

Energy Queensland Limited

Statement of Corporate Intent 2024/25

Prepared by the Directors and Management of Energy Queensland Limited for shareholding Ministers

The Honourable David Janetzki MP
Treasurer, Minister for Energy and Minister for Home Ownership

The Honourable Ros Bates MP
Minister for Finance, Trade, Employment and Training



Confidentiality and Right to Information (RTI) Non-disclosure Warning

This document contains highly confidential material relating to the business affairs of Energy Queensland Limited. Release of its contents subject to the provisions of the *Right to Information Act 2009*. Any unauthorised disclosure of material contained in this statement may diminish the commercial value of that information and would have an adverse effect on the business, commercial and financial affairs of Energy Queensland Limited.

Performance Agreement

This Statement of Corporate Intent is presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993* (GOC Act).

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of Energy Queensland Limited and its shareholding Ministers, with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of Energy Queensland Limited for 2024/25.

This Statement of Corporate Intent sets out the information relevant to the 2024/25 financial year and is consistent with the first year outlined in Energy Queensland Limited's 2024/25 to 2028/29 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, the Board of Energy Queensland Limited undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2024/25.

Major changes to key assumptions that underpin the performance outcomes detailed in this Statement of Corporate Intent, and which come to the Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this Statement of Corporate Intent will be dealt with in accordance with the GOC Act.

This Statement of Corporate Intent is signed by the Chair on behalf of all the directors in accordance with a unanimous decision of the Board of Energy Queensland Limited.

The Honourable David Janetzki MP

Date:

Treasurer, Minister for Energy and Minister for Home Ownership

The Honourable Ros Bates MP

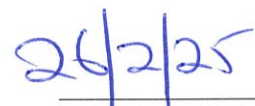
Date:

Minister for Finance, Trade, Employment and Training



Sarah Zeljko

Chair Energy Queensland Limited



Date:

Key Performance Indicators

Energy Queensland Limited (Energy Queensland or EQL) is committed to achieving its performance targets for 2024/25, as shown in Table 1. Corporate measure definitions are included in Attachment 4.

Table 1: Energy Queensland Limited's 2024/25 key financial and non-financial performance indicators

Key Result Area	Measure	2023/24 Estimated	2024/25 Plan
Safety and People	Significant Incident Frequency Rate (SIFR)	0.7	0.7
	Employee Engagement	70%	70%
Financial	Net Profit After Tax (NPAT) (\$M)	(18.8)	80.2
	Standard Control Service Total Expenditure (\$M)	2,707.7	2,999.6
Customer	Customer Satisfaction (CSAT)	70	70
	Operational Delivery	90%	90%
Operations	SAIDI - EQL	150.0	150.0
	SAIFI - EQL	1.40	1.40

Response to Shareholder Expectations

Energy Queensland's Statement of Corporate Intent (SCI) represents the agreement between Energy Queensland's Board of Directors and shareholding Ministers on performance objectives for 2024/25. It has been prepared in accordance with Part 8 of the GOC Act and represents the first year of the five-year outlook that is detailed in the associated Corporate Plan (CP) 2024/25 to 2028/29 building on our progress of our electric life vision and complement the EQL Strategic Plan 2032.

The energy sector in Australia will be transformed over the next decade, on the back of significant advancements in energy technologies and the rapid adoption of renewables. By 2032 society will have moved to an electric life and EQL will be at the forefront of this transition. EQL is working towards empowering an electric life in 2032 a future where business and residential energy consumers are enthusiastically embracing existing and emerging technologies to support the delivery of low emissions energy provision. It is a future that could see an exponential increase in the amount of solar energy, and over one million electric vehicles connected to the network in Queensland.

Energy Queensland recognises the expectation to keep downward pressure on electricity prices for customers. This expectation must be balanced against ensuring community and employee safety, network performance and reliability and regulatory compliance obligations. Across the state, EQL continues to prudently invest in asset inspection, maintenance, refurbishment and replacement works. These investments address performance challenges of the network assets and meet safety legislation and industry code of practice obligations. Plans have also commenced to facilitate the significant uplift in expected connections across the state to deliver the 2032 Brisbane Olympic and Paralympic Games.

To continue to address these significant safety risks and meet community safety expectations, EQL will continue its prudent network replacement capital expenditure to build the grid of the future that is safe, efficient and meet the network requirements across regional Queensland.

The energy ecosystem is rapidly transforming towards a decentralised, two-way power system, as increasing numbers of households and businesses invest in solar photovoltaic (PV) generation and energy storage capabilities. With exponential growth in renewables and Customer Energy Resources (CER) such as solar, electric vehicles and batteries, comes new challenges such as rapidly declining 'minimum operational (grid) demand', referred to as 'negative peak demand' and reverse power flows across some parts of the distribution network, potentially causing system security, stability and operational risks. This challenge will be met with the opportunity to shift load through a range of demand management initiatives

including grid scale storage and new tariffs, whilst further opportunities are presented with the roll out of smart meters.

EQL has committed to working with the Energy Division, Queensland Treasury, and relevant government agencies and stakeholders to provide sectoral leadership in gender diversity equality by continuing to deliver strong, practical actions to build and maintain an inclusive culture and close the gender gap in the clean energy workforce. GOCs will also contribute to the Queensland Government public commitments Equal by 30 campaign to achieve equal pay, equal leadership, and equal opportunities for women in their organisation by 2030. This will include as an initial first step improving the data and developing metrics on gender diversity in their organisation, and supporting the government to develop a Women in Renewables Strategy with the broader energy sector and key stakeholders.

Key assumptions

Energy Queensland's financial outlook continues to be predominantly driven by the distribution subsidiaries' regulated revenue, as determined by the Australian Energy Regulator (AER). The current 2020-25 regulatory period has been characterised by materially reduced revenue allowances for the network businesses. 2024/25 is the final year of the current regulatory period as the organisation transitions to the new regulatory period and expected operating and investment requirements as outlined in the Regulatory Proposals submitted in January 2024.

Network operating and capital expenditures reflected in the financial forecasts continue to ensure relevant safety, legislative and customer obligations are addressed. The cost impact for the network businesses related to severe weather events, including Cyclone Jasper, Cyclone Kirrily and the Gold Coast have been factored into the 2023/24 forecast based on the latest available information. Cost recovery associated with these events through future year revenue has been assumed in 2025/26 financial forecasts.

Energy Queensland will continue the planned unregulated capital investments in the Network Battery Program while considering future sustainable solutions for our Isolated communities to ensure affordability, reliability and sustainability. Where possible, indicative revenues and cost benefits associated with these investments have been factored into the forward estimates. The commercial models and proposals for these investments will continue to be refined, with the emerging financial implications factored into future submissions.

This increased capital expenditure and subsequent resource requirement to employ more skilled workers across the State will support the energy transition. In response, internal resourcing is planned to grow to 9,015 full-time equivalents (FTE) by the end of June 2025. Growth in network and energy transition related expenditure coupled with prevailing inflationary pressures (including workforce) has seen considerable increases in the cost base resulting in downgraded financial projections compared with previous expectations.

Despite strong year-on-year revenue growth in Yurika, and the Final QCA determination for 2023/24 regional retail tariffs, which allowed for increased wholesale costs and improved smart-meter cost recovery, the inflationary pressure on EQL's cost base impacting both direct and indirect labour, materials and services continues to suppress financial performance.

Retail financial projections remain subject to change pending outcomes of the QCA determination for 2024/25. The Retail plan reflected in the consolidated financial statements are based on internal assessment of potential regional tariffs as the Draft QCA determination was not available to inform the forward estimates.

The financial forecasts included in the SCI are based on a set of economic and operational assumptions as shown below in Table 2.

Table 2: Key annual assumptions

Consolidated Group	2023/24 Estimated	2024/25 Plan
Average interest rate	3.87%	4.16%
General cost escalation factor ¹	4.10%	3.30%
Corporate tax rate	30%	30%
Dividend payout ratio ²	100%	100%
Weighted Average Cost of Capital ³	4.58%	4.63%

1. General cost escalation is typically applied to costs excluding labour and contractors. Estimate is based on published Australian Bureau of Statistics data and the plan on guidance from the Reserve Bank of Australia.

2. Dividends are calculated based on 100% of NPAT less non-cash items, including gifted assets, asset impairments and mark-to-market movements.

3. WACC is estimated in accordance with AER rate of return guideline to determine regulated revenue.

Key Current and Emerging Risks

The key risks facing Energy Queensland for 2024/25 include:

Health, Safety & Wellbeing of EQL's People, Customers, and the Community

The health, safety and wellbeing of EQL's employees, contractors, customers, and community is first priority in everything Energy Queensland does. This extends from community engagement to raise awareness of electrical hazards, through to implementing systems and processes for ensuring energy assets are designed, constructed, inspected, repaired, and maintained safely.

Energy Queensland will continue to invest in creating a physically and psychologically safe work environment for their people and mitigating safety risks to their customers and the community.

Climate Risk

The effects and consequences of climate change are becoming increasingly evident. Extreme weather events and natural disasters are occurring simultaneously causing cascading impacts that test the reliability of EQL's network infrastructure and disaster response. Energy Queensland continues to adapt and improve the resilience of its critical infrastructure to these extreme weather events.

Energy Queensland must also manage its contribution to climate change and meet evolving regulatory regimes for climate change disclosures and emissions reduction targets in the rapid transition to a greener, net zero future.

Sustainability

Linked to the climate risk above, and aligned with global risk trends, Energy Queensland is grappling with sustainability challenges on several fronts with increased pressure from their customers and communities, employees, and shareholders to respond to a growing number of environmental, social, and political issues.

Energy Queensland is committed to fostering a sustainable future through the provision of environmentally, socially, and financially sustainable practices that support their customers and communities. Effective governance and embedding an overarching Sustainability Framework will be a key focus for Energy Queensland in maintaining its social license and meeting expectations to deliver financial value for their Shareholders and have a positive impact on the environment and the people of Queensland both now and in the future.

Financially, Energy Queensland must balance:

- materially reduced revenue allowances for its network businesses, network infrastructure maintenance, safety and security legislation and industry code of practice obligations and increasing extreme weather events impacting our assets;
- the ramp-up in expenditure required to fund the activities and resources necessary to enable the energy transition; and
- more broadly, the cost-of-living crisis, economic uncertainty, the need for a rapid transition to a green economy and inflationary pressures including workforce.

For the Retail business, volatility in wholesale prices continues to be a key risk. Access to generation and energy storage is a key consideration for the future of the Retail portfolio. Restrictions in Retail's ability to provide competitive offers, enable large customer reversion and deliver behind-the-meter services continue to place strain on the profitability of the Retail business. Energy Queensland continues to address these challenges through appropriate strategic responses, in consultation with its Shareholders.

Network Security and Reliability

The transformation to a decentralised, two-way power system presents significant challenges for the electricity network in managing the alignment of supply and demand. The increasing availability and

adoption of distributed energy resources through rooftop solar photovoltaic (PV), embedded storage and electric vehicles, and the variable nature of renewable energy drives a more complex energy system.

Energy Queensland's network businesses must manage the security and reliability of the networks with rapidly declining minimum peak demand, significant reverse power flows, and the integration of distributed energy resources whilst also being prepared for advancements in renewable technologies.

Cyber Security

Cyber security continues to be an evolving risk with a constantly shifting threat landscape and evolving geo-political considerations. This, alongside transformation within the energy sector is leading to an increased focus on controls uplift and enhanced response and recovery processes. Increased compliance requirements in line with recent *Security of Critical Infrastructure Act 2018 (Cth)* amendments are also being addressed and where appropriate exceeded as a precursor to anticipated future compliance obligations. These measures go beyond digital cyber risks to ensure that the distribution networks' critical infrastructure is resilient. Energy Queensland's Cyber Uplift Program continues to address the organisation's cyber capability improvement and compliance obligations through a continuing focus on security uplift. This uplift is driven by regular assessments of internal and external risks to ensure investment is made appropriately and that controls remain current and effective.

Table 3: Cyber Security Framework

Cyber Security	Response
Cyber Security Framework EQL reports against	Australian Energy Sector Cyber Security Framework
Key Activities planned for EQL's cyber security systems	<p>The Security Program of Work is focusing on the following activities</p> <ul style="list-style-type: none"> • Further improvements to the security of Cloud services • Further Improvements to the way in which privileged access is managed • Further rollouts of Threat and Vulnerability management capabilities across EQL • Further enhancements in Detection and Response capabilities on Security Operations

Workforce & Skills shortages

The energy transition is driving increased growth for the electricity networks and the need for an appropriately skilled and resourced workforce in an already tight labour market. Energy Queensland's Rocklea Training facility will be redeveloped to allow increased apprentice intakes to support the energy transition. Energy Queensland is also implementing strategies to hire more graduates and apprentices, increase scholarships for electrical engineering students and provide reskilling opportunities for its people.

Disruptive technology

Increased investment in clean energy and the rapid adoption of renewables suggest there will be rapid advancements in energy technologies. Energy Queensland faces an emerging risk from disruptive, frontier technology (including Mass Generative Artificial Intelligence) and will need to adapt and respond at pace.

Sustainability

Energy Queensland is powering tomorrow by making a significant sustainability contribution towards a smart, safe and secure energy system that enables more renewable energy. EQL is also focused on maintaining its social licence to operate in the community through all of its business practices and service offerings.

To help get this right, in 2022, Energy Queensland undertook an assessment of the Environmental, Social and Governance (ESG) topics material, stakeholders and business's objectives. From this assessment,

sixteen sustainability topics were identified with the top three being; Energy Affordability and Value; Security and Reliability of Supply; and Renewables and Net Zero Emissions.

These topics align with EQL's strategic purpose, 'to safely deliver secure, affordable and sustainable energy solutions with our communities and customers'.

The full set of material topics are also aligned with the United Nations' Sustainable Development Goals (SDGs) of SDG7 – Affordable and Clean Energy, SDG9 – Industry, Innovation and Infrastructure, and SDG 13 – Climate Action, as well as a number of other SDGs.

To help deliver on its purpose, EQL is developing an overarching sustainability framework that embeds ESG commitments into its operational and financial frameworks. This will ensure prudent investment in long-term sustainability initiatives, such as carbon reduction.

Additionally, Energy Queensland needs to be proactive in reducing the overall carbon footprint, especially in the generation of electricity in Queensland's isolated communities.

EQL understand that the industry is moving quickly, and with so much disruption, EQL must bring its customers and employees, on the transition journey. Energy Queensland will therefore consider the impact of the energy transition on energy inclusion and advocate for outcomes that meet the expectations of all Queenslanders.

Furthermore, Energy Queensland must also consider the economic and social risks around power reliability and resilience from the increase in natural disasters or severe weather, and the age of the electricity infrastructure across the state, as well as the industry's challenge of reliably integrating renewables into the energy system.

Energy Queensland's must also ensure its operating model, including reporting lines and accountabilities, remains contemporary and responsive to sustainability matters.

Energy Queensland takes its environmental and social responsibility seriously and reflects this commitment in the procurement policies, as outlined in the Queensland Procurement Policy section.

Total capital expenditure

For 2024/25, Energy Queensland's total capital expenditure is forecast at \$2,749 million, higher than current year estimated spending by \$518 million. An additional \$211 million in unregulated capital investments has been assumed related to the Network Battery Program and Isolated Communities Projects. Significant increases in input costs and additional priority investments in the property portfolios, including the expansion of the Geebung site and redevelopment of the Rocklea Training Facility, and growth in the fleet portfolio are contributing to the year-on-year movement.

Ongoing review and reprioritisation of capital investments will continue to be made in future budget submissions to ensure planned expenditure is optimised. Total capital expenditure for 2024/25 is outlined in Table 4.

Table 4: Statement of Capital Expenditure

Total Capital Expenditure Consolidated Group (\$M)*	2023/24 Estimated	2024/25 Plan
Augmentation (Augex)	239.2	345.6
Replacement (Repex)	965.9	1,014.5
Connections	206.1	256.3
Total Network Expenditure	1,411.2	1,616.4
Fleet	105.5	121.2
Property	85.7	156.0
Tools and Equipment	12.4	15.9
ICT	180.0	183.8
Total Non-Network Expenditure	383.6	476.9
Alternative Control Services	174.8	183.6
Unregulated ¹	261.3	471.8
Total Other Capital Expenditure	436.0	655.3
Total Capital Expenditure	2,230.8	2,748.7

1. Increased Unregulated Expenditure include estimates related to energy transition projects.

Network Resilience

Energy Queensland is conscious that its responses to emergency events, particularly those driven by weather and climate change, are delivered in an environment of continually increasing need and expectation, both from customers and community stakeholders. More than ever, EQL's response needs to consider the increasing customer dependency on electricity as technology and appliances become more sophisticated and economic activity becomes more reliant on e-commerce.

Following each severe weather season or significant disaster event, Energy Queensland takes the opportunity to conduct a full review of its disaster response operations and capabilities in order to identify any improvements that can be made to its planning, systems and processes. These reviews also present the opportunity for Energy Queensland to assess the impact of disasters on its network assets and identify potential programs and projects which will improve the resilience of the electricity network during future events. Apart from the range of asset refurbishment and replacement programs aimed at achieving the optimal service life from its assets and to help improve resilience, safety and reliability across the entire network, Energy Queensland is pursuing additional network investments to further enhance the resilience of critical network infrastructure.

Large projects to be completed in 2024/25

The key projects for 2024/25 listed in table 5 below include all specific capital works projects with:

- a total cost of \$5 million or more; and
- a forecast commissioning date within the upcoming financial year - this is a date by which the works are complete, except for minor omissions or defects, which do not prevent the works from being reasonably capable of being used for their intended purpose.

This list excludes infrastructure or customer driven projects, as these projects are subject to changing customer requirements and other outside influences. Detailed information regarding these projects is available in Energex's and Ergon Energy's Distribution Annual Planning Report (DAPR), which covers a rolling five-year planning cycle.

Table 5: Large projects to be completed in 2024/25

Project Description	Commissioning Date	Prior Year & 2023/24 Estimated Spend (\$M)	2024/25 Plan Spend (\$M)	Total Board Approved Spend (\$M)
Palm Beach Transformer Replacement	Jul-24	8.16	2.00	10.16
TELCO Reliability & Capacity Part 1	Sep-24	5.62	0.63	6.25
Kilcoy-Somerset Dam 33kV Overhead Replacement	Sep-24	16.40	10.12	26.52
Spatial Program of Work (SPoW)	Oct-24	4.42	1.95	6.37
Nudgee 11kV Switchgear Replacement	Dec-24	11.01	3.09	14.10
Stradbroke Island Transformer Replacement*	Feb-25	11.03	1.92	12.95*
Thursday Island Reinforce Capacity	Apr-25	3.14	2.95	6.09
Barcaldine Asset Refurbishment	May-25	5.50	7.10	12.60
Isolated Sites Communications Upgrade	May-25	6.34	2.32	8.66
Kilkivan Substation Replacement	Jun-25	22.10	13.02	35.12
Battery Energy Storage System Ipswich South Flow**	Jun-25	0.04	11.16	11.20
Battery Energy Storage System Burrum Heads Flow**	Jun-25	0.04	12.76	12.80
Battery Energy Storage System Rocky Street**	Jun-25	0.04	12.12	12.16
Battery Energy Storage System Kearneys Springs**	Jun-25	0.04	12.12	12.16
Battery Energy Storage System Glenella**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Hollywell**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Jimboomba**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Woodridge**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Clinton**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Millchester**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Marian South**	Jun-25	0.04	11.01	11.05
Battery Energy Storage System Yatala**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Mooloolaba**	Jun-25	0.04	13.33	13.37
Battery Energy Storage System Cornubia**	Jun-25	0.04	13.33	13.37

Project Description		Commissioning Date	Prior Year & 2023/24 Estimated Spend (\$M)	2024/25 Plan Spend (\$M)	Total Board Approved Spend (\$M)
Enterprise Resource Planning (ERP) and Enterprise Asset Management (EAM)	Release 1~ ~Inclusive of Contingency	Oct-24	33.02	13.29	46.31
	Releases 2+^ ^ Inclusive of Contingency and Capital Interest allocation	Jun-25	0.00	55.26	189.64

**Board approval for additional funding is underway.*

***Funding has been committed via the Queensland Renewable Energy and Hydrogen Jobs Fund (QREHJF). The capacity from the batteries will be shared on commercial terms with retailers enabling them to be traded in the national markets and providing funding streams to partially offset the ongoing operating cost of the batteries. The commercial models for these investments will continue to be refined (including potential avenues for a regulatory funding mechanism to the Network Battery Program).*

Investment Thresholds

Energy Queensland acknowledges the requirements to notify appropriate parties and obtain approval for proposed Capital Expenditure (CAPEX) consistent with the Investment Guidelines for Government Owned Corporations (GOCs). An investment is defined as CAPEX where a return is expected over a period of time. The thresholds below will be reviewed annually to ensure appropriate approval and notification levels are maintained.

In 2024/25, Energy Queensland will:

- gain approval for:
 - all regulated investments above \$100 million, except for:
 - regulated investments in the Western Zone, where approval will be sought for individual investments above \$40 million; and
 - all unregulated investments above \$60 million, except for:
 - unregulated investments involving design and construct services undertaken on behalf of an external entity and ownership of the asset transferring to that entity upon completion of construction, where approval will be sought for total contract value above \$120 million; and
 - Retail and isolated systems investments, where approval will be sought for investments above \$40 million; and
- provide notification of:
 - all regulated investments above \$50 million; and
 - all unregulated investments above \$20 million, except for unregulated investment which is outside of Queensland or involves investment in new markets that Energy Queensland has not entered before, where notification will be provided for investments above \$10 million.

Queensland Procurement Policy

As a GOC, Energy Queensland is committed to the advancement of corporate, social, community, local industry and environmental sustainability outcomes of the Queensland Government through its support and implementation of the Queensland Procurement Policy (QPP).

The principles, targets and commitments of the QPP are embedded into Energy Queensland's procurement and purchasing processes, and Energy Queensland works in partnership with local communities to develop industry capability and capacity to secure broader economic and societal benefits. This includes working to increase the participation of Aboriginal and Torres Strait Island businesses and social enterprises.

For Yurika, Energy Queensland's energy services business, alignment with the QPP is seen as a competitive advantage, as many of our commercial partners recognise the important economic, environmental and social benefits of the policy especially in support of Queensland's ongoing recovery from the impacts of COVID-19.

Energy Queensland is committed to supporting the Queensland Government Ethical Supplier Mandate and has also developed a Modern Slavery Statement to assess the risks of modern slavery in its supply chains and operations, in accordance with the *Modern Slavery Act 2018 (Cth)*.

Capital Structure and Dividend Policies

Energy Queensland's dividend policy is typically to recommend and pay a dividend amount equivalent to 100% (or the percentage approved by shareholding Ministers, if different) of the cash component of Energy Queensland's consolidated profit.

The Energy Queensland Board targets a long-term capital structure of 70% Net Debt to the Standard Control Services (SCS) Regulatory Asset Base (RAB). The target gearing ratio is balanced against Energy Queensland's commitment to maintain a stand-alone credit rating of at least BBB (the most recent rating was assessed as BBB+ by Fitch Ratings in February 2024).

Community Service Obligation

For customers in regional Queensland, the cost to supply electricity generally exceeds the price paid by customers in south-east Queensland. The Queensland Government's Uniform Tariff Policy (UTP) ensures that regional customers pay the equivalent price for electricity supply as south-east Queensland customers.

This is achieved through the Queensland Competition Authority (QCA) determining the tariffs Retail can charge its regional customers based on south-east Queensland network prices and its assessment of appropriate market rates for energy. The Government then pays Energy Queensland a Community Service Obligation (CSO) payment to compensate it for supplying electricity at less than cost to regional customers.

The CSO Deed is reviewed annually with the Energy Division, Queensland Treasury. CSO contributions assumed for this submission reflect Energy Queensland's best estimate based on anticipated tariffs and network and customer load profiles. This estimate will be revised following the release of the draft QCA tariffs and allowances. The CSO forecasts for 2024/25 are outlined in Table 6.

The CSO forecast for 2024/25 is increasing predominantly due to the differential in network revenue between Energex and Ergon Energy.

Table 6: Community service obligation (CSO) forecasts

Consolidated Group (\$M)	<i>2023/24 Estimated</i>	<i>2024/25 Plan</i>
NEM CSO	461.8	446.6
ACS Metering CSO	15.1	20.3
Mt Isa CSO	33.5	39.6
Isolated CSO	88.6	101.5
Total Energy Queensland CSO	599.0	608.0

Financial statements

Statement of Profit and Loss

Table 7: Statement of Profit and Loss

Consolidated Group (\$M)*	2023/24 Estimated Actuals	2024/25 Plan
Distribution Use of System (DUoS) Revenue	2,649.7	2,998.4
Transmission Use of System (TUoS) Revenue	563.9	656.4
Retail Revenue (excluding network charges)	1,192.0	1,050.9
CSO Grant	599.0	608.0
Other SCS Revenue	17.5	18.2
ACS Revenue	424.9	445.5
Unregulated Revenue	606.9	646.7
Interest Received	14.8	5.2
Other Revenue	5.6	5.0
Total Operating Revenue	6,074.2	6,434.4
TUoS Expenditure	557.4	659.1
Energy Purchases	1,168.4	1,023.9
Solar PV Feed In Tariff	323.9	298.6
SCS Program of Work	820.7	836.2
ACS Program of Work (including unfunded)	211.0	244.2
Unregulated Expenditure	619.7	635.9
Other Direct Expenditure	83.7	91.1
Total Direct Operating Expenditure	3,784.9	3,789.1
Indirect Expenditure (excl Restructure)	1,059.6	1,217.4
Corporate Restructuring Costs	6.9	5.8
Depreciation & Amortisation	1,069.4	1,157.3
Overhead Allocation	(670.1)	(729.4)
Realised Earnings Before Interest & Tax	823.5	994.2
Mark to Market (MTM) Loss/(Gain)	81.0	-
Earnings Before Interest & Tax (EBIT)	742.5	994.2
Borrowing Costs	769.4	879.6
Income Tax Expense/(Benefit)	(8.1)	34.4
Net Profit After Tax (NPAT)	(18.8)	80.2

*Note: Amounts may not add up due to rounding.

Statement of Financial Position

Table 8: Statement of Financial Position

Consolidated Group (\$M)*	2023/24 Estimated Actuals	2024/25 Plan
Cash Assets	25.4	25.4
Current Receivables	947.5	1,189.7
GOC Cash Management Facility	0.0	150.0
Inventories	258.3	272.1
Financial Assets	217.6	217.6
Other Current Assets	30.1	30.1
TOTAL CURRENT ASSETS	1,478.9	1,884.9
Property, Plant and Equipment	28,885.1	31,106.2
Intangible Assets	770.7	834.3
Other Non-Current Assets	339.6	339.8
TOTAL NON-CURRENT ASSETS	29,995.4	32,280.3
TOTAL ASSETS	31,474.3	34,165.2
Current Payables	645.8	607.5
Current Interest-Bearing Liabilities	13.7	13.7
Current Provisions	433.8	514.5
Current Financial Liabilities	201.9	201.9
Other Current Liabilities	170.5	167.0
TOTAL CURRENT LIABILITIES	1,465.6	1,504.7
Non-Current Interest-Bearing Liabilities	20,340.2	21,970.2
Net Deferred Tax Liabilities	3,966.2	4,234.7
Non-Current Provisions	36.1	39.4
Other Non-Current Liabilities	174.8	144.9
TOTAL NON-CURRENT LIABILITIES	24,517.3	26,389.1
TOTAL LIABILITIES	25,982.9	27,893.8
NET ASSETS	5,491.5	6,271.5
Contributed Equity	1,009.7	1,189.4
Reserves	3,918.8	4,465.1
Retained Earnings	563.0	616.9
TOTAL SHAREHOLDER EQUITY	5,491.5	6,271.5

*Note: Amounts may not add up due to rounding.

Statement of Cash Flows

Table 9: Statement of Cash Flows

Consolidated Group (\$M)*	2023/24 Estimated Actuals	2024/25 Plan
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	5,042.3	5,481.5
Payments to Suppliers and Employees	(3,986.1)	(4,234.3)
Community Service Obligations	600.8	607.3
Borrowing Costs	(767.6)	(877.6)
Income Tax Equivalent Received / (Paid)	78.3	34.3
NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES	967.7	1,011.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdraws / (advances) to QTC Investment	257.4	(150.0)
Payments for property, plant and equipment	(2,165.1)	(2,642.6)
Interest received	14.8	5.2
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(1,893.0)	(2,787.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from Borrowings	946.1	1,630.0
Payment of Lease Liabilities	(20.9)	(33.5)
Dividends Paid	-	-
Issued Capital	-	179.7
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	925.3	1,596.5
Cash at the Beginning of the Financial Period	25.4	25.4
Net Increase/ (Decrease) in Cash Held	-	-
QTC Working Capital Facility	-	-
CASH AT THE END OF THE FINANCIAL PERIOD	25.4	25.4

*Note: Amounts may not add up due to rounding.

Statement of Compliance

Energy Queensland, including its subsidiaries, will comply with all relevant policies and guidelines as issued by the shareholders and Government and formal directions as received from time to time.

Attachments

Attachment 1	Sponsorship, advertising, corporate entertainment, donations and other activities
Attachment 2	Employment and Industrial Relations (E&IR) Plan
Attachment 3	Weighted average cost of capital (WACC) calculations
Attachment 4	Corporate measures definition table

Attachment 1 - Advertising, community investment, corporate entertainment and related activities

Energy Queensland's advertising and community investment has been increased in line with inflation. Advertising investment is predominantly targeted to critical customer education on high-risk electrical safety awareness campaigns for Ergon Energy Network and Energex. These messages include how to be safe around overhead powerlines (Look up and Live), how to be safe around fallen powerlines (Report Fallen Powerlines), to report network damage (Spot It, Report It) and what to do if a car comes into contact with powerlines (Stay. Call. Wait). The spending on these campaigns has been increased slightly to reflect cost increases and ensure a robust level of customer awareness. While the spending on other marketing has been below budget, plans are in place for targeted business development and demand management activities in 2024-25.

For Ergon Retail, there will be a refocus on product and services marketing in 2024-25, following an underspend in the 2023-24 year due to a priority on process and system changes, and change management.

Energy Queensland's community investment program continues to contribute value to the community – building strong local economies and resilient communities, and promoting inclusion and wellbeing, and in many cases supporting the energy transformation, while strengthening its social licence and trust, providing customer experiences and channels, and enabling community participation and employee engagement. After a review of partnerships and increasing costs, funds have been increased in line with cost increases experienced by EQL's partners and plans for the Community Fund, to allow EQL to build First Nations partnerships, and to explore sponsorship of energy efficiency programs.

Yurika marketing continues to focus on uplifting Yurika brand awareness and business development through participation in industry conferences and exhibitions, as well as partnership opportunities to share community value.

Corporate entertainment is provided for staff recognition of service, safety, apprentices and catering costs for engaging with key stakeholders in relation to important issues such as community resilience, disaster response and local issues impacting residential and business customers.

Summary of Advertising, Community Investment Partnerships, Corporate Entertainment and Other Related Activities

Activity	2023/24 Estimated	2024/25 Plan
Advertising (and Other Marketing Channels)	3,768,000	4,095,000
Community Investment	1,400,000	1,600,000
Corporate Entertainment	84,000	91,000
Related Activities	221,000	226,000
Total	5,473,000	6,012,000

Advertising

Activity	2023/24 Estimated	2024/25 Plan
Advertising over \$5,000		
Community and High Risk Electrical Safety Campaigns	2,690,000	2,925,000
Product and Services Marketing – Ergon Retail	13,000	20,000
General Customer and Community Engagement – Ergon Retail	230,000	307,000
Other Marketing Activities	835,000	843,000
Total Advertising	3,768,000	4,095,000

Community Investment

Activity	2023/24 Estimated	2024/25 Plan
Major & Multi-market Sponsorships over \$5,000		
Queensland State Emergency Services	150,000	200,000
University-related Partnerships - Griffiths, QUT, Career Trackers, UQ, USQ, API, Dream Big	100,000	135,000
Queensland Rural Fire Service	75,000	75,000
Queensland Ballet	50,000	60,000
Queensland Theatre	50,000	55,000
Local Government - LGAQ/LGMA	35,000	35,000
JUTE Theatre	20,000	30,000
Royal Flying Doctor Service	30,000	30,000
Queensland Museum	20,000	20,000
Carnival of Flowers		30,000
Funds not under contract¹		
Including Ergon-Energex Community Fund	150,000	200,000
Local community ² and other sponsorships	720,000	730,000
Subtotal	870,000	930,000
Total Community Investment	1,400,000	1,600,000

¹ Includes Ergon Network, Energex, Ergon Retail and Yurika. To ensure EQL meets the highest standard of ethical and responsible decision-making across its community investments Energy Queensland has a Board approved [Sponsorship Policy](#) and Guidelines, and for transparency EQL provides detail on any ongoing partnerships valued over \$5,000 here.

To support its vision to 'energise Queensland communities', across the Group, each year EQL also makes a significant investment in other partnerships that are not under a contract at the time of this document. This includes funds distributed via the Ergon-Energex Community Fund (which EQL is increasing by \$50,000) and (2) the \$10,000 allocated each year to each of EQL's 17 areas for smaller local community support (under \$5,000: total \$170,000), plans to increase its First Nations investment (with a partnership being developed with the Queensland Performing Arts Centre), and an allocation for any opportunities to sponsor non-government organisations delivering energy efficiency advice/access to renewable energy programs to customers experiencing vulnerability, as well as other planned community investment and business development sponsorships.

Corporate Entertainment

Activity	2023/24 Estimated	2024/25 Plan
Ignite Awards	15,000	20,000
Other Entertainment below \$5,000	69,000	71,000
Total Corporate Entertainment	84,000	91,000

Other related activities

Activity	2023/24 Estimated	2024/25 Plan
Other Related Activities - Memberships over \$5,000		
Energy Charter	60,000	60,000
Energy Users Association of Australia	30,000	30,000
Thriving Communities Partnership	25,000	25,000

Activity	2023/24 Estimated	2024/25 Plan
Townsville Enterprise	25,000	25,000
Clean Energy Council	22,500	22,500
Capricorn Enterprise	22,000	22,000
Mt Isa to Townsville Economic Development Zone Inc (MITEZ)	8,500	8,500
Committee for Economic Development of Australia (CEDA)	8,000	8,000
Toowoomba and Surat Basin Enterprise	5,000	5,000
Unallocated Funds	15,000	20,000
Total Other Related Activities	221,000	226,000

Attachment 2 - Employment and Industrial Relations Plan

People and Culture

The Energy Queensland People Strategy articulates the workforce priorities and culture required to deliver on Energy Queensland's vision to energise Queensland communities. The purpose of the Strategic People Plan is to create a future fit workforce through attracting, retaining, and developing a diverse mix of capable and high-performing people to deliver the best results for EQL's customers and community.

The four key pillars of Talent, Culture, Capability and Leadership are focused on delivering tactical five year priorities and driving long term aspirational goals to achieve against 2032 ambitions.

The implementation of the People Plan is supported by a strong EQL culture journey, embedded by newly created values represented as We're Safe, We Belong, We Grow and We Deliver. Key strategic initiatives underway that underpins the four pillars are:

- Delivering Talent – Maximise EQL Employer branding, enhancing recruitment strategies through strong talent pipelines and early career programs, building on workforce planning insights, retention strategies and career pathways.
- Embedding a Desired Culture – Transforming the EQL culture via key culture shifts and embedding the new values, building a diverse, equitable and inclusive workforce, focused on employee wellbeing, engaging and empowering teams.
- Enhancing Capability – Uplift workforce capability, adapting towards an agile and flexible workforce, building a talent framework focused on development and appropriate to EQL.
- Growing Leadership – Enhance EQL Leadership through a newly adopted leadership roadmap, creation of leadership pipelines, building progressive leaders striving towards sustainable leadership and a growth mindset.

Workplace Health and Safety

There is no greater priority than safety and it remains our key value. We put the safety and well-being of our people and communities first.

The Energy Queensland Health, Safety and Environment Strategy 2021-23 focussed on decluttering of HSE and Operational processes, as well as embedding of new programs such as Safety is Defence, Mates in Energy and Learning Teams as just a part of how we do business. Safety performance has continued to improve over this time in key metric areas such as Significant Incident Frequency Rate (SIFR) and Total Recordable Injury Frequency Rate (TRIFR).

A new 2024-2027 HSE Strategy has been approved which will focus on the maturing and continuous improvement of existing processes, as past focus areas have proven successful and the right path forward. The main focus areas will include:

- Implementation of the 3 year Mental Health Plan developed during the second half of 2023 after reviewing the results of the 2023 mental health survey and review of the new Code of Practice for Psychosocial Risk Factors.
- Execution of the 3 year Safety is Defence Strategy developed in late 2023, with a focus on enhancing front-line leadership capability.
- Formalising how change is managed and minimising the potential negative impacts to the front-line high-risk workforce.
- Maturing HSE & Operations assurance process, by integrating assurance, risk and incident information and moving to continuous control monitoring where possible.

- Understanding and managing the risk of an influx of new external front-line workers and an increase in Apprentice numbers.

Remuneration for CEO and Senior Executives

The remuneration provided in the table below reflects CEO and Senior Executives at 1 July 2023.

CEO / Senior Executives	Base salary	Employer superannuation ¹ contributions	Total remuneration (excluding performance pay)	Performance Payment ²	Total Remuneration
Peter Scott Chief Executive Officer	\$1,071,962	\$27,399	\$1,099,361	\$0	\$1,099,361
David Malek Chief Financial Officer	\$572,601	\$27,399	\$600,000	\$15,682	\$615,682
Paul Jordon Chief Operating Officer	\$617,410	\$61,741	\$679,151	\$54,363	\$733,514
Karen Stafford ³ Acting Executive General Manager Corporate Services	\$468,645	\$27,399	\$496,044	\$32,387	\$528,431
Peter Price Chief Engineer	\$605,887	\$60,589	\$666,476	\$53,150	\$719,626
Marianne Vosloo ⁴ Chief Information Officer	\$467,491	\$27,399	\$494,890	\$31,252	\$526,142
Ayesha Razzaq Executive General Manager Retail	\$522,163	\$27,399	\$549,562	\$43,915	\$593,477
Belinda Watton Executive General Manager Yurika	\$535,222	\$27,399	\$562,621	\$50,594	\$613,215
Michael Dart Executive General Manager Customer	\$468,095	\$27,399	\$495,494	\$40,946	\$536,440
Nicola Roscoe ⁵ Acting Executive General Manager Regulation	\$385,637	\$27,399	\$413,036	\$27,448	\$440,484

¹ Superannuation application is 12.75% noting superannuation is capped at the maximum superannuation contribution base (MSCB) limit (with the exception of Paul Jordon and Peter Price who are members of a Defined Benefit Superannuation Fund).

² Performance Payment is for the period 1 July 2022 to 30 June 2023. Peter Scott was not eligible for a Performance Payment under policy based on time in role.

³ Karen Stafford is acting EGM Corporate Services from 8 August 2022 until the commencement of Todd Reynolds on 15 January 2024 (with a Total Fixed Remuneration of \$502,550). Karen's performance incentive payment was paid in line with her nominal Individual Contract Agreement terms and conditions.

⁴ Marianne Vosloo ceased employment on 28 July 2023. Peter Price acted as Chief Information Officer position from 24 July 2023 to 6 August 2023 when Sharyn Scriven acted from 7 August 2023 (with a Total Fixed Remuneration of \$476,000).

⁵ Nicola Roscoe is acting EGM Regulation from 30 May 2022 until the permanent appointment of Stephanie McDougall (with Total Fixed Remuneration of \$481,200). Nicola's performance incentive payment was paid in line with her nominal Individual Contract Agreement terms and conditions.

Employment Conditions

As a GOC covered by federal industrial relations legislation, Energy Queensland will continue to meet its obligations consistent with the guidelines and policies provided by the Queensland Government and under the *Fair Work Act 2009 (Cth)*.

The majority of employees (with the exception of some employees on contract arrangements) are employed under the following enterprise agreements (both of which nominally expire on 29 February 2024 and are being re-negotiated (as detailed under the Enterprise Agreements section below):

- Energy Queensland Union Collective Agreement 2020; and
- Energy Queensland Retail Union Collective Agreement 2020.

Enterprise bargaining is undertaken with industry unions which include:

- The Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical Division (ETU);
- Australian Municipal, Administrative, Clerical and Services Union (The Services Union);
- The Association of Professional Engineers, Scientists and Managers, Australia (Professionals Australia); and
- Automotive, Metals, Engineering, Printing and Kindred Industries Union of Employees (AMWU).

Types of Employment

At 31 December 2023, the total number of Energy Queensland employees in each Employment Category are listed below:

Employment Category	Total FTE
Permanent Employees ⁶	7,691.9
Fixed Term Employees ⁷	191.3
Senior Executive Contract ⁸	7.0
Apprentices (In House) ⁹	377.7
Trainees (In House)	44.0
Casual Employees	69.5
Total Directly Employed Workforce	8,381.4

⁶. Includes all permanent employees and Sponsored Apprentices (27)

⁷. Includes all fixed-term employees and Vacation Students

⁸. 10 Senior Executive positions (1 CEO with 9 Senior Executive direct reports) as at December 2023; 7 positions filled by employees on Senior Executive Contracts, 3 Executive positions are currently backfilled through secondment arrangements.

⁹. Includes 9 Apprentices classified as permanent and 1 Apprentice classified as fixed-term

As at 31 December 2023, the total number of Energy Queensland employees were employed under the following industrial instruments and contractual arrangements:

Business	Type	Number of Employees
Enterprise Agreements		
Energy Queensland	• Energy Queensland Union Collective Agreement 2020	8,197
	• Energy Queensland Retail Union Collective Agreement 2020	366
	Total Enterprise Agreements	8,563
Contractual Arrangements*		
Energy Queensland	• Total Fixed Remuneration and Total Employment Cost	198
	Total Contractual Arrangements	198
	Total Number of Employees	8,761

*Includes contracts for employees outside the coverage and application of the respective Enterprise Agreements.

Enterprise Agreements

The Energy Queensland Union Collective Agreement 2020 (EQ UCA 2020) and the Energy Queensland Retail Union Collective Agreement 2020 (EQ RUCA 2020) were operative from 10 November 2020 and will operate until 29 February 2024, however they will continue in force after their nominal expiry date until such time as they are replaced or terminated by law.

Key features of these current Enterprise Agreements include:

- Employment Security provisions (i.e., no forced retrenchments);
- 3% pay increases on 1 March 2022; 1 September 2022; and 1 March 2023;
- Applicable allowances indexed by annual wage increase each year;
- Employee and union consultation provisions;
- Union Delegate Rights and Responsibilities clauses; and
- Provisions relating to Use of Contractors (for core electrical work in the EQ UCA 2020).

Consistent with the terms of these Enterprise Agreements, the parties commenced discussions and subsequent bargaining for replacement Enterprise Agreements 6 months prior to the aforementioned nominal expiry dates.

Energy Queensland has been conducting bargaining for proposed new agreements. Once finalised, the proposed new Agreements will be operative and implemented following required approvals under policy and legislation (including the employee vote and Fair Work Commission approval).

EQL will provide shareholding Ministers with quarterly reports on the implementation and progress of the productivity initiatives included in EQL's Enterprise Bargaining Agreements, once finalised.

Redundancy Provisions

The following redundancy and retrenchment provisions are common to the current Enterprise Agreements:

- 'No forced retrenchment' for employees provided they do not unreasonably refuse redeployment to suitable alternative employment within a 50-kilometre radius of their original location;
- Salary maintenance at the employee's base rate of pay while they remain in their redeployed position;

- Commitment to take all reasonable steps to determine what suitable alternative employment exists within the business;
- An ex-gratia retrenchment payment of three weeks per year of service, together with a proportionate amount for an incomplete year of service. The minimum and maximum retrenchment payment will be four weeks and 75 weeks respectively;
- Annual Leave: Payment for annual leave includes an employee's accumulated balance as well as the pro-rata balance. Pro-rata annual leave is paid to the date of termination;
- Long Service Leave: A long service leave payment of 1.3 weeks for each completed year of service will be made; and
- Employees may also be eligible for an Early Separation Incentive Payment (ESIP) of 13 weeks' pay where applicable. Approval of ESIP is at the discretion of Energy Queensland.

OTHER EMPLOYMENT CONDITIONS

Above Enterprise Agreement employees

Above agreement employees are employed under a common law contract arrangement (Individual Contract Agreement) that is outside the coverage of an Enterprise Agreement. These contract arrangements entitle employees to a maximum performance payment of 15% of salary. Performance is assessed relative to pre-determined objectives using a balanced scorecard system, with measures that are directly or indirectly linked to Energy Queensland's SCI and achievement of business and stretch targets.

Superannuation

Under the current Enterprise Agreements, Energy Queensland has made superannuation contributions on behalf of employees to the employees' existing choice Superannuation Fund, Stapled Superannuation Fund or the default Superannuation Fund operated by Brighter Super.

As required by legislation, Energy Queensland's new Enterprise Agreements will provide full choice of superannuation fund for existing and for new employees (acknowledging legislation on Superannuation Stapling rules means new employees will keep their Superannuation Fund from their former employment on commencing at Energy Queensland unless they choose another Superannuation Fund).

Energy Queensland's current employer Superannuation Contributions are 12.75% on Ordinary Time Earnings (OTE) as per Queensland Government policy.

The Defined Benefit funds are now closed to new employees across Energy Queensland and its subsidiaries. Although existing Defined Benefit Fund employees will have that fund maintained while they remained employed with Energy Queensland.

At 31 December 2023, the number of people in each Superannuation Fund is as follows:

Type	Number of Employees
Brighter Super Defined Contribution Fund	7,204
Brighter Super Defined Benefit Fund	802
Other – own choice of fund	755
Total	8,761

Use of Contractors

Energy Queensland and its subsidiaries utilise external resources to support its permanent labour force in the completion of core work. The use of contractors is subject to the following guidelines as specified within the various applicable enterprise agreements for Energy Queensland subsidiary businesses:

- the work volume is beyond the capacity of the resources or staff;

- the type of work or specialisation required is beyond the capacity of the resources or staff;
- it is in the public interest to undertake such work. Public interest includes issues of cost effectiveness;
- the security and tenure of employment of additional staff required to meet work peaks cannot be guaranteed;
- Energy Queensland and its subsidiaries do not intend to utilise contractors to reduce its commitment to training of permanent employees, or merely to avoid increases in the permanent workforce;
- the use of contractors is not to be exercised to avoid training for existing staff or employing new staff to cater for emerging areas of work. "Emerging areas of work" does not include one off works or temporary work peaks; and
- consultation is undertaken with relevant unions in accordance with the requirements of the enterprise agreements.

Energy Queensland and its subsidiaries have contractual processes in place to ensure compliance with licensing requirements, qualifications requirement in accordance with Government specifications and the contract tendering and award process complies with the Competition and Consumer Act 2010 (Cth). Auditing processes are undertaken where required.

Consultation

The Energy Queensland E&IR Plan is developed in accordance with the terms of section 149 of the GOC Act 1993, including consultation with:

- Industry Unions;
- Office of Industrial Relations;
- Shareholder & Structural Policy Division, Queensland Treasury; and
- Department of Premier and Cabinet.

Attachment 3 - Weighted average cost of capital calculations

Energy Queensland's WACC calculations are based on the Government Owned Corporations Cost of Capital Principles. Energy Queensland will apply a separate WACC calculated for each key business activity with different risk profiles. The WACC method establishes rates that are applied to nominal cash flows and are used for project evaluation purposes.

The WACC for the electricity network businesses relates to investments under the national electricity regulation framework and is outlined in the WACC calculations below.

WACC Calculations	2023-24	2024-25
	Approved WACC ¹	Estimated WACC ¹
Vanilla WACC (Nominal)	4.58%	4.63%
Return on Debt (Kd) (Nominal Pre-tax)	4.51%	4.60%
Return on Equity (Ke) (Post-tax Nominal)	4.69%	4.69%
- Risk Free Rate	1.03%	1.03%
- Market Risk Premium	6.1%	6.1%
- Equity Beta	60.0%	60.0%
- Gamma	58.5%	58.5%
Effective Tax Rate (T)	30.0%	30.0%
Benchmark Capital Structure		
- Proportion of Equity Funding	40.0%	40.0%
- Proportion of Debt Funding	60.0%	60.0%

1. Approved WACC reflects the updated return on debt determined by the AER as assumed in the 2023/24 and 2024/25 Energex and Ergon Energy Pricing Proposals.

Capital asset pricing model

The Capital Asset Pricing Model is used to calculate the cost of equity as follows:

$$Ke = Rf + \beta_e \times MRP$$

Where: Ke = Required rate of return on equity

Rf = Required rate of return on a risk-free investment

MRP = Market risk premium

β_e = Equity beta (correlation between the asset's risk and overall market risk)

Attachment 4 - Corporate measures definition table

Financial Measure	Definition
Net Profit After Tax (NPAT)	Provides a measure of Energy Queensland's profitability after debt servicing costs and income tax.
Standard Control Service Total Expenditure (SCS Totex)	Total expenditure relating to Standard Control services are the basic charges for use of the distribution network. The services are price regulated distribution services provided to all customers connected to the electricity distribution network.
Non-Financial Measure	Definition
Significant Incident Frequency Rate (SIFR)	<p>Significant Incident Frequency Rate (SIFR) captures:</p> <ul style="list-style-type: none"> events that have an actual or potentially fatal outcome for employees/contractors working for Energy Queensland work-related Dangerous Electrical Events (DEEs) or Serious Electrical Incidents (SEIs) which have the actual or potential outcome of a fatality or serious injury to employees/contractors working for EQL or members of the public <p>The KPI measures the rate of significant incidents per million hours worked in the reporting period.</p>
Employee Engagement	Measures employee engagement to the business. Engagement is determined by an annual employee survey facilitated by a third-party provider which is benchmarked against peer companies across Australia and around the world.
Customer Satisfaction (CSAT)	Provides a measure of customer sentiment and satisfaction with the services provided by Energy Queensland by brand (Energex, Ergon Energy Network; Ergon Energy Retail and Yurika) benchmarked against other companies across a range of sectors. The metric tracks the value being delivered to customers against their needs and expectations.
Operational Delivery	The delivery measure provides a holistic and comprehensive view of the Energex and Ergon Energy Network Program of Work. It is comprised of Work Unit Rate; Projects on Time; Projects on Budget; and Program Delivery.
SAIDI and SAIFI	System average interruption duration index (average outage duration (in minutes) per customer) and System average interruption frequency index (number of outages per customer) measures network reliability performance.