

The Snowy Mountains Scheme 60th Anniversary

On the weekend I had the pleasure of attending the 60th Anniversary of the Snowy Scheme. It was a terrific opportunity to speak personally with some of the many people involved in building the Scheme. The activities provided by both Snowy Hydro at various locations, the Snowy Scheme Association and Engineers Australia were well attended and appropriate to mark the 60th Anniversary weekend.

The Company today is a testament to what we were. The Snowy Scheme is a physical, steel and concrete, tribute to the men and women of the Snowy Scheme construction period. Their achievements have been exhaustively researched, thoroughly documented, and frequently celebrated. They and their achievements will be forever remembered. Collectively they are recognised as giving Australia something very special and unique. Nothing can change that achievement and the recognition that goes with it.

During construction, the Snowy men and women were engineering innovation, they were physical determination and they were a collective spirit to overcome travails of which there were many. They were a sometimes volatile polyglot of different nations, cultures and beliefs but they were, at the same time, a collective of mates and families sharing and supporting one another. There was a "can do" attitude, sometimes at too great a personal cost. There was built, as a result, a magnificent complex arrangement of dams, tunnels, aqueducts and power stations that turned water inland to develop and extend the "food bowl" in the Murray and Murrumbidgee Irrigation Areas. With all the modern technology available to us today we wouldn't do it much different. In this regard little has changed but at once, much has changed.

We today are stewards of this wonderful engineering achievement but in being so, the men and women of today's Snowy Hydro shoulder a special burden not widely recognised. The burden of managing the fundamental transformation of the role of the Snowy Scheme.

How to keep the Snowy Scheme relevant and its history alive for future generations is another way of describing today's challenge.

With the advent of the National Electricity Market in 1996, the Snowy Scheme was engulfed into a new and highly competitive commercial environment. An environment where the modern demands placed on the Scheme are characterised by an expectation of abundant electricity without fail, for more and more energy with little and decreasing carbon footprint and for increasing environmental flows at no cost to the beneficiaries. All this is expected even during exceptional drought, and while still achieving commercial profitability of the Schemes output so that substantial financial returns can be provided to our Government shareholders. At the same time the Company must continue to reinvest in existing assets and develop new ones. As Snowy Hydro is today these objectives are, to increasing extent, sometimes mutually exclusive.

The history of the Snowy Scheme must be kept as a living story but this can only be done by giving new life, new purpose and meaning, to those assets of which we are the current stewards. All our thinking about the Snowy Scheme now has to recognise and be positioned squarely in the context of this new, growing and aggressive commercial electricity market in which we have become a player. This is the challenge for the Snowy Scheme men and women of today.

We are spending more on maintenance and upgrade of the Snowy Scheme assets than those before us, we are training and developing our people, and our culture, in ways not previously attempted and we are expanding our electricity generation capability and our business reach considerably beyond that which could have been envisaged so many years ago.

We have successfully been through a one in 500 year drought and have learned new ways to operate the Scheme and its storages because of the innovation and commitment of our people.

The Snowy Scheme is now supported by considerable gas fired generation plant and an expanding electricity retail business, and because of this the Scheme is maintaining its relevance and giving new life to its history. But this is only as a result of where the Scheme is now positioned in the National Electricity Market. However, if we don't continue on a major growth path, keeping pace with all the markets we serve and with a particular emphasis on profitable success in the competitive electricity market, our future relevance and vibrancy is not assured.

We have always to keep in mind that technology has evolved such that, now, gas fired plant can do all that hydro plant can do. Moreover, the Snowy Scheme relies on increasingly problematic water inflows for our "fuel" whereas our competitors AGL and Origin, who will be the major builders of gas plant, control reliable and predictable gas resources which they use for their fuel.

The Snowy Scheme is in great shape, the business Snowy Hydro Limited has had major set-backs but it is now well positioned in its markets and our people are innovative and more than competent. They are proudly committed and there is inherent and untapped potential in the assets of which we are caretakers. The challenge now is to keep expanding in this growing electricity market. In this business world, standing still as some might wish it, is not an option. If climate change is to negatively impact on inflows and thus on the relevance of the Snowy Scheme and if our competitors are to continue growing and building gas plant that very adequately substitutes for the capabilities of hydro plant, then we have to have an effective response.

To satisfy the full range of special renewable energy and environmental demands while meeting the perfectly reasonable commercial demands of our shareholders for dividends we have to continue to evolve away from being simply a water company,

if we ever were one, to a vertically integrated energy company, being a top tier supplier of very sophisticated financial and energy products in a highly competitive range of markets. The core of the threat before us now is that we must successfully bid for select electricity assets among those being sold by the NSW Government early next year and, in so doing, become an industry participant equal to our two major competitors. This may not have been the vision of those who built the Scheme, it could not have been, but I do believe it is what they would have wished for the Scheme. Those who built the Scheme would have wished to secure the importance of the Snowy Scheme as times and community needs have evolved since the first blast occurred back in 1949.

To those men and women of that day and those on construction until completion in 1974, thank you for your unparalleled achievements.

I would also like to personally recognise the achievements of Mr Wally Mills and the Snowy Scheme Association in arranging and coordinating community based activities over the past week that recognised the community's participation and contribution to the construction of the Snowy Scheme.

Terry Charlton
CEO & Managing Director
Snowy Hydro Limited



Mr Wally Mills, representing the Snowy Scheme Association being presented with a certificate of appreciation on Saturday 17 October at the Snowy Hydro Information and Education Centre, Cooma. Pictured L-R, Mr Terry Charlton, CEO & Managing Director of Snowy Hydro, Mr Wally Mills; and Brett Jones, Executive Officer Engineering & Projects, Snowy Hydro.

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