



Powering past coal and gas – Commonwealth Electricity Corporation – a publicly owned power generation company	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would create the Commonwealth Electricity Corporation and PowerAustralia by separating Snowy Hydro from its retail operations, return the majority of profits as lower electricity prices for consumers, and invest \$30 billion to build new wind, solar, and storage infrastructure.</p> <ul style="list-style-type: none">• Snowy Hydro’s retail operations would be restructured into a not-for-profit government owned corporation called PowerAustralia. PowerAustralia would remove retailer profit margins and return any profits previously paid as dividends to consumers in the form of lower electricity prices.• Snowy Hydro’s generation division would be renamed the Commonwealth Electricity Corporation. The majority of profits made by the Commonwealth Electricity Corporation, paid as dividends to the Australian Government, would be given back to PowerAustralia customers in the form of lower electricity prices.• \$30 billion would be invested by the Commonwealth Electricity Corporation to build new wind, solar and storage capacity. <p>The proposal would be ongoing and start on 1 July 2025</p>	
<p>Additional specifications (based on further advice provided):</p> <ul style="list-style-type: none">• The \$30 billion in equity finance would be provided from 2025-26 to 2030-31.	

Costing overview

The proposal would be expected to decrease the fiscal balance by around \$2.6 billion, decrease the underlying cash balance by around \$2.4 billion, and decrease the headline cash balance by around \$21.4 billion over the 2025-26 Budget forward estimates period, including public debt interest (PDI) impacts (see Table 1).

For equity investments, the fiscal and underlying cash balances differ from the headline cash balance in the treatment of dividend payments and the flow of equity amounts. In particular, only the headline cash balance includes transactions related to equity investments.

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 impact on gross debt would be broadly consistent with movements in the headline cash balance (Table A3 refers). The estimated impact on gross debt each year reflects the headline cash balance impact including PDI. Gross debt increases by around \$21.4 billion over the forward estimates period and \$39.0 billion over the medium term.

Consistent with [PBO Guidance 02/2015](#), public debt interest expense impacts have been included in this costing because it involves alternative finance.

Table 1: Powering past coal and gas – Commonwealth Electricity Corporation – a publicly owned power generation company – Financial implications (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-418.2	-582.1	-745.4	-942.8	-2,688.5
Underlying cash balance	-388.2	-522.1	-685.4	-882.8	-2,478.5
Headline cash balance	-5,388.2	-5,522.1	-5,685.4	-5,882.8	-22,478.5

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

Sensitivities and uncertainty

Restructure Snowy Hydro's retail operations and return any dividends to consumers in the form of lower electricity prices

The financial implications of this component are uncertain and highly sensitive to the estimated dividend payments from Snowy Hydro Limited under the baseline scenario. The energy market is highly volatile, influenced by several factors including fluctuations in supply and demand, unexpected changes in operational costs, and regulatory changes, all of which can significantly impact the revenue and profitability of energy suppliers and their ability to pay consistent dividends. The target dividend payout ratio of 70% of net profit after tax over the medium term is outlined in the Statement of Corporate Intent for Snowy Hydro Limited.

Under the baseline, Snowy Hydro Limited is a commercial entity expected to operate on a commercial basis, with flexibility and discretion in its operational and commercial decisions within the bounds of the legislative and governance framework. This includes policy parameters set through the National Energy Laws, the Snowy Water Licence,¹ and the National Competition Policy's principles on competitive neutrality.²

Equity finance to support renewable energy investment

The financial implications of this component are uncertain and highly sensitive to assumptions on the speed at which capital is deployed and projects are completed. The costing includes no allowance for the impact of the proposal on business profitability or company tax revenue. The magnitude of such effects would be highly uncertain and could comprise different effects, including:

- reductions in the returns of competing investment projects in the renewable energy generation and storage sector, especially due to the entry of a large-scale investment as well as the entrance of a market-dominant non-profit seller of electricity (crowding-out effects)

¹ Snowy Hydro Limited (2024) [Statement of Expectations](#), Snowy Hydro Limited.

² National Cabinet (2025) [Intergovernmental Agreement on National Competition Policy](#).

- increases in profits from marginal projects as a result of a reduction in the cost of capital because of potential flow-on effects of large-scale equities in the market (crowding-in effects).

It is unclear which of the crowding-out or crowding-in effects would dominate, and this could vary from period to period.

To be treated as equity for budget accounting purposes, the expected return on capital must be at least equal to the long-term inflation rate, and there should be a reasonable expectation that the investment will be recovered.³

The Parliamentary Budget Office (PBO) has not made an assessment of the ability of the equity financing to achieve the stated objectives of the policy. Additionally, while the PBO has assumed that the market could fully absorb the equity investment in each year, this assumption is sensitive to the availability of materials and skilled labour for construction of the generation/storage infrastructure.

Key assumptions

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

- The restructuring of Snowy Hydro Limited would not have any impact on administered expenditure. There would be additional departmental costs during the transitional period.
- Under the baseline scenario, Snowy Hydro Limited's revenue for the 2023-24 financial year would grow in line with the projected annual change in Nominal GDP over the medium term. Its revenue and profit margin would remain consistent over time.
 - Snowy Hydro Limited's retail operations would earn a profit margin of 5%.
 - 75% of profits would be related to Snowy Hydro Limited's energy generation operations, and around 25% of profits would be related to retail operations.
- Snowy Hydro Limited's energy generation division, now called the Commonwealth Electricity Corporation, would remain classified as a Public Non-Financial Corporation (PNFC) in accordance with the principles outlined in the *Australian System of Government Finance Statistics: Concepts, Sources and Methods (2015)*.
 - The Commonwealth Electricity Corporation would sell electricity at market prices and pay 70% of net profit after tax as dividends to the Australian Government, consistent with the Statement of Corporate Intent for Snowy Hydro Limited.
 - The value of dividends paid by the Commonwealth Electricity Corporation to the Australian Government would be redirected to customers of PowerAustralia in the form of lower energy prices.
- The retail businesses of Snowy Hydro Limited would be restructured into a Corporate Commonwealth Entity within the General Government Sector named PowerAustralia.
 - Income tax expenses related to retail operations would be reduced under the proposal, driven by decreased earnings. These savings would also be redirected to customers of PowerAustralia in the form of lower energy prices.
- The departmental costs for drafting legislative instruments and Australian Government oversight of the entities created under the proposal would be met from within existing departmental funding.

³ [Equity | Department of Finance](#)

- A total of \$30 billion in equity funding would be provided evenly over 6 years from 2025-26 to 2030-31 and would be fully committed.
 - Additional funding would be provided for departmental expenses to support the delivery, oversight, and management of the investment programs. These costs would remain constant over the six-year period.
- The expected dividend return from the equity investment would be equivalent to the dividend payout ratio of the Clean Energy Finance Corporation (CEFC).
- Dividend earnings on investments would be returned to consolidated revenue.

Methodology

- The total departmental costs for restructuring Snowy Hydro Limited's retail operations were modelled on the 2016-17 MYEFO measure *Supporting Australia's Future Shipbuilding Capability – ASC Pty Ltd structure*.
- Under the baseline scenario, the revenue, profit, and income tax and dividend payout ratio of Snowy Hydro Limited for the 2023-24 financial year were projected to 2035-36, in line with the projected growth in nominal GDP, as discussed in the *Key assumptions*.
 - Under the proposal, the reduction in dividend income to the Australian Government from Snowy Hydro's retail operations was calculated as 25% of total dividends, as outlined in the *Key assumptions*.
 - The reduction in income tax revenue paid from Snowy Hydro's retail operations to the Australian Government was calculated as 25% of total profits multiplied by a 30% corporate tax rate.
 - Australian Government dividend income transferred to PowerAustralia to subsidise consumer energy prices was calculated based on the estimated dividends from Snowy Hydro Limited's energy generation operations. These amounts, now associated with the Commonwealth Electricity Corporation, were calculated as 75% of total dividends, as outlined in the *Key assumptions*.
- The projected dividend return and departmental expenses associated with the \$30 billion equity investment were informed by financial and performance data from the Clean Energy Finance Corporation, as projects under this proposal are of a comparable nature.
 - The \$30 billion equity investment was structured as annual commitments of \$5 billion over six years.
 - The dividend return from the equity investment and the departmental expenses were based on CEFC's historical investment patterns, return profiles, and cost structures, adjusted to reflect the scale of the investment.

Financial implications were rounded consistent with the PBO's rounding rules.⁴

⁴ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Data sources

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

Australian Competition and Consumer Commission (2024) *Inquiry into the National Electricity Market report - December 2024*, [Appendix C - Supplementary spreadsheet with retail pricing data, cost stack data and charts](#), Commonwealth of Australia, accessed 22 May 2025.

Department of Climate Change, Energy, the Environment and Water (2025) [Capacity Investment Scheme](#), Australian Government, accessed on 22 May 2025.

Department of Finance (2003) [Equity](#), Australian Government, accessed 22 May 2025.

National Cabinet (2025) [Intergovernmental Agreement on National Competition Policy](#), accessed 22 May 2025.

Reserve Bank of Australia (2025) *Statistical Tables*, [Personal Lending Rates – F8](#), Reserve Bank of Australia, accessed 22 May 2025.

Snowy Hydro Limited (2024) [Annual Report For the financial year ended 30 June 2024](#), Snowy Hydro Limited, accessed 22 May 2025.

Snowy Hydro Limited (2021) [Statement of Corporate Intent FY2021](#), Snowy Hydro Limited, accessed 22 May 2025.

The Department of Climate Change, Energy, the Environment and Water provided information on the Clean Energy Finance Corporation's funding commitments, equity investments, concessional loans and operational expenses as at 8 April 2025.

Attachment A – Powering past coal and gas – Commonwealth Electricity Corporation – a publicly owned power generation company – Financial implications

Table A1: Powering past coal and gas – Commonwealth Electricity Corporation –a publicly owned power generation company – 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													
Tax revenue													
<i>Snowy Hydro retail operations – Income tax</i>	-23.7	-24.6	-25.9	-27.3	-28.8	-30.3	-31.9	-33.5	-35.2	-37.0	-38.8	-101.5	-337.0
Total – tax revenue	-23.7	-24.6	-25.9	-27.3	-28.8	-30.3	-31.9	-33.5	-35.2	-37.0	-38.8	-101.5	-337.0
Non – tax revenue													
<i>Snowy Hydro retail operations – dividends</i>	-79.0	-82.0	-86.0	-91.0	-96.0	-101.0	-106.0	-112.0	-117.0	-123.0	-129.0	-338.0	-1,122.0
<i>Equity investment – dividends</i>	93.0	180.0	274.0	347.0	434.0	520.0	520.0	520.0	520.0	520.0	520.0	894.0	4,448.0
Total – non-tax revenue	14.0	98.0	188.0	256.0	338.0	419.0	414.0	408.0	403.0	397.0	391.0	556.0	3,326.0
Total – revenue	-9.7	73.4	162.1	228.7	309.2	388.7	382.1	374.5	367.8	360.0	352.2	454.5	2,989.0
Expenses													
Administered													
<i>Australian Government dividend income redirected to customers</i>	-237.0	-246.0	-259.0	-273.0	-288.0	-303.0	-319.0	-335.0	-352.0	-370.0	-388.0	-1,015.0	-3,370.0
Total – administered	-237.0	-246.0	-259.0	-273.0	-288.0	-303.0	-319.0	-335.0	-352.0	-370.0	-388.0	-1,015.0	-3,370.0
Departmental													
<i>Restructure Snowy Hydro operations – Departmental expenses</i>	-3.0	-1.0	-	-	-	-	-	-	-	-	-	-4.0	-4.0
<i>Equity investment – Departmental expenses</i>	-48.5	-48.5	-48.5	-48.5	-48.5	-48.5	-	-	-	-	-	-194.0	-291.0
Total – departmental	-51.5	-49.5	-48.5	-48.5	-48.5	-48.5	-	-	-	-	-	-198.0	-295.0
Total – expenses	-288.5	-295.5	-307.5	-321.5	-336.5	-351.5	-319.0	-335.0	-352.0	-370.0	-388.0	-1,213.0	-3,665.0
Total (excluding PDI)	-298.2	-222.1	-145.4	-92.8	-27.3	37.2	63.1	39.5	15.8	-10.0	-35.8	-758.5	-676.0
PDI impacts	-120.0	-360.0	-600.0	-850.0	-1,120.0	-1,390.0	-1,560.0	-1,630.0	-1,700.0	-1,780.0	-1,870.0	-1,930.0	-12,980.0
Total (including PDI)	-418.2	-582.1	-745.4	-942.8	-1,147.3	-1,352.8	-1,496.9	-1,590.5	-1,684.2	-1,790.0	-1,905.8	-2,688.5	-13,656.0

- (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 – Commonwealth Electricity Corporation – a publicly owned power generation company – 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													
Tax receipts													
<i>Snowy Hydro retail operations – Income tax</i>	-23.7	-24.6	-25.9	-27.3	-28.8	-30.3	-31.9	-33.5	-35.2	-37.0	-38.8	-101.5	-337.0
Total – tax receipts	-23.7	-24.6	-25.9	-27.3	-28.8	-30.3	-31.9	-33.5	-35.2	-37.0	-38.8	-101.5	-337.0
Non-tax receipts													
<i>Snowy Hydro retail operations – dividends</i>	-79.0	-82.0	-86.0	-91.0	-96.0	-101.0	-106.0	-112.0	-117.0	-123.0	-129.0	-338.0	-1,122.0
<i>Equity investment – dividends</i>	93.0	180.0	274.0	347.0	434.0	520.0	520.0	520.0	520.0	520.0	520.0	894.0	4,448.0
Total – non-tax receipts	14.0	98.0	188.0	256.0	338.0	419.0	414.0	408.0	403.0	397.0	391.0	556.0	3,326.0
Total – receipts	-9.7	73.4	162.1	228.7	309.2	388.7	382.1	374.5	367.8	360.0	352.2	454.5	2,989.0
Payments													
Administered													
<i>Australian Government dividend income redirected to customers</i>	-237.0	-246.0	-259.0	-273.0	-288.0	-303.0	-319.0	-335.0	-352.0	-370.0	-388.0	-1,015.0	-3,370.0
Total – administered	-237.0	-246.0	-259.0	-273.0	-288.0	-303.0	-319.0	-335.0	-352.0	-370.0	-388.0	-1,015.0	-3,370.0
Departmental													
<i>Restructure Snowy Hydro operations – Departmental expenses</i>	-3.0	-1.0	-	-	-	-	-	-	-	-	-	-4.0	-4.0
<i>Equity investment – Departmental expenses</i>	-48.5	-48.5	-48.5	-48.5	-48.5	-48.5	-	-	-	-	-	-194.0	-291.0
Total – departmental	-51.5	-49.5	-48.5	-48.5	-48.5	-48.5	-	-	-	-	-	-198.0	-295.0
Total – payments	-288.5	-295.5	-307.5	-321.5	-336.5	-351.5	-319.0	-335.0	-352.0	-370.0	-388.0	-1,213.0	-3,665.0
Total (excluding PDI)	-298.2	-222.1	-145.4	-92.8	-27.3	37.2	63.1	39.5	15.8	-10.0	-35.8	-758.5	-676.0
PDI impacts	-90.0	-300.0	-540.0	-790.0	-1,050.0	-1,320.0	-1,520.0	-1,610.0	-1,680.0	-1,760.0	-1,840.0	-1,720.0	-12,500.0
Total (including PDI)	-388.2	-522.1	-685.4	-882.8	-1,077.3	-1,282.8	-1,456.9	-1,570.5	-1,664.2	-1,770.0	-1,875.8	-2,478.5	-13,176.0

(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 – Commonwealth Electricity Corporation – a publicly owned power generation company – 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													
Tax receipts													
<i>Snowy Hydro retail operations – Income tax</i>	-23.7	-24.6	-25.9	-27.3	-28.8	-30.3	-31.9	-33.5	-35.2	-37.0	-38.8	-101.5	-337.0
Total – tax receipts	-23.7	-24.6	-25.9	-27.3	-28.8	-30.3	-31.9	-33.5	-35.2	-37.0	-38.8	-101.5	-337.0
Non-tax receipts													
<i>Snowy Hydro retail operations – dividends</i>	-79.0	-82.0	-86.0	-91.0	-96.0	-101.0	-106.0	-112.0	-117.0	-123.0	-129.0	-338.0	-1,122.0
<i>Equity investment – dividends</i>	93.0	180.0	274.0	347.0	434.0	520.0	520.0	520.0	520.0	520.0	520.0	894.0	4,448.0
Total – non-tax receipts	14.0	98.0	188.0	256.0	338.0	419.0	414.0	408.0	403.0	397.0	391.0	556.0	3,326.0
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Payments													
Administered													
<i>Australian Government dividend income redirected to customers</i>	-237.0	-246.0	-259.0	-273.0	-288.0	-303.0	-319.0	-335.0	-352.0	-370.0	-388.0	-1,015.0	-3,370.0
<i>Equity investment – deployment of capital</i>	-5,000.0	-5,000.0	-5,000.0	-5,000.0	-5,000.0	-5,000.0	-	-	-	-	-	-20,000.0	-30,000.0
Total – administered	-5,237.0	-5,246.0	-5,259.0	-5,273.0	-5,288.0	-5,303.0	-319.0	-335.0	-352.0	-370.0	-388.0	-21,015.0	-33,370.0
Departmental													
<i>Restructure Snowy Hydro operations – Departmental expenses</i>	-3.0	-1.0	-	-	-	-	-	-	-	-	-	-4.0	-4.0
<i>Equity investment – Departmental expenses</i>	-48.5	-48.5	-48.5	-48.5	-48.5	-48.5	-	-	-	-	-	-194.0	-291.0
Total – departmental	-51.5	-49.5	-48.5	-48.5	-48.5	-48.5	-	-	-	-	-	-198.0	-295.0
Total – payments	-5,288.5	-5,295.5	-5,307.5	-5,321.5	-5,336.5	-5,351.5	-319.0	-335.0	-352.0	-370.0	-388.0	-21,213.0	-33,665.0
Total (excluding PDI)	-5,298.2	-5,222.1	-5,145.4	-5,092.8	-5,027.3	-4,962.8	63.1	39.5	15.8	-10.0	-35.8	-20,758.5	-30,676.0
PDI impacts	-90.0	-300.0	-540.0	-790.0	-1,050.0	-1,320.0	-1,520.0	-1,610.0	-1,680.0	-1,760.0	-1,840.0	-1,720.0	-12,500.0
Total (including PDI)	-5,388.2	-5,522.1	-5,685.4	-5,882.8	-6,077.3	-6,282.8	-1,456.9	-1,570.5	-1,664.2	-1,770.0	-1,875.8	-22,478.5	-43,176.0

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

- Indicates nil.