

Government Owned Corporations (CleanCo Queensland Limited) Amendment Regulation 2018

Explanatory notes for SL 2018 No. 225

made under the *Government Owned Corporations Act 1993*

General Outline

Short title

Government Owned Corporations (CleanCo Queensland Limited) Amendment Regulation 2018

Authorising law

Sections 2, 5, 24 and 72 of the *Government Owned Corporations Act 1993* (GOC Act).

Policy objectives and the reasons for them

During the 2017 election, the Queensland Government committed to establish CleanCo Queensland Limited (CleanCo) to support the growth of Queensland's renewable energy industry, put downward pressure on wholesale electricity prices and improve competition in the wholesale electricity market. It also committed to restructuring the existing two electricity generator government owned corporations (GOCs), CS Energy Limited (CS Energy) and Stanwell Corporation Limited (Stanwell), into three through the addition of CleanCo. On 30 August 2018, the Government announced the proposed establishment of CleanCo.

CleanCo was incorporated as a public company limited by shares on 11 October 2018.

CS Energy and Stanwell will separately be restructured in 2019 to provide CleanCo with a strategic portfolio of low and no emission power generation assets. CleanCo will also have a mandate to build, construct, own and maintain renewable energy generation.

Achievement of policy objectives

The *Government Owned Corporations (CleanCo Queensland Limited) Amendment Regulation 2018* (Regulation) achieves its objectives by nominating CleanCo to become a candidate GOC and declaring it to be a GOC.

Consistency with policy objectives of authorising law

By declaring CleanCo as a GOC, the Regulation enables CleanCo to be subject to the governance framework of the GOC Act. That is, to ensure that CleanCo is commercially successful in the conduct of its activities, and to ensure the overall efficiency and effectiveness of GOCs.

Inconsistency with policy objectives of other legislation

The Regulation is consistent with the policy objectives of other legislation.

Alternative ways of achieving policy objectives

The nomination of CleanCo as a candidate GOC, and its declaration as a GOC, can only occur by regulation.

Benefits and costs of implementation

CleanCo will support the growth of Queensland's renewable energy industry, put downward pressure on electricity prices and improve competition in the wholesale electricity market.

CleanCo is a structural long-term market based solution to drive electricity affordability. Once it commences trading, preliminary analysis indicates that CleanCo should reduce wholesale electricity prices on average by around \$7/MWh, which is expected to translate to an estimated \$70 per annum saving for the average Queensland household.

There are no specific costs involved in declaring CleanCo as a GOC.

Consistency with fundamental legislative principles

The Regulation raises no issues and does not breach any fundamental legislative principles.

Consultation

Ongoing consultation has occurred with CS Energy, Stanwell and the relevant union organisations in relation to CleanCo's establishment.

In accordance with the *Queensland Government Guide to Better Regulation*, the Office of Best Practice Regulation was not consulted in relation to the regulatory proposal. Queensland Treasury has self-assessed the Regulation to be excluded from further regulatory impact analysis under exclusion categories (c) regulatory proposals for the internal management of the public sector and (g) regulatory proposals that are of a machinery nature.