

snowyhydro



POWERING EVERYDAY

2015 Annual Review



CONTENTS

A MESSAGE FROM THE CHAIRMAN & CEO.....	5
STRONG, PROFITABLE AND COMMUNITY FOCUSED.....	7
A MODERN AUSTRALIAN SUCCESS STORY.....	8
AN ENERGY COMPANY WITH A DIFFERENCE.....	10
OUR PERFORMANCE.....	12
OUR CHALLENGES.....	14
OUR INDUSTRY.....	15
OUR STRATEGY.....	18
OUR PEOPLE.....	20
OUR COMMUNITY.....	22
WATER & ENVIRONMENT.....	28



A MESSAGE FROM THE CHAIRMAN & CEO

2015 has been a year of growth and consolidation for Snowy Hydro Limited. The modern Snowy Hydro business is an end-to-end energy provider harnessing the power of the mighty Snowy to power homes and businesses - both small and large - across the country.

In late 2014 Snowy Hydro acquired energy retail company Lumo Energy and Direct Connect, Australia's leading utilities connection provider, which signalled a strategic shift to accelerate growth in our retail business. At the same time, we acquired the largest gas-fired power station in New South Wales, Colongra Power Station, which has a generating capacity of 667 megawatts (MW), bringing Snowy Hydro's maximum generation capacity to 5500MW.

With the addition of Lumo Energy last year, Snowy Hydro nearly doubled the size of our retail business to almost one million account holders. Red Energy has been part of our business for more than a decade and we are now working on integrating the two successful retail businesses into one extraordinary retail business, while remaining focused on superior customer service.

Red and Lumo now offer both electricity and gas to customers in Victoria and New South Wales, and we are expanding the availability of gas to other markets, enabling a dual fuel offering which attracts and retains more retail energy customers. We expect the profitable growth of our retail customer base to continue, with a focus on customer service to retain our industry leading Net Promoter Scores for both Red and Lumo.

Our strategy has always been to utilise the iconic Snowy Mountains Scheme's large, reliable and fast start capability to our advantage - whether it's through spot generation, risk management for our wholesale customers, futures contracts with our competitors or households and commercial and industrial (C&I) customers.

Lack of volatility in the National Electricity Market (NEM) has challenged Snowy Hydro's traditional core business - risk management financial hedge contracts. We now channel much of our generation capacity to meeting the growing electricity needs of our retail customers.

Over the coming years our retail load will exceed the long-term capability of the Scheme. This means we will need to source additional energy, so getting the most from our existing assets is more important than ever. We will continue to focus on maintaining our assets to a high standard and prioritising our capital expenditure where it is most needed.

The safety of our people continues to be the highest priority for the Board and Management of Snowy Hydro. We are focused on building safety leaders across the company who take pride in their work and who look after themselves and their colleagues.

The company continues to perform well financially, despite challenging market conditions. By diversifying the business and growing our retail customer base, we will ensure we continue to return significant dividends to our shareholders - the New South Wales, Victorian and Commonwealth Governments - in the coming years.



Noel Cornish
Chairman



Paul Broad
CEO & Managing Director

snowyhydro

red
energy

LUMO
ENERGY

DIRECT
CONNECT
MAKES MOVING EASY

STRONG, PROFITABLE AND COMMUNITY FOCUSED

Snowy Hydro Limited has a long and proud history as an Australian company and we're here to stay. Every day we provide clean, efficient electricity and gas to our almost one million account holders who are households and businesses - big and small - across the country.

Our retail companies Red Energy and Lumo Energy pride themselves on customer service with energy backed by one of the great civil engineering wonders of the modern world - the Snowy Mountains Scheme.

Our people are our greatest asset and safety is our top priority. Since inception, Snowy Hydro has embodied innovation and our people possess unique skills and attributes that help them make our company a success.

We are a major Australian employer and ensure our workforce has the skills, the tools and the training to do the job right, first-time and every time.



We are 100 per cent Australian owned and operated. We employ over 1700 people in three states.



We harness nature and combine it with Aussie ingenuity to deliver clean, efficient and reliable energy.



We invest more than \$2 million in our local communities every year and we are proud to call them our customers and partners.



Red and Lumo are industry leaders in customer satisfaction as measured by their Net Promoter Scores. Our customers pay, stay and refer.



We are a key contributor to the Australian economy. We've returned \$1.76 billion in dividends to our government shareholders since we were corporatised in 2002 and have paid more than \$730 million in income tax - all of which helps pay for schools, hospitals and other public infrastructure.

A MODERN AUSTRALIAN SUCCESS STORY



Between 1949 when the first blast was fired and 1974 when the physical work on the Scheme was complete, we have exemplified innovation. During construction, more than 100,000 men and women from more than 30 countries worked on the Scheme. Because of this, the Snowy Scheme is an iconic and much loved part of the Australian landscape.

From those beginnings, we have become a dynamic and growing end to end energy provider with the complete service offering, still backed by the mighty Snowy. We've evolved from an electricity generator managing risk in the NEM, to an integrated energy business - generating energy, providing price risk management products for wholesale customers and delivering energy to homes and businesses.

We combine the power of the mighty Snowy Scheme with gas and diesel fired peaking generators to deliver a flexible and reliable mix of energy to our customers every day. We've become the fourth largest energy provider in the NEM by investing more than a billion dollars in growing our customer base, modernising our generating infrastructure, building and acquiring more generating capacity where we need it and developing our people.



AN ENERGY COMPANY WITH A DIFFERENCE

At Snowy Hydro, we aim to delight our customers with service, backed by the mighty Snowy. Our award winning retail brands Red and Lumo are industry leaders in customer service.

We responsibly manage the Scheme's water resources, reliably delivering water inland to the Murray and Murrumbidgee River systems and straight to the food bowl of Australia. And we use that same water to generate clean, green, fast, reliable energy to the NEM that can't be matched by any other company in the country.

At Red and Lumo, we go the extra mile to know our customers well and, in return, we have more discerning customers who stick with us. They stay, pay and refer us to their friends which is the ultimate endorsement of our product. Red and Lumo are the top two energy retailers in the NEM for customer satisfaction. You can't beat that.

Our people are our greatest strength and we strive for an engaged workforce that go the extra mile for Snowy Hydro. Our people have been at the heart of our business since construction in 1949.

We are a cornerstone of the Australian landscape and an integral part of the communities we operate in.



OUR PERFORMANCE

Since the Scheme was completed in the 1970s, it has served the evolving energy needs of a nation. From an operations and maintenance organisation in the 1980s, to spot generator in the 1990s, a provider of risk management products in the 2000s, to an end to end energy provider today. Throughout this journey, the Scheme has powered our performance.

Snowy Hydro is now an end to end energy business - the fourth pillar in the NEM. We have 16 power stations, generate 4500 gigawatt hours (GWh) on average per annum and have more than 5500MW of generating capacity available across New South Wales, Victoria and South Australia.

We're one of Australia's largest renewable generators. We're the third largest generator by capacity and the fourth largest retailer in the NEM. Through Red Energy and Lumo Energy, we now have almost one million electricity and gas accounts across Queensland, NSW, Victoria and South Australia, and we plan to grow even bigger.

Increasing our retail customer numbers has helped to stabilise and maximise our earnings before interest, taxes, depreciation and amortisation (EBITDA) in the face of challenging wholesale market conditions.

Revenues are forecast to increase by 66.3 per cent, from \$1.77 billion in 2015 to \$2.96 billion in 2020. Consolidated EBITDA is forecast to increase by 49.8 per cent, from \$351.7 million in 2015 to \$537.5 million in 2020.

The 2016 financial year will be the first full year Lumo Energy's earnings will make a contribution to the Snowy Hydro bottom line. Lumo and Red are expected to continue to grow over the coming years and by progressively combining their respective strengths, even more value will be created.

Our recent acquisitions are already delivering benefits to Snowy Hydro. The addition of Lumo has provided us with access to gas in New South Wales, underwriting the ability for Red to offer 'dual fuel'.

Our diesel peakers in South Australia provide an effective physical hedge that supports existing South Australian customers and provides for growth; and Direct Connect provides a valuable 'channel to market' to underpin continued growth in customer numbers.

Our retail growth across Red and Lumo will continue to focus on 'margin per customer', rather than solely on customer numbers. We target high value customers who have a good track record of paying their bills and paying them on time. By being selective, we are able to target and win better customers who enable us to earn a better margin.

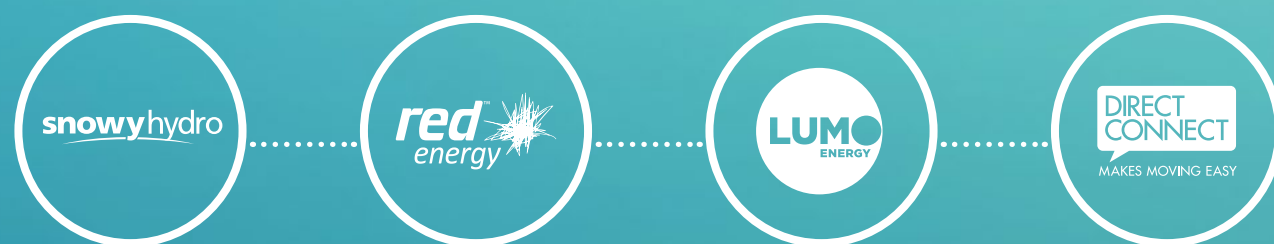
We will continue to drive our C&I business. The attractiveness of C&I is the ability to contract large volumes quickly, though at a lower margin than the residential sector.

For C&I this means we can focus on winning and retaining customers that best match the capability of the Scheme and add the most value to our earnings. We will continue to provide 'insurance products' to other market participants where they maximise the value of the Scheme.

Our results over the last year highlight that the Scheme will always be powering our performance. Whether we are using the Scheme to back risk management products or back the growth of Red and Lumo, the Scheme's ability to roar to life the moment it is needed remains central to our success.

Dividends paid to our shareholders (the New South Wales, Victorian and Commonwealth Governments) are forecast to average \$221 million per annum to 2020, contingent on Board approval and the outlook for the company.

OUR BRANDS



OUR RESULTS

\$1.77 billion
Gross Revenue

\$351.7 million
EBITDA

\$210.6 million
Net Profit After Tax

\$155 million
Dividends Paid

OUR BUSINESS

1,700
staff across 3 states

5,500MW
of generating capacity in 3 states

1,000,000
customer accounts

16
power stations

OUR CHALLENGES



Lack of volatility in the NEM and reduced overall electricity demand. Highly vertically integrated and consolidated NEM.



Industry uncertainty around future renewable energy and emissions reduction policy settings.



The Snowy Scheme has stood the test of time but it also requires continued significant investment to maintain and improve peak performance.



Emerging consumer controlled electricity production and delivery, such as solar panels and battery storage, disrupting the industry, along with new global entrants.



Harnessing the power of smart metering technology.



Maintaining steady growth in profitability and cash generation to deliver shareholder dividend expectations.

OUR INDUSTRY

The global energy industry is experiencing an historic transformation that will fundamentally alter the future structure and operation of the energy market.

Against a backdrop of sustained reduction in energy demand, policy settings have been encouraging the take-up and installation of renewable energy, predominantly wind generation and household solar PV systems. The number of solar homes in Australia, for instance, has grown from about 14,000 in 2007 to more than 1.4 million homes today. This has left the market with an excess supply of generation capacity.

Importantly, the growing contribution of renewable technologies not only impacts the current demand/supply balance, but also the characteristics of future demand and supply patterns.

As a result, volatility in the wholesale market has significantly reduced. While there are emerging signs of a turnaround in demand; underpinned by several factors including population growth and increased population density, fuel switching as gas prices rise and electricity prices fall and increased electricity consumption by the Queensland LNG plants as they come online; wholesale markets are likely to remain benign for some time to come.

The big three energy companies - Origin, AGL and EnergyAustralia - now control 46 per cent of Australia's generation capacity, up from 15 per cent in 2009. Our competitors are increasingly looking to manage their own price and volume risk - something they used to turn to Snowy Hydro for. The behaviour of these vertically integrated companies reduces volatility and price spikes.

The consolidation of the NEM is also impacting the retail market. In 2014 the big three energy companies jointly supplied more than 70 per cent of small electricity customers and more than 80 per cent of small gas customers. AGL, Origin and EnergyAustralia are increasingly focused on growing their retail customer base and are competing intensely to do so. The average extent of retail price discounting was greater in 2014 than in the previous year in all NEM regions.

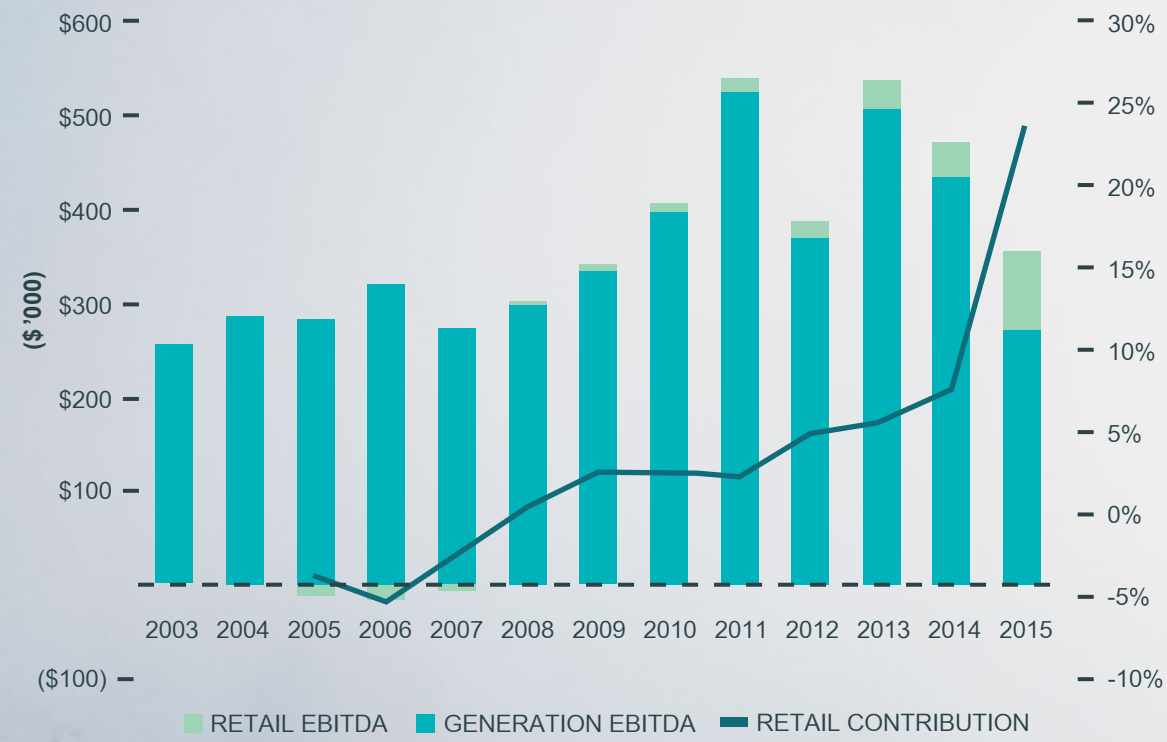
Retail competition has also deepened with the emergence of alternative retail models. These include

solar power purchase agreements, tailored products for customers and providing customers with greater control over their energy use. This reflects the desire of consumers to have more choice and to be actively involved in managing their energy consumption, as well as the many new products and technologies that are entering the market.

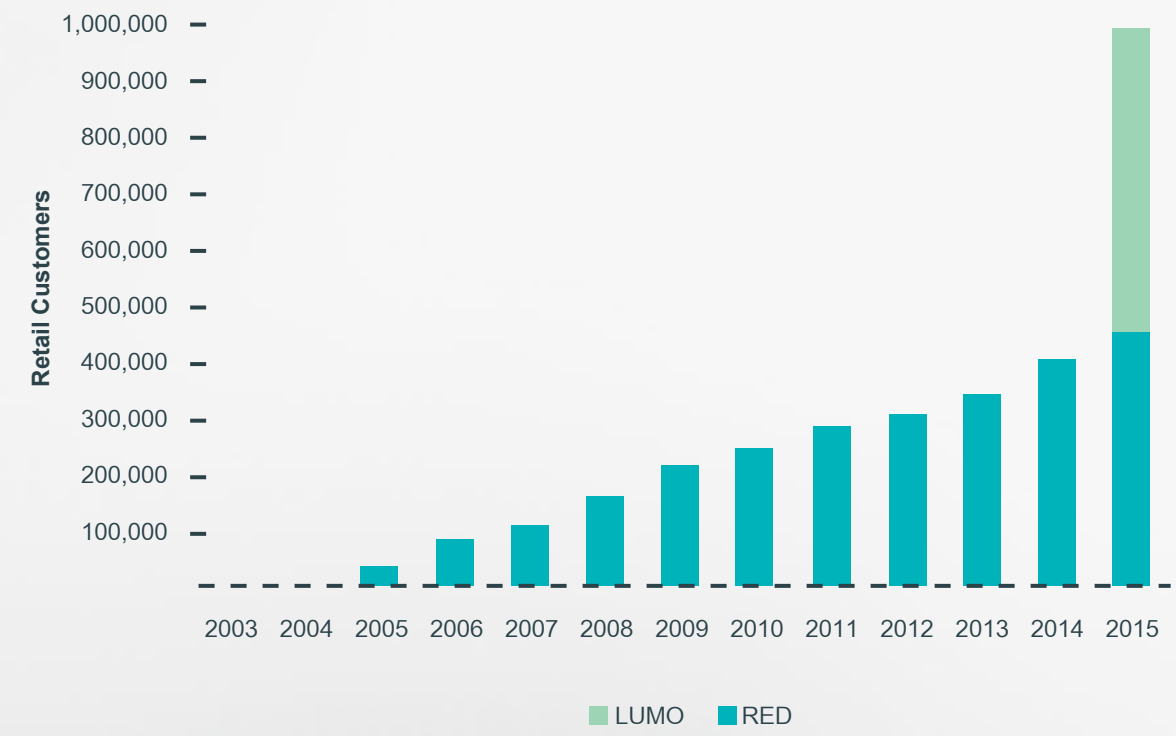
This transformation will be accelerated both through the continued emergence of storage technologies and regulatory developments to support their deployment.



EBITDA SOURCE



CUSTOMER NUMBERS



OUR STRATEGY



Profitably grow our high value household, SME and C&I customers

- ◆ Snowy Hydro has been steadily growing its retail business, most notably with the acquisition of Lumo Energy in 2014 which, coupled with Red, doubled the number of our retail accounts to almost one million. We will continue to focus on growing our customer base where it's profitable to do so.
- ◆ Our retail growth strategy is based on differentiating ourselves from our competition through superior service and a better product – utilising our hydro assets to deliver faster, cleaner and more reliable energy, backed by our gas and diesel fired generators.
- ◆ In addition to household customers, we will grow our C&I business which will help stabilise revenues and positively influence the wholesale market. We will leverage our brand, experience and customer service to win business.



Maintain and utilise our energy mix – hydro, gas and diesel

- ◆ With growth in our retail business, over the coming years our retail load will exceed the long-term capability of the Scheme. This means we will need to source additional energy. So getting the most from our existing assets is more important than ever.
- ◆ We will continue to utilise the 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 households and C&I customers.
- ◆ Our gas fired generators in NSW and Victoria will continue to play a part in managing market risk and water resource uncertainties. These assets also support our valuable price risk 'insurance' products to other energy retailers in the NEM. Likewise our diesel generators in South Australia will help us service customers in South Australia.



Explore new technologies and opportunities in the energy market

- ◆ Emerging technologies will increasingly challenge and disrupt the energy industry as we shift towards consumer-led generation, energy storage and use. Snowy Hydro will participate in and respond to these trends where it makes good business sense. A good example is Red Energy's trial of battery storage with Panasonic and we will also consider our position on smart metering technology and how we can make the most from our existing Scheme storage.



Realise synergies and exploit recent acquisitions

- ◆ After investing more than \$800 million in the acquisition of Lumo Energy, Direct Connect and Colongra Power Station we need to ensure we get the planned benefits from these investments. Continued focus on growth and profitability in customer acquisition and smart use of our hydro, gas and diesel assets will ensure we build on gains already made.



Reinvest in our company targeting resilience, growth, customer service and an engaged workforce

- ◆ We will continue to reduce costs and increase productivity across the business – responsibly managing our operational and capital expenditure. Capital costs will be reduced because we are getting better at planning and executing projects across the business. We will continue to maintain our assets to a high standard so they remain reliable, efficient and fast-start to meet the demands of the business.



Create a safe and reliable workforce with the right skills and technology

- ◆ To take advantage of the changing business landscape, Snowy Hydro needs to ensure our people are trained and equipped for success. Safety is our highest priority and we aim for zero significant injuries. Snowy Hydro currently has a significant injury frequency rate of 8.1 per million hours worked, which is unacceptably above our goal of fewer than five. We will focus on behaviours and safety leadership to ensure we keep our people safe and well wherever they work in our business. Safety is also a priority at our Red, Lumo and Direct Connect businesses.



Be a responsible environmental manager and set the standard as a trusted corporate citizen

- ◆ Snowy Hydro has consistently managed its Water Licence requirements well. We closely monitor water releases and manage regulatory and community relationships well. We will continue to meet all of our legal obligations and be a responsible and environmentally friendly business.

OUR PEOPLE

Safety

Snowy Hydro's people are the core of our business and our most important asset.

Our more than 1700 employees are drawn from communities across New South Wales, Victoria and South Australia. While the majority of our workforce is based in Melbourne, working for our retail companies Red and Lumo, our spiritual home and our headquarters is based in the Snowy Mountains region of New South Wales.

Safety is our greatest priority at Snowy Hydro, and our ultimate goal is zero injuries for all employees and supervised contractors. We want to make sure that our staff go home at the end of every workday in the same shape (or better!) than when they arrived.



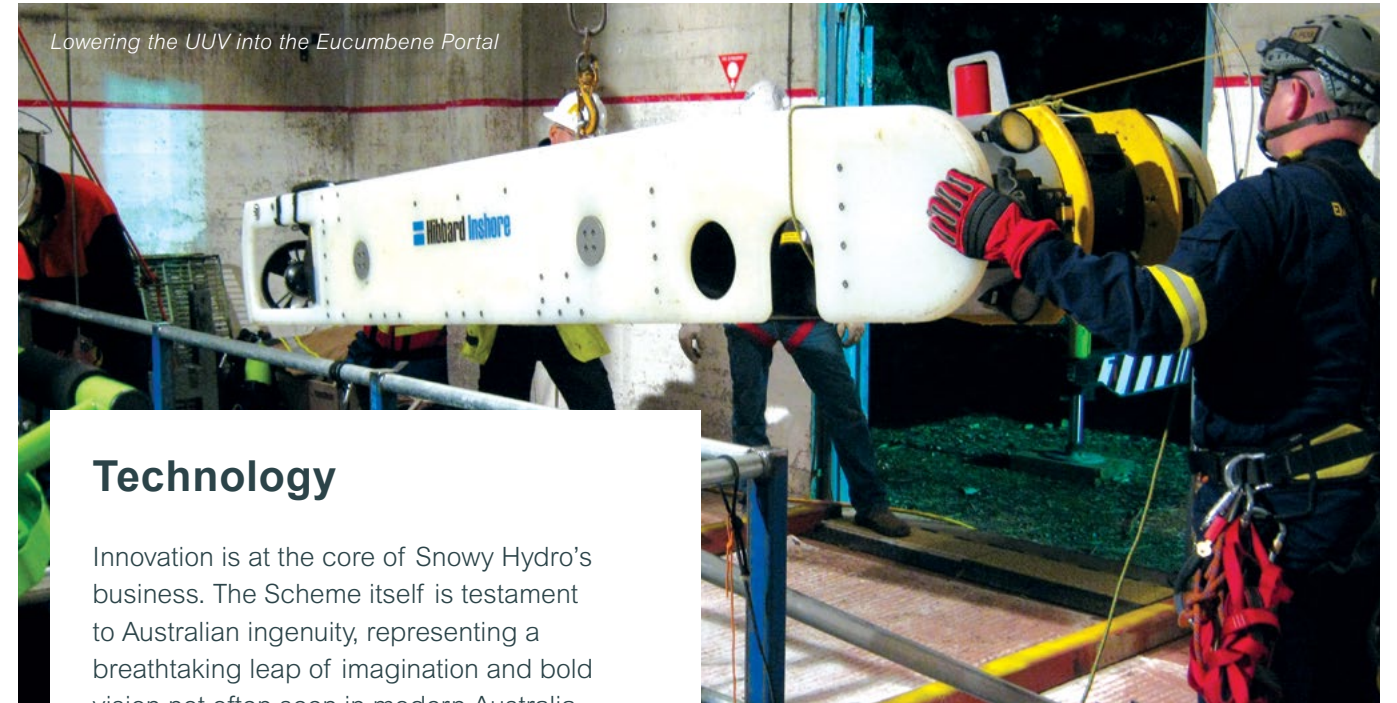
At Snowy Hydro, we believe that all safety incidents are preventable, and we foster leadership and behaviours

amongst our staff to ensure we keep our people safe. We also focus on the health and wellbeing of our staff, in particular mental and physical health, as one of the key strategies supporting our safety culture.

By focusing on safety leadership and behaviours, we have improved our safety performance, lowering our significant injury frequency rate (SIFR) from 9.9 per million hours worked to 8 per million hours worked. However, that is still unacceptably above our SIFR goal of fewer than five per million hours worked.



Employee safety is paramount



Lowering the UUV into the Eucumbene Portal

Technology

Innovation is at the core of Snowy Hydro's business. The Scheme itself is testament to Australian ingenuity, representing a breathtaking leap of imagination and bold vision not often seen in modern Australia.

Our operations are geographically dispersed, making effective communication and information sharing challenging. Much of the work conducted by our frontline staff at our power stations is hazardous because of remote and precarious locations, the age and complexity of our infrastructure and the legacy systems used to operate machinery and assets.

All Snowy Hydro employees are equipped with smartphones, which has revolutionised communications. Many of our Snowy Mountains operations are not well served by mobile networks, meaning staff in power stations located deep underground were not well connected to the outside world or connected to colleagues with appropriate expertise across the business. All our staff now benefit from being plugged into the business via wireless broadband and mobile networks. By using video calls, photos and videos, our staff can now better capture their work, communicate issues or problem-solve with experts, wherever they are in the business.

During the upgrade of our plant and equipment at our Tumut 1 Power Station in Cabramurra, Snowy Hydro introduced timelapse video and photography to capture the historic work.

Still photos and videos capture each movement our skilled major works team make as they

carefully dismantle turbines and runners – many of which have not seen a major upgrade in decades. Apart from a prized record of major works on the Scheme, the timelapse capture enables our team to critique their work, learn from their experience and improve their performance as their work progresses.

The Scheme comprises 145 kilometres of interconnected tunnels and pipelines and 80 kilometres of aqueducts. Many of these tunnels and aqueducts are located in remote and precarious locations, making it difficult to conduct routine inspections and maintenance.

To improve tunnel inspections and reduce the risk to our staff, Snowy Hydro recently introduced the use of unmanned underwater vehicle (UUV) to assess tunnel condition. Snowy Hydro can now more effectively conduct condition assessments and prioritise maintenance and improvements well into the future.

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 parts of the Scheme, ensuring the safety of our people and keeping our assets in peak condition.

OUR COMMUNITY

Snowy Hydro is an important part of the communities we live, work and operate in. Whether it's as a major employer, the operator of 16 power stations in some of Australia's most beautiful countryside, a provider of electricity and gas to our one million account holders, or as the supporter of organisations and charities that make a difference to society, we take our role very seriously.

Across Snowy Hydro, Red Energy and Lumo Energy, we invest more than \$2 million each year in local communities and sponsorships. At Snowy Hydro, our focus is on supporting and investing in our local communities - where our staff live and work. We focus on activities that have a wide reach, are accessible and benefit the people in the communities we operate in. We don't just provide donations - we build healthy partnerships with the community.

We regularly survey our key community stakeholders to ask them how we're travelling. For the last five years, community satisfaction with Snowy Hydro and our operations has been growing. Last year, 91 per cent of respondents told us they were satisfied or very satisfied with Snowy Hydro. We pride ourselves on maintaining those high levels of support and engagement.



Snowy Hydro SouthCare Rescue Helicopter

Since the service started operating in 1998, the Snowy Hydro SouthCare Rescue Helicopter has saved more than 6000 lives. For this reason we are incredibly proud to have been associated with the service for the last 15 years.

Snowy Hydro SouthCare operates throughout the south-east area of NSW and the ACT, providing aero medical and search and rescue services. The operational area covers east to the NSW coast,

south to the Victorian border, west to Hay and north almost to Sydney.

Safety is paramount in our business. It's not just something we do - we live and breathe it. The link we share with Snowy Hydro SouthCare is valued by both our staff and our communities. Together with Snowy Hydro SouthCare, we are making a real and positive difference to the communities in which we live and work.



The 2014 Snowy Hydro Family Program

Cancer research and support

Since its inception 15 years ago, Snowy Hydro has been a supporter of the annual 'Snowy Ride', a major event in the Snowy Mountains that raises funds for the Steven Walter Foundation and Childhood Cancer Research.

Our support includes an annual donation of \$50,000 to the Steven Walter Foundation for ongoing childhood cancer research and another \$50,000 per year for the Snowy Ride's

'Family Weekend in the Mountains' Program, a four-day mountain escape for children who are battling cancer and their families.

More than 3000 riders participate annually in the event with monies raised from riders' entry fees, donations and raffles. Last year more than \$250,000 was raised from the Snowy Ride, bringing the total raised for children's cancer research over the last 14 years to \$7 million.

Cooma Universities Centre

Affordable, accessible higher education facilities are incredibly important to rural and regional communities. Two years ago, Snowy Hydro and the Cooma Monaro Shire Council joined forces to create the Cooma Universities Centre (CUC) to provide university education opportunities for local students.

Local students can use the CUC facilities – provided by the Council and Snowy Hydro – including video conferencing, computers and printers – to study distance education courses. The CUC was such a success, that in 2014 it became an incorporated, not-for-profit organisation, run by a community board. Snowy Hydro continues to support the CUC as major sponsor.

The success of the CUC continues. In partnership with CQUniversity, a cohort of 13 students is currently studying a Bachelor of Education (Early Childhood/Primary) at the CUC. Students are accessing course content online and attending face-to-face tutorials with locally employed tutors.

In partnership with the University of Canberra, students are also studying a Bachelor of

Business Studies, majoring in Events and Tourism Management. The CUC is an exemplar for education provision in rural and regional Australia, and many local councils are looking at establishing their own centres in other regional NSW locations.

To date the CUC has had:

- ◆ More than 130 registrations from students studying distance education.
- ◆ 26 different Australian universities represented by the student population.
- ◆ Students studying 34 different undergraduate degrees (bachelor, associate degree, university bridging course).
- ◆ Students studying 27 postgraduate degrees (graduate certificate, graduate diploma, masters, PhD).



The Salvation Army

Lumo has partnered with The Salvation Army on a range of initiatives designed to help struggling Australian families and young people. Each year the Salvos help more than one million Australians with 8500 active officers and staff delivering more than 1000 social services and programs across the country.

Lumo supports the Salvation Army's Utilities Assistance Program to help ease some of the difficulties households experience in paying their energy bills. Lumo Field Officer Lloyd Andres appeared in a Lumo sponsored community service announcement, which aired on primetime television, to raise awareness of The Salvation Army's support for struggling families who can be challenged by utility bills. In addition, each year Lumo staff volunteer at Christmas and for the annual Red Shield Appeal fundraising day – wrapping gifts and shaking tins to help raise funds for The Salvation Army's activities.

This year Lumo helped create a football clinic for Tools for the Trade – a Salvos program to help young boys stay engaged with education. Lumo worked with the Melbourne Storm, who provided players to host a clinic with the Tools for the Trade participants. The Western Bulldogs AFL team also recently held a clinic with WestCare children (supporting children in foster care). Both clinics received amazing support from the players, the fans of the respective clubs, Lumo customers and the charity partners.



Breast Cancer Network Australia

Red Energy partnered with Breast Cancer Network Australia to turn the MCG pink on the Pink Lady Match night in May. To help highlight BCNA's work supporting Australians affected by breast cancer, Red Energy distributed pink torches to turn the MCG pink during a moving minute's silence. Footy fans were encouraged to write personal messages on Pink Lady silhouettes that were displayed outside the MCG as a 'Field of Women'. Red Energy and BCNA raised more than \$108,000.



Managing the impact of Snowy Hydro's operations in the unique environments where we conduct business is essential to our ongoing success.

The Scheme diverts the headwaters of the Snowy, Eucumbene and Murrumbidgee Rivers westward through the Great Dividing Range, releasing water into the Murray and Murrumbidgee Rivers. Water from the Scheme counteracts the effects of drought and supports the production of around \$3 billion worth of agricultural products each year.

While the diversion of water for irrigation is a key purpose of the Scheme, electricity generation is a core by-product. By directing the water through a series of power stations as it plunges 800 metres down the western escarpment, the Scheme can generate large amounts of peak-load electricity to meet fluctuating power demands across Eastern Australia.

Our water licence

The Snowy Water Licence, issued by the New South Wales Government, regulates Snowy Hydro's use of the water in the Scheme. Under the terms of the licence, Snowy Hydro has the right to collect, divert, store and release water. The parties who have an entitlement to releases from the Scheme include the Victorian and New South Wales governments, irrigators from those states, downstream town water supplies and the environment.

Snowy Hydro has some flexibility around the short-term timing of releases to maximise energy generation throughout the year. However, by the end of each 'water year' in April, we must have released a predetermined volume of water into the Murray and Murrumbidgee River catchments, and into the Snowy and montane rivers for environmental flows.

Snowy Hydro complied with all of the requirements of the Snowy Water Licence during the 2014–15 water year, including each water release target relating to:

- ◆ The Required Annual Release to the River Murray catchment.
- ◆ The Required Annual Release to the Murrumbidgee River catchment.
- ◆ Environmental releases into the Snowy River from Jindabyne Dam.
- ◆ Environmental releases into the Murrumbidgee River from Tantangara Dam.
- ◆ Environmental releases into the Goodradigbee River from Goodradigbee Aqueduct.
- ◆ Environmental releases into the Geehi River from Middle Creek Aqueduct.
- ◆ Environmental releases into the Snowy River from Bar Ridge and Diggers Creek Aqueducts.

Our assets

Snowy Hydro's assets are designed to prevent direct impacts to the environment.

For instance, our hydro power stations utilise oil containment and separation systems including drainage pits, oil skimmers and oil water separators prior to discharging station water to the environment.

Snowy Hydro complies with all of the requirements of the environmental licences which regulate power generation activities in New South Wales and Victoria. Similarly, there were no breaches at our thermal plant with the exception of the 30MW diesel power station at the Hunter Economic Zone (HEZ), acquired from Infratil in October 2014, which has been subject to historical licence breaches involving emissions to air. An air quality assessment conducted in response has demonstrated emissions are significantly below the regulatory criteria for ground level concentrations at residences in the region. However, we have since taken the decision to decommission the plant.

A technical non-compliance occurred with the Colongra Power Station Environment Protection Licence, which related to the site weather station. Due to damaging winds and weather affecting the broader Hunter region in April 2015, the station did not record a brief period of data.

In 2013-14 Snowy Hydro reported 19,671 tonnes of direct greenhouse emissions which came predominantly from our two gas fired power stations in Victoria.

With 4,100MW of hydro generation assets, each year on average Snowy Hydro produces 4,500 gigawatt hours of renewable energy. In doing so, Snowy Hydro prevents around 4,500,000 tonnes of carbon dioxide being released each year. That's the equivalent of the exhausts of around one million cars.



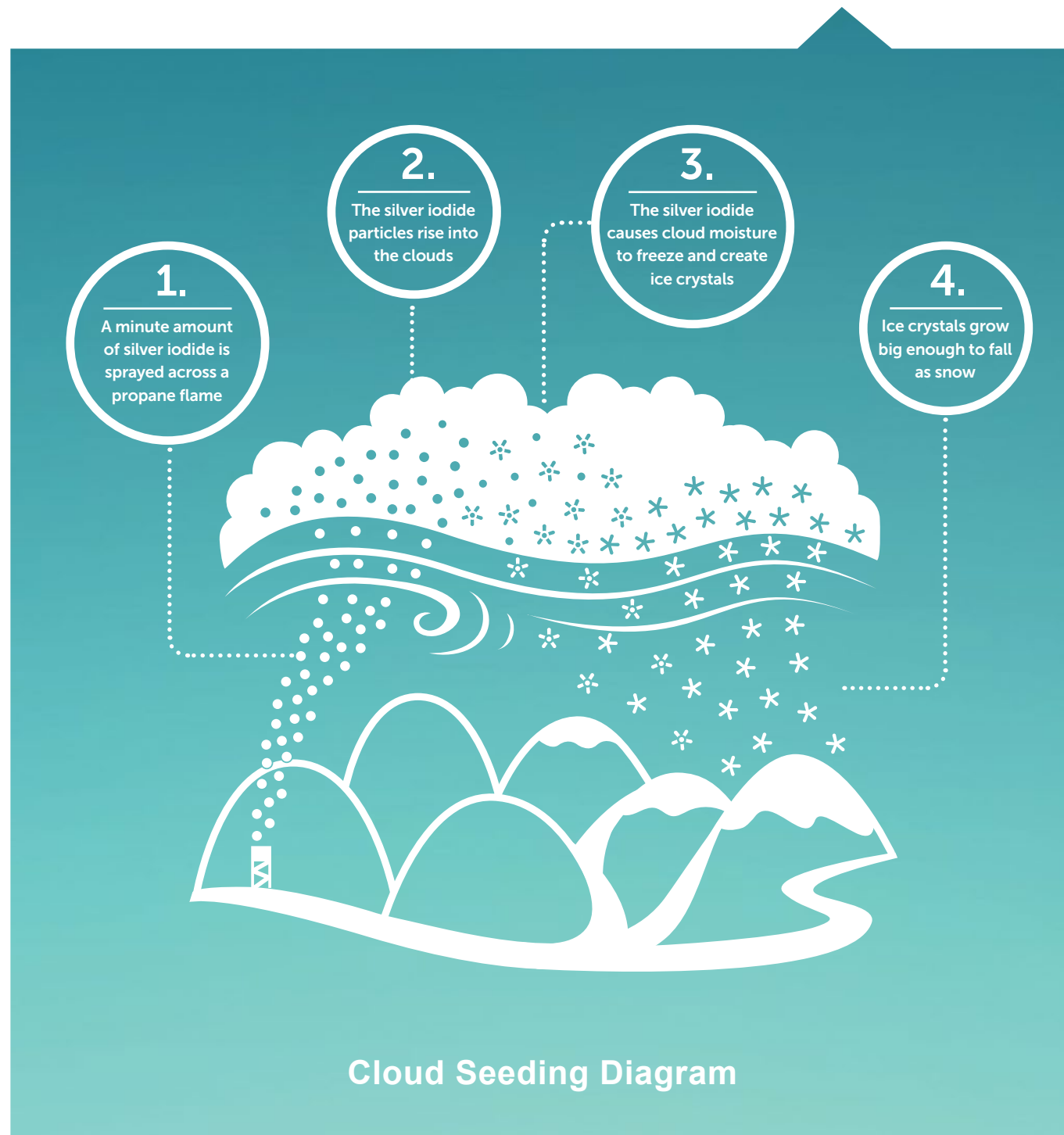
Scientific services

Snowy Hydro has a team of scientists who advise on weather, climate and inflows so that our business can manage Scheme water storages as efficiently as possible. Our research team collaborates with a number of external partners to improve our knowledge of this complex area.

Much of the weather and climate research undertaken by Snowy Hydro has stemmed from the Cloud Seeding Program. Snowy Hydro relies on precipitation falling in the catchments of the Snowy

Mountains to supply water for the production of hydro-electricity. Cloud seeding is used to enhance snowfall, which in turn leads to increased inflows of water available to produce clean, renewable energy.

The Cloud Seeding Program commenced in 2004 as a trial, and has since become operational. During the trial it was found that, under suitable conditions, cloud seeding increased snowfall by an average of 14 per cent with no adverse environmental impacts.





We take care of the community and the environment, we delight our customers with service and deliver excellent financial results. We invest in our local communities and provide jobs and opportunities for Australians; and each and every year we pay a social and economic dividend to the Australian community.



