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snowyhydro

NEWS

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ISSUE 29

Customer Service is core to our business



CEO, Paul Broad, gives an update as to where the Snowy Hydro business is at and how we are now positioned as the fourth pillar of the National Electricity Market...

The energy industry continues to be challenged by reduced demand, changing market conditions and the rise of consumer generated and controlled energy and storage solutions. We're seeing our competitors respond by shifting their focus and business strategies.

While there are challenging times ahead for energy generators and retailers, Snowy Hydro is well placed to respond to the emerging market challenges. Our strategy over recent years has placed us in a unique position to both weather the storm and take advantage of the opportunities that disruption in the energy sector presents.

Our transition from a wholesale generator and provider of risk products to a major energy generator and retailer continues. Red Energy has been a part of our business for more than a decade and has been incredibly successful in steadily growing its customer base, priding itself on superior customer service that generates customer loyalty and referrals.

In addition to households, we are focused on engaging and growing our small and large business customers both through our retail business and

our commercial and industrial teams at Snowy Hydro and Red Energy. We back this with large scale wholesale contracts with other major energy companies.

Of course we continue to use our generation assets wisely - particularly the cornerstone of our business - the Snowy Scheme. It will always be central to our business and our ambitions; and it's a responsibility we take seriously. Our strategy has always been to utilise the Snowy Scheme's large, reliable and fast start capability to our advantage whether it's through spot generation, risk management for our competitors, futures contracts or direct customer contracts. But over the years we've diversified the business to manage our risk and help make us resilient to changes in the market and shifts in energy demand.

For example, last year we invested in growing our retail household customer base by buying Lumo Energy - which more than doubled our customer base. Coupled with Red Energy, this signalled our arrival as a major retailer. Backed by our other 2014 acquisition - Colongra gas-fired power station - we bolstered our generation capability and helped

protect against exposure to spot and wholesale energy prices and transmission risk in New South Wales.

We will be firmly focused on customer service this year by delighting our customers through service, backed by the mighty Snowy. We have the top two retailers in Australia for customer service and satisfaction - Red Energy is the market leader and Lumo Energy is number two.

Strong customer satisfaction means those customers will stay with you and refer their friends. Customer recommendation is a great competitive advantage and we have an enviable track record.

Red Energy continues to be a growing presence in the Snowy Mountains region and has entered into partnerships with the ski resorts of Thredbo, Perisher and Charlottes Pass. We plan to really light up the snow this season! Partnering with local businesses like the ski fields helps expose our Red Energy brand to the many thousands of inter-state and city visitors who are drawn to the snow each year.

While our retail business success is growing, we couldn't do it without the mighty Snowy Scheme. The Scheme was built to deliver water to the food bowl of Australia with electricity generation as a by-product. Recently some of my colleagues and I visited Coleambally and some of the large irrigators in the Riverina. I was seriously impressed at how well the irrigators are managing this precious water resource. They truly know its value and appreciate every drop. I was also impressed at the systems and technology they have implemented. Scarcity of water over the

years has meant they need to use water more wisely. I look forward to getting out to those regions more and understanding how the water from the Scheme benefits not only those irrigation areas, but the entire country.

In other news, Noel Cornish has been formally endorsed by the Board and our shareholders as Chairman of Snowy Hydro Limited and we farewelled long-standing Board member Peter Lowe. Peter was on the Board for nine years and has been a huge contributor to our business. We also welcome two new directors to the Board, Nigel Clark and Richard Sheppard. Nigel has extensive experience in the retail energy market as the former head of Victorian energy company Momentum, and Richard comes to us from Macquarie Bank. The skills and experience of our Board members are well balanced and getting these fundamentals right is really important to our business and our success.

Finally, I had the privilege of attending Cooma's 'night of nights' recently, for the mcCR Strictly Musical fundraiser, and what a night it was! Strictly Musical not only supported life-saving cancer research but brought the Cooma community together for a laugh, a night out and some truly local entertainment. My hat goes off to all those performers, especially our own Community Relations Manager, Heath Woolley, and Leanne Schofield from our contracts team, for dedicating their time. This fantastic fundraising initiative raised in excess of \$175,000 not including ticket sales - what an amazing achievement and congratulations to all involved.



16
POWER STATIONS

5,500_{MW}
CAPACITY

4,500_{GWh}
GENERATION P.A

ACROSS
3 STATES

LARGEST RENEWABLE GENERATOR

3RD LARGEST GENERATOR BY CAPACITY

4TH LARGEST RETAILER IN THE NEM

1,000,000
RETAIL ACCOUNTS

4 STATES
NSW, VIC, SA, QLD

ELECTRICITY & GAS

RESIDENTIAL
COMMERCIAL & INDUSTRIAL

The story of



Eleven years ago Snowy Hydro took a gamble and bought a fledgling business called Contact Energy for the princely sum of just \$1. While the price tag was modest, the acquisition was a big risk for a company which had no experience in retail and went ahead with the sale knowing it would require an investment of over 30 million dollars before turning a profit.

Iain Graham, Red Energy's CEO has been with the business since the very beginning and believes that while many people saw the buy as a big risk he says it was both calculated and visionary.

"I strongly believe that Snowy took the greatest risk and showed the most courage by letting Red chart its own course and develop its own character, personality and direction." he said.

In the first 12 months of business, and after renaming to Red Energy, Iain and his team of just seven, signed the lease on a massive warehouse in inner city Melbourne. "It was three and a half thousand square metres. Enormous!" laughs Iain. "We could play three games of indoor cricket at the same time and no one was in any danger of being hit by a ball."

Iain's tiny team quickly got to work, designing an IT system that would manage an ambitious 1 million customers.

Iain says "When we first started Red we had a strong and detailed vision for the future. After a decade we wanted to be in the top five energy retailers in the National Electricity Market. We saw it as aspirational – others saw it as naïve."

Red's success is perhaps best demonstrated by its returns. Snowy's initial \$1 investment is now worth more than half a billion dollars. With the recent acquisition of Lumo Energy, Snowy Hydro's retail business (Red and Lumo) would now be in the top 100 Australian companies if it were listed.

Paul Broad, CEO of Snowy Hydro says Iain and his dedicated and loyal team have built the business on excellence in customer service. "Red Energy has not had budgets for big advertising campaigns. Red has relied on customer advocacy – word of mouth referrals from consumers who value great service. I'm so proud of what Iain and the Red team has achieved because I know how hard they have worked for every single customer they have signed up," says Mr Broad.

Iain believes that the secret to Red's success has been the net worth of the people who work for Red Energy and old fashioned values.

"People and processes change but our values are what define and guide us in everything that we do. Decency, ownership, agility, accountability and courage represent everything that we stand for as a business."

Iain proudly makes the point that Snowy Hydro and Red Energy are 100% Australian. The foundations of both businesses lay in the mateship and courage shown by the migrants who built the Snowy Scheme. Red's Australian call centre staff, all based in Melbourne, originate from more than 40 different countries. "Its that diversity of gender, ethnicity, religion and age that has been a major success factor for our business."

So where to from here for Red Energy?

Iain says that the goal moving forward for both Red Energy and its sister company Lumo Energy is to redefine standards in customer service in the energy sector.

"We are very lucky to have acquired another excellent business in Lumo that also rates very highly in customer satisfaction and has some wonderful people really driving that business. I think if we continue to make our customers our number one priority across both Red and Lumo everything else will fall into place."

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TECHNOLOGY:

helping to transform asset inspection and maintenance



Snowy Hydro is again trialling the use of unmanned submersible vehicles to monitor the condition of hard to access Scheme assets. Civil Engineering & Dam Safety Manager, Michael Thornton, explains...

While the Snowy Scheme is one of the civil engineering wonders of the modern world, many of its assets are difficult to reach due to the Snowy Mountains terrain and the challenges associated with the sheer volume of water flowing through the Scheme.

With the help of Perth-based company Synaya, the Civil Engineering and Dam Safety team are using a Mini Remotely Operated Vehicle (ROV) to conduct inspections of some of our hard to access assets, such as the Guthega Surge Tank and Island Bend intake structure.

The ROV is a small, submersible vehicle operated from the surface of the water via a tether. Equipped with miniature high-resolution cameras, lights and video recording equipment, they can be used to assess the condition of underwater civil assets. The information they collect determines future inspection frequencies, maintenance requirements and accurate scoping of projects.

The Mini-ROV, a Seabotix LVB150 weighing approximately 12 kilograms, was used as part of a successful trial where a variety of tests were performed to assess its maneuverability, visibility and access. Results showed that these observation vehicles reduce the safety risk to staff by eliminating the need for someone to physically enter tunnels for inspections, reduce the environmental impact associated with dewatering assets and they also reduce the need for extensive outage times.

It also provides access to extensive visual data, which can be referenced in the future to more accurately assess what stage of the asset's lifecycle it's in.

Using technology of this kind is not new for Snowy Hydro; in 2013, we used a larger unmanned underwater vehicle to inspect multiple tunnels within the Scheme for maintenance. We were awarded an Australian Business Award for Innovation and also broke a world record for the longest, unmanned underwater tunnel inspection. We have also trialled the use of unmanned aerial vehicles, or drones, to inspect our assets from the air.

In future, this unmanned technology will continue to be used to inspect difficult to access assets of the Scheme ensuring the safety of our people and keeping our assets in peak condition.



Lowering the ROV into Tumut Pond Reservoir.



SnowyLIVE Water App now available



Real time water information from the Snowy Scheme is now available on your smart device through the SnowyLIVE water app! **Technology Specialist, James Lin**, outlines the app and where you can download it...

The SnowyLIVE water app is now available to download from either the Apple App Store (for Apple devices) or Google Play (for android devices). The mobile app is free to download and has a number of features outlined below.

Snowy Hydro provides a range of information to the public about the Scheme and believe that making this information available through the SnowyLIVE app

will result in even greater communication with those interested in the Scheme.

We are already working on version two of the app, which will include snow depths, so keep an eye out for any updates. We would also like to hear your feedback on the app; you can email us at communityfeedback@snowyhydro.com.au

<p>LAKE LEVELS</p>	<p>Lake Levels not only gives the latest lake levels for Jindabyne, Eucumbene and Tantangara, but also has a graph showing the gross storage level over the preceding six months.</p>	<p>VISIT THE SCHEME</p>	<p>'Visit the Scheme' includes details of Snowy Hydro's four visitor facilities in Cooma, Khancoban, Cabramurra and Talbingo. It outlines location, open times and contact details.</p>
<p>WATER RELEASES</p>	<p>Daily water releases from Jindabyne Dam into the Snowy River; from Tantangara Dam into the Murrumbidgee River, and from Khancoban Dam into the Swampy Plains River. For Jindabyne and Tantangara, there is a calendar to see future scheduled daily releases.</p>	<p>PUBLIC ACCESS</p>	<p>We encourage camping only in designated areas and caravans parks. This public access area outlines safety around the Scheme and advertises local caravan parks, their contact details and links maps where you can pin point their location.</p>



You can customise your SnowyLIVE app using the 'Your Favourites' button. Every page of the app has a favourites star - if you tap on this star it will highlight, and on the app main page, your chosen favourites will now rotate for easy viewing. You can have as many as you like, or you can remove them by deselecting the star.

Happy New Water Year!



Every year at midnight on April 30, Snowy Hydro rings in the New Year of a different sort. **Weather & Water Manager, James Pirozzi, explains...**

In addition to calendar years and financial years, Snowy Hydro also runs on a water year, from 1 May to 30 April.

The original vision for the Snowy Scheme was a water vision: to mitigate the effects of drought on irrigated agriculture in the Murray-Darling Basin. The Scheme only became reality when governments worked out how to pay for it - by generating electricity. Operating to a water year helps to strike a balance between long term water interests over multiple years and short term electricity demands which change almost instantaneously in five minute blocks. The timing of the water year is no coincidence - it rolls over between irrigation seasons. Also, because inflows are historically lowest in Autumn, this helps to keep our year-to-year inflow, storage and release records independent.

The Snowy Water Licence allows Snowy Hydro to collect, divert, store and release water in order to operate the Scheme for electricity generation. Water in the Scheme is not owned by Snowy Hydro, it is owned by downstream water users, such as towns, irrigation areas and the environment.

Every water year, Snowy Hydro must release a prescribed volume of water into the two western river systems connected to the Scheme - the Murray River and the Murrumbidgee River. This volume in each system is known as the Required Annual Release (RAR). Delivery of the RAR is critical to the lives and livelihood of downstream water users so it is essential that Snowy Hydro meets these requirements.

Environmental releases are also measured over the course of a water year. The NSW Office of Water set daily release targets for the water year for Jindabyne Dam and Tantangara Dam as well as annual release targets at a number of aqueduct structures.

All environmental release targets and western river RAR requirements were met in the 2014-2015 water year.

If you would like to learn more about our water operations, keep an eye out for the latest annual water and environment report coming soon, or visit the website www.snowyhydro.com.au



Grab your copy of 'The Story - so far..'



Snowy Hydro has produced a new booklet telling the story of the company, so far. **Corporate Communications Manager, Danielle Venables,** outlines how you can get a copy...

Snowy Hydro is continuing to evolve and grow and we are embarking on the next chapter of our journey. As we continue to focus on maintenance, innovation, achievement and adapt to a changing water and electricity market environment, it's important that we keep communities and visitors educated.

The 'Power of Water' booklet has been available throughout our visitor centres for a number of years and provided an overview of the Scheme. To better document the modern Snowy Hydro, a new booklet has been produced - 'The Story...so far'.

'The Story...so far' takes readers on the journey to discover the story of Snowy Hydro and the Snowy Scheme. Readers will discover the modern Australian success story that Snowy Hydro is, our growth across both generation and retail, how the Scheme works,

gain an insight into the energy industry, learn more about our water and environmental operations and be inspired by our history.

A great feature of the booklet is a graphical time line of the company's evolution, highlighting dates and events of interest, from the start of construction in 1949, right up to our purchase of the largest gas-fired power station in New South Wales, Colongra Power Station, in December 2014.

It's available now at the Snowy Hydro Discovery Centre in Cooma, Murray 1 Visitor's Centre, and Cabramurra General Store for just \$5 per copy. Or you can call 1800 623 776 and order a copy over the phone. Grab your copy of the booklet, it's a great snapshot of Snowy's remarkable journey.



Tumut 3 Power Station



Snowfall over Jindabyne - June 2015.
Credit: Nathan Bylett



Lake Jindabyne Shared Trail open

The Lake Jindabyne Shared Trail is open again to the general public after the completion of remediation works.

Snowy River Shire Council and Snowy Hydro are pleased to announce that the Lake Jindabyne Shared Trail linking Jindabyne to Tyrolean Village is now open and available to ride or walk. Works to remediate asbestos contamination at Copper Tom Point are complete.

All works have been completed under a detailed Asbestos Management Plan in accordance with the relevant public health guidelines. A Clearance Certificate for the site has been issued by an accredited asbestos assessor.

Volunteers from the Jindabyne Trail Stewardship have re-built the shared trail outside of the previously contaminated area. The shared trail will now go up to the top of the water pump station access road then link into the pines area near the bridge, at the Jindabyne Dam wall.

Council and Snowy Hydro would like to thank the community for their patience.

“The project has been a challenge and has involved an integrated team of stakeholders, contractors and multiple departments within Council and Snowy Hydro to resolve the issue. I would like to thank the Jindabyne Trail Stewardship team for their hard work in rebuilding some areas of the trail,” said Joe Vescio General Manager Snowy River Shire Council.

Through these challenges, both Council and Snowy Hydro have worked in partnership to implement a solution that would ensure the safety of community members and visiting users for the long term.

The Lake Jindabyne Shared Trail is a project that aims to see shared trails connect the outer villages and also link with other trail networks in our region. Council looks forward to working on the future extensions of the shared trail network with the community.

mcCR's Strictly M



After 12 long weeks of dance training, fundraising, and three fabulous nights of entertainment for the Monaro region, **Community Relations Manager, Heath Woolley**, recounts his experience as part of mcCR's Strictly Musical...

Recently I had the privilege of representing our community as part of the Monaro Committee for Cancer Research's (mcCR) Strictly Musical Fundraiser. Getting into character and dancing in front of more than 1200 people over three nights is something I never thought I would do. Now, after hanging up my Michael Jackson jacket, I would not give up the experience of the last three months.

Being involved in an event that raises so much money for a great cause, the life experience gained and meeting new lifelong friends has been simply overwhelming.

Along with Leanne Schofield from Snowy Hydro's Contracts team, we joined 35 other members of our local community to tirelessly practice our Strictly Musical dance routines and perform some musical classics including Grease, Mamma Mia, Jersey Boys, Priscilla - Queen of the Desert, Chicago and a medley of Michael Jackson hits.

Individually, Leanne and I raised \$1750. Snowy Hydro also got behind us and the event as both enthusiastic participant and donor, and matched dollar for dollar the money we raised.

“Snowy Hydro matched dollar for dollar the money we raised... their contribution to the mcCR was more than \$4,400.”

musical entertains!



That - along with a \$1500 event sponsorship and ticket purchases - took Snowy Hydro's contribution to the mcCR to more than \$4400.

In addition to this our groups, 50 Shades of Fabulous Dance Academy and No Direction Dance Studio, raised another \$25,000 through the successful High Tea and Italian Night events.

"There were so many highlights, but the main one for me was at the end of each performance having people in the audience come up to me and congratulate me on a great show and an entertaining performance," said Leanne Schofield, who along with her husband entertained the crowd with their Jersey Boy's performance.

Thanks must go to the mcCR committee for their tireless work, Sandy Schofield and Carolyn Ewart for having the theatrical vision and driving the event, the dance choreographers and teachers, our fellow dancers and their families and the amazing community who has donated over \$175,000 (and still counting) for cancer support and research.

For those of you who were not able to get a ticket to the sold out event, a DVD will soon be available of Saturday night's performances. For more information on where to grab a copy, email: craig.schofield2@bigopnd.com



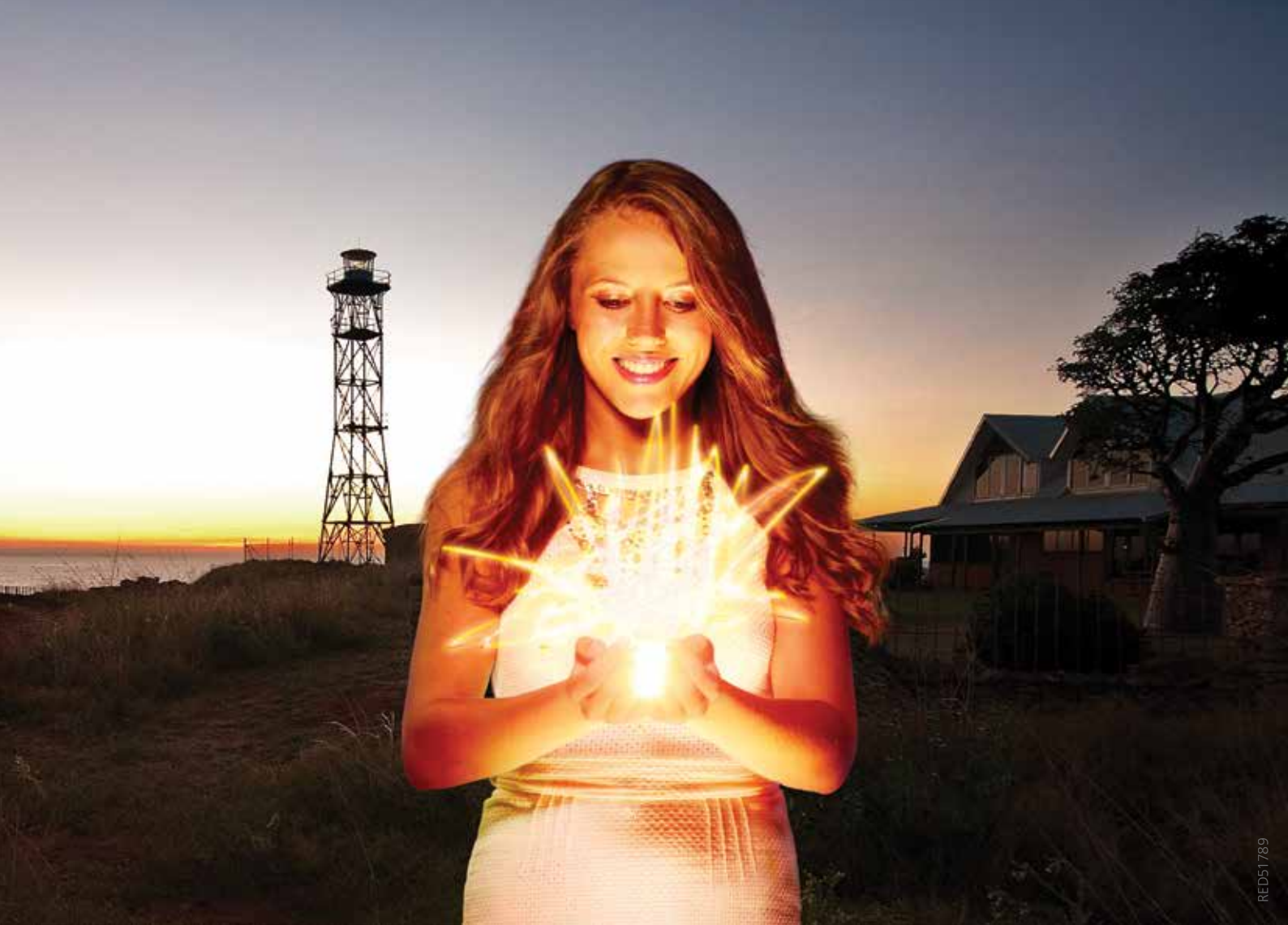
The 50 Shades of Fabulous Dance Academy (L-R) Ricky Salvestro, Michael Scott-Lees, Heath Woolley, Anthony Marshall and Craig Mitchell, performing their medley of Michael Jackson hits.



The ladies from No Direction Dance School (L-R), Lindy Bracher, Bev Clarke and Leanne Schofield during their 'Jersey Boys' performance.



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