Australian Institute for Progress

Submission to Governance Energy and Finance Committee: *Energy Roadmap Amendment Bill 2025*

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The Australian Institute for Progress exists to advance the discussion, development and implementation of public policy for Australia's future, from its base in Brisbane. The future does not look after itself.

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Australian Institute for Progress

October 30, 2025

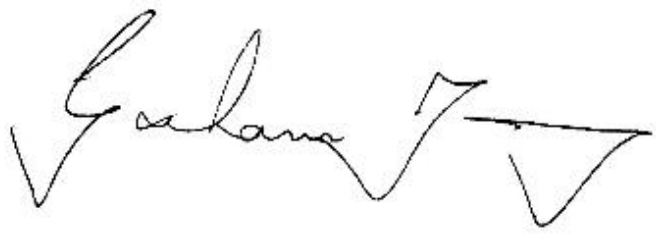
The Chair
Governance, Economics and Finance Committee
Parliament House
George Street
Brisbane Qld 4000

Dear Chair,

The Australian Institute for Progress is an Australian think tank based in Queensland. We thank the committee for this opportunity to make a submission on the *Energy Roadmap Amendment Bill 2025.*

Should you have any queries you may contact me by email graham.young@aip.asn.au, or by phone 0411 104 801. We would be very interested in giving evidence to the committee in any hearings it may undertake.

Regards,



GRAHAM YOUNG
EXECUTIVE DIRECTOR

1. Introduction

The Australian Institute for Progress welcomes the Roadmap as a first step towards a sensible energy policy for Queensland. Analysts talk of the energy trilemma – the effort to make energy reliable, affordable and emissions free, and these amendments make the bill closer to solving that problem than previously, although electricity costs will, on the evidence presented by the government, still be much higher than they are now.

It also allows for much more transparency in the energy transition and decision-making necessary for it and should be the beginning of a conversation with the public, who have been led to have unrealistic expectations of what is possible in reducing emissions at a reasonable cost while providing an acceptable service.

Queensland is in a unique position, compared to every other state bar Tasmania, because the government controls the majority of generation and distribution assets, as well as being the regulator of generation and distribution. That means it is less subject to the whims of commercial producers, but it also means that any failure in the electricity market will have consequences for the state government's finances.

2. Abolition of emissions targets

This is a sensible substitution of engineering and economics for ideology. The previous government's emissions targets were not going to be met, and trying to force the electricity system to meet them increased unreliability and cost in the quest for the impossible dream. This is a worldwide problem and increasingly recognised as such by former proponents of these targets, such as Tony Blair[1], and more recently Bill Gates[2].

However, other legislation still contains emissions targets, specifically the *Clean Economy Jobs Bill 2024*, and that legislation needs to be amended, or preferably repealed entirely. Not only does it mandate emissions targets, but it requires the central planning of the whole Queensland economy.

3. No regrets

The Roadmap adopts a "no regrets" approach with coal-fired power stations. The best way to understand the implications of this is to reference two state government software disasters – the current Unify one and the Health payroll debacle of 2010.

In both these cases highly-paid consultants designed systems that failed. Failing is one thing, but the biggest sin was to implement these systems while completely shutting down the legacy systems that, whilst not perfect, still did the job.

This government is not making the same mistake with electricity. Clever consultants have designed the energy transition, and clever consultants are wrong all the time, but it won't matter so much if we retain the existing power generation system.

A major problem with the previous government's approach was that unreliable wind and solar generation (so-called renewables) were being added to the grid without consideration of the need

[1] https://www.telegraph.co.uk/business/2025/10/23/blair-urges-miliband-to-abandon-green-levies/
[2] https://apnews.com/article/bill-gates-climate-change-united-nations-4108f76e746d1e3e13845f33b8ae7007

to firm them. Storage needs to be in place before the renewables, otherwise the grid will become unstable, and there will be excess production that is wasted at some times as well as a complete lack of power at others.

AEMO's ISP makes assumptions about the batteries that will be available to stem this and is in part predicated on the idea wholesalers will be able to tap into household batteries to meet storage needs. However, the evidence is that households are understandably not allowing discharge to the grid, and that many of the batteries being installed aren't suitable anyway[3].

This bill envisages gas-fired power filling the gaps, which is consistent with the ISP. The government also relies on deep storage, but it should be noted that none of the four potential pumped hydro electricity schemes has progressed to the feasibility stage, and that based on the cost over-runs on Snowy 2.0, as well as the proposed Pioneer-Burdekin PHES, they may not be financially practical.

The Roadmap assumes 1.36 GW of renewables will be built each year. This is optimistic and has only been achieved once in the history of the state - in 2023. This year no large-scale wind or solar has been added – just batteries.

Most renewable technologies apart from solar are also grappling with sharp increases in cost. There are also long waiting lists for vital components. Three years for gas turbines, for example.

Then there is the competition for resources with the government's other priorities like the Olympics and building enough houses for everyone.

By eliminating emissions targets, the state can sequence investments to provide reliability and keep prices down, while managing cost and supply pressures.

4. Electricity Price

The government hopes to save $26 Billion by avoiding the cost of building additional networks that would have been required under the former government's approach and estimates this will save the average household $1,035 pa. However, that still leaves $60 Billion to be spent, and applying the same formula, that would cost the average household $2,587.59 pa on top of their existing bills, or about twice again what that bill currently is at the moment.

It is likely that the cost will be even higher because of the extreme levels of duplication required by a system powered by unreliable wind and solar.

In 2035 Queensland is projected to have total generating capacity of approximately 50 GW to produce the same amount of power as 12 GW of thermal power does today. 15 GW will be large scale wind and solar, another 13 GW will be roof-top solar, which will need 4.3 GW of batteries and 7.6 GW of pumped hydro to back it up, and 12.6 GW of hydrocarbons, just in case.

So, four systems, all roughly the same size as what we have now, producing roughly the same amount of total power – a four-fold increase in generation capacity for a zero-fold increase in output.

[3] https://cleanenergycouncil.org.au/getmedia/581fc1f9-5ffc-40e6-8e2c-b92298017f33/rooftop-solar-and-storage-biannual-report_final.pdf

5. Retention of existing coal-fired power stations

We applaud the government's intention to keep the existing coal-fired power generators running as long as needed. There is no reason why these installations cannot be like the surveyor's axe that during its lifetime had three handles and two heads.

We note that federal Energy Minister Chris Bowen claims that "unreliable, ageing coal is driving up bills for all Australians, including Queenslanders"[4]. It is disappointing to see the federal minister indulging in such blatant misinformation. His policies have led to a situation where the economics of baseload power are difficult and where generation assets have been retired before the end of their economic life, and as a result maintenance has been curtailed or neglected.

In this respect we welcome the government's commitment of $1.6 Billion towards maintaining our coal-fired power assets, but we are concerned that unless the state tightly controls when and where renewable energy enters the grid, it will end up being an expensive cross-subsidy from taxpayers to renewable energy generators to provide the reliability that is being destroyed by the volatility of their power supply.

6. Commonwealth government interference

The state should be alive to the possibility that the Commonwealth government will attempt to interfere with the implementation of its Roadmap. There are a number of ways it could do this. For example directly, by including power generators into the Safeguards mechanism, or indirectly via the threatened withholding of special purpose Commonwealth grants.

7. Gas

As the Roadmap leans heavily on gas-fired generators to make up for the likely deficiencies in storage, and the inability of coal-fired power to load follow, it is important there be enough natural gas available to run these generators. We are aware of industry concern that this is not currently available, and that it will require not just new gas supply, but new pipelines to make it available.

The government has opened-up new areas for gas exploration, but it takes years to bring a new gas well into production in a new lease. Pipelines may take even longer given the complex access negotiations required plus the need to secure suppliers and customers to guarantee their financial viability.

8. Nuclear

If the state wants to reduce emissions from its electricity generation at a reasonable cost nuclear has to be in the mix. It doesn't need the supporting gaggle of storage and networks, and it emits no CO2. 31 countries currently operate or are building nuclear reactors, including countries we consider our peers like the UK and Canada.

[4] https://www.theguardian.com/australia-news/2025/oct/10/queensland-coal-plants-decade-longer-than-planned

It is inconceivable that Australia could have nuclear-powered submarines but no nuclear-powered households. While nuclear might be some way off it's also likely that the energy transition will be slower than anyone thinks.

9. Management and planning

We note the role of QIC in the bill, and this body's complete lack to-date of expertise in system planning and other engineering skills. This needs to be addressed.

We also suggest that the government produce some cost modelling to support its preferred path at any point of time. As noted above, the Roadmap should be the start of a conversation which needs to be transparent so that the electorate and industry can be fully informed.

There is a large number of vested interests in this area, and while so far their criticism has been muted, we expect it to increase over time. In the immediate aftermath of the introduction of the bill there have been criticisms that it lacks "certainty"[5].

To the extent this isn't just convenient handwaving by vested interests, it reflects a rent-seeking mentality where the community must be made to bear the costs of a plan that cannot work to preserve the profits of a few investors who ignored that fact.

No business decision has "certainty" and is always a trade-off between risk and profit. Genuine businesspeople understand this. But the process can be made less risky by a transparent process where decision makers have access to optimal information.

10. Manufacturing industry

Manufacturing requires two major things from electricity generation – one is reliability, and the other is price. While this plan provides the reliability that should make large scale manufacturing possible in Queensland, it does not do it at a price that will keep Queensland internationally competitive.

It is likely that we will see the closing of much of our smelting and refining capacity, which will have drastic knock-on effects for Central Queensland and Northern Queensland.

The government needs to move beyond this bill to address manufacturing issues.

11. Conclusion

This is a good initiative which attempts to address the energy trilemma. It will certainly increase reliability and reduce emissions, but it will only address cost at the margin. Queenslanders need to use this as the start of an energy conversation, not the end. It is likely that the Roadmap itself will have to be adjusted, and it is desirable that the information mandating these adjustments is made publicly available.

[5] https://www.abc.net.au/news/2025-06-20/queensland-government-energy-policy-causing-chaos/105437458

The state also needs to be technology neutral, and this doesn't just extend to those technologies, currently being used, but to others that are available, such as nuclear.