

snowyhydro

NEWS

Tony from Valley Power, Victoria

ISSUE 8
OCTOBER 2009

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PLUS...

See inside a special Red Energy feature!



Company Update

Terry Charlton
CEO & Managing
Director



When asked "How is the company going?" I am confidently able to offer the response that it is a very strong business with terrific assets and great people who are committed to the success of the Company. With a very strong financial year behind us, I can once again repeat this response.

The gas generation plant, over 600 megawatts in Victoria, has contributed greatly to the business, especially during the difficult and horrific days around the "Black Saturday" bushfires in Victoria.

Red Energy has also performed above expectations and given us a most valuable window into electricity retailing across the National Electricity Market (NEM). Red Energy is now moving into NSW.

Major hydro generation plant upgrade and communications and controls upgrade across the company have also progressed well throughout the financial year just completed.

Shareholders received \$60million as an interim dividend and will receive at least as much again in the final dividend to be declared in September.

Community activities, such as support for Snowy Hydro SouthCare Rescue Helicopter service have continued, along with our driver training programs and our financial support for Children's Cancer Research.

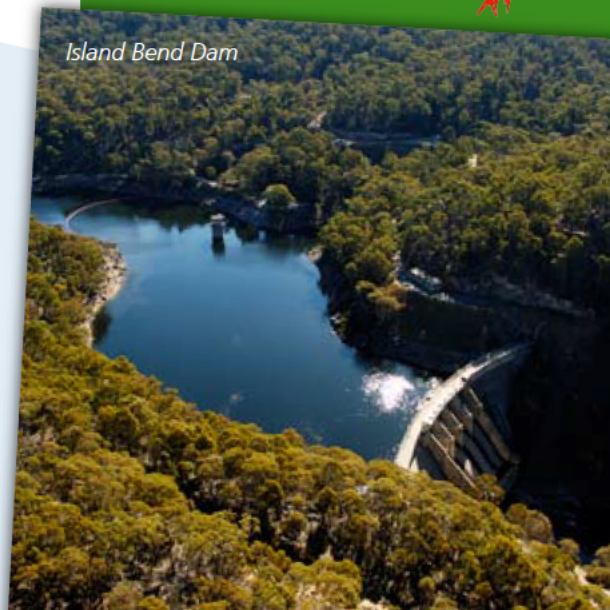
On a positive note, especially so given the protracted drought, Jindabyne Dam work has been completed and environmental flows to the most degraded, top 6km of the Snowy River resumed. This was a challenging project over five years and is a credit to all who worked on the project.

Likewise, the completion of Jounama Dam Small Hydro Power Station is almost complete and this project too is testament to the skills and competence of our people.

While our current business performance is excellent and our short terms prospects good, the medium and long term threat, however, to the importance of the Snowy Scheme and to the role of Snowy Hydro Limited in the NEM has not reduced.

The now announced privatisation of the NSW electricity retail businesses, the privatisation of the output of the three NSW coal fired generators and the sale of the NSW Government held gas fired plant development sites is, as I have been forecasting, detrimental to the long term future of Snowy Hydro Limited.

Island Bend Dam





Valley Power,
Victoria



We are denied participation in this NSW privatisation process and can't be a bidder for any of these businesses. As we have said for some years now, we will see our customers fall into the hands of our competitors.

Furthermore, and exacerbating the detrimental impacts of exclusion from being a purchaser of the NSW Government electricity portfolio, our shareholders won't provide additional capital and, because we are not listed on the Australian Stock Exchange, we can't go to the market to raise capital. This limitation will have its effect, not today or even tomorrow, but unarguably in the future.

I believe we have communicated well with our local communities and our website is both informative and timely. I get feedback that it is appreciated.

I also get increasing feedback that our local and regional communities now better understand Snowy Hydro, the business, and have made the transition from thinking of Snowy Hydro Limited as simply, and little more, than a rebadged SMHEA, it is now a commercially focussed, private sector company..

This is very pleasing and I believe is the basis of the increasing support for the Company and all that it does.

However, the long term threats confronting Snowy Hydro and the detrimental effects that are now almost inevitable are perhaps still not well understood or fully appreciated by the broader community. I understand that our long term business and market issues can be hard to fathom to those not familiar with the highly competitive National Electricity Market. We are a complex business, operating in a complex market, but the realities remain the same as for any business. We have to attract and retain our customer base. We must generate our own income, pay our own way to invest in all that we do both inside and outside the business. If one's customer base is sold off to one's competitors, the long term implications to a company are most unattractive. The impact that our exclusion from the NSW Government's restructuring of its electricity portfolio will have on local employment and on our community support activities in the future needs to be fully recognised.

Other articles in this Snowy Hydro News expand on some of the features of the year past that I refer to. However, considerable more information is available on our website or call into one of our visitor information centres.

Snowy Mountains Control Centre





Cloud Seeding Season 2009

Loredana Warren
Senior Meteorologist



Snowy Hydro is nearing the end of the 2009 cloud seeding season.

This year marks the sixth season of the cloud seeding project and the most significant change to operations this year has been the expansion of the cloud seeding area. The target area now covers approximately 2150 km², extending from Ramshead to the south up towards Kiandra to the north, including the upper catchments of the Murrumbidgee, Tumut and Eucumbene rivers. An additional 10 cloud seeding generator sites have been established on the western side of the mountains to cover the new area and operations over this area commenced for the first time in June this year.

It is important to note that there have been no changes to any of the strict environmental and operational criteria that must be satisfied before cloud seeding operations can take place.

This means, amongst other things that cloud seeding only takes place during the winter months, and only under westerly front conditions. This typically occurs after the main front has passed; and real-time meteorological measurements have confirm that the systems are naturally inefficient. Temperatures must also be cold enough so

that any additional precipitation resulting from cloud seeding must fall as snow over the primary target area.

The 2009 season is coming to a close, with warm spring weather conditions becoming more established over the region. In comparison to the previous years, the 2009 season has been about average, with most cloud seeding operations having taken place during the first half of June; the first half of July; and the second half of August. High pressure systems or warmer temperatures have dominated at other times, and as the seeding criteria have not been met we have not operated at those times.

The cloud seeding project is undertaken in accordance with a comprehensive Environmental Monitoring Plan (EMP), developed

in collaboration with experts from the NSW Department of Environment, Climate Change and Water. The EMP includes extensive environmental monitoring which is undertaken throughout and following the cessation of cloud seeding operations each year. The results are independently audited and reported to NSW government each March.

If you would like more information about Snowy Hydro's cloud seeding project you can visit our website at snowyhydro.com.au, drop into one of our Visitor Information Centres, or even come and talk to our cloud seeding scientists at the next Henty Field Day where you can see static displays of instruments and a cloud seeding generator, or view the live freezer box demonstration showing first hand how the cloud seeding process works.

A generator at Grey Hill





Lake Eucumbene



Lake Jindabyne

Water Storages Update

*Andrew Nolan
Manager Water*



In the lead up to winter Snowy Scheme storages continued to experience below average inflows, but July and August have seen a return to around average inflows.

Our water position for the year remains at well below average and storages continue to be at very low levels as a result of the major drought that continues to impact the region.

We should start to see an increase in water levels due to the seasonal improvements in inflows which normally occur in spring.

We anticipate that Snowy Scheme storages such as Lake Jindabyne and Lake Eucumbene will improve over spring and gradually fall over summer to levels similar to the summer's of the last three years.

To see lake levels continue to stabilise and improve steady rainfall over the spring months will be critical.

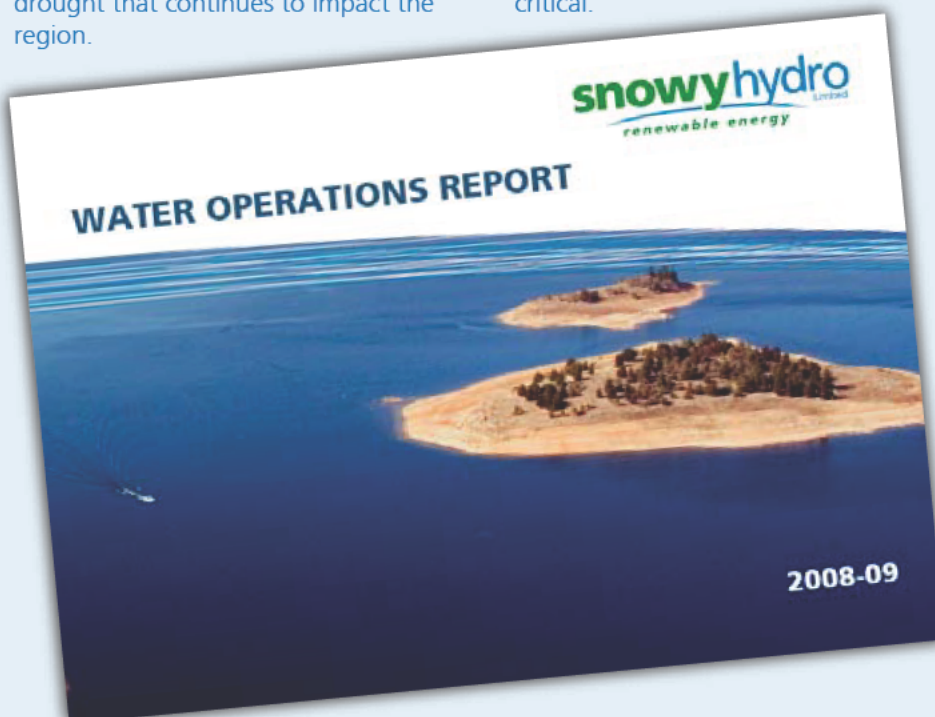
However, long range forecasting suggests that below average inflows are to be expected.

Environmental flows are being made all year from Jindabyne Dam and Goodradigbee Aqueduct, with an additional short spring release from Tantangara Dam. Monthly Jindabyne Dam release targets applied from May to July 2009 while the coffer dam was being removed and were met.

Since then, daily Jindabyne Dam release targets have been met. Daily release patterns for Jindabyne Dam releases were specified this water year by the Snowy Scientific Committee in the Ministerial Corporation notification of environmental flow requirements, requiring more frequent changes in release rates as only monthly release targets were specified in the past.

The Snowy Scientific Committee aim to maintain aquatic habitat and improve water quality in pools with these daily release targets.

If you would like more information on the daily releases keep an eye out for our next Water Operations Report for 2008-09 which will be available from late September.



Red Energy – good choice

The story behind Red...

Red Energy is an electricity company that was started in 2004 in Melbourne, Victoria. The original Red Energy team was a small group who dedicated themselves to bringing a fresh approach to selling electricity in Australia. The vision was simple – to treat customers like they would like to be treated themselves, provide a simple to understand bill, straight forward service and a commitment to supporting renewable energy generation.



The original Red Team.

At a time when electricity companies were talking about introducing late payment fees Red Energy looked at things differently and introduced a discount for paying on time simply because it was the right thing to do. Now all Victorian retailers are doing this.

When Red Energy was a small fleeting company with close to 3,500 customers Snowy Hydro Limited saw the potential and purchased it becoming Red Energy's parent company. The proud association of Red Energy with one of Australia's largest civil engineering wonders of the world had begun.

Today Red Energy continues to deliver on its promise to keep things simple. Many Victorians have experienced the difference that Red Energy brings to the market and continue to join because of that. Red has close to 200,000 customers in both Victoria and South Australia and in 2008 started to supply both gas and electricity to Victoria.

There are over 300 staff working for Red right in the very offices where it all started in Richmond in Melbourne. Red is still recruiting and growing at a time when many of their competitors are sending their customer service teams off shore. Now the team from Red wants to bring choice to New South Wales and the opportunity for householders to support renewable energy generation too.

Supporting Red is a great way to support Snowy Hydro. They are in NSW to give customers what they want – more choice with simple options.

Welcome to Red

Many of you may have seen or heard from us at Red Energy recently. We have been introducing ourselves to the Snowy Mountains Region meeting local councils and members from the community.

We are thrilled to now be able to offer electricity to residents in the area bringing choice to the region. Our entry into the NSW market represents another important step for the growth of Snowy Hydro and is something Red Energy is very proud to be a part of. Better still is our promise that for every unit of electricity our customers buy from Red Energy, Snowy Hydro will match that by generating one unit of electricity from a renewable source. That means that by being a Red Energy Customer you will be supporting the generation of electricity from renewable sources.

Ultimately Red Energy will be available across New South Wales; however at the moment we are concentrating on the Snowy Mountain Region focused in around Cooma, Jindabyne, Berridale, Tumut, Khancoban, Corryong and Tumbarumba. So if you see us around make sure you stop and say G'day.

Give us a go! It's easy – we don't need to change your meter or even come to your home; in fact, it can all be done over the phone.

We would love to have you as a Red Energy customer either give us a call on **131 806** or you can visit us at **redenergy.com.au**



Some of the team from Red Energy.



how it all works

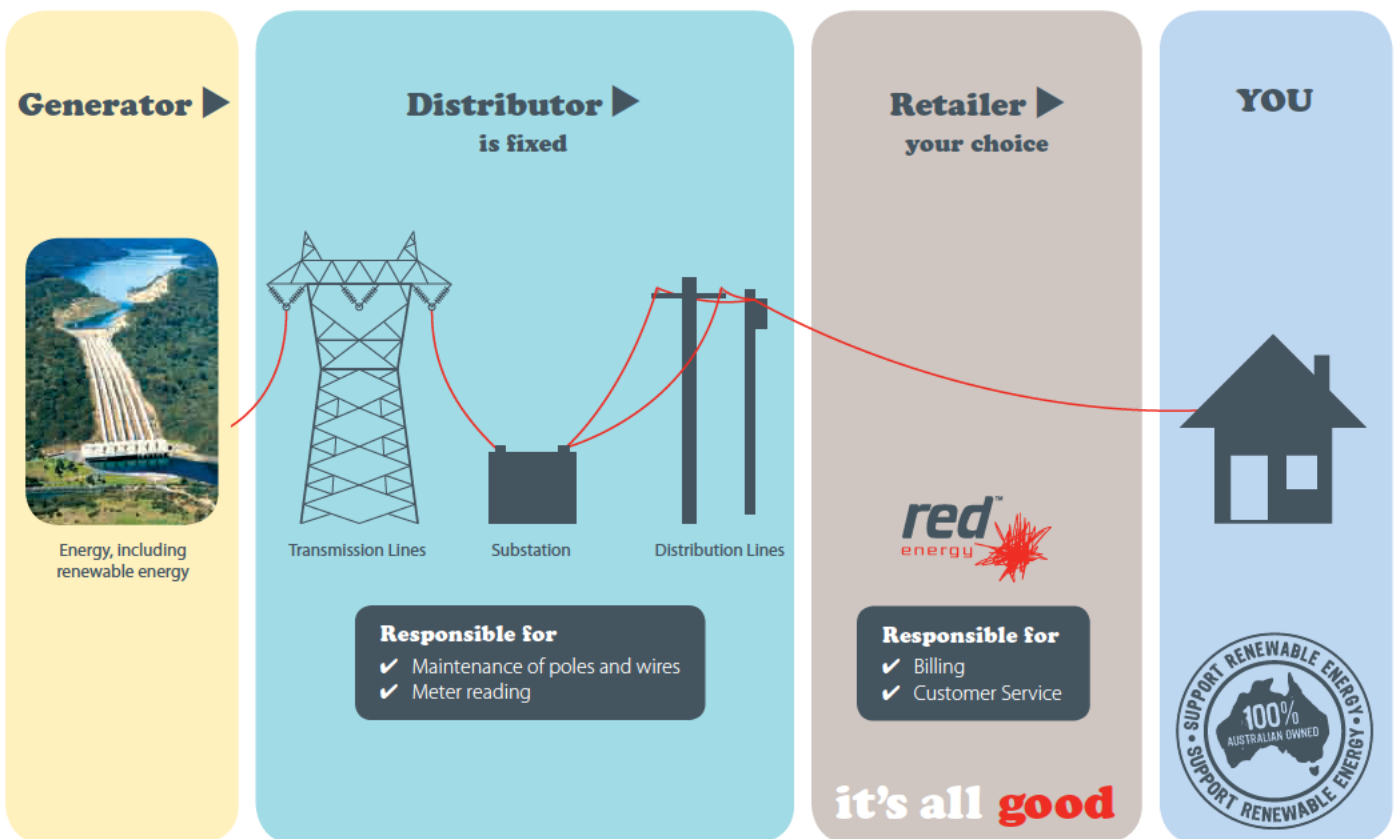
Although the electricity industry is pretty complicated we have broken it down to explain the ins and outs of it all.

When you flick your switch on at home there are usually three parties that make this all possible.

The first party is the generator who is responsible for generating electricity and supplying it to the market.

The second party is the distributor, this company is responsible for ensuring the power lines and the poles in your street are maintained and they manage any outages that may happen due to bad weather or a fault.

The third party is the retailer. They measure how much electricity you use in your home and then they send you your bill based on how much you have used. In some cases the distributor and the retailer can be the same company.



So if you switch to Red Energy, nothing physically changes!

choosing Red Energy as your retailer

Below are some frequently asked questions by people who are considering transferring retailers, of course if you have any more questions the team at Red Energy are happy to help – just give them a call.

Frequently asked Questions:

What happens when I decide to switch to Red Energy?

At Red Energy, we'll look after everything for you. Nothing physically changes, so there will be no interruption to your energy supply. We'll advise your current retailer and the distributor that from your next meter read, Red Energy will be your retailer (billing company). Your meter will still be read by your distributor but you'll notice a change in your bill. Your bills will now come from Red Energy.

I want to see everything in writing before making the switch to Red Energy

When you agree to switch to Red Energy over the phone, we'll send you a Welcome Pack which includes a Product and Pricing Schedule outlining your new rates, an information brochure and our Customer Charter. You'll then have a 10 day 'cooling off' period. If you don't advise us that you want to cancel during this time, we'll then arrange the switch. If you have any enquiries, either email us at enquiries@redenergy.com.au or call us on 131 806 and one of the team will be at your service.

I have natural gas can Red Energy supply this to me?

At this stage we are not able to supply you with natural gas in NSW – we can only supply electricity.

What do I do if I want to join Red Energy?

It's easy to join just call toll free 131 806 or go to www.redenergy.com.au

good energy
good for australia
good for you





give your club a hit

At Red Energy we know fundraising can be hard work – that’s why we would like to help. For every person your club/school refers to Red Energy we will donate \$25 to your club/school once the transfer to Red Energy is complete.

All you need to do is register your club/school with us at Red Energy and we will send you out everything you need to become a fundraising extraordinaire.

You can do this by completing the form below and sending it in to us at:

**PO Box 4136,
East Richmond
VIC 3121**

Or you can email us at clubs@redenergy.com.au or phone us on **131 806**

The \$25 donation will be provided to the club when the referred customer’s electricity account has been transferred to Red Energy. Subject to terms and conditions. Visit www.redenergy.com.au and click on ‘standing offers’ or call us on 131 806



YES – I would like Red Energy to send me information so I can raise funds on behalf of my club/school.

Name: _____

Name of club/school: _____

Postal Address: _____

Email: _____

Contact number: _____

Signed: _____ Date: _____

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The new auxiliary spillway gates now in view since the coffer dam was removed.



Jindabyne Dam Works Completed

Michael Thornton
Project Manager



Work on one of the final stages of the Jindabyne Dam Upgrade Works is now complete with the removal of the temporary coffer dam.

The coffer dam was a temporary structure built to protect the construction area of the new auxiliary spillway. It also carried the temporary Kosciuszko Road diversion around the construction site, while the new road bridge was built.

Completion of this work means that the new auxiliary spillway is fully serviceable. This ensures that the dam continues to meet the NSW Dams Safety Committee's updated flood security requirements.

Work was completed ahead of schedule and without any safety or environmental issues. Site revegetation works will continue during Spring 2009.

Detailed planning for the final stage of the project, lining of the upper existing spillway, is now underway. Site works are currently scheduled to commence October 2010 and will take approximately 6 months to complete.

Jounama Small Hydro Nearing Completion

Peter Hill
E&M Construction Manager



Civil Construction Works

The Jounama Small Hydro powerhouse is now complete, which consists of a 30m tall, 13m diameter concrete silo, a turbine house and draft tube.

All steel walkways and stairways, both internal and external to the powerhouse, have also been completed along with the removable roof hatch.

The tail bay for the hydro station is nearing completion with the final rock lining being applied to the final profiled excavation.

Completion of this work will include the removal of the spillway release diversion wall, which is not scheduled to occur until the station is ready for commencement of commissioning in November.

Site rehabilitation work has commenced, which include re-profiling stockpiled excavated earth and rock material and re-vegetation.

Below: Building of the power house





The turbine runner once installed in Cooma, modification works are still being completed

Right: The turbine runner arriving in Cooma



Electrical & Mechanical Plant Installation

Connection of a new 66kV transmission line from the existing Tumut-Talbingo distribution line to the new switchyard has recently been completed.

This involved de-commissioning and removal of the old 11kV transmission line feeding the Jounama Dam Spillway Gate Control House and replacing this with new steel poles and wires rated for 66kV.

The auxiliary plant installation has also commenced. To date the station ventilation system, station de-watering system, main high voltage and low voltage cabling, and positioning of the electrical cubicles have all commenced.

Factory testing of the remaining auxiliary plant items, such as hydraulic oil control and lubrication systems and the computer control system, are being completed at present prior to their final installation in late September.

Once the auxiliary plant installation is completed, both main and auxiliary plant commissioning tests will continue throughout December, with the station put into commercial production once these tests are completed.

Turbine Runner finds a new home

Danielle Venables
Marketing
Communications Advisor



As part of the Scheme Modernisation project, the Tumut 3 Power Station is receiving the largest major overhaul of all its generating units since the station was commissioned.

This includes the refurbishment and modernization of all six of the station's generating units, each of which includes a turbine runner, a 'water wheel' which drives the hydro-electric generators.

The turbine runners have been progressively removed and replaced during the modernisation project with new runners further improving on the Snowy Scheme.

These newly installed runners have provided increased efficiency and are able to generate more electricity using less water.

The original turbine runner from Tumut 3's unit 4 generator has made the journey from Talbingo to go on display outside the Snowy Mountains Scheme Education Centre in Cooma.



The crane in position to lift the 53 tonne rotor into position.



Snowy Hydro SouthCare

At a weight of 53 tonne, the runner will now be permanently housed in Cooma providing a strong visual demonstration of the size of the equipment used in the Scheme.

The turbine runner now on display was commissioned in August 1973, and decommissioned in June this year. In the 36 years of operation, the runner generated electricity for a whopping 40,136 hours, or 1,672 days.

The largest turbine runner of the Scheme will soon be joined by the smallest turbine runner, from the Guthega Power Station. To show the comparison in size and generation capacity, the Guthega runner will complete the display.

Some modification works of the runners will take place over the next month or so including painting, fencing and interpretive signage will be on display telling each runner's story.

More details on when the runners will be available for viewing will follow in the next edition of Snowy Hydro News.

A patient being loaded into Snowy Hydro SouthCare for urgent transfer to hospital for medical treatment.



Snowy Hydro SouthCare busy this Winter

*David Hogan
Manager, Public Relations & Community Affairs*



Snowy Hydro SouthCare continues to save lives in the region with a lifesaving mission completed on average, every day of the year. The mission count is now over 3500, which demonstrates how essential the rescue helicopter is to people in our community and the entire South East Region.

With winter being a normally busy period, it has been pleasing to see that Snowy Hydro SouthCare rescue helicopter service missions specifically to the NSW ski fields has dropped 55% from 22 missions in 2008 to 10 missions in 2009 for the similar period.

In addition to specific snow related missions, Motor Vehicle Accidents to and from the snowfields

continue to dominate missions to the region and naturally due to the rural nature of the region there are numerous farm accidents, household accidents and transfers to hospitals to which the service responds.

The vital rescue services provided by Snowy Hydro SouthCare to the region are supported by the generous financial support of sponsors and donations from, and fundraising activities by, the community.

The 2009 Return to Vegas Gala Dinner held in July raised over \$100,000 that will go directly to keeping the helicopter in the air and saving lives. The host, Keith Scott, provided the audience with great entertainment and a very successful live auction was held. Nearly 500 guests bid on auction items such as an Andre Rieu signed violin, and one lucky winner went home with a \$10,000 champagne diamond courtesy of Briolette Jewellers.

The service is always on standby waiting for the next call, which could be to save a life, and could be someone you know.

If you would like to find out how you can support the Snowy Hydro SouthCare Rescue Helicopter, call 02 6207 8375 or go to www.snowyhydrosouthcare.com.au.



Community Partnerships



60th Anniversary

Terry Charlton
CEO & Managing Director



This October marks the 60th Anniversary since construction started on the Snowy Mountains Scheme. It is appropriate to mark the occasion, and I have been particularly pleased by the establishment of a community based committee that is organising specific community events to recognise this "landmark". Congratulations to Mr Wally Mills and the Snowy Scheme Association committee for their initiative and work to date.

The events being organised by the Snowy Scheme Association aim to recognise the community's contribution to, and participation in, the construction of the Snowy Mountains Scheme. The Snowy Scheme Association events will be held from 15-22 October 2009. I encourage those who have a connection with the construction era to register for the event by visiting the Snowy Scheme collection website at

- www.snowyschemecollection.com.au/snowy60th
- or contacting 02 6455 3999 or
- info@coomatechcentre.com.au

To complement the events already planned, Snowy Hydro will undertake a series of activities outlined in the table opposite. Snowy Hydro will also be providing historical films to be played in coaches bringing visitors into the region for the anniversary activities. The history of the Snowy Scheme is important but not the complete part of the "Snowy" story.

The history of the Snowy Scheme and of Snowy Hydro Limited is still being written. We recognise our history and its importance in all that we do today but we must avoid being hidebound by that history. It must work for us as we enter new and continually changing phases of the highly competitive electricity market in which we operate.

Broadening our business reach and extending our generation base with

gas fired plant is key to long term success and continuing relevance of the Snowy Scheme. Those who built the Scheme deserve nothing less.

Recognising and respecting our past while always remaining focussed on the future are, we believe, the essential ingredients of a successful Snowy Hydro and a Snowy Hydro that is able to share its success with its shareholders and across the Snowy Mountains communities.

LOCATION	DATE	ACTIVITY
<i>Snowy Mountains Scheme Education Centre Cooma & Murray 1 Visitors Centre Khancoban</i>	Thursday 15 to Thursday 22 October	All day complementary tea, coffee and light refreshments to members of the Snowy Scheme Association Reunion
<i>Snowy Mountains Scheme Education Centre Cooma</i>	Friday 16 October	<ul style="list-style-type: none"> • Complementary sausage sizzle to members of the Snowy Scheme Association Reunion from 11am-2pm • Special 45 minute presentation on Scheme Modernisation and Snowy Hydro Limited at 10am and 3pm
	Saturday 17 October	<ul style="list-style-type: none"> • Extended operating hours of 8am to 5pm • Complementary sausage sizzle to members of the Snowy Scheme Association Reunion from 11am-2pm • Special 45 minute presentation on Scheme Modernisation and Snowy Hydro Limited at 10am
	Sunday 18 October	Extended operating hours of 8am to 5pm
	Monday 19 October	Special 45 minute presentation on Scheme Modernisation and Snowy Hydro Limited at 7.30pm
<i>Murray 1 Visitors Centre Khancoban</i>	Thursday 15 October	Snowy Scheme Association pre-booked coach tour to Murray 1 Visitors Centre at 4pm. Tea, coffee and light refreshments and a power station inspection included.
	Saturday 17 October	Community Day sausage sizzle for the public with regular inspections of Murray 1 Power Station viewing area throughout the day
	Tuesday 20 October	Snowy Scheme Association pre-booked coach tour to Murray 1 Visitors Centre at 4pm. Tea, coffee and light refreshments and a power station inspection included.
<i>Talbingo Country Club, Talbingo</i>	Saturday 17 October	<ul style="list-style-type: none"> • Community sausage sizzle, all welcome • Displays and Films 11am to 2pm