

November 2015

snowyhydro

NEWS

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ISSUE 31

2015: Year in review



CEO, Paul Broad, gives a detailed 'wrap up' of the 2015 year for Snowy Hydro Limited...

Welcome to the final edition of Snowy Hydro NEWS for 2015. This time last year we were preparing for two major additions to our business - the acquisition of our 667 megawatt gas-fired power station at Colongra and retail energy business Lumo Energy in Victoria.

Both of these acquisitions have helped to underpin the stability and continued profitability of the Snowy Hydro business. It's fantastic to be part of a business that has now grown into the fourth pillar in the National Electricity Market (NEM).

Through Red Energy and Lumo Energy we're offering households and businesses real choice in the energy market with an unmatched track record in superior customer service, all backed by the mighty Snowy Scheme.

Our financial results this year have been strong because of the decisions we took last year to further diversify the business and grow strongly in retail. Lack of volatility in the NEM will continue to plague the wholesale energy market for some time to come although summer tends to be a sweet spot for spikes in energy consumption due to the hot weather.

In the 2014/15 financial year Snowy Hydro posted a net profit after tax of \$210 million and paid \$155 million to our shareholders - the New South Wales, Victorian and Commonwealth Governments. This is a strong result.

Increasing our retail customer numbers following the acquisition of Lumo Energy to almost one million customer accounts has helped to stabilise our earnings in the face of challenging wholesale market conditions.

Across our business we invest more than \$2 million each year into partnerships with a range of charities and not for profit organisations.

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

This last year was our lowest generation year on record. While the dryer El Nino conditions continue to plague us, we do expect generation to pick up this year. So while our assets have been idling for a little while, that will change as we potentially head into a hot and dry summer and beyond. As always we monitor the environment, climate forecasts and water levels to guide our decision making across the generation side of our business.

Our key financial and environmental results are available in the Snowy Hydro Annual Review which is available on our website snowyhydro.com.au. The Annual Review also outlines our community contribution for the year.

We are proud to be associated with a broad range of community events across the Snowy Mountains. Across our business we invest more than \$2 million each year into partnerships with a range of charities and not for profit organisations.

Our principal sponsorship is of course the Snowy Hydro SouthCare Rescue Helicopter which continues to go from strength to strength. This year we welcomed new CEO Chris Kimball and we have been working closely together to make a positive difference to the community.

We are a founding partner of the Cooma Universities Centre which has helped break down the tyranny of distance for 130 students by enabling them to access university courses and further their education.

The concept is so successful it's being rolled out to other regional centres under the banner of the Country Universities Centre. It's success is a tribute to all involved and I thank Cooma Monaro Shire Council for partnering with Snowy Hydro on this initiative since the beginning.

Just recently the Snowy Ride brought more than 3000 motorcycle enthusiasts to the region to help raise awareness of children's cancer and to raise money for the Steven Walter Foundation. Snowy Hydro is a proud sponsor and you can read more about the particularly inspiring families program in Snowy Hydro NEWS.

And now Red Energy has entered into a major partnership with Cooma Monaro Shire Council to sponsor a series of major events in the town. Nothing makes me prouder than seeing our brands give something back to the regions in which we operate.

Thank you for your support for Snowy Hydro Limited in 2015. We look forward to sharing more news about our business in 2016. On behalf of everyone who works for Snowy Hydro, I wish you a safe, prosperous and happy festive season.



CEO Paul Broad with the members of the Board of the Cooma Universities Centre.

— snowhydro —

WATER REPORT

— for —
2014 - 2015





Snowy Hydro reports annually on our compliance with our water and environment obligations. The 2014-15 Water & Environment Report is now available, **Manager Water & Environment, Andrew Nolan, gives you the highlights...**

This year's Water and Environment Report outlines how Snowy Hydro is managing the water in the Scheme and steps we are taking to minimise our impact on the environment.

This report is an important channel to educate and inform the community about the water operations of the Snowy Scheme. While we benefit from the water that moves through the Scheme we don't own a drop of it; nor do we sell the water or charge people to access it.

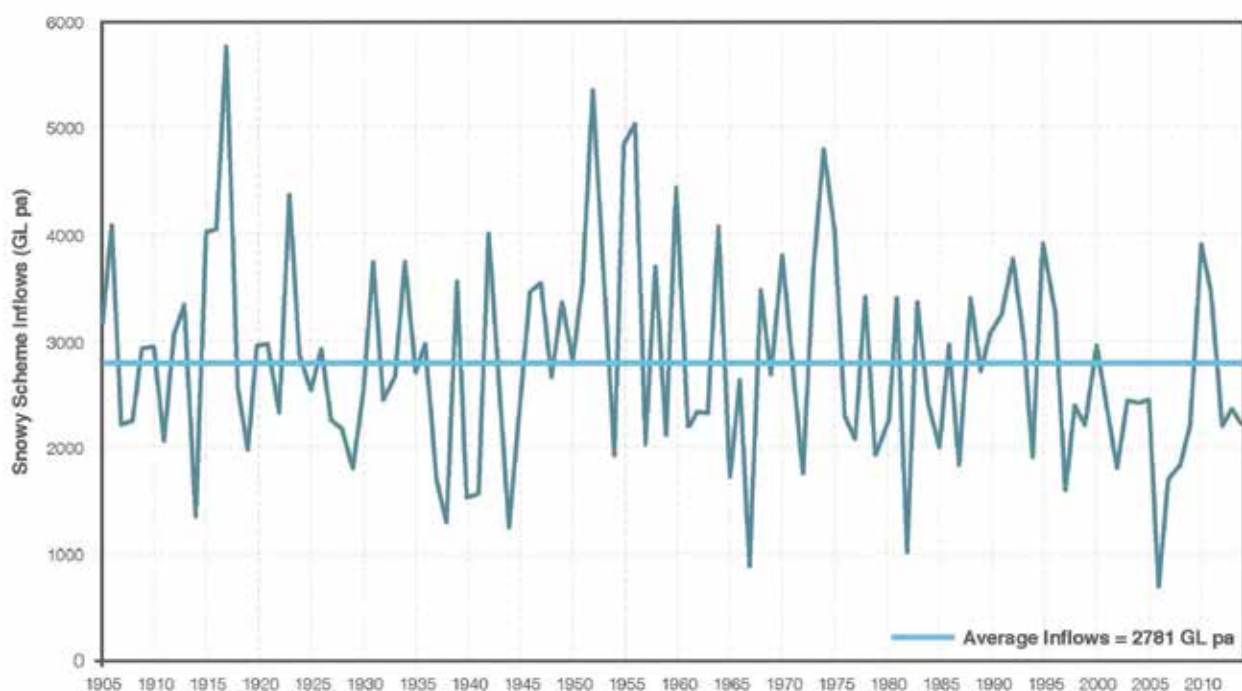
The Snowy Scheme was constructed to collect and move water east to west and into the food bowl of Australia. But our core purpose is to operate a complex hydro-electric scheme that generates electricity where it makes commercial sense to do so. Importantly, electricity generation helps drive revenue to pay for the maintenance and upgrade of the iconic infrastructure that is the Snowy Scheme.

As with previous Water and Environment Reports, there is detailed analysis of the water data for the water year (to 1 May 2014 to 30 April 2015) and this was independently audited prior to publication.

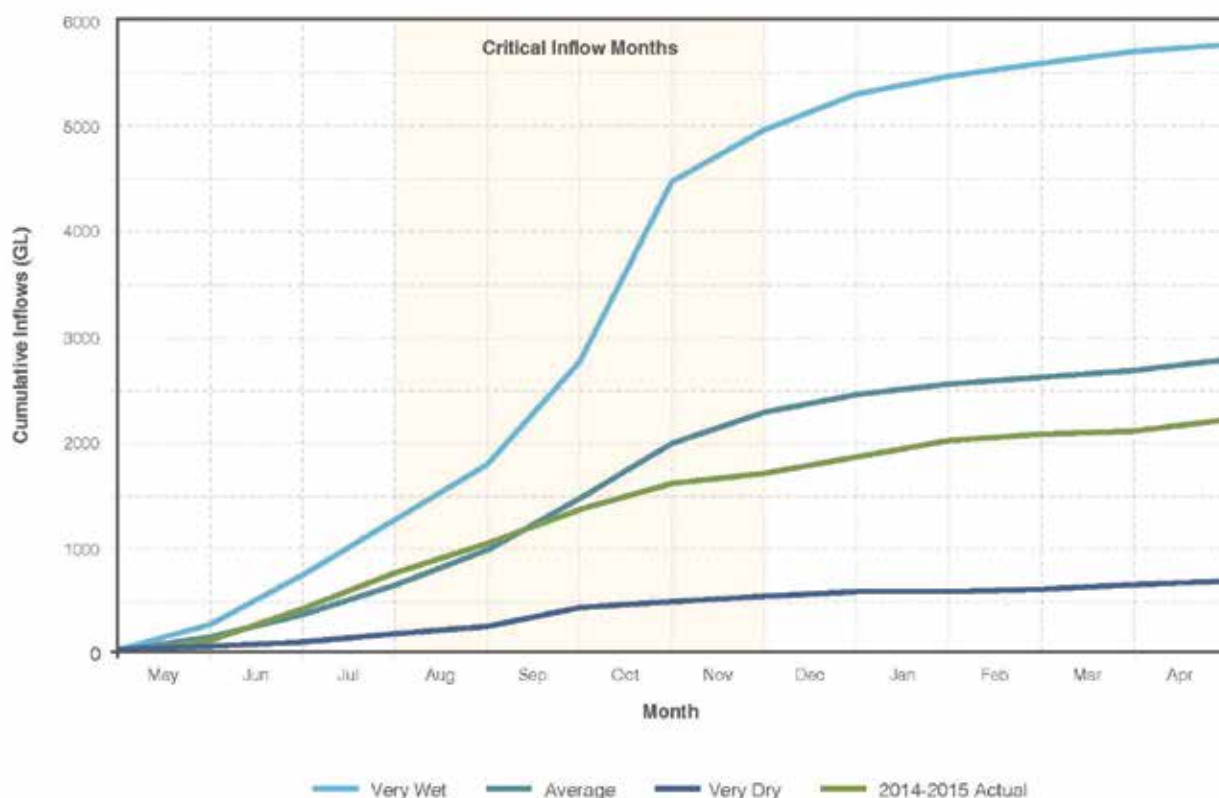
For 2014-15 Snowy Scheme Inflows were 2,209 gigalitres (GL) which is about 79 per cent of the long term average of 2,781GL. This constitutes below average inflows. Many observers would note that lake levels could be improved. However, we would need many years of average and above average inflows to see major sustained improvements in lake levels.

Snowy Scheme active storage (which is the measurement of water that we can access for renewable electricity generation) increased by 395GL to 2,563GL at the end of the water year. This is 48.3 per cent of the total active storage capacity of the Snowy Scheme.

SNOWY SCHEME INFLOWS FROM MAY 1905 TO APRIL 2015



SNOWY SCHEME INFLOWS FOR MAY 2014 TO APRIL 2015



It's also important to remember, as reported in previous editions of Snowy Hydro NEWS, that we are currently experiencing El Nino which delivers cooler sea surface temperatures and stable atmospheric conditions resulting in less rain and dryer inflow conditions. Our climate scientists and water team will be monitoring this weather pattern with interest to see its impact on inflows during this water year.

Last year was a year of growth for Snowy Hydro, as we diversified our operations through investment in additional thermal generation (our gas fired power plant at Colongra in New South Wales and diesel assets in South Australia) and delivering energy products to around one million retail accounts through our retail companies Red Energy and Lumo Energy.

We have a strong record of taking care of the land on which we operate along with respectful stakeholder relationships. This year's environment report outlines our environmental performance, some key environmental initiatives we are undertaking to deliver on our commitment to the environment and avoiding harm to the environment when carrying out our work.

If you would like to pick up a copy of the 2014-15 Water and Environment Report you can do so at any one of our visitor centres in Cooma, Cabramurra or Khancoban. You can also download the reports from our website www.snowyhydro.com.au or email us at communityfeedback@snowyhydro.com.au and we can post you a copy.

We have a strong record of taking care of the land on which we operate along with respectful stakeholder relationships...





Maintaining more than just power stations:

Our Dam Safety Program



Our assets extend beyond our power stations and include our many dams and waterways across the Snowy Mountains. To ensure the safety of our staff and the community, peak performance and reliability, all of our assets require ongoing maintenance. **Strategic Engineer, Tom Reed, explains...**

Snowy Hydro owns and maintains some of the largest dams in Australia - 16 of them in fact, with a storage capacity almost seven times the volume of Sydney Harbour. These dams capture and store water and form a critical part of the Snowy Scheme and our ability to create clean, renewable energy to power Australian homes and businesses.

Snowy Hydro's priority is ensuring the safety of our people and the communities that live and work around the Snowy Scheme and this includes the safe operation of our assets.

Our world class dam safety program is based on the NSW Dam Safety Committee (DSC) regulations and guidelines published by the Australian Committee on Large Dams. It is based on national and international best practice and takes a process and risk based approach to safety.

While DSC regulates dam safety and ensures we are complying, Snowy Hydro does more than what is legally required to ensure the safety of the dams that form part of our operations.

We have thousands of instruments to measure, collect and instantly report valuable data to monitor the condition of our dams.

We also use a team of 20 engineers, technical officers and inspectors who work on the dam safety program, forensically inspecting our dams and analysing instrument data and observations.

We also have independent engineers conduct evaluations at least every five years to ensure we are achieving safe performance and satisfying our regulatory requirements.

Over the next 10 years Snowy Hydro will be further investing in our dam safety program...

Monitoring a dam is far more than just taking measurements and reading instruments. These are just one source of information used to determine its overall condition and safety status. Other inputs include design, construction, location and geology surrounding the dam, as well as any known issues or performance in floods and earthquakes. We also need to be aware of likely impacts to downstream communities and the environment.

Internal assessments and external reviews by dam safety experts also determine dam condition, and if those assessments identify that the dam is operating satisfactorily with the normal limits, we will continue to monitor on a regular basis. If those assessments identify a potential issue we continue to monitor but may implement interim controls while we assess the issue. If the assessment confirms there is an issue, action will be taken. Potential actions or management options can include reducing the consequence or likelihood of the issue further developing, modifying surveillance

practices, making corrective maintenance, augmenting emergency plans or investing in capital improvements.

Over the next 10 years Snowy Hydro will be further investing in our dam safety program through updating our hydraulic and seismic knowledge, monitoring systems as well as reviewing dam risk. Despite world class design and construction, it is always necessary to maintain and upgrade our dams to ensure the risk they pose are managed and the condition remains the same or better than when they were constructed.

As there are so many water storages throughout the Snowy Mountains, it is important the communities around these amazing structures are aware how they are operated and maintained. We will continue to communicate with the local community about our dams so we can ensure the safety of the people and assets of this region.



Guthega Dam

Developing our future engineers



Snowy Hydro has long supported the development of young engineers through cadetships, internships, graduate programs and vacation employment. **Manager, Culture and Development, Alice Purss**, explains the value of our 2015 Summer Vacation Program...

Each year, Snowy Hydro offers students in their penultimate year of university the opportunity to work with us for three months - from December to February - as part of our Summer Vacation Program.

The Summer Vacation Program provides students with an invaluable opportunity to learn from our highly skilled and experienced engineers and technical specialists and work on our world class assets and equipment - putting the theory they have learnt at university into practice.

Throughout the Program students get to do real work, on real projects. One day they could be out gathering data on a remote asset such as Island Bend Dam with a civil engineer. The next day they could be using technology such as the latest Geographic Information Systems and video and photography captured from unmanned aerial vehicles to monitor the condition of assets in our hydro and gas power stations.

This year we will have 11 students join our Summer Vacation Program based with our Production, Asset Management, Project Engineering and IT teams at various locations throughout the Snowy Mountains. These students join us from universities across New South Wales and Victoria, and it is great to see some former local students returning home to work with us as part of this Program as well. For the first time we will also have a student working with the team at our gas-fired power station in Colongra on the NSW Central Coast.

The Summer Vacation Program is an important gateway for our Graduate Development Program. Often students are offered a graduate position with us the following year once they have completed their university studies. The Summer Vacation Program provides them with the opportunity to experience what it's like to work with Snowy Hydro and also to get a feel for life in the Snowy Mountains. We look forward to welcoming the students in December.

Raising funds for children's cancer



Each November almost 3,000 motorcyclists converge on the region in support of the Snowy Ride and the Steven Walter Children's Cancer Foundation. **Manager Community Relations, Heath Woolley, tells us more...**

The Snowy Ride recently completed its 15th annual ride to the Snowy Mountains. Almost 3,000 motorcyclists ascended to the region, once again raising well needed money for kids cancer research.

Since its inception the Snowy Ride has seen more than 30,000 motorcyclists participate and help raise more than \$6 million. This money is used to fund research to find better treatments for cancer and to hopefully one day find a cure, which is the ultimate goal for the Steven Walter Children's Cancer Foundation.

The Snowy Hydro Family Program sees a number of families with a child suffering from cancer invited to stay for a few days at Thredbo Resort. Once in Thredbo, the families are really taken care of with activities including pamper sessions for mums, motor bike rides, bobsledding, playing in the snow, bush walking, fireworks, live music and a ride in a vintage car.

I was fortunate enough to spend a day and a half with the families and it was an amazing experience. Listening to their stories, commitment and strength was truly inspirational. They were overwhelmed by the support they received from the Snowy Hydro Family Program as it gave them a well earned rest from a routine filled with multiple and extended hospital visits.

The best part of this experience was seeing the families and children relax, unwind and have some fun. The bobsled at Thredbo was a family favourite with the kids timing each other to see who could go the quickest down the bobsled track.

Behind the scenes there is an amazing group of volunteers running the Snowy Hydro Family Program. Special thanks to these volunteers especially to Brian and Dale Coyte, Chris and Joanne Allen, Tony and Cathy Gray and Jack and Di Nott who spend countless hours preparing and then running this amazing family program.

Snowy Hydro are proud to be a major sponsor of the Snowy Ride and have been involved since its inception 15 years ago. Our contribution has grown from \$15,000 per annum to \$100,000 per annum, with the latter figure being provided since the 2010 event. This funding is allocated across three areas: the Snowy Hydro Family Program, the Snowy Ride event and a \$40,000 donation to the Steven Walter Children's Cancer Foundation for research into treatments and a possible cure for children's cancer.

If you would like to donate to this worthy cause, please visit www.stevenwalterfoundation.org.au

We look forward to Snowy Ride 2016.



The families of the Snowy Hydro Family Program accepting our donation.



The kids of the Snowy Hydro Family Program



Visit pictures



Murray 1 Power Station and Visitors' Centre is located 10km from Khancoban on the Alpine Way and has much to offer visitors passing through. Team Leader, Mel Castle, encourages you to visit...

Next time you are travelling along the picturesque Alpine Way, why not call in and visit Murray 1 Power Station and Visitors' Centre?

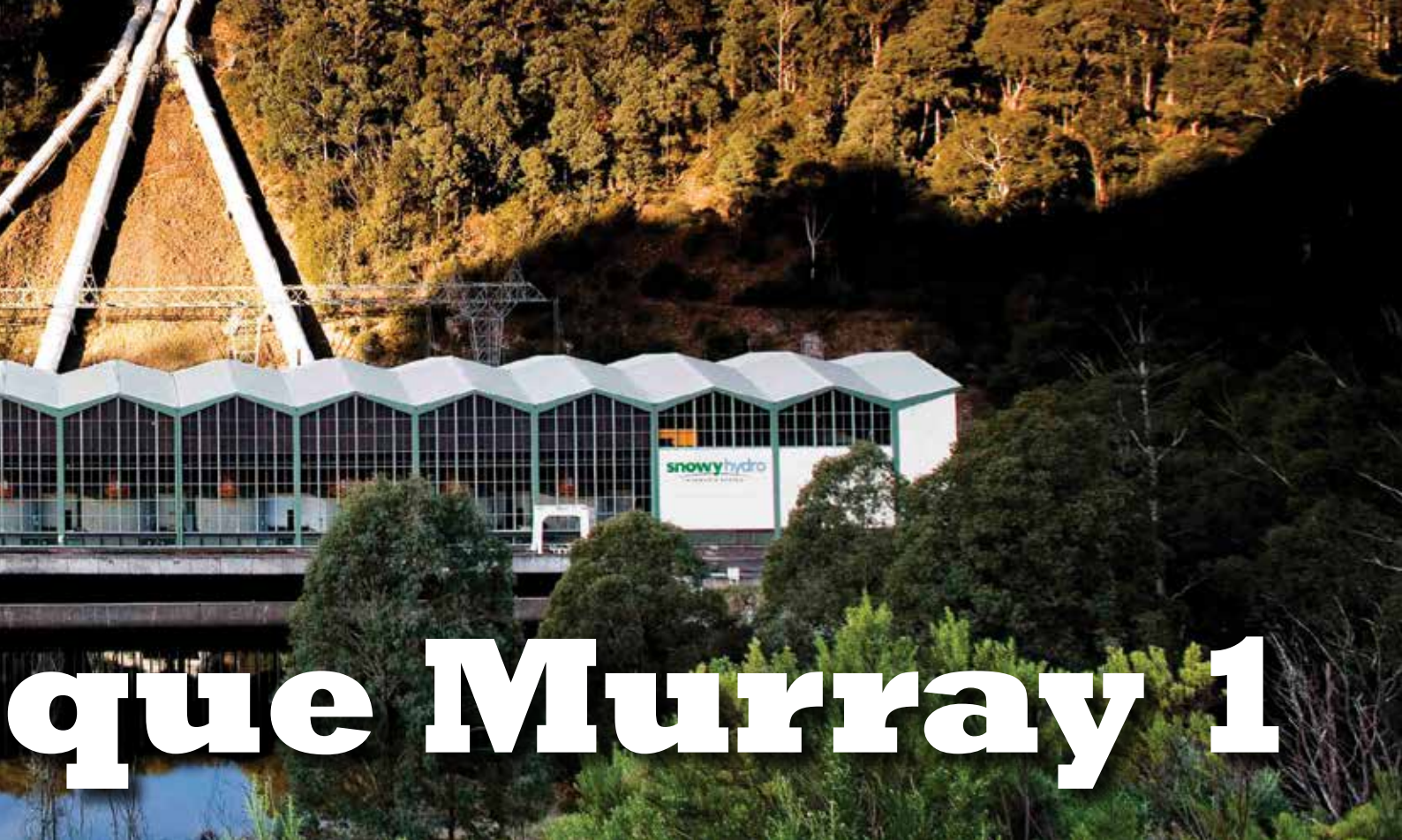
Construction of Murray 1 Power Station began in December 1962 with completion in August 1967. It is the second largest power station in the Scheme and has a total of 10 generators. Each generator has a 95 megawatt (MW) capacity giving a station total of 950MW which enables us to light up approximately 950,000 homes from Murray 1 Power Station alone.

The water used at Murray 1 comes down from Geehi Reservoir, through the station generating clean, renewable energy and is then sent down to Murray 2 Power Station. After being used at Murray 2 the water goes into Khancoban pondage and is released into the Swampy Plains river that flows into the River Murray and then along the Hume for irrigation.

Murray 1 Visitors Centre and Power Station enables you to experience the Snowy Scheme and Snowy Hydro business first hand. We have interactive displays throughout the recently renovated centre, models of generators and a theatre to watch films from the construction days through to how our great Scheme is operated today by Snowy Hydro.

Murray 1 Power Station is the only station within the Scheme that the public are able to view through one of our inspections that take place at 10am and 2pm daily. Our friendly staff will give you an overview of the business and the Scheme and welcome any questions you may have.

At the Visitors' Centre we have "Real Time" screens that show what is happening around the Scheme at any time and our friendly staff will explain how we divert the water across the Scheme to ensure we



meet the conditions of our water licence and release targets, as well as current generation requirements.

The Visitors' Centre also offers a fabulous cafe with fantastic coffee & light refreshments for your enjoyment during your visit, as well as free BBQ facilities and a great picnic area. Our opening times are outlined below, and entry is free of charge!

We look forward to welcoming you, your family & friends during your next visit.

Murray 1 Visitors Centre, Khancoban

Alpine Way, 10kms east of Khancoban

Open 7 days: October to April, 9:00am - 4:00pm Mon to Fri
10:00am - 4:00pm Sat, Sun & Public Holidays

Open 5 days: May to September, 9:00am - 4:00pm Mon to Fri

Power Station Inspections 11am and 2pm

Closed: Christmas Day, Anzac Day
& winter weekends



A family enjoying one of the models at Murray 1 Visitors Centre

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