]  
**Sent:** Thursday, 6 March 2014 11:14 AM  
**To:** Ross Musgrove  
**Subject:** Fwd: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove3@) [redacted]

----- Forwarded message -----

**From:** Peter Costantini <peter.costantini@> [redacted]  
**Date:** Thursday, March 6, 2014  
**Subject:** Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove3@) [redacted]  
**To:** "rossmusgrove3@> [redacted] <rossmusgrove3@> [redacted], Philip St Baker <pstbaker@> [redacted]

**more details »**

**ERM / Ross Musgrove - Premier's Office team**

**When** Fri 28 Mar 2014 15:00 – 17:00 Eastern Time - Brisbane

**Where** ERM Offices, Level 52, 111 Eagle Street, Brisbane ([map](#))

**Calendar** [rossmusgrove3@](#) [redacted]

- Who**
- Peter Costantini- organiser
  - Philip St Baker
  - [rossmusgrove3@](#) [redacted]

**Going?** **Yes - Maybe - No** [more options »](#)

Invitation from [Google Calendar](#)

You are receiving this email at the account [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com) because you are subscribed for invitations on calendar [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com)

To stop receiving these notifications, please log in to <https://www.google.com/calendar/> and change your notification settings for this calendar.

## Sarah Papas

---

**From:** Geoff Robson  
**Sent:** Friday, 14 March 2014 6:17 PM  
**To:** Sarah Papas  
**Cc:** Kaley Fox  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

Hi Sarah

Martelle and Jo will be the other Renewal reps.

Thanks  
Geoff

---

**From:** Geoff Robson  
**Sent:** Wednesday, 12 March 2014 6:09 PM  
**To:** Sarah Papas  
**Cc:** Kaley Fox  
**Subject:** RE: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

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[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222

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Information

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**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 11:46 AM  
**To:** Karen Kay; Geoff Robson; David Hourigan; Jon Grayson; Scott Peut; Sarah Papas; Tim Herbert  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

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Ross

**Ross Musgrove**

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | CTPI - Personal Information

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**From:** ross musgrove [mailto:rossmusgrove3@] [redacted]  
**Sent:** Thursday, 6 March 2014 11:14 AM  
**To:** Ross Musgrove  
**Subject:** Fwd: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove [redacted])

----- Forwarded message -----

**From:** Peter Costantini <peter.costantini@[redacted]>  
**Date:** Thursday, March 6, 2014  
**Subject:** Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove3@[redacted])  
**To:** "rossmusgrove3@[redacted]" <rossmusgrove3@[redacted]>, Philip St Baker <pstbaker@[redacted]>

**more details »**

**ERM / Ross Musgrove - Premier's Office team**

**When** Fri 28 Mar 2014 15:00 – 17:00 Eastern Time - Brisbane

**Where** ERM Offices, Level 52, 111 Eagle Street, Brisbane ([map](#))

**Calendar** [rossmusgrove3@\[redacted\]](#)

- Who**
- Peter Costantini- organiser
  - Philip St Baker
  - [rossmusgrove3@\[redacted\]](#)

**Going?** **Yes - Maybe - No** [more options »](#)

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[rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com).

To stop receiving these notifications, please log in to <https://www.google.com/calendar/> and change your notification settings for this calendar.

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## Sarah Papas

---

**From:** Clinton De Bruyn  
**Sent:** Monday, 17 March 2014 11:22 AM  
**To:** Sarah Papas  
**Subject:** RE: 140306, ERM Presentation / 3.00pm 28th March

Hi Sarah,

At this stage, Adam Pennicott from Economic Policy will be attending. Craig and Phil will be at an ERIC meeting at that time (electricity reform meeting) and I am waiting to hear back from Social Policy.

Thanks,  
Clinton

---

**From:** Sarah Papas  
**Sent:** Monday, 17 March 2014 11:14 AM  
**To:** Clinton De Bruyn  
**Subject:** RE: 140306, ERM Presentation / 3.00pm 28th March

Hi Clinton

I'm just following up on this one. We are waiting on a list of 10 people from policy (Ross also sent this to Craig Wilson to be included).

Can you let me know as soon as possible so I can advise ERM?

Thank you.

**Sarah Papas**  
Strategic Advisor  
Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 | CTPI - Personal Information

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---

**From:** Sarah Papas  
**Sent:** Thursday, 6 March 2014 4:15 PM  
**To:** Clinton De Bruyn  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

**Sarah Papas**  
Strategic Advisor  
Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 |

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**Sent:** Thursday, 6 March 2014 2:25 PM  
**To:** Sarah Papas; David Hourigan; Geoff Robson; Tim Herbert; Jon Grayson; Scott Peut  
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**Subject:** 140306, ERM Presentation / 3.00pm 28th March

Hi again Ross

Below are my suggestions for the ERM presentation. As mentioned, please add anything from your end.

ERM Power Presentation content:

- Growth story, what and how achieved.
- Approach to innovation and entrepreneurship, how that has played a role.
- Current business performance and future plans.
- How ERM Power engages with Government.
- Key policy issues of interest.
- Views on how Government can work better with the Private sector to create more (ERM's) in Queensland.
- Parallels between how Trevor started the ERM's generation / development side of the business with how the Commission of Audit recommendations are looking at de-regulation, outsourcing and asset sales.
- Whether Government policy is designed to encourage Qld business development and success at the same time as achieving efficiencies, etc.

**I have advise that you will confirm who will be attending from your end as soon as practical.**

In relation to format, I have suggested a formal presentation by members of the ERM Power team for 1 hour or little longer along with questions, then allow for some drinks and nibbles - say at 4.15 / 30 for 1/2 hour to 1 hour.

With kind regards

Released under RTI - DPC

## Sarah Papas

---

**From:** Sarah Papas  
**Sent:** Monday, 17 March 2014 5:14 PM  
**To:** Sarah Papas  
**Subject:** ERM meeting on Friday

Attendees:

Ross Musgrove

Scott Peut  
Debbie Paterson  
Steve Allan

Tim Herbert – waiting for x 3

Geoff Robson  
Martelle Fisher  
Joanne Copp  
Salu McFarland  
Mark Jackson

Policy – Clinton x 10 (incl Craig Wilson)  
Adam Pennicott

**Sarah Papas**

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222

CTPI - Personal  
Information

**Great State. Great opportunity.**

Please consider the environment before printing this email.

## Sarah Papas

---

**From:** Tim Herbert  
**Sent:** Monday, 17 March 2014 5:32 PM  
**To:** Sarah Papas  
**Subject:** RE: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

Hi Sarah, as discussed, can you put Anne down as a definite to attend with me. Can we also put Alex down, she will probably come but if it changes I'll let you know.

Thanks  
Tim

**Tim Herbert**

A/General Manager | Government Services | Department of the Premier and Cabinet  
[tim.herbert@premiers.qld.gov.au](mailto:tim.herbert@premiers.qld.gov.au) | 07 300 39279

CTPI - Personal Information

**Great State. Great opportunity.**

Please consider the environment before printing this email.

---

**From:** Sarah Papas  
**Sent:** Monday, 17 March 2014 11:11 AM  
**To:** Tim Herbert  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

Hi Tim  
I need to finalise this and just waiting on your attendees. Can you let me know today please?  
Thanks.

**Sarah Papas**

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 |

**Great State. Great opportunity.**

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---

**From:** Sarah Papas  
**Sent:** Wednesday, 12 March 2014 5:43 PM  
**To:** Tim Herbert; Geoff Robson  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

Hi Tim and Geoff

Would you be able to get me the names of the people you want to bring from your teams? You can exclude Ross from your lists.

Tim, Scott has suggested 3 from his team so you could also bring 3 from yours.

Geoff, looks like you get 5 people.

Thanks.

**Sarah Papas**

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 | CTPI - Personal Information

**Great State. Great opportunity.**

Please consider the environment before printing this email.

---

**From:** Ross Musgrove

**Sent:** Thursday, 6 March 2014 11:46 AM

**To:** Karen Kay; Geoff Robson; David Hourigan; Jon Grayson; Scott Peut; Sarah Papas; Tim Herbert

**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

As discussed.

An opportunity to meet with ERM to learn about the history of the company, current operations and their view of the future of energy markets.

I suggest that we take 5 from renewal, 5 from services and 10 from policy division.

Ross

**Ross Musgrove**

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 | [Redacted]

**Great State. Great opportunity.**

Please consider the environment before printing this email.

---

**From:** ross musgrove [<mailto:rossmusgrove3@redacted>]

**Sent:** Thursday, 6 March 2014 11:14 AM

**To:** Ross Musgrove

**Subject:** Fwd: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00

([rossmusgrove3@redacted](mailto:rossmusgrove3@redacted))

----- Forwarded message -----

From: **Peter Costantini** <[peter.costantini@redacted](mailto:peter.costantini@redacted)>

Date: Thursday, March 6, 2014

Subject: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00

([rossmusgrove3@redacted](mailto:rossmusgrove3@redacted))

To: "[rossmusgrove3@redacted](mailto:rossmusgrove3@redacted)" <[rossmusgrove3@redacted](mailto:rossmusgrove3@redacted)>, Philip St Baker

<[pstbaker@redacted](mailto:pstbaker@redacted)>

[more details »](#)

**ERM / Ross Musgrove - Premier's Office team**

When Fri 28 Mar 2014 15:00 – 17:00 Eastern Time - Brisbane  
Where ERM Offices, Level 52, 111 Eagle Street, Brisbane ([map](#))

Calendar [rossmusgrove3](#) CTPI - Personal Information

- Who
- Peter Costantini- organiser
  - Philip St Baker
  - [rossmusgrove3](#)

Going? **Yes - Maybe - No** [more options »](#)

Invitation from [Google Calendar](#)

You are receiving this email at the account [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com) because you are subscribed for invitations on calendar [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com).

To stop receiving these notifications, please log in to <https://www.google.com/calendar/> and change your notification settings for this calendar.

Released under RTI - DPC

## Sarah Papas

---

**From:** Sarah Papas  
**Sent:** Wednesday, 26 March 2014 4:59 PM  
**To:** Ross Musgrove  
**Subject:** ERM on Friday

Fyi – only 1 taker for this from Policy. I spoke to Clinton about it and he said before leaving David wasn't really keen on 10 people from policy leaving the office for the afternoon.

Despite that, an invite was sent out to policy but only 1 person took it up – Adam Pennicott. Craig Wilson and Phil Richardson can't attend as they will be at an electricity reform meeting at the request of the DG and Clinton needs to be in the office bc COAG is on at that time. Clinton will put the feelers out again but so far, these are our attendees (I would be there also but I'm on leave that day):

1. Adam Pennicott from Economic Policy
2. Ross Musgrove
3. Tim Herbert
4. Alexandra Brouwer
5. Anne Moffat
6. Scott Peut
7. Debbie Paterson
8. Steve Allan
9. Geoff Robson
10. Martelle Fisher
11. Joanne Copp
12. Salu McFarland
13. Mark Jackson

### Sarah Papas

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222

CTPI - Personal Information

**Great State. Great opportunity.**

Please consider the environment before printing this email.

## Sarah Papas

---

**From:** Ross Musgrove  
**Sent:** Wednesday, 26 March 2014 5:01 PM  
**To:** Sarah Papas  
**Subject:** Re: ERM on Friday

Ok. Thanks.

Sent from my iPhone

On 26 Mar 2014, at 5:59 pm, "Sarah Papas" <[Sarah.Papas@premiers.qld.gov.au](mailto:Sarah.Papas@premiers.qld.gov.au)> wrote:

Fyi – only 1 taker for this from Policy. I spoke to Clinton about it and he said before leaving David wasn't really keen on 10 people from policy leaving the office for the afternoon. Despite that, an invite was sent out to policy but only 1 person took it up – Adam Pennicott. Craig Wilson and Phil Richardson can't attend as they will be at an electricity reform meeting at the request of the DG and Clinton needs to be in the office bc COAG is on at that time. Clinton will put the feelers out again but so far, these are our attendees (I would be there also but I'm on leave that day):

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2. Ross Musgrove
3. Tim Herbert
4. Alexandra Brouwer
5. Anne Moffat
6. Scott Peut
7. Debbie Paterson
8. Steve Allan
9. Geoff Robson
10. Martelle Fisher
11. Joanne Copp
12. Salu McFarland
13. Mark Jackson

### Sarah Papas

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal |

Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222

CTPI - Personal  
Information

**Great State. Great opportunity.**

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## Sarah Papas

---

**From:** Karen Kay  
**Sent:** Wednesday, 26 March 2014 5:11 PM  
**To:** Sarah Papas  
**Subject:** RE: 140306, ERM Presentation / 3.00pm 28th March

Hi Sarah

All done.

KK

Thanks and Kind Regards

**Karen Kay**

Principal Executive Assistant / Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal  
/ Department of the Premier and Cabinet  
[karen.kay@premiers.qld.gov.au](mailto:karen.kay@premiers.qld.gov.au) | 300 39223

**Great State. Great opportunity.**

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---

**From:** Sarah Papas  
**Sent:** Wednesday, 26 March 2014 4:55 PM  
**To:** Karen Kay  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

Kk – here is the list of attendees. Can you please invite them all to the appointment that is in Ross' diary and also advise Ashley from Peter Costantini's office.

1. Adam Pennicott from Economic Policy
2. Ross Musgrove
3. Tim Herbert
4. Alexandra Brouwer
5. Anne Moffat
6. Scott Peut
7. Debbie Paterson
8. Steve Allan
9. Geoff Robson
10. Martelle Fisher
11. Joanne Copp
12. Salu McFarland
13. Mark Jackson

Thanks.

**Sarah Papas**

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 | CTPI - Personal Information

**Great State. Great opportunity.**

Please consider the environment before printing this email.

---

**From:** Sarah Papas  
**Sent:** Wednesday, 26 March 2014 4:49 PM  
**To:** Clinton De Bruyn  
**Cc:** Karen Kay  
**Subject:** RE: 140306, ERM Presentation / 3.00pm 28th March

Hi Clinton

ERM have chased us up for the names of people attending on Friday. Can you please send me your list of 10 people from Policy?

Thanks.

Regards, Sarah

**Sarah Papas**  
Strategic Advisor  
Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222

CTPI - Personal Information

**Great State. Great opportunity.**

Please consider the environment before printing this email.

---

**From:** Clinton De Bruyn  
**Sent:** Monday, 17 March 2014 11:22 AM  
**To:** Sarah Papas  
**Subject:** RE: 140306, ERM Presentation / 3.00pm 28th March

Hi Sarah,

At this stage, Adam Pennicott from Economic Policy will be attending. Craig and Phil will be at an ERIC meeting at that time (electricity reform meeting) and I am waiting to hear back from Social Policy.

Thanks,  
Clinton

---

**From:** Sarah Papas  
**Sent:** Monday, 17 March 2014 11:14 AM  
**To:** Clinton De Bruyn  
**Subject:** RE: 140306, ERM Presentation / 3.00pm 28th March

Hi Clinton

I'm just following up on this one. We are waiting on a list of 10 people from policy (Ross also sent this to Craig Wilson to be included).

Can you let me know as soon as possible so I can advise ERM?

Thank you.

**Sarah Papas**  
Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 | CTPI - Personal Information

**Great State. Great opportunity.**

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---

**From:** Sarah Papas  
**Sent:** Thursday, 6 March 2014 4:15 PM  
**To:** Clinton De Bruyn  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

**Sarah Papas**  
Strategic Advisor  
Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 |

**Great State. Great opportunity.**

Please consider the environment before printing this email.

---

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 2:25 PM  
**To:** Sarah Papas; David Hourigan; Geoff Robson; Tim Herbert; Jon Grayson; Scott Peut  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

More detail as per previous

Looks like a good program

**Ross Musgrove**  
Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet  
[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 |

**Great State. Great opportunity.**

Please consider the environment before printing this email.

---

**From:** Peter Costantini [<mailto:peter.costantini@premiers.qld.gov.au>]   
**Sent:** Thursday, 6 March 2014 12:09 PM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Presentation / 3.00pm 28th March

Hi again Ross

Below are my suggestions for the ERM presentation. As mentioned, please add anything from your end.

ERM Power Presentation content:

- Growth story, what and how achieved.
- Approach to innovation and entrepreneurship, how that has played a role.
- Current business performance and future plans.
- How ERM Power engages with Government.
- Key policy issues of interest.
- Views on how Government can work better with the Private sector to create more (ERM's) in Queensland.
- Parallels between how Trevor started the ERM's generation / development side of the business with how the Commission of Audit recommendations are looking at de-regulation, outsourcing and asset sales.
- Whether Government policy is designed to encourage Qld business development and success at the same time as achieving efficiencies, etc.

**I have advise that you will confirm who will be attending from your end as soon as practical.**

In relation to format, I have suggested a formal presentation by members of the ERM Power team for 1 hour or little longer along with questions, then allow for some drinks and nibbles - say at 4.15 / 30 for 1/2 hour to 1 hour.

With kind regards



PETER COSTANTINI | CHIEF EXECUTIVE

P +61 7 3221 9222 | M CTPI - Personal F +61 7 3221 9223 | W [sasgroup.net.au](http://sasgroup.net.au)  
 Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000

Released under RTI/DPS

## Sarah Papas

---

**From:** Sarah Papas  
**Sent:** Thursday, 6 March 2014 4:15 PM  
**To:** Clinton De Bruyn  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

### Sarah Papas

Strategic Advisor

Office of the Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[sarah.papas@premiers.qld.gov.au](mailto:sarah.papas@premiers.qld.gov.au) | 07 300 39222 | CTPI - Personal Information

### Great State. Great opportunity.

Please consider the environment before printing this email.

---

**From:** Ross Musgrove  
**Sent:** Thursday, 6 March 2014 2:25 PM  
**To:** Sarah Papas; David Hourigan; Geoff Robson; Tim Herbert; Jon Grayson; Scott Peut  
**Subject:** FW: 140306, ERM Presentation / 3.00pm 28th March

More detail as per previous

Looks like a good program

### Ross Musgrove

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224 |

### Great State. Great opportunity.

Please consider the environment before printing this email.

---

**From:** Peter Costantini [<mailto:peter.costantini@erm.com.au>]   
**Sent:** Thursday, 6 March 2014 12:09 PM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
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With kind regards

**SAS GROUP**

PETER COSTANTINI | CHIEF EXECUTIVE

P +61 7 3221 9222 | M CTPI - Personal F +61 7 3221 9223 | W [sasgroup.net.au](http://sasgroup.net.au)  
Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000

Released under RTI - DMC

## Sarah Papas

---

**From:** Peter Costantini [peter.costantini@ctpi.com.au] CTPI - Personal Information  
**Sent:** Thursday, 6 March 2014 12:09 PM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Presentation / 3.00pm 28th March

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With kind regards

**SAS** GROUP

PETER COSTANTINI | CHIEF EXECUTIVE

---

P +61 7 3221 9222 | M [REDACTED] | F +61 7 3221 9223 | W [sasgroup.net.au](http://sasgroup.net.au)  
Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000

**Sarah Papas**

---

**From:** Peter Costantini [peter.costantini@erm.com.au] (CTPI - Personal Information)  
**Sent:** Thursday, 6 March 2014 10:41 AM  
**To:** Ross Musgrove  
**Cc:** Contact ERM Power  
**Subject:** 140306, ERM Power Briefing

Dear Ross

I would like to confirm details for the ERM Power briefing for you and your colleagues, being:

**3.00pm**  
**Friday 28th March**  
**Level 52, 111 Eagle Street, Brisbane**

I suggest you allocate a couple of hours although once ERM Power has had the opportunity to discuss their presentation in more detail we can refine the time.

As I understand you are keen for colleagues to hear about the ERM Power growth story - e.g.: they are now the 4th largest energy retailer in Australia, their approach to innovation and entrepreneurship, their current business performance and future plans.

Can you please advise if there are particular issues which you would like ERM Power to address in the presentation. In due course, I would appreciate confirmation of the names of people attending.

ERM Power is a client of the SAS Group on the Queensland Lobbyist Register.

I look forward to hearing back from you.

With kind regards

 **SAS** GROUP

PETER COSTANTINI | CHIEF EXECUTIVE

---

P +61 7 3221 9222 | M [redacted] | F +61 7 3221 9223 | W [sasgroup.net.au](http://sasgroup.net.au)  
Level 5 ICON Place, 270 Adelaide Street, Brisbane Qld 4000



## Adam Pennicott

---

**From:** Phil Richardson  
**Sent:** Friday, 7 March 2014 12:42 PM  
**To:** Craig Wilson  
**Cc:** Adam Pennicott  
**Subject:** RE: Invitation to meet with ERM Business Energy  
**Attachments:** ERM overview.docx

Craig, attached is a one pager on ERM from their 2012-13 annual report.

I'd also note that the Chairman of ERM is Tony Bellas, who chaired (on the recommendation of the DG I believe) the Independent Review Panel into Network Costs (IRP – was a big driver of the IDC network reforms).

### Phil Richardson

#### Director, Economic Policy

Department of the Premier and Cabinet

Ph: (07) 3003 9393 Mob: CTPI - Personal Information

Email: [phil.richardson@premiers.qld.gov.au](mailto:phil.richardson@premiers.qld.gov.au)

---

**From:** Craig Wilson  
**Sent:** Thursday, 6 March 2014 4:48 PM  
**To:** Phil Richardson; Clinton De Bruyn  
**Cc:** Adam Pennicott  
**Subject:** RE: Invitation to meet with ERM Business Energy

Phil, pls download a one pager on ERM for me too

---

**From:** Phil Richardson  
**Sent:** Thursday, 6 March 2014 4:16 PM  
**To:** Clinton De Bruyn; Craig Wilson  
**Cc:** Adam Pennicott  
**Subject:** RE: Invitation to meet with ERM Business Energy

Thanks Clinton

Craig and I will be at an ERIC meeting (Electricity Reform Implementation Committee) so we won't be able to attend.

But Adam's free and keen.

### Phil Richardson

#### Director, Economic Policy

Department of the Premier and Cabinet

Ph: (07) 3003 9393 Mob: CTPI - Personal Information

Email: [phil.richardson@premiers.qld.gov.au](mailto:phil.richardson@premiers.qld.gov.au)

---

**From:** Clinton De Bruyn  
**Sent:** Thursday, 6 March 2014 4:09 PM  
**To:** Craig Wilson; Christine Castley; Anthony Crack; Adrian Jeffreys  
**Cc:** Phil Richardson; Adam Pennicott  
**Subject:** Invitation to meet with ERM Business Energy

Hi all,

David has asked for ten people from Policy Division to attend the following meeting with ERM Business Energy, from 3-5pm on Friday 28 March. Their website is here: <http://www.ermpower.com.au/>

Presumably this will be of interest primarily to Economic Policy, but if anyone else from Policy wants to attend, please let me know.

Thanks,

Clinton

Begin forwarded message:

**From:** Ross Musgrove <[Ross.Musgrove@premiers.qld.gov.au](mailto:Ross.Musgrove@premiers.qld.gov.au)>  
**Date:** 6 March 2014 11:46:11 am AEST  
**To:** Karen Kay <[Karen.Kay@premiers.qld.gov.au](mailto:Karen.Kay@premiers.qld.gov.au)>, Geoff Robson <[geoff.robson@premiers.qld.gov.au](mailto:geoff.robson@premiers.qld.gov.au)>, David Hourigan <[David.Hourigan@premiers.qld.gov.au](mailto:David.Hourigan@premiers.qld.gov.au)>, Jon Grayson <[Jon.Grayson@premiers.qld.gov.au](mailto:Jon.Grayson@premiers.qld.gov.au)>, Scott Peut <[Scott.Peut@premiers.qld.gov.au](mailto:Scott.Peut@premiers.qld.gov.au)>, Sarah Papas <[Sarah.Papas@premiers.qld.gov.au](mailto:Sarah.Papas@premiers.qld.gov.au)>, Tim Herbert <[Tim.Herbert@premiers.qld.gov.au](mailto:Tim.Herbert@premiers.qld.gov.au)>  
**Subject:** FW: Invitation: ERM / Ross Musgrove - DPC team @ Fri 28 Mar 2014 15:00 - 17:00

As discussed.

An opportunity to meet with ERM to learn about the history of the company, current operations and their view of the future of energy markets.

I suggest that we take 5 from renewal, 5 from services and 10 from policy division.

Ross

**Ross Musgrove**

Chief Operating Officer and Deputy Director-General Public Sector Renewal | Department of the Premier and Cabinet

[ross.musgrove@premiers.qld.gov.au](mailto:ross.musgrove@premiers.qld.gov.au) | 07 300 39224

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**Great State. Great opportunity.**

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---

**From:** ross musgrove [mailto:[rossmusgrove3](mailto:rossmusgrove3)] [redacted]  
**Sent:** Thursday, 6 March 2014 11:14 AM  
**To:** Ross Musgrove  
**Subject:** Fwd: Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove3 [redacted])

----- Forwarded message -----

**From:** Peter Costantini <[peter.costantini](mailto:peter.costantini)> [redacted]  
**Date:** Thursday, March 6, 2014  
**Subject:** Invitation: ERM / Ross Musgrove - Premier's Office team @ Fri 28 Mar 2014 15:00 - 17:00 (rossmusgrove3 [redacted])

To: "rossmusgrove3 [redacted] CTPI - Personal Information" <rossmusgrove3 [redacted]>, Philip St Baker  
<pstbaker [redacted]>

[more details »](#)

**ERM / Ross Musgrove - Premier's Office team**

When Fri 28 Mar 2014 15:00 – 17:00 Eastern Time - Brisbane

Where ERM Offices, Level 52, 111 Eagle Street, Brisbane ([map](#))

Calendar [rossmusgrove3 \[redacted\]](#)

- Who
- Peter Costantini- organiser
  - Philip St Baker
  - [rossmusgrove3 \[redacted\]](#)

Going? **Yes - Maybe - No** [more options »](#)

Invitation from [Google Calendar](#)

You are receiving this email at the account [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com) because you are subscribed for invitations on calendar [rossmusgrove3@gmail.com](mailto:rossmusgrove3@gmail.com).

To stop receiving these notifications, please log in to <https://www.google.com/calendar/> and change your notification settings for this calendar.

Released under RTI - DPC

## ERM Power

ERM Power Limited is a diversified energy company that operates electricity sales, electricity generation, and gas exploration and production businesses.

Our aspiration is to be the preferred supplier of energy to Australian business customers.

We are licensed to sell electricity in all Australian states and territories and are the 4th largest sellers of electricity by volume in the National Electricity Market. We focus on selling electricity exclusively to business customers, with this segment of the market comprising approximately 12% of all customers and 70% of all electricity sold in Australia.

We own and operate 442 megawatts of low emission gas-fired power generation power stations, comprising 83.33% of the 332 megawatt (MW) Oakey Power Station (Oakey) and 50% of the 330MW Neerabup Power Station (Neerabup). We are one of Australia's largest power development companies having led the development of more than 2,000MW of gas-fired power generation. Completed projects include the Oakey, Braemar 1 and Braemar 2 power stations in Queensland, the Uranquinty power station in New South Wales and the Kwinana and Neerabup power stations in Western Australia.

We have participated in two successive commercial gas/condensate discoveries (processing facility commissioning under way) and have equity interests in almost 12,000 km<sup>2</sup> of gas exploration acreage across Australia. Exploration tenements include conventional gas, condensate, oil and shale gas prospects. We also hold strategic shareholdings in gas exploration companies.

The diverse nature of the Group necessitates different measures to be applied to each of its operating businesses in assessing performance.

### 1. FY 2013 HIGHLIGHTS AND FY 2014 GUIDANCE

	FY 2013	FY 2012	FY 2011
Electricity sold (TWh)	11.1	8.3	5.6
Electricity sales business revenue (\$m)	1,493.0	842.4	486.7
Generation revenue (\$m)	72.7	71.0	55.8
EBITDAIF excluding significant items <sup>2</sup> (\$m)	78.4	70.1	40.2
Underlying Profit excluding significant items <sup>2</sup> (\$m)	20.0	13.9	6.2
Dividends paid (cents per share)	9.5	7.5	-



# Presentation to Premier's Department.

28 March 2014

Released under the **PTI - DPC**

# Important notice - disclaimer.



## Disclaimer

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of ERM Power Limited (ERM Power) and certain plans and objectives of the management of ERM Power.

Such forward-looking statements involve both known and unknown risks, uncertainties, assumptions and other important factors which are beyond the control of ERM Power and could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements.

None of ERM Power, its officers, advisers or any other person makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statements or any outcomes expressed or implied by any forward-looking statements.

The information contained in this presentation does not take into account investors investment objectives, financial situation or particular needs. Before making an investment decision, investors should consider their own needs and situation and, if necessary, seek professional advice.

To the maximum extent permitted by law, none of ERM Power, its directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising out of, or in connection with it.

## Non-IFRS information

This document may contain certain non-IFRS financial measures and other defined financial terms.

The directors believe the presentation of certain non-IFRS financial measures is useful for the users of this document as they reflect the underlying financial performance of the business. The non-IFRS financial measures include but are not limited to:

- EBITDAIF - Earnings before interest, tax, depreciation, amortisation, impairment and net fair value gains / losses on financial instruments designated at fair value through profit and loss and gains/losses on onerous contracts, including profit from associates.
- Underlying profit or Underlying NPAT - Statutory net profit after tax attributable to equity holders of the Company after excluding the after tax effect of unrealised marked to market changes in the fair value of financial instruments, impairment and gains/losses on onerous contracts.

A reconciliation of Underlying Profit and EBITDAIF is detailed in the Management Discussion and Analysis - Appendix A1.1.

The reconciliation of Underlying Profit and EBITDAIF to statutory profit or loss has not been specifically reviewed in accordance with Australian Auditing Standards, but has been extracted from note 2 of the half year financial report.

All reference to \$ is a reference to Australian dollars unless otherwise stated. Individual items and totals are rounded to the nearest appropriate number or decimal. Some totals may not add down the page due to rounding of individual components.

## Agenda

- About ERM Power
- Working with the Queensland Government
  - Key policy issues
  - Improving co-operation
  - Lessons for Commission of Audit recommendations



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## About ERM Power



# Our business in a snapshot.



Australia's 4<sup>th</sup> largest electricity retailer, with significant generation development and operating expertise

- Ownership interest in, and operator of, two low emission gas-fired peaking power stations
  - Oakey (100%) in Queensland
  - Neerabup (50%) in Western Australia
- Operator of the 320MW Kwinana base-load power station in Western Australia
- Since inception, ERM Power has developed >2,600MW of generation and has a further >2,000MW approved for development
- Conventional and unconventional exploration and production tenements in Western Australia and New South Wales
- Exploring options for the business, including potential demerger
- Australia's 4<sup>th</sup> largest electricity retailer, licenced to sell electricity in all Australian states and the ACT and Northern Territory
  - Targeting business customer market
    - Large businesses
    - Small businesses
  - Electricity supply exposure is hedged by using owned or contracted generation capacity and derivative contracts



Notes:

- 1 Financial close on acquisition of the remaining 16.67% interest in Oakey expected prior to end of CY2013
- 2 Based on ERM Power's forecast league table for volume of electricity sold in the National Electricity Market for FY2013. The analysis draws on 2011 SRES scheme liability data, ERM Power signed contracts and broad assumptions about the market and participants. This is not an independently verified forecast

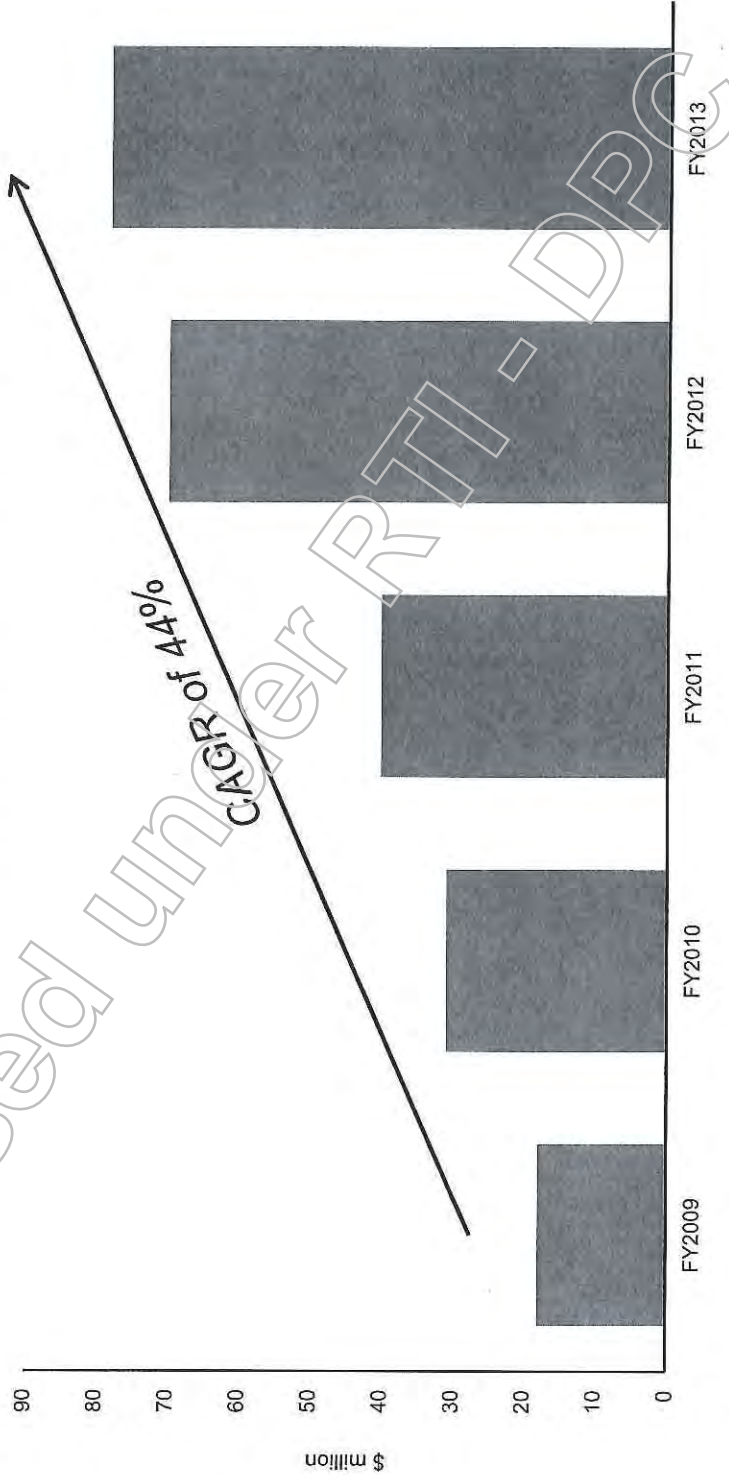


# Earnings growth trajectory.

ERM Power has continued to deliver strong earnings growth

*2nd largest retailer to large customers*

## ERM Power's underlying business profitability since 2009<sup>1</sup>



Note:

<sup>1</sup> Earnings before interest, tax, depreciation, amortisation, goodwill impairment and net fair value gains / losses on financial instruments designated at fair value through profit and loss. Excludes significant items. Profits from the power development business and other discontinued activities have been excluded

# Sales strategy.



ERM Power targets the business customer market and has organically grown market share to >7.5%

**Why target the business market?**

- Business customer market accounts for around 70% of Australia's total electricity market by load
- The larger retailers are focussed on mass-market customers, providing an opportunity for ERM Power to capitalise on its superior customer service and efficient operations

**Small business expansion underway**

- Gross margins in small business segment can be five times higher than in large business segment
- Opportunity to set a new standard for small business customer service
- Natural path to the small business market
  - Many large business customers have small sites that ERM Power can now supply
  - Many brokers who bring large customers to ERM Power also represent small businesses

Business customer market	
Size of market <sup>1</sup> (TWh)	~150
ERM Power Market Share	> 7.5% (from 0% six years ago)

## Small business sales growth

- ✓ 11,500 customer sites contracted
- ✓ Over A\$150m of forward sales contracted
- ✓ More than 0.5TWh over three years contracted
- ✓ Rapid growth since commencement of small business offering on 1 July

Note: 1 ESAA 2013 annual report

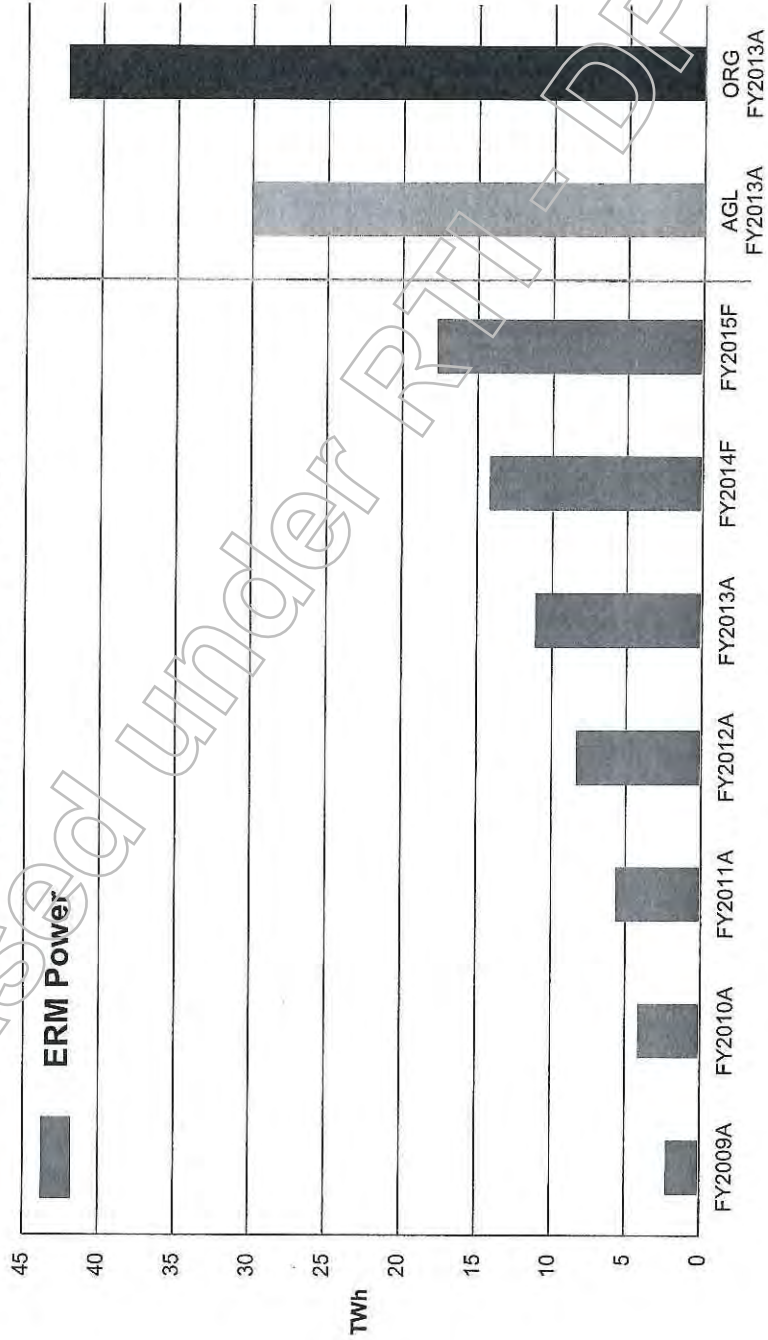
*Notes & wires -> the fines ~~note~~ than benchmarked int. areas. ↳ bureaucracy.*



# Track record of growing sales.

ERM Power has delivered a 50% CAGR in electricity sales between 2009 and 2013 and is forecasting continued growth in FY2014 and FY2015

## Electricity Sales - All Segments



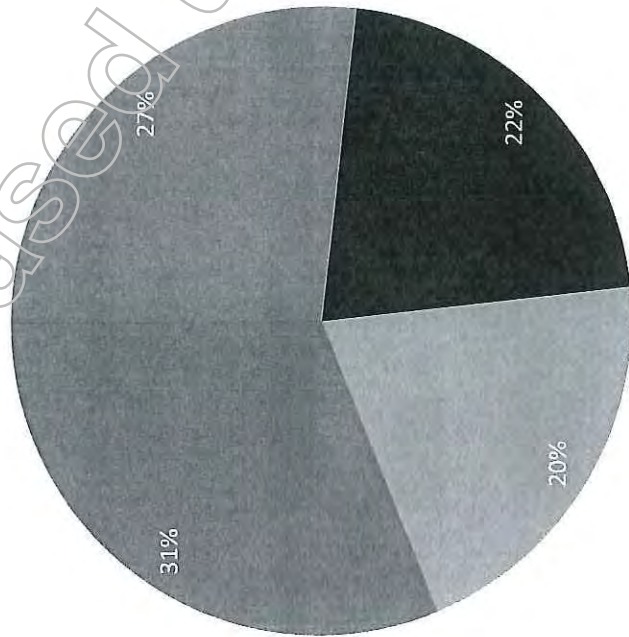
Source: ERM Power, Origin Energy and AGL Energy FY2013 annual reports and ERM Power forecasts

# Diversified customer base.



**Sales (GWh) by Industry Type (December 2013)**

**Sales (GWh) by Region (December 2013)**



- Gov't, Education Healthcare
- Heavy Industry, Manufacturing
- Retail, Property, Tourism
- Mining, Major Infrastructure



- QLD
- NSW
- VIC
- TAS
- SA
- WA

# No.1 for customer service .



- Independent research<sup>1</sup> confirms ERM Power is No. 1 for customer service to business in electricity
- Our customers are 11 times more likely to be "very satisfied" when compared to the average of all other retailers surveyed

<sup>1</sup> Utility Market Intelligence (UMI) survey electricity industry by independent research company NTF Group in 2013 (18th year of survey). Research based on survey of 414 business electricity customers in October/November 2013. Four major electricity retailers benchmarked.

Culture? → Service & Price.



---

## Operational excellence.

---

- Highly accurate and efficient operations enable market leadership in customer satisfaction, service and value
- A major competitive advantage for ERM Power
- Outstanding operational performance
  - **Billing accuracy of 99.91%**
  - **Billing collection rate 99.82%**
- We have achieved this industry leading performance level by designing, building, owning and operating our own retailing systems and processes
- We are maintaining and improving operational performance while growing at a high but sustainable rate

# Capability in generation.



ERM Power has developed 6 power stations, representing ~5% of Australia's generation capacity



Neerabup, WA (2009)



Kwinana, WA (2008)



Oakey, Qld (1999)



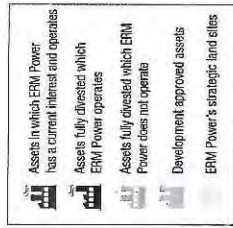
Braemar, 1 Qld (2006)



Braemar, 2 Qld (2009)



Uranquinty, NSW (2008)





# Generation operations.



Oakey Power Station - Queensland



Neerabup Power Station – Western Australia

## Oakey (332MW) Peaker

- Outstanding availability, performance
- Operated <2% of time
- Availability<sup>1</sup> 99.7%

## Neerabup (330MW) Peaker

• High availability

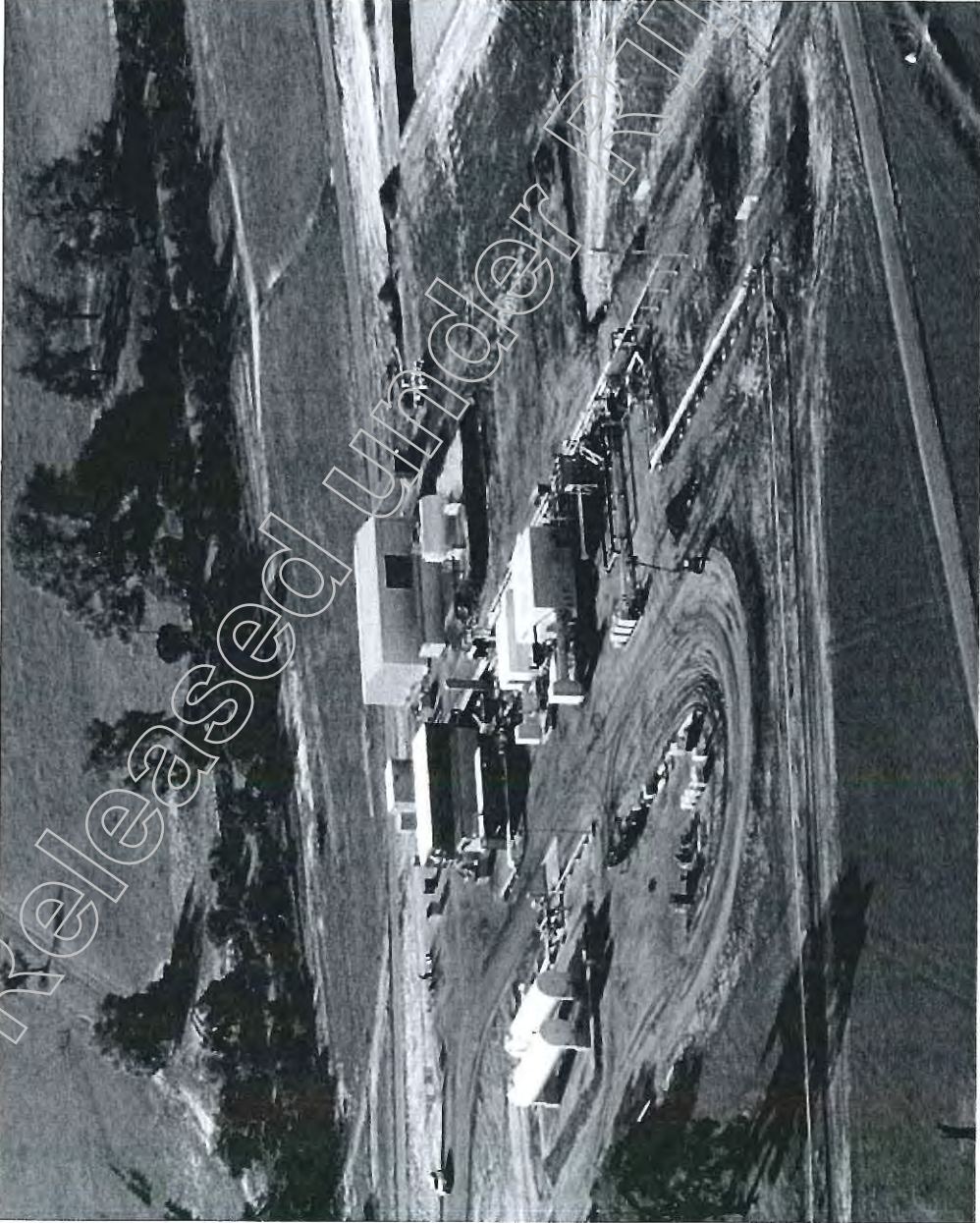
- Operated <2% of time
- Availability<sup>1</sup> 99.99%

## Kwinana (320MW) Baseload

- ERM Power operates this asset for others

<sup>1</sup>IEEE Standard used for calculation of availability

# Gas & condensate production.



Red Gully Gas and condensate processing facility in Western Australia (Source: Empire Oil and Gas)

- Closest gas supply to Perth
- Commercial operation is expected from August 2013
- Selling gas to Alcoa, condensate to BP
- Significant expansion prospects

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## Metering.

- Electricity metering business on track to start operations in FY2014
- Business to be called **Powermetric Metering**
- Initial focus will be the large customer market
- Established and tested proprietary metering IT system
- Developed business processes which comply with ISO9001 quality assurance standards
- AEMO audit of capability and processes scheduled for February and March 2014
- Accreditation as Metering Service Provider in National Electricity Market expected after successful audit
- Operations begin once business is accredited

# Gas retailing

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- New market for ERM Power starting late FY2014
- Significant commercial opportunity and natural extension
- Our existing electricity customers represent a large target market
- Risk and operation mechanics are similar to electricity
- Many of our staff have gas retailing experience



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# Operational excellence.

---

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- Outstanding operational performance
  - **Billing accuracy of 99.91%**
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- We have achieved this industry leading performance level by designing, building, owning and operating our own retailing systems and processes
- We are maintaining and improving operational performance while growing at a high but sustainable rate

# Working with the Queensland Government

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## Key policy issues.

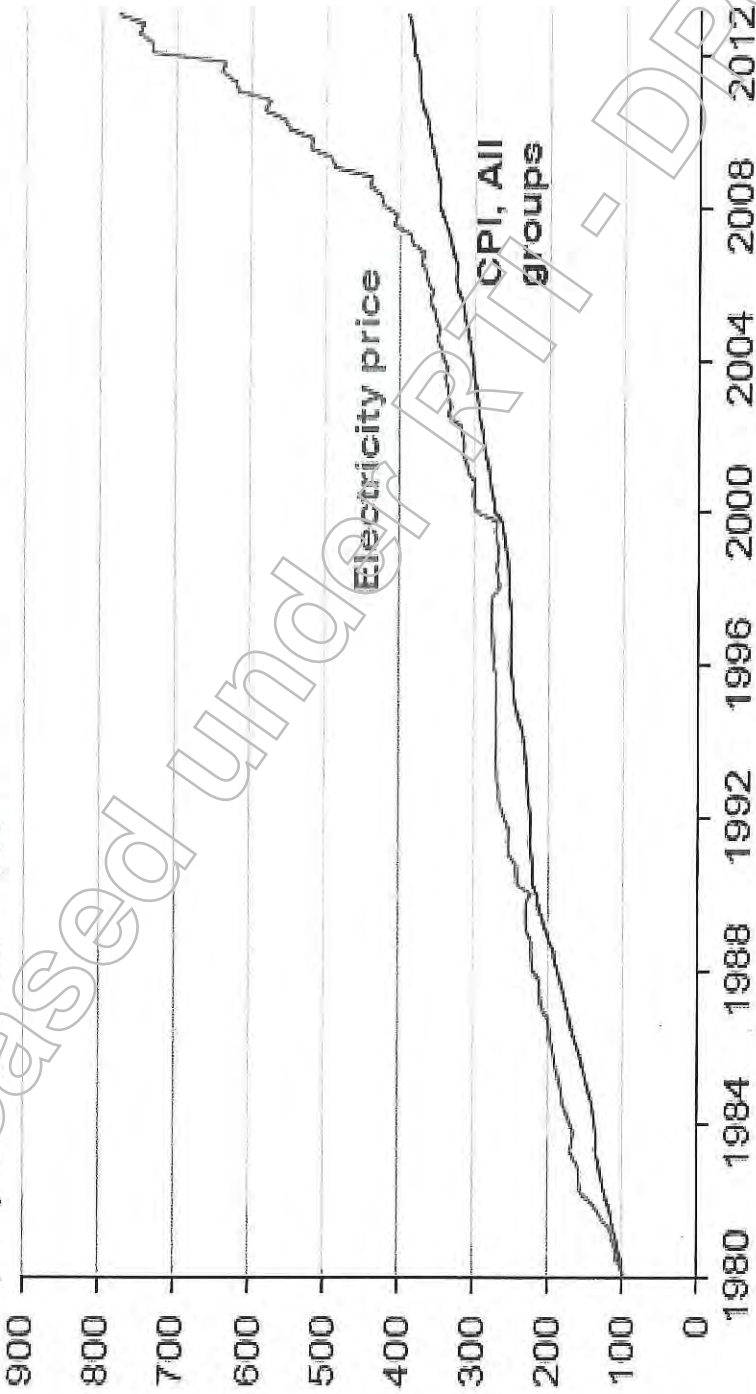
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- Reform of network tariffs to address anomalies (TB)
- Arresting rate of increase in network costs (TB and TSB)
  - Network costs in NEM are internationally uncompetitive (TSB)
  - Median pass through costs for marginal small business consumers in Qld are 18 cents/ kWh (TSB)
  - This is twice level of Victoria and four times most of USA (TSB)
  - See following slides for more details (TSB)

# Key policy issues.

## Electricity prices have risen at 5x CPI each year for last six years

Figure 2.1: Rise in electricity prices in comparison to rise in CPI Index, September 1980 = 100



Source: ABS (2013c)

Graph is from the Grattan Institute Report: 'Shock To The System', 10/12/2013

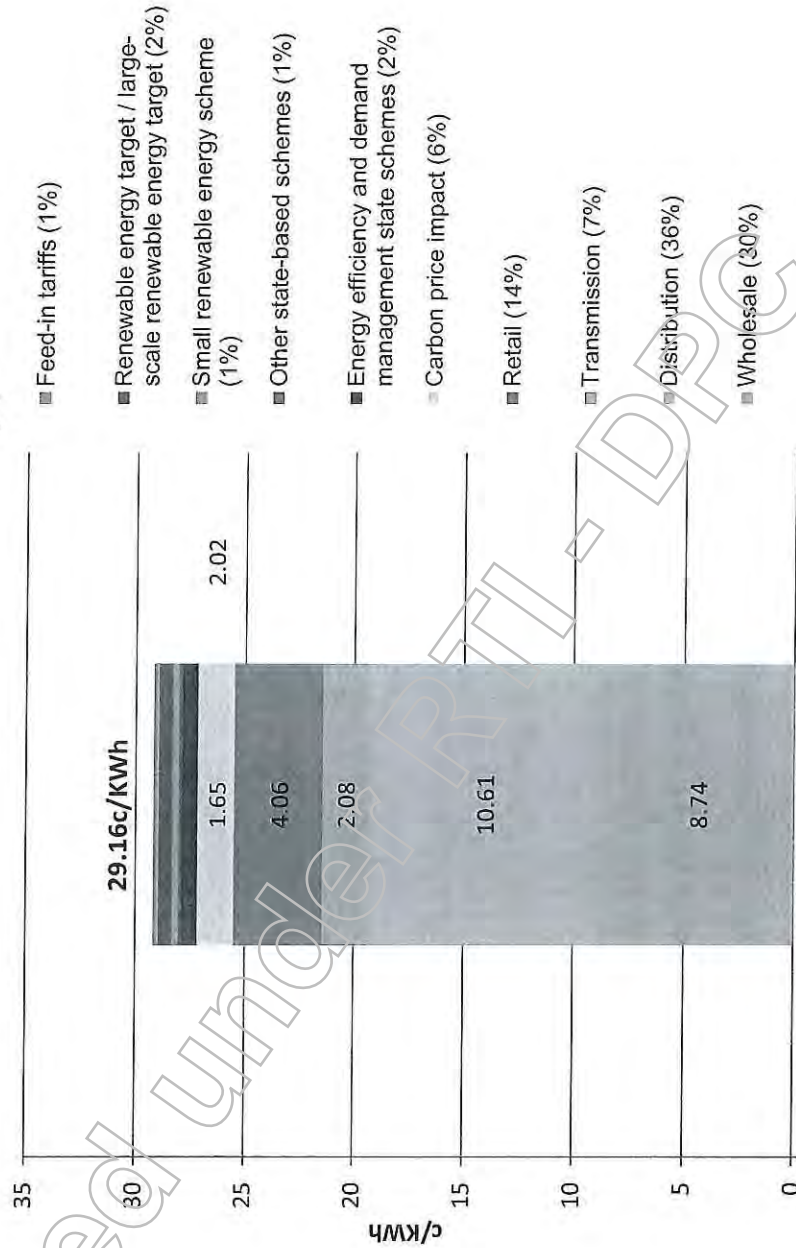


# Key policy issues.



## Residential electricity pricing 32 ¢/kWh (inc. GST) in 2012/13 - 3-times in USA and not internationally sustainable

Projected composition of residential electricity prices in NEM 2012/13

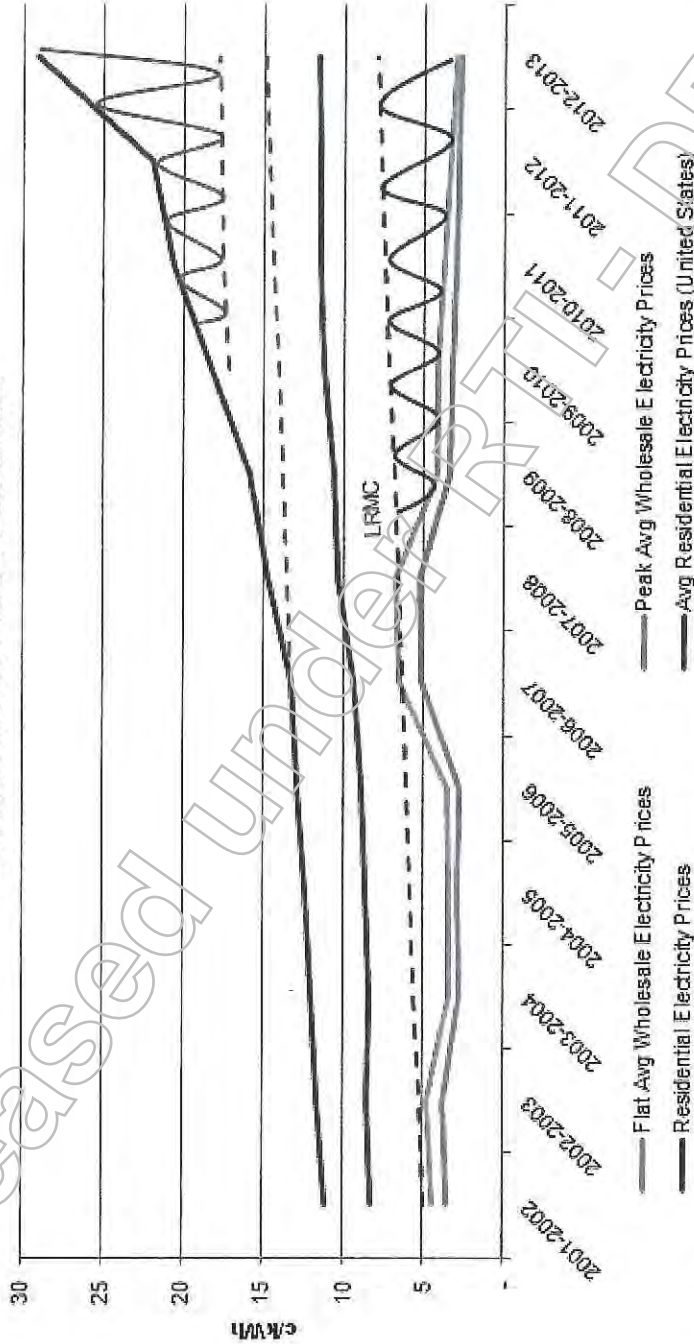


- Increase in regulated tariffs is primarily due to higher network costs plus risk hedge costs of private sector retailing
- Commencement of the carbon tax a major additional increase in electricity tariffs
- Current network regulatory framework incentivises high capital spend
- This cost is ultimately borne by consumers

2012-13  
Source: DCCEE (Department of Climate Change and Energy Efficiency), Issues Paper: National Energy Savings Initiative, December 2011, Canberra

# Key policy issues.

## Increasing international [un-competitiveness] over last six years Projected 2012-13 Queensland and United States electricity prices – wholesale versus residential

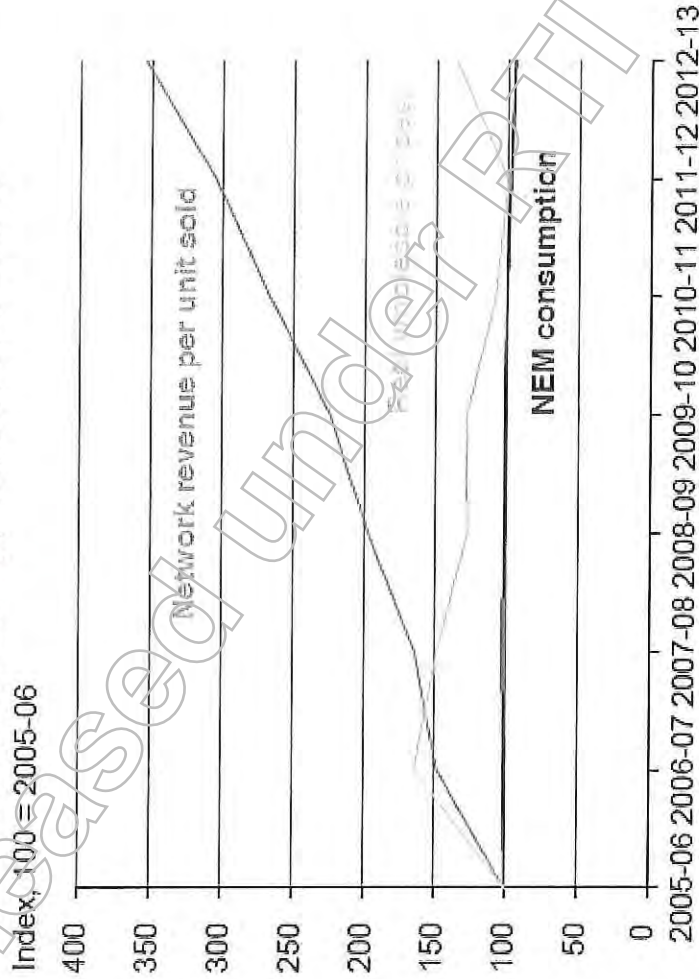


- Regulated retail tariffs have risen sharply while wholesale energy costs have been flat for a decade
- Retail margin applies to all regulated price components

Source:  
 AEMO, Aggregated Price and Demand Data, July 2012 & ERM Analysis  
 AEMC, Final Report: Possible Future Electricity Price Movements: 1 July 2011 to 30 June 2014, November 2011.  
 U.S. Energy Information Administration (EIA), Average Retail Price of Electricity to Ultimate Customers: 1999 through 2010, November 2011.

# Key policy issues.

Figure 2.3: NEM electricity consumption, network revenue per unit sold, and wholesale electricity price, 2005-06 to 2012-13



Note: \*Real wholesale prices are adjusted for the carbon price in 2012-13  
 Source: Grattan Analysis based on AEMO (1998-2013) and regulatory determinations.

Graph is from the Grattan Institute Report: "Shock To The System", 10/12/2013

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## Key policy issues.

---

- Regulated small business retail price cap (TSB)
  - Set lower than median total energy cost plus pass-through costs, particularly high network pass-through costs
  - Therefore lower than lowest contestable cost that could be offered to most small business customers to attract them from regulated small business price cap
- Competition from CS Energy and Stanwell in electricity retailing (MA)
- Deregulation of electricity tariffs in regional Queensland (TB)

# Improving co-operation

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- Red tape reduction (TB)
- Streamline major project approvals processes, including elimination of duplication with the Federal Government (TB)
- Reduce State Government and fees and charges to encourage business investment (TB)

# Lessons for Commission of Audit

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- Case for privatisation should centre on: (TB)
  - Core of business of government in providing basic services in health, education, law and order, social housing, public transport and essential economic and social infrastructure
  - Risk management - whether the government or private sector is best placed to manage the risks of operating businesses in competitive markets
  - Capital and operational funding - whether government or the private sector is best placed to provide the funds needed to meet the capital and operating requirements of government owned businesses



**More Information:**

Garry West  
Corporate Communications Manager  
Email: [gwest@ermpower.com.au](mailto:gwest@ermpower.com.au)  
Direct Ph: 61-7 3020 5165  
Mobile: 61- 457 140 650

Website: [www.ermpower.com.au](http://www.ermpower.com.au)

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Pages 128 through 132 redacted for the following reasons:

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Exempt Sch.3(2)(1)(a) Consideration of Cabinet

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# ERM POWER LTD OFFICIAL OPENING OF NEW OFFICE 111 EAGLE STREET

5 MINS: Queensland company ERM Power boosts  
business energy

## Acknowledgements

*I would like to acknowledge the traditional owners  
and custodians of the land, on which we meet, Elders  
who are with us today and those who have passed*

➤ **TBA**

## Speaking Points

- It's great to be here for the latest chapter in the never ending good news story that is ERM Power.
- The growth of this proudly Brisbane-based company founded in Queensland by Trevor St Baker some 32 years ago has been nothing short of phenomenal.

- From humble beginnings as a boutique energy advisory firm, ERM Power is now one of the fastest growing energy companies in Australia, with 90 staff in Queensland and nearly 170 nationally.
- ERM Power initially brought competition to Queensland's power development market in the late 1990s when it won the first ever open tender for private generation development in Australia.
- This led to the construction of the nation's first privately developed grid connected power station, the Oakey power station just outside Toowoomba, which ERM Power still owns and operates.
- Trevor and his team enjoyed that process so much they went on to build five more major power stations representing over \$2 billion in investment and about 5% of Australia's total generation capacity.
- But that was just the start.

- I understand it's only seven years since the company made its first foray into energy retailing to business customers.
- But in those few short years, by focusing on large businesses, the company has grown to become Australia's fourth largest seller of electricity, with growth in sales last year of more than 40%.
- And I'm told there's plenty more growing to do, including ERM Power's latest ventures which will see them move into gas and oil production.
- Ladies and gentlemen, we don't have to look far to discover the secret to this company's outstanding success.
- In an independent survey taken last year ERM Power received a customer service rating of 93%, earning them the ranking of number one electricity retailer in the nation for customer services to businesses.
- In a field where there's a great deal of customer dissatisfaction this is a stellar result and yet more



proof that Queensland really is a great state with great opportunities.

- Clearly, many more chapters of this Queensland success story remain to be written.
- My congratulations to Trevor and the team for your ongoing success and your impressive achievements over the nearly one third of a century that you've been in business.
- It's now my very great pleasure to declare ERM Power's new office at 111 Eagle Street officially open.

***[Premier unveils plaque]***

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Doc No	YFB 1	107
INDUSTRIAL DEVELOPMENT DOCUMENT		
DATE: 04 APR 2012		
Doc		000
Recd	04 APR 2012	000
Classification No		
File No		
Tracking Folder No		

30<sup>th</sup> March 2012

The Hon. Campbell Newman MP  
Premier  
Parliament House  
Alice Street  
Brisbane QLD 4000

Dear Premier

I would like to extend my congratulations on your outstanding success in the recent Queensland Election and the leadership you showed in taking the LNP team to victory.

ERM Power is a leading Queensland based energy company with a strong track record of developing new power generation facilities on time and on budget. Over the past five years, ERM Power has developed 30% of Australia's new generation capacity.

ERM Power is now also the 4<sup>th</sup> largest retailer of electricity across Australia providing cost effective solutions to government, commercial and industrial clients; and was recently rated first nationally amongst the six major retailers for customer satisfaction.

As the LNP works hard to get *Queensland Back on Track*, ERM Power will welcome the opportunity to work closely with you and your Ministers for long term solutions for energy security, cost effective pricing for customers, and the critical infrastructure needed to underpin our State's economic and community growth.

Again, congratulations on the overwhelming level of support your government has been able to secure across the state. We look forward to a continuing dialogue and working with you for the prosperity of Queensland.

Yours sincerely

  
PHILIP ST BAKER  
MANAGING DIRECTOR AND CEO

CC: Hon Larry Anthony and Peter Costantini - SAS Group

For reply please quote: ECU/LW – TF/12/7856 – DOC/12/69043

Mr Philip St Baker  
Managing Director and Chief Executive Officer  
ERM Power Limited  
PO Box 7152  
RIVERSIDE CENTRE QLD 4000

Dear Mr St Baker

Thank you for your letter of 30 March 2012 expressing your congratulations and good wishes on my election as Premier of Queensland.

The voters of Queensland have entrusted the management of the State to me and my team and I appreciate your support.

As Premier, I will work every single day to deliver better government. My Government has a strong action plan to get Queensland back on track and we will work with all Queenslanders to ensure this is the best state in the country.

I look forward to tackling the many challenges this position brings and I am ready for the task ahead.

Again, thank you for your support and I look forward to a productive working relationship with you.

Yours sincerely

**CAMPBELL NEWMAN MP  
PREMIER OF QUEENSLAND**

■



# Premier of Queensland

For reply please quote: ECU/LW - TF/12/7856 - DOC/12/69043

11 APR 2012

Mr Philip St Baker  
Managing Director and Chief Executive Officer  
ERM Power Limited  
PO Box 7152  
RIVERSIDE CENTRE QLD 4000

Dear Mr St Baker

Thank you for your letter of 30 March 2012 expressing your congratulations and good wishes on my election as Premier of Queensland.

The voters of Queensland have entrusted the management of the State to me and my team and I appreciate your support.

As Premier, I will work every single day to deliver better government. My Government has a strong action plan to get Queensland back on track and we will work with all Queenslanders to ensure this is the best state in the country.

I look forward to tackling the many challenges this position brings and I am ready for the task ahead.

Again, thank you for your support and I look forward to a productive working relationship with you.

Yours sincerely

CAMPBELL NEWMAN MP  
PREMIER OF QUEENSLAND

Executive Building  
100 George Street Brisbane  
PO Box 15185 City East  
Queensland 4002 Australia  
Telephone +61 7 3224 4500  
Facsimile +61 7 3221 3631  
Email [ThePremier@premiers.qld.gov.au](mailto:ThePremier@premiers.qld.gov.au)  
Website [www.thepremier.qld.gov.au](http://www.thepremier.qld.gov.au)



Queensland  
Government

## Run Sheet - Ernst & Young Brisbane Office Launch Event

Thursday 30 August 2012

Ernst & Young

5.30pm to 8.00pm

5.15pm	EY Internals to arrive
5.30pm	Guests arrival
6.00pm	Premier Campbell Newman to arrive
6.15pm	Welcome by Jenny Parker Introduction of Premier Campbell Newman, and Rob McLeod
6.20pm	Rob McLeod to speak
6.25pm	Campbell Newman toast and speech
6.35pm	Jenny to make closing remarks
8.00pm	Function concludes

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Combined

First Name	Last Name	Company Name
Phillip	St Baker	ERM Power Limited
Trevor	St Baker	ERM Power Limited

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**Lucas Clarke**

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**From:** Jennifer Gleadhill  
**Sent:** Friday, 8 March 2013 6:41 PM  
**To:** Mike Kirton; David Hourigan; Christine Castley; Tina Davey; Michael Tennant; Adrian Jeffreys; Anthony Crack  
**Cc:** Desley Jenkins  
**Subject:** The Queensland Plan - Major Stakeholders Database  
**Attachments:** Major Stakeholders database.xlsx

**Importance:** High

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Good Afternoon,

The Queensland Plan project team have compiled a database of major stakeholders for *The Queensland Plan*, we intend on using this database as a guest list for a peak body briefing. The core list has been provided to the Premier's office by departments nominating stakeholders.

We would appreciate your assistance by reviewing this database and confirming if there are any major stakeholders that are missing or incorrect.

I apologise for the short timeframe and ask that you provide your response by **Midday Monday 11 March 2013**. If you do not have any amendments could you please provide an email noting a nil response.

If there is a stakeholder you believe should no longer be on the list, can you please highlight the cell in [REDACTED]

If there is an additional major stakeholder you believe should be added, can you please add it on the bottom of the list and highlight in yellow.

Please provide your response to Desley Jenkins [desley.jenkins@premiers.qld.gov.au](mailto:desley.jenkins@premiers.qld.gov.au) should you have any questions please do not hesitate to call Desley on 303 30665.

Kind Regards,

**Jenny Gleadhill**

Executive Officer | Department of the Premier and Cabinet | Level 3, 100 George St, Brisbane Q 4000

e: [jennifer.gleadhill@premiers.qld.gov.au](mailto:jennifer.gleadhill@premiers.qld.gov.au) p: 07 3224 2330

Major Stakeholders

SAL	NAME	SURNAME	TITLE	COMPANY	STREET ADDRESS	POSTAL ADDRESS	SUBURB	STATE	POSTCODE	TELEPHONE	FAK	MOBILE	EMAIL	WEBSITE
Mr.	Tony	Beales	Chairman	ERM Power Limited	Level 5, 123 Eagle Street, Brisbane QLD 4000	GPO Box 7452	Brisbane	QLD	4001			0412 244 385	tonybeales@erm.com.au	

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**Current Speeches and Messages - April to June 2013** (poc/13/38732 (p35062-1 Speech/P35061-Msg)

16-Apr-13	Tuesday	ERM Power Limited Office opening	Speech	Antoinette	Dan Harris	Tuesday 23 April 13	TF/13/6061	1	1
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Major Stakeholders

SAL	NAME	SURNAME	TITLE	COMPANY	STREET ADDRESS	POSTAL ADDRESS	SUBURB	STATE	POSTCODE	TELEPHONE	FAX	MOBILE	EMAIL	WEBSITE
Mr	Tony	Iaculis	Chairman	ERM Power Limited	Level 5, 379 Eagle Street, Brisbane Qld 4000	GPC Box 7152	Brisbane	QLD	4001			0413 244 385	tony@erm.com.au	on

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Major Stakeholders

SAL	NAME	SURNAME	TITLE	COMPANY	STREET ADDRESS	POSTAL ADDRESS	SUBURB	STATE	POSTCODE	TELEPHONE	FAX	MOBILE	EMAIL	WEBSITE
Mr	Tony	Isellus	Chairman	ERM Power Limited	Level 5, 128 Eagle Street, Brisbane Qld 4000	GPO Box 7152	Brisbane	QLD	4001			0412 244 385	tony@isellus.com.au	

on

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Major Stakeholders

SAL	NAME	SURNAME	TITLE	COMPANY	STREET ADDRESS	POSTAL ADDRESS	SUBURB	STATE	POSTCODE	TELEPHONE	FAX	MOBILE	EMAIL	WEBSITE
Mr	Tony	Bellis	Chairman	ENM Power Limited	Level 5, 139 Eagle Street, Brisbane QLD 4000	GPO Box 7152	Brisbane	QLD	4001			0512 244 385	tonybellis@enm.com.au	

on

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Major Stakeholders

SAL	NAME	SURNAME	TITLE	COMPANY	STREET ADDRESS	POSTAL ADDRESS	SUBURBS	STATE	POSTCODE	TELEPHONE	FAX	MOBILE	EMAIL	WEBSITE
Mr	Tony	Bellis	Chairman	ENM Power Limited	Level 5, 123 Eagle Street, Brisbane QLD 4000	GPO Box 7152	Brisbane	QLD	4001			0413 244 385	tonyb@enm.com.au	

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Major Stakeholders

SAL	NAME	SURNAME	TITLE	COMPANY	STREET ADDRESS	POSTAL ADDRESS	SUBURB	STATE	POSTCODE	TELEPHONE	FAX	MOBILE	EMAIL	WEBSITE
Mr	Tony	Bellus	Chairman	ERM Power Limited	Level 5, 128 Eagle Street, Brisbane QLD 4000	GPO Box 7152 Brisbane	Brisbane	QLD	4001			0412 244 385	tonyb@bellus.com.au	

on

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**Lucas Clarke**

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**From:** Renaye Rostagno on behalf of Marketing Manager  
**Sent:** Wednesday, 20 November 2013 9:59 AM  
**To:** 'Catherine McGrath'  
**Cc:** Marketing Manager  
**Subject:** RE: 2014 Sponsorship - Qld Premiers Awards  
**Attachments:** 2014 Premier s Awards for Excellence - Sponsorship proposal.pdf

Hi Catherine

Many thanks for touching base so promptly.

Please find attached the full proposal attached which outlines the opportunity, category descriptions, proposed exposure, benefits and key dates.

We would appreciate a response by Tuesday 21 January 2014. Categories will be distributed on a first in, first served basis. If you would like to discuss further or have any questions please let me know.

Kind regards,  
Renaye

**Renaye Rostagno**

Marketing and Development Manager, Events Coordination  
Department of the Premier and Cabinet, Queensland Government

tel 07 300 39118 | mob CTPI - Personal Information | fax 07 3229 2990  
post PO Box 15185, City East QLD 4002  
email [marketing.manager@premiers.qld.gov.au](mailto:marketing.manager@premiers.qld.gov.au)



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Early bird tickets only \$45 (plus booking fee) | [www.australiaday.org.au/qld](http://www.australiaday.org.au/qld)

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**From:** Catherine McGrath [<mailto:CMcGrath@>  ]  
**Sent:** Wednesday, 20 November 2013 9:39 AM  
**To:** Marketing Manager  
**Subject:** 2014 Sponsorship - Qld Premiers Awards

Dear Renaye,

My colleague Garry West has referred your email enquiry to me.

I am currently in planning for the 2014 Marketing investment outlook, inclusive of sponsorship strategy – so please feel free to provide any information directly to me around opportunities you would like ERM Business Energy to consider as part of its engagement strategy.

Thanks  
Regards  
Catherine

**Catherine McGrath**  
General Manager Marketing

**ERM Business Energy**

Direct Phone: +61 7 3020 5552

Level 52, 111 Eagle St, Brisbane  
GPO Box 7152, Brisbane  
Queensland 4001  
Australia

Ph: +61 7 3020 5100

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Premier's Awards for Excellence 2014

sponsorship proposal

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Great state. Great opportunity.



2003  
Premier's Award for Excellence  
WINNER



2003  
Premier's Awards  
WINNER

Carroll  
& Smith  
CEN



## About the program

The 2014 awards program has been refreshed to align with Queensland public service values. These changes will help to further strengthen the awards to create a dynamic recognition program with a strong alignment to government values and greater opportunity for promotion of public service excellence to the wider community.

Released under RTI

# Award categories



Putting customers first through a commitment to excellence in customer focus and service

Driving ideas into action through innovative approaches.

Supporting a culture of excellence and unleashing the potential of people and organisations to provide outstanding performance.

Fostering a culture of integrity, accountability and courage in actions.

Empowering people through excellence in leadership, collaboration and team development.

Presented to a nominated project that has demonstrated the most outstanding approaching to realising the government's vision.

Released under FOI - DPC



## Key dates

Nominations open	Monday 16 June 2014
Nominations close	Friday 22 August 2014
Judging	September– October 2014
Finalist announcement	Mid – November 2014
Award ceremony	Early December 2014

## Exposure

The Premier's Awards for Excellence is supported by a focussed marketing and communications strategy which utilises online and direct mail to communicate the program to the Queensland public service.

Leveraging off government websites, e-newsletters, internal communications and through access to whole-of-government networks, the campaign will:

- ✓ Increase awareness of the awards within the public sector
- ✓ Increase visibility amongst the public sector for the outstanding achievements of project teams, work units and individuals across government
- ✓ Increase the number of nominations which make the awards possible
- ✓ Attract a high number of nominations from across the public sector

Additionally, the refreshed award program will provide an exciting opportunity to highlight achievements of the public sector to the wider Queensland community, with **further exposure benefits program sponsors.**

WINNER

5. 2014-15  
Government of South Queensland  
Infrastructure and Planning

and developing Queensland's future by  
as some processes

# Opportunity

The opportunity is available for your organisation to partner with us as the exclusive sponsor of the \_\_\_\_\_ or \_\_\_\_\_ category

As a category sponsor you will receive:

- Category exclusivity
- Representation on the judging panel for the category
- High level brand recognition across marketing, advertising, public relations, collateral, website and award ceremony audio-visual display
- Inclusion of an advertisement in the award guidelines and ceremony program
- Complimentary hospitality at the award ceremony
- Presentation by a representative at the award ceremony
- Opportunity to provide a 30 second TVC to be played during the award ceremony
- Display of branded banner and merchandise at the award ceremony
- Acknowledgement in official speeches at the award ceremony
- Detailed evaluation report at the conclusion of the awards
- First right of refusal for the 2015 program

\$10,000 (excl GST)

# Benefits

Pair this with strong brand awareness and proven sponsorship management, a partnership with the Queensland Government will deliver return on objectives and investment.

Some of the benefits you can expect include:

## Enjoying partnership privileges

We will seek representatives from you to join the judging panel, present your category's award and attend the exclusive ceremony.

## Establishing solid communication objectives

Opportunity to provide advertisement, signage and merchandise for use throughout the program.

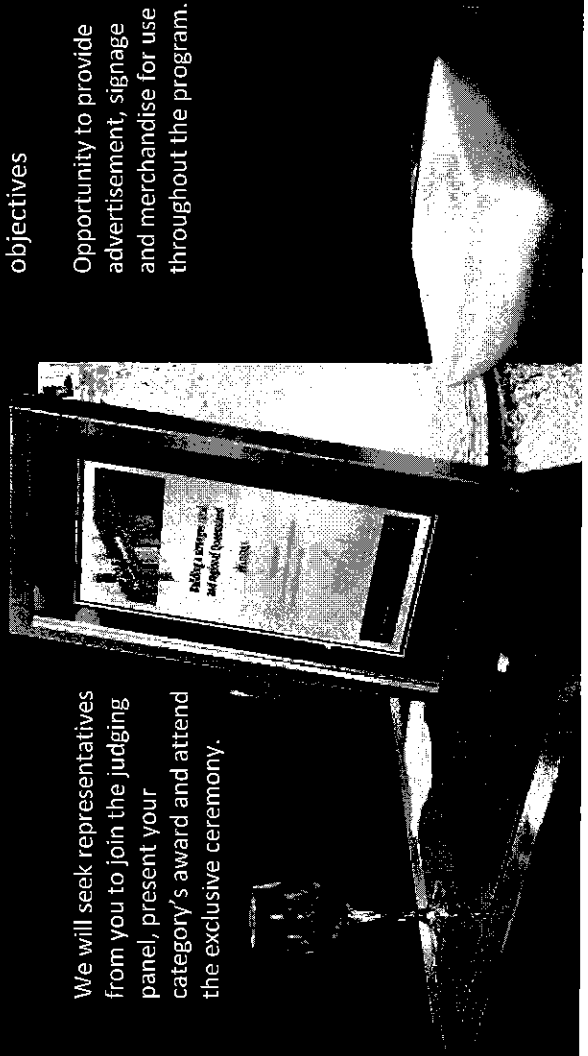
## Publicity and acknowledgement

Working together to create a profile

The program is supported by a tailored communications plan which provides opportunities for our partners to attend and gain exposure, and develop public relations opportunities within the overall event program.

## Brand and logo alignment

This will be achieved through the inclusion of your brand on program support collateral, advertising and online.



Premier's Awards for Excellence 2014

Released under RTI - DPC

**Renaye Rostagno**, Marketing and Development Manager  
Events Coordination, Department of the Premier and Cabinet

T 07 3224 2457 | E [marketing.manager@premiers.qld.gov.au](mailto:marketing.manager@premiers.qld.gov.au)

Great state. Great opportunity.



## Lucas Clarke

---

**From:** The Premier (Ministerial)  
**Sent:** Thursday, 20 March 2014 11:16 AM  
**To:** The Premier  
**Subject:** FW: Letter for the Premier of Queensland  
**Attachments:** Letter to the Prime Minister 19 March 2014.pdf; New World Energy R&D Commercialisation.pdf; Electricity industry solutions for sustainable greener cities.pdf

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**From:** Ashgrove Electorate Office [<mailto:ashgrove@parliament.qld.gov.au>]  
**Sent:** Thursday, 20 March 2014 10:34 AM  
**To:** Premier  
**Subject:** FW: Letter for the Premier of Queensland

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**From:** [REDACTED]  
**Sent:** Wednesday, 19 March 2014 4:54 PM  
**To:** Ashgrove Electorate Office; [tstbaker@CTPI - Personal Information](mailto:tstbaker@CTPI - Personal Information)  
**Subject:** Letter for the Premier of Queensland

The Honourable Campbell Newman MP  
Premier of Queensland

Dear Premier

When we met on polling day during the Redcliffe By-Election I noticed that you were using a mobile telephone held against your head. May I send to you a Bluetooth device such as I wear? There is no definite connection between mobile phone use and brain tumours, but the people of Queensland would prefer you not to take the risk. A former Premier of Queensland survived a brain tumour. Among those who succumbed have been my broadcaster friend the late Stan Zemanek, and in 2007 my own fiancée. In each case frequent mobile telephone use may have been a factor. Anyway, say the word and I'll be pleased to deliver to your office an appropriate apparatus which reduces the risk and has the side benefit of improving the confidentiality and clarity of your calls.

Your enthusiasm for promoting Queensland industry has encouraged me to send you the attached copy of my letter to the Prime Minister (together with two attachments), on the subject of the forthcoming China Week 7-11 April 2014.

The aims of my correspondence to the Prime Minister are:

1. Present the Prime Minister with a Queensland-based project with no downside - the Tritium fast-charge system for electric vehicles - which is worth announcing in China. (You will certainly understand the importance of not preaching to the Chinese about pollution, hence the desire to encourage the Chinese to invite Australians to contribute innovations to reduce urban pollution worldwide.)
2. Promote Queensland-based technology and uphold a wonderful Queensland entrepreneur and philanthropist, Trevor St Baker, with whom you are well acquainted. Trevor's already splendid contribution to the Australian economy is inadequately known, and Trevor's future contributions will amaze.

Trevor St Baker's contact details are:

ERM Power Limited  
Level 52, 101 Eagle Street Brisbane Q 4000

07 3020 5100

CTPI - Personal  
Information

tstbaker@

With all good wishes

Kind regards



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From:

**AUSTRALIAN TECHNOLOGY for AUSTRALIA WEEK IN CHINA**

The Honourable Tony Abbott MP  
Prime Minister of Australia  
Parliament House  
Canberra ACT 2600

Dear Prime Minister,

This is a helpful contribution to planning for the Australian Government trade, investment and tourism mission to China, 7-11 April 2014. Very likely you and Hon Andrew Robb AO MP are keen to offer to the Chinese hosts something tangible which builds goodwill as well as bringing a practical economic benefit. I am aware that renowned Australian energy identity, Trevor St Baker, has taken a major investment in Tritium Pty Ltd, an exciting new-start Australian R&D commercialisation company. Tritium Pty Ltd has developed world leading-edge electric vehicle (EV) fast charge systems, increasingly recognised as vital for the take up of electric vehicles, to stem and reverse serious air pollution affecting the health of city dwellers, especially in China.

Trevor St Baker made his mark initially as the largest developer of new scheduled power generation in Australia through his private investment company, Sunset Power Pty Ltd and the Energy Resource Managers Trust, with total investments amounting to \$2,500m in six new gas-fired power stations, in Queensland, New South Wales and Western Australia. In 2010, St Baker floated ERM Power Limited (ASX:EPW), to take over the construction, commissioning and operation of the power stations, and over the last six years ERM Power has expanded downstream to also become the fourth largest electricity retailer in Australia. ERM Power is increasing its electricity sales at greater than 25% per annum through innovative retailing capability while achieving record levels of electricity customer satisfaction with stellar customer service. Now an ASX:300 listed company, ERM Power Limited has a market capitalisation exceeding half a billion dollars.

Trevor St Baker's other investments, in energy R&D commercialisation companies whose world break-through inventions hold great potential for Australian exports in the rapidly changing global energy sector, are briefly described in the attached ***New World Energy R&D Commercialisation*** by St Baker's investment vehicle, Energy Resource Managers Trust. This attachment includes details of Tritium's EV Fast-Charge Infrastructure, for which marketing to China is presently being planned, concurrent with the timely Australian Trade mission to China. Also attached is a 2011 presentation by Trevor St Baker, ***Electricity Solutions for Sustainable Greener (and healthier) Cities***, presented to the 2011 Asia Pacific Cities Summit, to representatives of 100 cities in our region, including from China.

**Tritium's electric vehicle fast charger and healthier cities for China**

Highly relevant to your forthcoming trip to China, this new-start Brisbane company has gained world-wide recognition in the engineering of electric vehicle components, systems and infrastructure. Tritium is an outstanding endorsement of Australian Government Innovation & Commercialisation grants, having successfully commercialised a world-leading-edge electric



vehicle fast charger which it is now marketing to Germany, Philippines and to China. China more than any other nation has an urgent and burgeoning need for the deployment of electric private and public road vehicles in major cities, and the fast-charge system offered by Tritium can be pivotal to the speedy success of such a mammoth project. See [www.tritium.com.au](http://www.tritium.com.au).

Tritium has learned that the Chinese central government is seriously considering the mass roll-out of electric vehicle fast chargers to accelerate the take-up of electric vehicles in China. Tritium is well placed to export its Australian EV fast charger and EV road-side assistance technology to China, and in view of the timeliness of the major Australian trade mission to China in April, has registered to join this mission.

Vitality important is approaching the question in a manner which allows the Chinese authorities to gain face. It would be a mistake for Australia precipitately to offer a solution to the appalling levels of pollution which afflict Beijing and other cities. However, it would be a very different matter if an Australian diplomat were privately to suggest to the Chinese leadership that China take the initiative in inviting the visiting Australian delegation to bring proposals for improving the air quality of cities everywhere. As Prime Minister, you would then be able to announce that in response to the Chinese invitation, an Australian company has come forward with a proposal to manufacture in China an advanced fast-charge system which has the potential to empower major cities worldwide to shift the road transportation focus to electric vehicles. Accordingly, I recommend that Trevor St Baker of ERM Power Limited be invited to nominate a representative of Tritium Pty Ltd as a core member of the delegation. Trevor St Baker has already provided the Department of Trade and Investment (in Brisbane) with relevant information, and I understand that his initiative has been well received by these officials.

Trevor's investment company, Sunset Power Pty Ltd, has booked a sponsor table at the Asia Society luncheon at the Hotel Realm Canberra at 11.45am on Tuesday, 25<sup>th</sup> March, where you will be Guest of Honour. In the course of speaking about the Australia Week Trade Mission and the timing of your Prime Ministerial Visit to China to coincide with the Trade Mission, you might wish to have knowledge at hand of a splendid example of Australian high tech enterprise.

Please identify an officer of the Department of Trade and Investment with whom Trevor St Baker should liaise. Contact details are:

ERM Power Limited  
Level 52, 101 Eagle Street Brisbane Q 4000  
07 3020 5100  
(0407) 146 278  
[tstbaker@ermpower.com.au](mailto:tstbaker@ermpower.com.au)

All good wishes

CTPI - Personal Information

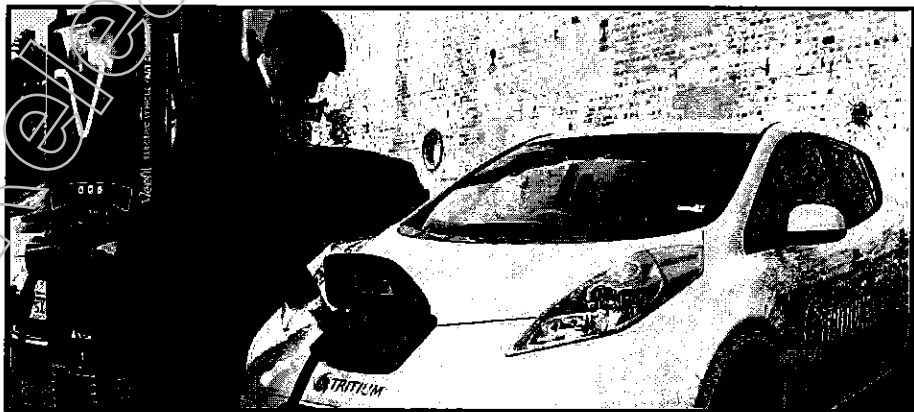
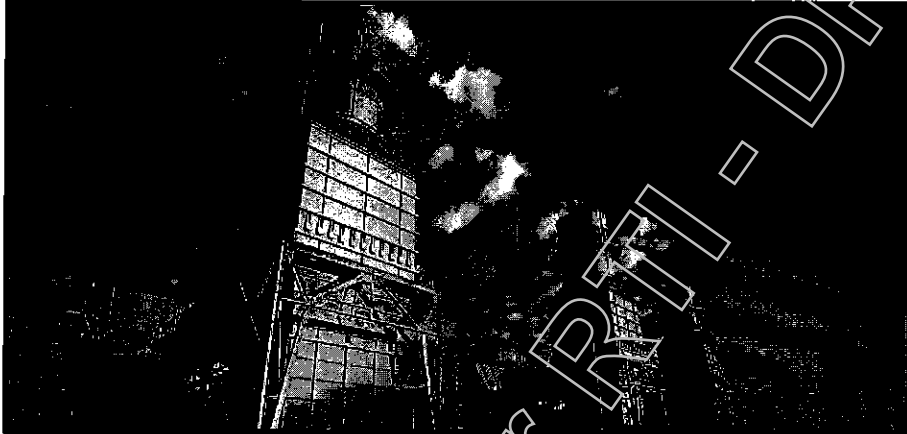
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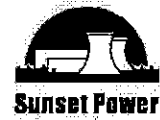
New World Energy R&D Commercialisation

Electricity Solutions for Sustainable Greener Cities

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## New World Energy R&D Commercialisation





## **1.0 Introduction**

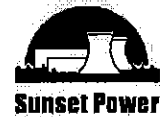
Energy Resource Managers Trust (ERMT) is a St Baker family investment vehicle which invests in energy R&D commercialisation companies globally, at different stages of advancement.

The various companies are taking to market products which will be part of the rapidly changing global electricity and electricity retailing scene. The developments involve advances in ultra-low cost LED lighting, break-through Solar PV collection and energy storage products, the facilitation of the ultimate in Smartphone monitoring of electricity meters to control and automate electricity use in premises of all kinds, and world leading-edge electric vehicle fast charging infrastructure essential for the take-up of electric vehicles and the greening of healthier and more liveable cities throughout the world. The inventions, supported by numerous patents at varying stages of registration, involve global break-throughs which will facilitate effective and much lower cost renewable energy use for electricity supply.

The founder, Trevor St Baker (St Baker) has a long and successful track record in the energy business with a focus on developing and operating power generating facilities. His demonstrated 50+ year track record in the industry culminated in 2010 with the listing as ERM Power Limited (ASX:EPW) of a corporatized entity, ERM Power Pty Ltd, which he established in 2006 to take over six major power station projects developed by the companies he had founded, and in different stages of construction commitment, commissioning and operation. ERM Power has now expanded upstream and downstream to become the 4th largest electricity retailer in the National Electricity Market, with a market share of approximately 8% of total NEM retail sales, and has a substantial market cap having outperformed its peers in customer satisfaction and operational performance since its listing.

Having established itself as the largest new power generation developer across Australia, ERM Power has successfully tackled the incumbents' market position in the electricity retail sector using innovations in retail systems and customer service, continuing to grow its electricity sales at greater than 25% per annum in its sixth year in retailing. Reflecting its strong market position and in furtherance of its vertical integration strategy, ERM Power is shortlisted in the final round of the sale process for the NSW Government's Macquarie Generation assets, which would establish the company as the equal 4th Pillar in the energy market in Australia, with similar structure and scale to the three incumbents.

Building strongly on the success of ERM Power, St Baker is now the key visionary and architect behind the portfolio of companies within ERMT. He has assembled or committed to a significant shareholding interest in a diverse group of companies which have collectively developed scientific and technological breakthroughs in energy generation, electricity consumption monitoring and control of electrical devices, solar pv and energy storage, and LED lighting technologies, which are on the verge of revolutionising the way the world controls, monitors and consumes electricity.



## **2.0 Investee Company Summaries**

The following is an overview of the portfolio of investee companies within the portfolio.

### **2.1 Tritium Pty Ltd – EV Fast-Charge Infrastructure – A response to serious city air pollution**

Electric vehicle (EV) fast-charge infrastructure is now recognised as the trigger required for the accelerated take-up of EV's and the greening and pollution reduction in the cities of the world with the eventual elimination of internal combustion vehicles and gasoline exhausts and serious air pollution in cities throughout the world, claimed (by the World Health Organisation) to be the direct cause of 900,000 deaths worldwide. The emergence of strong economies and increasing wealth of large populations in Asia have created dire air pollution problems in cities as 100's of millions of new motor vehicles come on to roads in these countries, exacerbating the urgency of providing economical electric transportation options for both private and public transport in Asia and throughout the world.

Tritium Pty Ltd specialises in the engineering of electric vehicle components, systems and infrastructure. Its mission is to produce high quality and innovative power electronic components and to be at the forefront in the creation of healthier greener cities with the roll-out of EV fast-charge infrastructure and the deployment of economical energy storage to facilitate the economical utilisation of renewable energy resources. The company has built a strong portfolio of novel and industry-leading products that showcases its strengths in creative research and cutting-edge engineering. The company has won awards in its home town for innovative achievements in these fields.

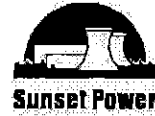
ERMT has taken a 39% interest in Tritium, providing it with exposure to a “best in class” EV fast charger and EV fast-charge infrastructure R&D, engineering, as well as exciting collaborations with products being developed by fellow investee companies. The flagship product is the Veefil fast-charger, capable of charging an EV 20-times faster than plugging it into a conventional socket; with 100km of EV battery charge input in less than 20 minutes, and at a fraction of the cost of petroleum fuels.

St.Baker's passion to develop electricity solutions for sustainable greener cities, which drove this investment by ERMT in Tritium, is documented in the attached address by St.Baker to the Asia Pacific Cities Summit in July 2011, in Brisbane, Australia.

### **2.2 Nth Degree Technologies Nano Particle LED, Solar and Batteries (based in USA)**

ERMT has a 7% stake, increasing to 14% in December 2014, in Nth Degree Technologies, in which ERMT is a partner with six other investor groups in research, development and commercialization of nanoparticle sized printed technologies in LED lighting, solar pv collection and energy storage systems, with market-leading, patent backed, manufacturing and licensing opportunities in many multi-billion dollar markets as well as exciting collaborations with the other companies within the ERMT portfolio.

Nth Degree is focused on. Using traditional silicon wafers, cut into millions of microscopic pieces, The Company has engineered a nanotechnology based, sub microscopic, semi-conductor diode about twice the size of a human blood cell. Key products are as follows:



## **ENERGY RESOURCE MANAGERS TRUST**

**Printed LEDs** – The Company's primary lighting solution involves suspending microscopic light emitting diodes (LEDs) in ink and printing that ink on a substrate (such as plastic). When power is passed through the ink, light is produced.

Its solution is lighter and more efficient and produces more light per unit of energy than current incandescent and fluorescent solutions, and has a far lower production cost than known alternative solutions, including alternative LED-based solutions. In the segmented, fragmented global lighting equipment market sector, worth an estimated \$150Bn in 2015, the Company has the potential to capture a finite market share of this highly fragmented market. It has received substantial validation of its lighting technology and the associated product applications via ongoing JV and partnering arrangements with a number of major (Fortune 500) corporations.

**Printed Solar / Photovoltaics (PV)** – The Company is developing a new thin film PV device made of spherical silicon, allowing it to absorb light from all angles. Competitive in efficiency to solar panels, this technology will have the added advantage of eliminating the need for costly light tracking systems. Another major advantage of the product is its manufacturing process which will be significantly cheaper than current conventional solar. This product is still 1 year away from commercialisation.

The Company has been working closely with NASA on the solar and battery storage technologies. The combination of the dramatically reduced cost equation and increased efficiency of solar, in addition to integration with the battery storage solution, has the power to revolutionise the power generation industry providing benefits for first and third worlds alike.

**Printed Batteries** – The Company has completed the proof of concept stage for rechargeable and non-rechargeable printed batteries. The product is currently in process product development stage, with the final stage - ramp-up and manufacturing - targeted for the first half of calendar 2014.

### **2.3 Kortek Pty Ltd: Device to Device Communication Technology**

This investment delivers first to market, patent-backed, licensing opportunities in the home automation and electricity metering & control market, as well as exciting collaborations with the other companies within the ERMT portfolio. ERMT has a 19% interest in Kortek, with the opportunity to increase its holding.

The Company's technology enables the control of lighting, appliances and networked systems in a way that has previously been impossible. The Company's technology platform can communicate with an array of electrical devices such as lights, white goods, medical devices, garage doors, window blinds, pool filters and pumps, from any smartphone, tablet or laptop. The technology platform accepts commands wirelessly from smart devices to control, modulate, automate and measure power, lighting devices, machinery and appliances in commercial, office, hotel, retail and domestic environments.

Backed by a solid patent portfolio registered in multiple jurisdictions around the world, and a pipeline of additional IP opportunities, the Company has already commenced commercialisation of its primary market offering, in various configuration possibilities. The investment by ERMT has advanced the capability of the company to achieve a significant first-mover return for the development of the technology for the live monitoring of electricity use and control of electricity use with any smartphone, tablet or laptop.



## **ENERGY RESOURCE MANAGERS TRUST**

### **2.4 ERM Power (ASX:EPW) – Foundation Investment**

Sunset Power's anchor investment is of course its 36% interest in ERM Power Limited (ASX:EPW), now an ASX:300 listed company with a market capitalisation exceeding A\$500 million.

ERM Power Limited (the "Company") is a diversified energy company that operates electricity sales, electricity generation, and gas exploration and production businesses. The Company is licensed to sell electricity in all Australian states and territories and is the 4th largest seller of electricity by volume in the National Electricity Market. It focuses on selling electricity exclusively to business customers, with this segment of the market comprising approximately 12% of all customers and 70% of all electricity sold in Australia. ERM Business Energy sales currently sit at 14.2 TWh and are approximately half the total electricity sales of the second and third largest retailers in the NEM.

The Company owns and operates 497 MW of low emission gas-fired power stations, comprising the 332 MW Oakey Power Station (100% owned) and the 330 MW Neerabup Power Station (50% owned). In addition, it has developed more than 2,000 MW of gas-fired generation. Completed projects include the Oakey, Braemar 1 and Braemar 2 power stations in Queensland, the 660 MW Uranquinty power station in New South Wales and the 320 MW Kwinana and 330MW Neerabup power stations in Western Australia.

ERM operates and manages a total of 982MW of base load and peaking power stations, being Kwinana power station in WA as well as the Oakey and Neerabup power stations respectively.

In the gas business, the Company has participated in two successful commercial/gas condensate discoveries and has equity interests in almost 12,000 sq km of gas exploration acreage across Australia. Exploration tenements include conventional gas, condensate, oil and shale gas prospects. ERM is now selling gas and condensate from the development of these gas and condensate discoveries in the Perth Basin.

## **3.0 Collaboration & Leveraging Knowledge**

Although the individual achievements of each investee company in the ERMT investment portfolio are quite impressive by themselves, it is the potential for collaboration and knowledge sharing between them that offers additional exponential growth. Some examples of this collaboration across sectors include:

- Kortek is working to integrate its technology into ERM Power's electricity metering and monitoring service offering;
- Kortek is in discussions to integrate its technology with Nth Degree into its printed LED suite of commercial and household products;
- Tritium directors are offering their battery management knowledge to Nth Degree to expedite the development process and improve the resulting product;
- Nth Degree will collaborate with ERM Power to commercialise a revolutionary electricity generator using its solar and battery solutions.

# Electricity industry solutions for sustainable greener cities

Asia Pacific Cities Summit

7 July 2011

Trevor St Baker

Chairman - ERM Power Limited

Released under RTI - DPC

**ERM**  
Power for generations

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# Healthier greener cities are a must

900,000 people worldwide die each year from causes directly related to outdoor air pollution (Source: World Health Organisation)

A reduction in the number of internal combustion engine (ICE) vehicles, which emit a range of harmful exhaust gases, would improve the overall health of our cities and reduce health related costs

Exhaust Gases	Negative Impacts (health & environmental)
Benzene	Carcinogenic substance
Cadmium	Lung and kidney damage, possible carcinogenic substance
Carbon Dioxide	Major cause of damaging climate change Generally not considered damaging to health
Carbon Monoxide	Aggravates asthma Reacts with oxygen to form irritant ozone, acid rain
Particulates	Linked to asthma and lung damage
Sulphur Dioxide	Asthma and cardiovascular disease Acid rain



# Electricity industry has solutions

Electric vehicles (EVs) could offer multiple benefits to the transport and electricity sectors, including

- cheaper and cleaner transport, and
- a cleaner and more efficient electricity sector

EVs may contribute to more sustainable greener cities, but.....  
intelligent electricity systems  
and mass roll-out of smart meters  
are essential



# Potential EV benefits

Potential benefits of electrification of the transport sector:

- reduced health sector costs
- reduced dependence on imported petroleum products
- reduced costs in electricity and transport sectors
- improved electricity network utilisation
- improved use of intermittent renewable generation
- substantially reduced greenhouse gas (GHG) emissions in the electricity and transport sectors



# Transport energy cost benefits of EVs

## Lower running costs

- The energy cost associated with running an EV is 25%–30% of the equivalent cost of fuelling an internal combustion engine (ICE) vehicle when using off-peak energy prices

## Running cost for ICE vehicles

- ERM modelling shows annual running costs for a typical ICE vehicle of approximately **\$1,199 ~ (\$0.08 per kilometre)**

## Running cost for EVs

- ERM modelling shows annual running costs for an EV could be in the order of **\$328 ~ (\$0.02 per kilometre)**

## Reduced maintenance costs for EVs

- In addition, EVs will have greatly reduced maintenance costs than traditional ICE vehicles, due to fewer moving parts



# Reduced dependence on oil imports

## High cost of oil imports

- Australia is a net importer of oil, with crude petroleum oil and refined petroleum oil imports for financial year 2010 worth more than \$25 billion (ABS)

## Abundance of domestic energy resources

- What Australia lacks in oil resources, it makes up for in other sources of energy:
  - **Coal** – leading exporter of coal in the world, albeit not a clean energy
  - **Gas** – significant natural gas resource – more than 300,000 PJ already identified
  - **Renewables** – significant existing hydro capacity, growing wind generation, and potential for solar, geothermal, biomass and wave technology

**100PJ of gas is enough to power 5 million electric vehicles for a year**

**Australia has abundant domestic energy resources to electrify transportation, improve balance of trade and reduce emissions**



# Reduced CO<sub>2</sub> emissions

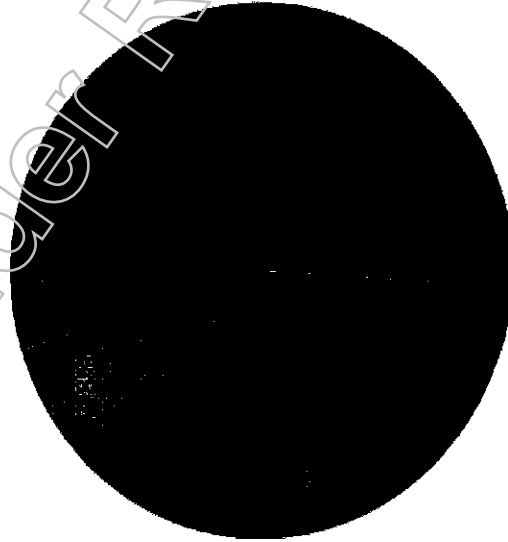
## Reduced CO<sub>2</sub> emissions

- Average Australian emissions from new light petrol vehicles in 2008 were 222 grams CO<sub>2</sub>/km
- In comparison, EVs would contribute only 73 grams CO<sub>2</sub>/km, an overall reduction in CO<sub>2</sub> emissions of 67%
  - based on an average emissions intensity of 0.4 tonnes CO<sub>2</sub>/MWh for combined cycle gas generation, and EV energy consumption of 0.18 kWh/km
- EVs would facilitate service from renewable energy generation with zero CO<sub>2</sub> emissions, especially in the southern states

# Transport and stationary energy emissions

The transport and stationary energy sectors account for 65% of all greenhouse gas emissions in Australia. These are the two most controllable sectors

## Transport & Stationary Energy Contribution to Total Emissions



- Stationary energy
- Passenger vehicles

- Other
- Light commercial/heavy trucks

Source: Federal Chamber of Automotive Industries (2010), Department of Climate Change and Energy Efficiency (2010)



# Interruptible Nightly EV Recharging Facilities

Released under RTI - DPC





# Renewable generation in Australia

The Australian Government has set a target for 20% of all energy generation to come from renewable sources by 2020

- More than 10,000MW of installed wind capacity would be required to achieve the 20% RET (Renewable Energy Target)

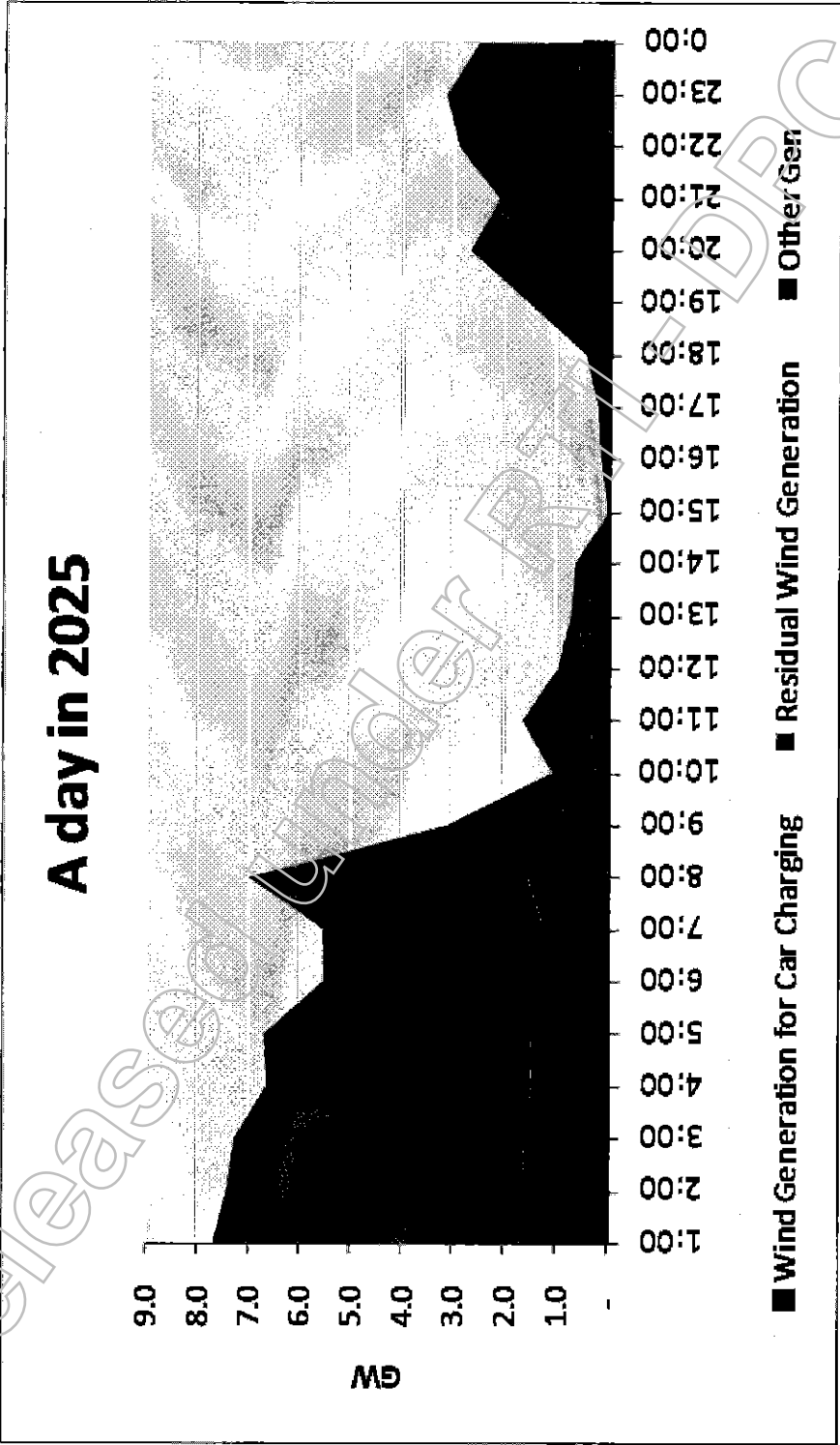
## Problems of intermittency

- Wind and (potentially) solar generation are severely disadvantaged by intermittency
- Intermittent renewable generation requires reliable back-up generation (likely in the form of additional dual-fuel peaking generators)
- EVs with smart technology (smart grid & smart meters) represent a controllable balancing load to support renewable generation

Without a large interruptible load such as EV charging, intermittent generation under the RET is problematic for the electricity sector



# Intermittent EV charging with wind generation



# Interruptible off-peak recharging

## Recharging EVs

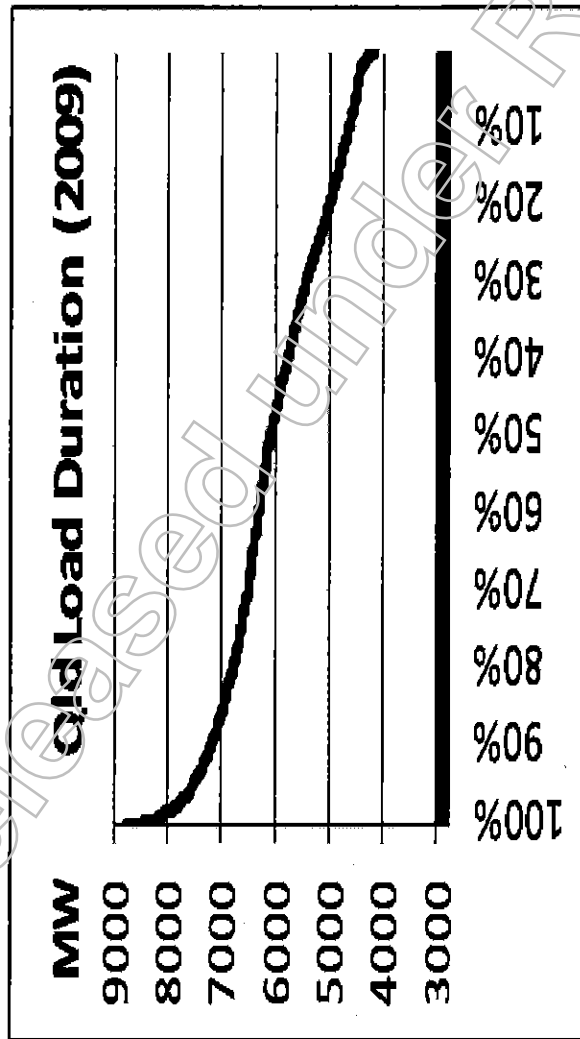
- Demand for electricity is typically lower overnight, resulting in less volatility and lower prices
- Incentivising owners of EVs to recharge during off-peak periods and empowering electricity providers to interrupt supply for recharging of EVs could make significant economic and environmental sense
- EV owners who recharge during off-peak periods would benefit from lower electricity prices (provided tariffs are flexible)
- Interruptible supply means that electricity providers can switch off EV recharging when electricity prices spike, or when intermittent renewable generation is unavailable. This further reduces costs of electricity, as well as maintaining lower greenhouse gas emissions

# Interruptible off-peak recharging

## **Reducing network reinforcement and back-up generation**

- Interruptible off-peak electricity supply for EVs means less requirement for network reinforcement and back-up 'reliable' generation
- Electricity providers who can control the load, can switch off supply for EV recharging when intermittent generation is unavailable, rather than continuing to supply energy from a reliable energy source. This lessens the requirements for expensive back up non-renewable generation (likely gas fired generators) and associated network infrastructure

# Load duration and network inefficiency



Load factor 68%  
and falling

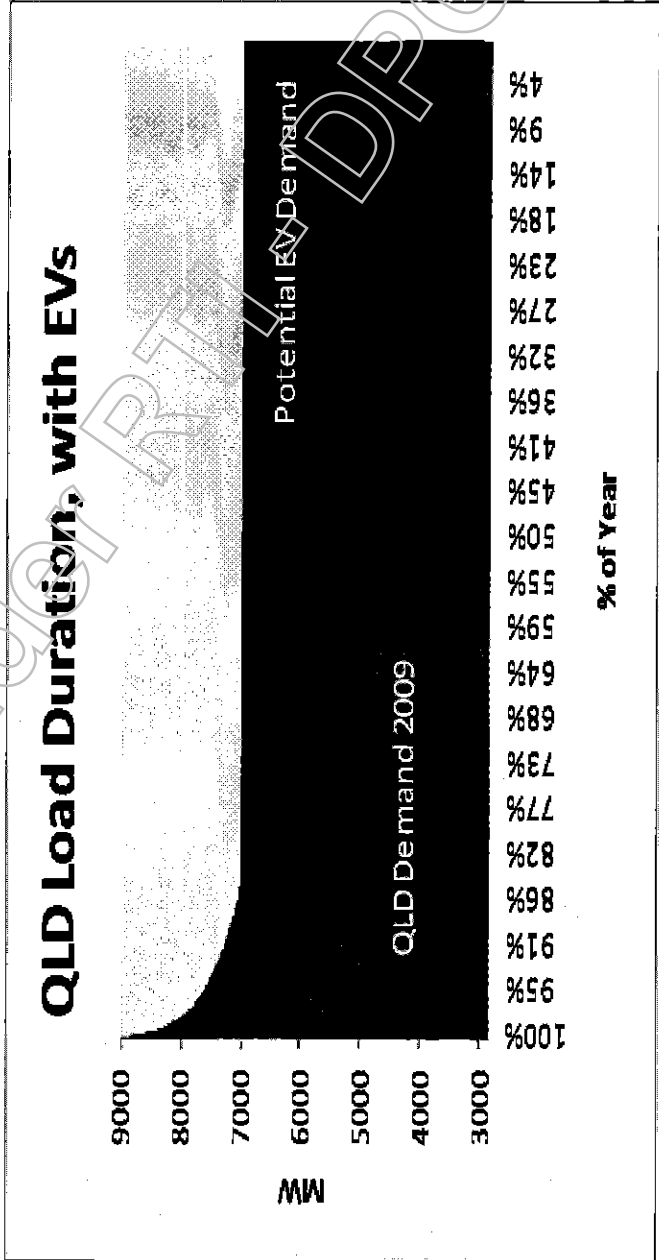
Network costs are by far the biggest contributor to rising electricity costs, with inefficient network usage a primary factor

Energy infrastructure is required to meet peak demand. Consequently infrastructure is significantly under-utilised outside peak demand



# EVs and network efficiency

- Under-utilised infrastructure provides 'free' network capacity to charge EVs during periods of non-peak demand
- Over 9,000 GWh/a of energy can be produced and supplied from under-utilised generators and networks, up to only 70% of peak load capability, in Queensland
- This could be sufficient spare network capacity to support five million electric vehicles in Queensland if they were introduced



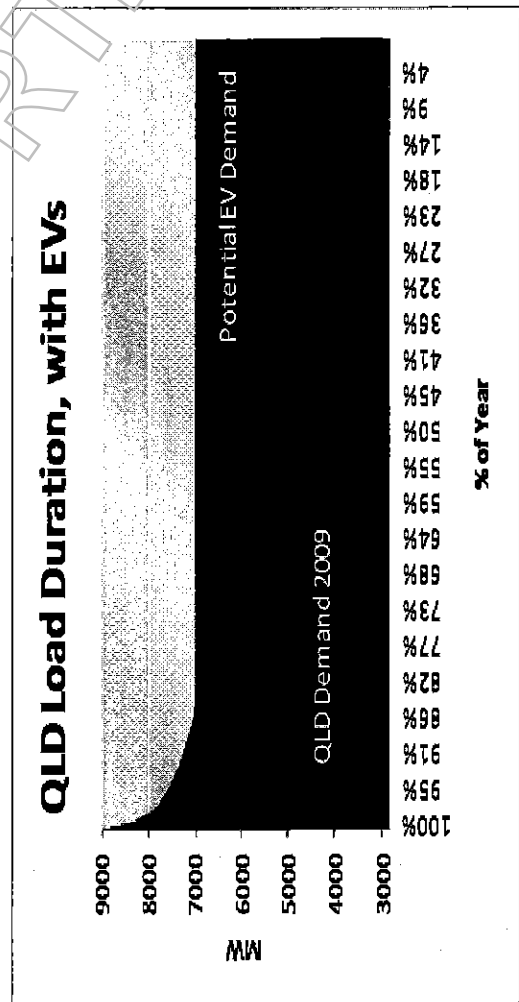
Source: ERM analysis



# EVs and network efficiency

## Improved network efficiency

- Increased off-peak demand from EVs could improve network load factor to 81% – potentially reducing network costs by 20%
- Increased off-peak demand from EVs could also substantially benefit generation sector – base-load generation is 30% more efficient than peaking plant
- Smart metering and appropriate tariff structure is however essential
  - 6pm peak EV charging would cause system meltdown



Source: ERM analysis

Sophisticated  
Smart Grids and  
Smart Metering

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**ERM**  
Power for generations



# Smart grid technologies

## Smart technology working together

- Smart metering and smart grids –
  - Part of an overall solution to address energy security, cost efficiency and climate change issues concurrently
  - Essential for efficient uptake of EV technology in Australia
- Smart grids use digital technology to efficiently transfer electricity from generation source to energy consumers to improve reliability, reduce costs and save energy
- Smart grids allow communication and control, coupled with smart meters, which provide a communication path between electricity supply and outlets in homes and businesses



# Smart technology and demand-side response

## Demand-side response

- The 'communication' and 'control' offered by smart grid technology could encourage customers to change their consumption, improving energy efficiency, and smoothing demand away from more expensive peak periods
- Smart meters can inform electricity users of 'real time' market events, such as high peak supply prices, or availability of intermittent renewable generation
- Smart meters can alternatively facilitate wider offerings by electricity retailers of cheaper interruptible electricity tariffs
- Peak energy curtailment by end-users and smart meters enables energy providers to better manage capital spending, requiring fewer new peaking power stations and reducing need for standby network and sub-station capability



# Smart technology and demand-side response

## Demand-side response examples:

- During periods of high system prices, automated demand management devices could switch off electrical equipment which is not essential for continuous operation, or end-users could defer use of high energy demand appliances to save electricity supply costs charged by “time-of-day” metering
- Remotely-controllable metered power supplies offer the ability to not only initiate pre-arranged demand reductions in high-priced peak periods, but to also link power supplies to cheaper intermittent renewable wind supplies in off-peak periods, such as for EV charging



# Smart technology and reliability of supply

## Reliability of Supply

• Smart technology would allow electricity providers to better control when and where energy is being used, thus improving reliability of the networks and reducing costs:

- Ability to control loads in emergency situations (periods of power shortages or outages)
- Ability to monitor, maintain and correct faults and weaknesses in network equipment
- Providing more sophisticated frequency control and ancillary services



# Smart technology and EV uptake

- Cost could significantly influence the uptake of EVs in Australia
- Smart meters would allow two-way communication, facilitating off-peak recharging and interruptible supply. This would mean lower energy costs for EV owners, lower costs for energy providers and greater efficiencies in the network
- Potential for smart technology to allow EV batteries to discharge energy back into the network during periods of high demand
- By shaving peak demand, EV battery discharge would reduce the need for new expensive peaking power stations and network infrastructure, keeping overall energy prices down for EV owners, and providing an offset to electricity bills for generation provided by EV batteries when being discharged

# Summary

The mass rollout of EVs in cities may offer significant energy cost savings and environmental benefits:

- > 60% reduction in transport sector emissions
- Up to 80% reduction in transport costs
- Possible 20% reduction in network costs
- 20% reduction in electricity sector emissions
- Greater support for intermittent renewable generation
- Cleaner, greener and healthier cities

Realising the full potential of these benefits would require intelligent electricity systems and mass roll-out of smart meters

# Thank you

Trevor St Baker  
Chairman,  
ERM Power Limited

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**Lucas Clarke**

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**From:** The Premier (Ministerial)  
**Sent:** Thursday, 20 March 2014 4:11 PM  
**To:** The Premier  
**Subject:** FW: For the kind attention of Justine Froud  
**Attachments:** Letter to the Prime Minister 19 March 2014.pdf; New World Energy R&D Commercialisation.pdf; Electricity industry solutions for sustainable greener cities.pdf; China to declare war on pollution.docx

Hi team

Can we please get this one registered?

Thanks



**Bec McCoan**  
Assistant Advisor  
Office of the Hon. Campbell Newman MP | Premier of Queensland  
Phone: 07 3719 7032 | Fax: 07 3221 1809 | Mobile: CTPI - Personal Information  
Executive Building | 100 George Street | Brisbane | QLD 4000  
PO Box 15185 | City East | Brisbane | QLD 4002  
**Great State. Great Opportunity.**

---

**From:** [Redacted]  
**Sent:** Thursday, 20 March 2014 12:32 PM  
**To:** Premier; [tstbaker@](mailto:tstbaker@)[Redacted]  
**Subject:** For the kind attention of Justine Froud

Justine Froud  
Office of the Premier of Queensland

Dear Justine

Following my letter of 19 March 2014 to the Premier (below, with attached copy of letter to the Prime Minister), I am pleased also to attach a useful article "China to Declare War on Pollution". This article attributes to Chinese Premier Li Ke Qiang an enthusiasm for dealing with pollution. The Queensland company Tritium is well-positioned to contribute to fighting pollution in major cities, especially in China. The Tritium fast charge system can potentially open the way for rapid take-up of electric vehicles.

Are you able kindly to arrange a convenient time for the Premier to speak with or meet Trevor St Baker prior to the Australia Week visit to China, 7-11 April 2014?

Sincere thanks and good wishes



----- Original Message -----

**Subject:** Letter for the Premier of Queensland  
**Date:** Wed, 19 Mar 2014 16:54:28 +1000  
**From:** [Redacted]



Reply-To [REDACTED]

To: [ashgrove@parliament.qld.gov.au](mailto:ashgrove@parliament.qld.gov.au), [tstbaker@parliament.qld.gov.au](mailto:tstbaker@parliament.qld.gov.au)

CTPI - Personal Information [REDACTED]

The Honourable Campbell Newman MP  
Premier of Queensland

Dear Premier

When we met on polling day during the Redcliffe By-Election I noticed that you were using a mobile telephone held against your head. May I send to you a Bluetooth device such as I wear? There is no definite connection between mobile phone use and brain tumours, but the people of Queensland would prefer you not to take the risk. A former Premier of Queensland survived a brain tumour. Among those who succumbed have been my broadcaster friend the late Stan Zemanek, and in 2007 my own fiancée. In each case frequent mobile telephone use may have been a factor. Anyway, say the word and I'll be pleased to deliver to your office an appropriate apparatus which reduces the risk and has the side benefit of improving the confidentiality and clarity of your calls.

Your enthusiasm for promoting Queensland industry has encouraged me to send you the attached copy of my letter to the Prime Minister (together with two attachments), on the subject of the forthcoming China Week 7-11 April 2014.

The aims of my correspondence to the Prime Minister are:

1. Present the Prime Minister with a Queensland-based project with no downside - the Tritium fast-charge system for electric vehicles - which is worth announcing in China. (You will certainly understand the importance of not preaching to the Chinese about pollution, hence the desire to encourage the Chinese to invite Australians to contribute innovations to reduce urban pollution worldwide.)
2. Promote Queensland-based technology and uphold a wonderful Queensland entrepreneur and philanthropist, Trevor St Baker, with whom you are well acquainted. Trevor's already splendid contribution to the Australian economy is inadequately known, and Trevor's future contributions will amaze.

Trevor St Baker's contact details are:

ERM Power Limited  
Level 52, 101 Eagle Street Brisbane Q 4000  
07 3020 5100

[REDACTED]  
[tstbaker@erm.com.au](mailto:tstbaker@erm.com.au) [REDACTED]

With all good wishes

Kind regards



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## Adam Pennicott

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**Subject:** FW: ERM / Ross Musgrove - Premier's Office team  
**Location:** ERM Offices, Level 52, 111 Eagle Street, Brisbane  
**Start:** Fri 28/03/2014 3:00 PM  
**End:** Fri 28/03/2014 5:00 PM  
**Recurrence:** (none)  
**Meeting Status:** Accepted  
**Organizer:** Peter Costantini

-----Original Appointment-----

**From:** Peter Costantini [mailto:peter.costantini@ctpi.com.au] (CTPI - Personal Information)  
**Sent:** Thursday, 6 March 2014 6:15 PM  
**To:** 'Peter Costantini'; 'Philip St Baker'; 'Peter Costantini'; 'rossmusgrove3@qld.gov.au'; Tim Herbert  
**Subject:** ERM / Ross Musgrove - Premier's Office team  
**When:** Friday, 28 March 2014 3:00 PM-5:00 PM (UTC+10:00) Brisbane.  
**Where:** ERM Offices, Level 52, 111 Eagle Street, Brisbane

Attendees:

Peter Costantini  
Ross Musgrove  
Tim Herbert  
Geoff Robson  
Joanne Copp  
Martelle Fisher  
Debbie Patterson  
Steve Allan  
Scott Peut  
Anne Moffat  
Alex Brouwer  
Salu McFarland  
Mark Jackson  
Adam Pennicott  
Philip St Baker

Contact: Ashleigh, SAS Group – 3221 9222

View your event at

<http://www.google.com/calendar/event?action=VIEW&eid=Xzc0c2phYzFqNjUyYjRiYTE2MTFqZ2I5azhwMjQ4YjlvNmt>

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