ECR-2025-3811

Powering past coal and gas – FutureGrid: rewiring Australia's energy system	
Party:	Australian Greens
Summary of proposal: The proposal would create a new publicly-owned electricity transmission and distribution corporation known as FutureGrid, with $7 billion to deliver Australia's energy system. The focus would be on: • freeing up local congestion so that homes aren't losing money from their rooftop solar • ensuring the energy is available to build a linked-up network of fast-charging EV stations • ensuring sufficient network capacity to turn public buildings, shopping centres and warehouses into massive solar energy stations. The proposal would start on 1 July 2026.	
Additional information (based on further advice provided): The $7 billion of equity would be provided to FutureGrid in even instalments to 2032-33. FutureGrid would target a return of the long-term bond rate (LTBR) plus 2-3% over the medium term, in line with the targeted return of the Clean Energy Finance Corporation.	

Costing overview

The proposal would be expected to decrease the fiscal balance by around $139.3 million, the underlying cash balance by around $111.3 million and the headline cash balance by around $3.1 billion over the 2025-26 Budget forward estimates period (see Table 1). These impacts reflect equity injections into FutureGrid, dividends from FutureGrid, departmental expenses to establish FutureGrid and the resultant increases to public debt interest (PDI) expenses.

The fiscal, underlying cash and headline cash balance impacts differ in the treatment of equity flows and public debt interest. In particular, only the substantially larger headline cash balance impact includes equity injections. The impact on debt would be broadly consistent with movements in the headline cash balance.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications over the period to 2035-36 is provided at Attachment A.

The financial implications are uncertain and highly sensitive to assumptions about the speed at which capital would be deployed and projects would be completed, and the ability of FutureGrid to achieve the targeted returns. Market conditions following the acquisition of the electricity distribution and transmission networks are also uncertain.

The Parliamentary Budget Office (PBO) has not made any assessment as to the broader impacts of the proposal on electricity markets.

Table 1: Powering past coal and gas – FutureGrid: rewiring Australia's energy system – Financial implications ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	**Total to 2028-29**
Fiscal balance	-	-25.3	-45.0	-69.0	**-139.3**
Underlying cash balance	-	-20.3	-34.0	-57.0	**-111.3**
Headline cash balance	-	-1,020.3	-1,034.0	-1,057.0	**-3,111.3**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
\- Indicates nil.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- Similar to the Clean Energy Finance Corporation (CEFC), FutureGrid would commence making investments one year after establishment, allowing for preparations required to enable entry into the transmission and distribution market.
- FutureGrid would be a public non-financial corporation, providing goods and services to consumers on a commercial basis, largely funded by the sale of these goods and services and generally legally distinguishable from the government.
- The committed equity would not impact the Consolidated Revenue Fund through dividend payments until funding is deployed or drawn down for investment or operational purposes.
  – Dividend earnings on investments would be returned to the Consolidated Revenue Fund.
- As specified, FutureGrid would have a similar risk and return profile to the CEFC and would achieve similar returns.
  – This includes FutureGrid targeting an average return of the LTBR rate plus 2-3% per annum over the medium to long term as the benchmark return on the core portfolio.
  – In targeting these returns, FutureGrid would develop a portfolio that has an acceptable, but not excessive, level of risk.
- The departmental costs would reflect the establishment of the corporation only.
  – The ratio between the amount of funding administered and the departmental costs would be broadly consistent with the CEFC.

Methodology

The equity investment profile and estimated dividends were based on a model of the CEFC, with FutureGrid targeting a return of the LTBR plus 2-3% over the medium to long term.

Financial implications were rounded consistent with the PBO's rounding rules.[1]

[1] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Data sources

The Department of Industry, Science and Resources provided information on the Clean Energy Finance Corporation's funding commitments, equity investments, concessional loans and operational expenses.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

Attachment A – Powering past coal and gas – FutureGrid: rewiring Australia's energy system – Financial implications

Table A1: Powering past coal and gas – FutureGrid: rewiring Australia's energy system – Fiscal balance ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Revenue													
Administered non-tax													
FutureGrid dividends	-	-	*22.0*	*44.0*	*67.0*	*89.0*	*111.0*	*133.0*	*155.0*	*155.0*	*155.0*	***66.0***	***931.0***
Total – revenue	**-**	**-**	**22.0**	**44.0**	**67.0**	**89.0**	**111.0**	**133.0**	**155.0**	**155.0**	**155.0**	**66.0**	**931.0**
Expenses													
Departmental													
Set-up costs	-	*-3.3*	-	-	-	-	-	-	-	-	-	***-3.3***	***-3.3***
Total – expenses	**-**	**-3.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-3.3**	**-3.3**
Total (excluding PDI)	**-**	**-3.3**	**22.0**	**44.0**	**67.0**	**89.0**	**111.0**	**133.0**	**155.0**	**155.0**	**155.0**	**62.7**	**927.7**
PDI impacts	-	**-22.0**	**-67.0**	**-113.0**	**-160.0**	**-208.0**	**-258.0**	**-309.0**	**-339.0**	**-347.0**	**-356.0**	**-202.0**	**-2,179.0**
Total (including PDI)	**-**	**-25.3**	**-45.0**	**-69.0**	**-93.0**	**-119.0**	**-147.0**	**-176.0**	**-184.0**	**-192.0**	**-201.0**	**-139.3**	**-1,251.3**

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

\- Indicates nil.

Table A2: Powering past coal and gas – FutureGrid: rewiring Australia's energy system – Underlying cash balance ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Receipts													
Administered non-tax													
FutureGrid dividends	-	-	*22.0*	*44.0*	*67.0*	*89.0*	*111.0*	*133.0*	*155.0*	*155.0*	*155.0*	***66.0***	***931.0***
Total – receipts	**-**	**-**	**22.0**	**44.0**	**67.0**	**89.0**	**111.0**	**133.0**	**155.0**	**155.0**	**155.0**	**66.0**	**931.0**
Payments													
Departmental													
Set-up costs	-	*-3.3*	-	-	-	-	-	-	-	-	-	***-3.3***	***-3.3***
Total – payments	**-**	**-3.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-3.3**	**-3.3**
Total (excluding PDI)	-	**-3.3**	**22.0**	**44.0**	**67.0**	**89.0**	**111.0**	**133.0**	**155.0**	**155.0**	**155.0**	**62.7**	**927.7**
PDI impacts	-	**-17.0**	**-56.0**	**-101.0**	**-148.0**	**-196.0**	**-245.0**	**-296.0**	**-331.0**	**-345.0**	**-354.0**	**-174.0**	**-2,089.0**
Total (including PDI)	-	**-20.3**	**-34.0**	**-57.0**	**-81.0**	**-107.0**	**-134.0**	**-163.0**	**-176.0**	**-190.0**	**-199.0**	**-111.3**	**-1,161.3**

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

\- Indicates nil.

Table A3: Powering past coal and gas – FutureGrid: rewiring Australia's energy system – Headline cash balance ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Receipts													
Administered non-tax													
FutureGrid dividends	-	-	*22.0*	*44.0*	*67.0*	*89.0*	*111.0*	*133.0*	*155.0*	*155.0*	*155.0*	***66.0***	***931.0***
Total – receipts	**-**	**-**	**22.0**	**44.0**	**67.0**	**89.0**	**111.0**	**133.0**	**155.0**	**155.0**	**155.0**	66.0	931.0
Payments													
Administered													
Equity injections	-	*-1,000.0*	*-1,000.0*	*-1,000.0*	*-1,000.0*	*-1,000.0*	*-1,000.0*	*-1,000.0*	-	-	-	***-3,000.0***	***-7,000.0***
Departmental													
Set-up costs	-	*-3.3*	-	-	-	-	-	-	-	-	-	***-3.3***	***-3.3***
Total – payments	-	**-1,003.3**	**-1,000.0**	**-1,000.0**	**-1,000.0**	**-1,000.0**	**-1,000.0**	**-1,000.0**	-	-	-	-3,003.3	-7,003.3
Total (excluding PDI)	-	**-1,003.3**	**-978.0**	**-956.0**	**-933.0**	**-911.0**	**-889.0**	**-867.0**	**155.0**	**155.0**	**155.0**	-2,937.3	-6,072.3
PDI impacts	-	**-17.0**	**-56.0**	**-101.0**	**-148.0**	**-196.0**	**-245.0**	**-296.0**	**-331.0**	**-345.0**	**-354.0**	-174.0	-2,089.0
Total (including PDI)	-	**-1,020.3**	**-1,034.0**	**-1,057.0**	**-1,081.0**	**-1,107.0**	**-1,134.0**	**-1,163.0**	**-176.0**	**-190.0**	**-199.0**	-3,111.3	-8,161.3

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

\- Indicates nil.