



CORPORATE PLAN

For Financial Years 2025 - 2029

Safety is always our number one priority

snowyhydro

We acknowledge the Traditional Custodians of this land, waterways and community.

And pay our respects to their Elders past, present and emerging, for they have, are and will leave their footprints behind and continue to share their history, culture and traditions.

We extend that respect to Aboriginal and Torres Strait Islander peoples who may be with us today.

Acknowledgement wording provided by Ngarigo Elders

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snowyhydro.com.au

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Introduction

This Plan has been prepared by Snowy Hydro Limited for its Shareholder Ministers, Senator The Hon. Katy Gallagher, Minister for Finance, and The Hon. Chris Bowen MP, Minister for Climate Change and Energy. The Plan covers Snowy Hydro Limited and its controlled entities (together, **Snowy Hydro**) and has been prepared for the 2024–25 financial year and covers a plan period from FY25-FY29 (**Plan Period**).

The Plan is required by, and prepared in accordance with paragraph 95(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act), the *Public Governance, Performance and Accountability Rule 2014* (Cth) (PGPA Rule) and the Commonwealth Government Business Enterprise Governance and Oversight Guidelines (January 2018) (GBE Guidelines). At the time of writing this Plan, there were no Government priorities under the Statement of Key Priorities¹, Government policy orders² or written instructions or directions under Snowy Hydro's Constitution that apply to Snowy Hydro.

Legal Notice

This Corporate Plan contains various long-range plans, projections, high level estimates and other forward looking information (Estimates). Those Estimates are based on the best considered professional assessment of present economic and operating conditions, Australian Government policy at the time of writing this Plan, and assumptions regarding future events and actions which, at the date of writing this Corporate Plan, are expected to take place.

The Estimates involve known and unknown risks, uncertainties and other factors beyond control that may cause Snowy Hydro's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the Estimates.

While the Estimates are based on the best considered professional assessment, the management team and officers (as defined in the Corporations Act 2001 (Cth)) of Snowy Hydro Limited do not give any guarantee or assurance to any third party that the results, performance or achievements expressed or implied by the Estimates will actually occur, and the Estimates should not be relied on or considered to be a representation of what will happen by any third party.

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¹Section 34 of the PGPA Act requires Snowy Hydro's Plan to align with any Government 'Statement of Key Priorities' that relate to Snowy Hydro's business.

²Sections 22 and 93 of the PGPA Act allow the Finance Minister to make a Government Policy Order specifying a policy of the Australian Government to apply to one or more Government Business Enterprises.

CEO and Chair’s Message

Across the five year scope of this corporate plan, the National Electricity Market (NEM) will undergo a remarkable and important transformation.

Snowy Hydro’s contribution to Australia’s renewable energy journey is pivotal. Our corporate plan for financial years 2025 to 2029 outlines our path to continuing our role as one of the most significant contributors to providing the firming energy needed for the introduction of the wind and solar required to meet Australia’s 2030 target of 82 percent of our electricity generation from renewables.

This important role is our focus. Snowy Hydro and its long-duration hydroelectric assets and fast-start, on-demand gas and diesel generators, are uniquely placed to play a significant role in ensuring power continues to flow to homes and businesses across the network, even during more extended periods without the sunlight and wind renewable energy needs. By doing so, we also play a significant role in supporting the network’s reliability. We also make a modest, but important contribution to minimising pressure on electricity prices.

Significant investment in our existing generating assets, many of which in the Snowy Scheme and at our Valley Power gas generator in Victoria, are approaching end-of-life serviceability challenges, is essential to continue to enable our ability to support the electricity network and enable its renewable transformation.

Our ability to continue our enabling role will also be underpinned by the extension of the Snowy Scheme through Snowy 2.0 and our fifth fast-start gas power station, the Hunter Power Project (HPP). Between these new assets, a very significant 2,860 megawatts (MW) of on-demand electricity will be added to Snowy Hydro’s ultimate generating capacity.

Just as the original Snowy Scheme is vital to meeting our current energy needs, Snowy 2.0, with its long-duration storage of up to 160 hours, will be critical to the NEM’s decarbonisation and reliability targets.

The updated business case released in May 2024 took into account the revised cost of \$12 billion and increase

in generating capacity to 2,200MW that were announced as part of the August 2023 project reset. The business case found that the value of Snowy 2.0 has increased significantly, driven by projected increased usage caused by more wind and solar in the network, as well as the increased generating capacity.

HPP is due to come online in December 2024, with the start of its testing and commissioning phase. Extended periods of inclement weather over the past year and other factors have impacted the project’s schedule. In order for HPP to be producing some power for the electricity network as soon as possible, we have prioritised schedule, which will impact the final cost.

Gas powered electricity generation will remain critical to enabling Australia’s renewable energy transition and meeting peak demand in what is a highly seasonal market. As more renewables come on line, the fast-deployment capability of gas will be essential to ensuring power is still available to homes and businesses when wind and sunlight is not.

In this context, the strategic importance of gas storage will become more prevalent over the next five years and beyond. Anticipating this, Snowy Hydro has signed a new 25-year gas storage agreement with Lochard Energy at its Iona facility in Victoria, which will be important to meeting our future gas storage needs for both our retail customers and fast-start gas generators.

When the generating assets currently under construction come online, the wind and solar generation Snowy Hydro will enable through its fast-start generating assets will be equivalent to displacing more than 33 million tonnes of CO2-e per annum. This equates to a 28% reduction in NEM emissions from 2022 levels and approximately 13% of Australia’s total emissions reduction target for 2030.³

The energy procured by Snowy Hydro from wind and solar offtakes continues to grow. To date, Snowy Hydro has directly procured 1,674MW of solar and wind through power purchase agreements, displacing approximately 4.8 million tonnes of CO2 annually from the electricity system.

As an integrated generator-retailer, the continued strong performance of our retail divisions will also continue to be an important aspect of our corporate strategy. Red Energy’s and Lumo Energy’s market-leading customer service, along with its innovative product offerings, have been among the factors that have led to strong customer growth, resulting in more than 1.4 million Australians choosing to purchase electricity and gas from us. Continuing to invest in our mass-market retail brands and the people behind their defining customer service outcomes, will enable continued strong growth performance.

Our tradition of focusing on delivering an incredible customer experience continues through Snowy Energy, our newly established commercial and industrial retailing brand. Snowy Energy leverages Snowy Hydro’s suite of renewable energy sources to provide a compelling proposition to customers with large-scale electricity requirements that need energy products that support their own decarbonisation agendas.

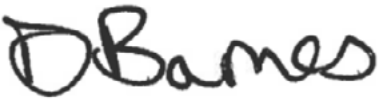
Snowy Energy will continue our tradition of delivering exceptional customer service and retail product innovation, such as the TrueGreen product.

Following the 2023 release of our first Sustainability Report, Snowy Hydro is embarking on a journey to embed strong sustainability focus and performance across our organisation, representing the breadth of environmental, social and governance responsibilities we hold. During the five years of the corporate plan, we will fully integrate sustainability into our strategy and ways of working.

Proactively prioritising the health and wellbeing of our people and the communities we are a part of is critical. Safety remains Snowy Hydro’s overriding priority. We must constantly renew our focus on ensuring safety is deeply embedded in our culture, remaining top of mind to a team that must continue to feel empowered to hold their own wellbeing and that of their colleagues and the community above all else.

Our strategy would mean little without the people who deliver it. Snowy Hydro has a proud tradition of its people’s contribution being defined by passion, diversity and innovation. Snowy Hydro will continue to evolve to adapt to the market, the needs of our customers and the expectations of our shareholders. By supporting and developing our people, and continuing to ensure a job at Snowy Hydro is a source of pride and accomplishment, we are confident our people will continue to achieve amazing things.

Finally, we would like to acknowledge the support of our Shareholder’s departments, the Department of Climate Change, Energy, the Environment and Water, and the Department of Finance. We look forward to continuing to work with Government, as well as the broader industry and our stakeholders, to meet the objectives set out in the Company’s Statement of Expectations and underpin the NEM’s transition to net zero.



Dennis Barnes
Chief Executive Officer



David Knox
Chair

³Snowy Hydro 2023 Sustainability Report, p18.

Our Purpose and Objectives

Snowy Hydro is an Australian-owned, dynamic, integrated energy business. Our role is to underpin energy security, lead the transition to renewables and promote competition in energy markets, helping to lower prices for consumers. In short, we are here to keep the lights on and to help the NEM transition to a decarbonised state, now and into the future.

Snowy Hydro has been a Commonwealth company under the PGPA Act since 29 June 2018, and a Government Business Enterprise (GBE) since 2 July 2018.

Snowy Hydro's purpose is to meet the objectives set out in Shareholder Ministers' Statement of Expectations (SoE) to Snowy Hydro⁴. The SoE states that the Commonwealth acquired 100% of the shares in Snowy Hydro to support the transition of Australia's energy system, and in particular, to support the expansion of pumped-hydro in the Snowy Mountains Hydro-electric Scheme through Snowy 2.0. Accordingly, Snowy Hydro's strengths and future aspirations are captured in its Purpose, to 'deliver Australia's renewable energy future'.

This reflects the leading role that Snowy Hydro is playing in underpinning the reliability and stability of Australia's east coast electricity system as it undergoes a clean energy transformation, from predominantly coal-fired generation to predominantly renewable forms of generation. The SoE also requires Snowy Hydro to operate at arm's length from the Government, and confirms that the Board has ultimate responsibility for the performance of Snowy Hydro and is accountable to the Commonwealth as its sole Shareholder. In accordance with the SoE, Snowy Hydro is a commercial entity and is expected to operate on a commercial basis, with flexibility and discretion in its operational and commercial decisions within the bounds of the legislative and governance framework.

Our Purpose can be achieved through Snowy Hydro's existing and future generating and energy storage capabilities of the Snowy Scheme, and as a leading participant in the NEM as an end-to-end integrated energy provider. Snowy Hydro promotes competition through the provision of price risk management products to wholesale customers and retail products to mass market and commercial & industrial customers.

Snowy Hydro provides critical water supply services to the Murray-Darling Basin through the Snowy Scheme, as well as supporting the local communities where we live and work. Snowy Hydro invests in our chosen areas of education, including various Indigenous youth education foundations, youth health and regional capacity-building.

⁴28 October 2021.

 1 We are a key provider of NEM risk management functions	 2 We strive for sustainable business performance	 3 We keep people safe and engaged	 4 Hunter Power snowy 2.0 Through our strategic projects and operational excellence we underpin the NEM's transition to our renewable energy future	 5 We aim for #1 in customer service	
... which are incorporated in Snowy Hydro's short-term and long-term measures					
Financial		Safety	Strategic Projects / Operations		Customer
Group EBITDA	Solid Investment-grade Credit Rating Evolving ESG targets	Total Reportable Injury Frequency Rate (TRIFR) Employees Participation in Safety Conversations	Delivery of Snowy 2.0 and Hunter Power Project	Reliability & Outage Compliance	Net Promoter Score



Our Values

Our Values are the heart of who we are at Snowy Hydro. They guide us in everything we do, from how we interact with each other, our customers, external stakeholders, and communities to the way we deliver our Purpose.



Safety

Safety is always our number one priority



Teamwork

We help each other succeed through support and trust



Ownership

We take pride in our work and own our choices



Agility

We are adaptable and embrace change



Decency

We treat others the way we'd like to be treated



Courage

We speak up and act for what's important



Snowy Hydro keeps people safe

Snowy Hydro is an aspirational company; where we can do better we will do so. We aim to be a good neighbour and an exemplar in Australian business and industry. As a decent and values-driven company, we maintain the highest respect for our customers, employees, responsibilities and expectations.

Safety is Snowy Hydro's highest priority

We are committed to getting the job done, but above all, we want everyone to go home safely at the end of the day.

Our safety and wellness strategy has four core components:

1. Our people begin and end each workday safely and well;
2. Leaders lead from the front being visible, lead safety conversations, ask the right questions and foster a 'no fault' learning environment;
3. Our people recognise hazards, are empowered to 'stop the job', anticipate changed conditions, implement controls and actively contribute to 'mate looking after mate'; and
4. Simple and more streamlined systems to proactively identify hazards, deliver controls that work, and provide the required checks and balances to ensure we use the controls and continue to improve.

Snowy Hydro's number one priority is the physical and mental health of our people. We believe we are all responsible for making our workplace safe and healthy, that harm to health and wellbeing is preventable, and our people can flourish both at work and in the households and communities in which we live and operate.

Snowy Hydro also prioritises investment in safe plant and equipment, safety culture, leadership training, critical risk and hazard identification and engineering controls, leveraging technology-based safety solutions to increase speed and ease of reporting, and extensive wellbeing programs, especially in rural and regional areas.

SnowyHydro's contractors, FutureGeneration Joint Venture (FGJV) for Snowy 2.0 and UGL for Hunter Power Project (HPP), are the Principal Contractors on these projects. Snowy Hydro monitors the safety performance of these contractors via a comprehensive program of assurance activities, including inspections, surveillance, reviews, reporting, critical control verifications and audits to verify that FGJV and UGL are taking the necessary and appropriate steps to manage the health and safety of Snowy 2.0 and HPP workers.



Capability

Snowy Hydro attracts highly agile, intellectually curious and intelligent problem-solvers. We pride ourselves on the agility and diversity of thought demonstrated by our workforce, and their ability to think ‘outside the box’ in identifying and delivering solutions that achieve the best outcomes for Snowy Hydro and the community.

Snowy Hydro’s people are our greatest assets, and we are proud of our successful track record in maintaining and fostering a highly-skilled, diverse, professional and technical workforce. This is increasingly important in a rapidly evolving industry and corporate environment, where innovation, dynamic capabilities and non-traditional approaches are critical to organisational success.

A robust corporate governance framework oversees Snowy Hydro’s capability strategy. The People and Culture Committee provides advice to the Board on culture and conduct, diversity and inclusion and human resource strategic priorities and challenges to ensure Snowy Hydro has the requisite capability and mindset to achieve its long-term goals.

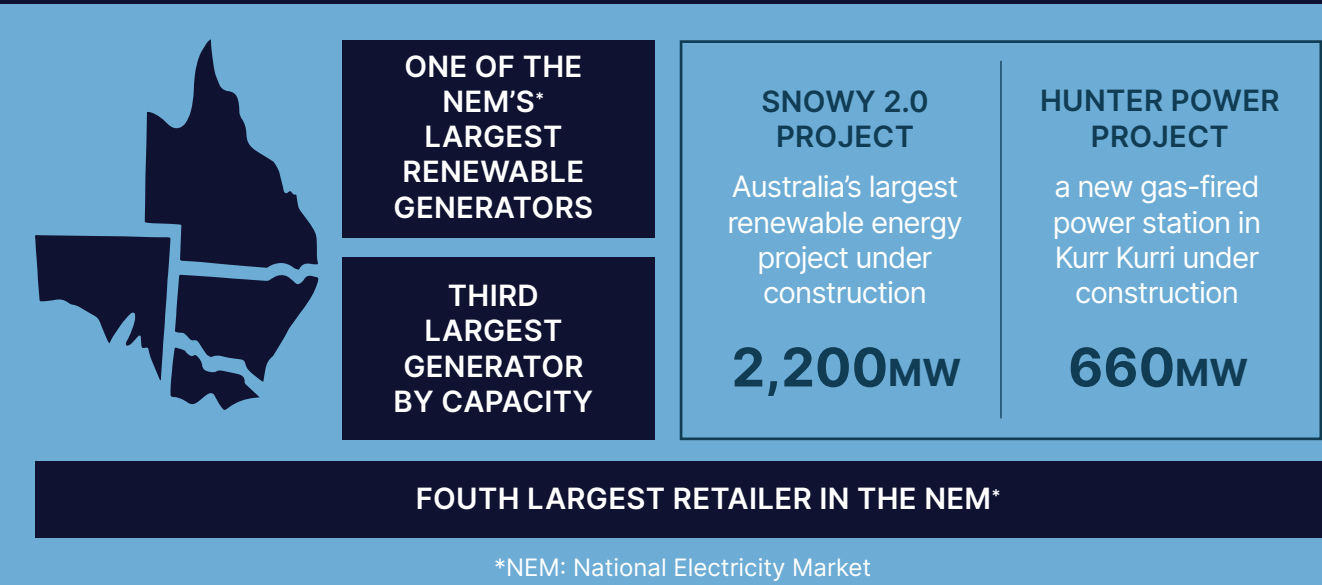
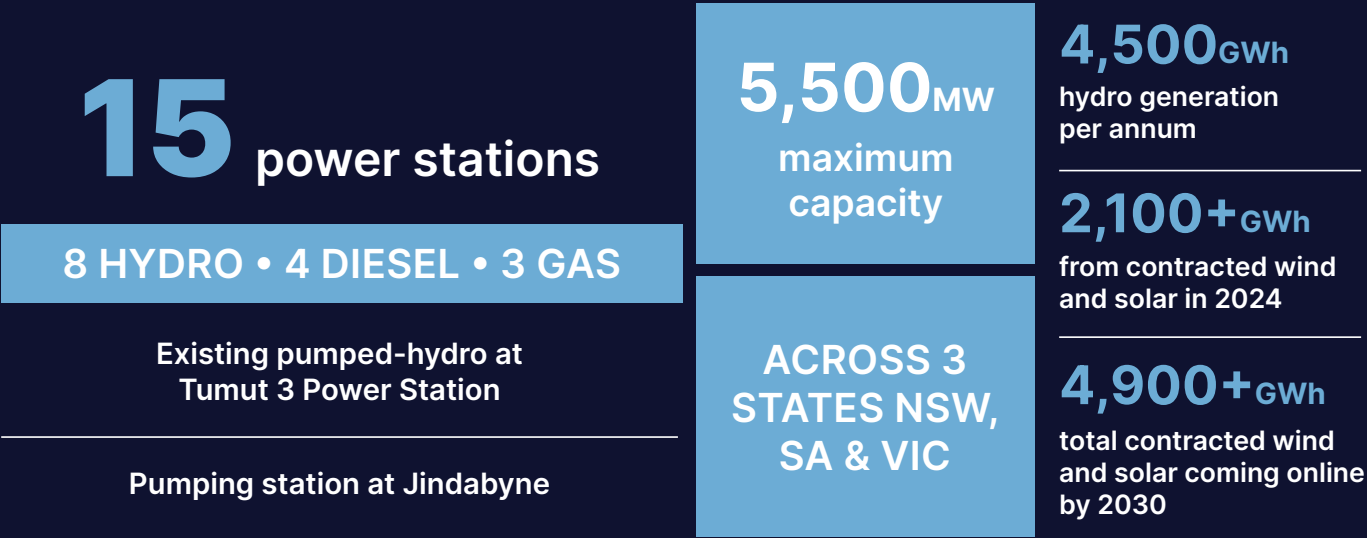
We conduct regular strategic workforce planning reviews to ensure we have the capacity and capability to achieve long-term success in a highly complex and rapidly changing environment. Snowy Hydro also routinely augments its internal skill set through strategic supplier and service partnerships, specialist consultants and contractors.

Snowy 2.0 and the Hunter Power Project have reinforced the importance and ongoing need to maintain a strong talent pipeline, as has the ability and agility of the Retail senior management team to grow their capability over a 10-year period in alignment with the Retail growth strategy.

Snowy Hydro also proactively invests in its future capability through targeted apprenticeships, traineeships, scholarships and graduate programs, with approximately 10% of the generation workforce in these programs in any given year. We engage with local students to encourage an interest in science, technology, engineering and mathematics (STEM)-oriented careers to build a sustainable local talent pipeline.

Snowy Hydro provides ongoing career development opportunities for our workforce through programs, promotions, transfers, secondments or involvement in projects and cross-functional teams to ensure we develop the right skills and diversity of experience for the future.

Generation



Retail



Our Business

Snowy Hydro plays a crucial and growing role in promoting competition and safeguarding an energy system that is experiencing rapid, profound change. Renewable wind and solar energy is in abundant supply in the NEM, and the industry has the necessary technology and people to reap the benefits of this almost boundless, cost-effective, emission-free energy.

However, wind and solar energy is intermittent and requires reliable back-up when renewable production is running low. Also, to keep consumer prices at a minimum, excess wind and solar that is generated overnight and at the daytime solar peak must be stored. It cannot be wasted because any unused energy still needs an economic return. Deep storage is crucial to minimise wasted electricity and thereby enable wind and solar development, and hydro-electric and gas generating capacity is crucial to keep the lights on in the NEM as renewable penetration increases and coal-fired dispatchable plants are closed.

Enabling decarbonisation in the NEM

Snowy Hydro's portfolio of assets, and the portfolio of derivative contracts and risk controls that have been built to maximise the utility of these assets to the NEM, provide an ideal platform for supporting NEM decarbonisation. Renewable energy sources will be crucial to NEM decarbonisation. Snowy's continuing Renewable Energy Procurement Program has so far purchased 2,100+ GWh p.a of energy through Snowy's wind and solar offtakes and will continue to grow.

Energy storage will be crucial to support the energy transition. With 2,200 MW generation capacity and 350,000 MWh of storage capability, Snowy 2.0 will provide deep interseasonal storage enabling further renewable energy investment and replace withdrawing thermal generation capacity.

Snowy Hydro will continue to assess additional shallow and deep storage by way of batteries and pumped-hydro, wherever this is economic.

Gas powered generation (GPG) will be crucial in enabling the energy transition through its support of variable renewable generation by providing dispatchable capacity at times when demand is high and renewables cannot operate.

Snowy Hydro's investment in the Hunter Power Project (HPP), set to begin testing and commissioning in December 2024, will play an important role by replacing withdrawing generation capacity. With 660 MW of available dispatchable capacity, supported by 70 terajoules (TJ) of gas storage, HPP will be capable of enabling approximately 2 gigawatts (GW) of new renewable capacity.

Snowy Hydro also plans to re-power our 300MW Valley Power generating plant within the next 10 years.



Promote Competition

The additional energy and capacity procured through the processes described above will underpin the continued profitable growth in the mass market and commercial & industrial (C&I) customer bases. This will also enable Snowy Hydro to continue to supply cost-effective, large-scale hedging capability to wholesale customers, expected to be in the form of long-term capacity and firming products.

Retail - Mass Market

Brand value, innovation, trust and reputation are essential ingredients for customer growth in a market where price and product differentiation is challenging. The core strategic element to achieve this is to focus on delivering exceptional customer experience through a highly engaged workforce that is guided by our values.

The Retail business also provides an important, stable channel to market for Snowy Hydro's generation and capacity products, while delivering additional retail margins and helping to stabilise group earnings.

Snowy Hydro is pursuing several initiatives that have the aim of boosting competition to help minimise pressure on consumer prices:

- Completing its Retail contact centre transformation by moving its customer management services to the cloud. This is streamlining Snowy Hydro's customer interactions while presenting all relevant information to consultants with the assistance of artificial intelligence to help them manage enquiries more effectively and efficiently. Overall, this is expected to improve customer and employee experience and reduce cost to serve and cost to acquire;
- Refresh of the core retail platform, taking advantage of a new generation of cloud-based services so Retail can continue delivering exceptional customer experiences, while being ready for the emerging product and services opportunities of tomorrow with the growing uptake of Consumer Energy Resources (CER); and
- The application of least-cost billing and trading platforms to enable coordinated battery storage (CBS) at the C&I load scale and virtual power plants (VPP) and CER at mass market load scale. These will be developed to cater for the evolution of the 2-way grid, noting that CBS is expected to be larger-scale in front of the meter and VPP will be smaller-scale behind the meter.



C&I Customers

With the contracting of 1,750 MW of renewable generation since 2019, Snowy Hydro has successfully marketed and sold new 'firmed' renewable energy products (Snowy TrueGreen™) to customers, which provide an attractive alternative to long-term market price risk, while lifting environmental performance to meet the growing expectations of our Shareholder and other stakeholders. These firmed renewable products deliver longer-than-usual contract tenure and strong wholesale (energy, capacity and storage) value.

The Snowy Hydro C&I team's outstanding customer experience and ability to develop long-term, value-adding relationships with C&I customers has led the market for six consecutive years in customer satisfaction, achieving unprecedented scores of 100% satisfied for the sixth consecutive year, measured by Utility Market Intelligence. This has enabled Snowy Hydro to retain C&I customers at higher margins, reflecting the value customers place on superior service.

Augment and enable energy security

The renewable energy, capacity, deep storage and firming that Snowy Hydro will enable through its support of NEM asset development will be additional to maintaining the reliability and capability of the existing asset portfolio.

Through this growing base of diversified physical and derivative assets, Snowy Hydro will continue to play a critical role in augmenting energy security. Snowy Hydro's deep energy storage in electricity (by way of the Snowy Scheme water storages), combined with gas storage (including contracted underground storage in the Iona reservoir in Victoria and gas stored in dedicated lateral pipelines at Colongra and Kurri Kurri) constitutes a diversified and large source of energy backup, for a future NEM in which the need for this backup is likely to be regular and material.

The reliable supply of gas is considered to be a major risk to the NEM's energy security. Snowy Hydro will investigate ways to procure cost-effective gas to the southern states.

Energy sourcing

The directly contracted electricity customer load (residential, small and medium-sized enterprises and C&I) across the NEM states will total around 7.7 TWh per annum at the start of the Plan Period, significantly exceeding the approximately 4.3 TWh of long-term annual average energy production from the Snowy Scheme. Directly contracted load is forecast to increase over the Plan Period as we grow our contracted retail customer load. To meet these needs, Snowy Hydro is supplementing Scheme energy production with energy purchased through contracted offtakes from wind and solar farms in NSW and Victoria.

Additional renewable energy purchases may be necessary to support the ongoing growth in contracted retail customer load over the Plan Period. The quantum and timing of these additional purchases depends on a range of factors, including the achieved and forecast level of retail load growth and the availability of suitably priced renewable energy offtake contracts.

Development initiatives

Snowy 2.0

The Snowy 2.0 project has successfully transitioned to the Hybrid Incentivised Target Cost (ITC) contract model following the project reset in 2023. The ITC terms are facilitating a high degree of collaboration between Snowy Hydro and its principal contractor, FGJV and electro-mechanical subcontractor Voith Hydro, to achieve the target commercial operation date of all units by 31 December 2028. As part of the project reset, Snowy Hydro has recognised an increase in the planned generating capacity of the plant from 2,000 to 2,200 megawatts.

Major achievements on the project during FY24 include:

- Completion of excavation of cavern crowns for both the Machine and Transformer Halls in the underground power station;
- TBM Kirsten nearing commencement of excavation for the Inclined Pressure Shaft;
- Surface works continuing strongly, with significant progress at all major civil structures including Marica surge shaft, upper and lower intake structures and Tantagara gate shaft; and
- The first deliveries of major electrical & mechanical equipment, with a warehouse recently leased in Goulburn, NSW, to de-risk international logistics for remaining equipment and to assist with efficient and coordinated deliveries to site.

Hunter Power Project (HPP)

HPP will deliver a dispatchable capacity of 660 MW and is expected to come online in December 2024. While HPP's target cost remains \$950 million, inclement weather and other factors have impacted the project's schedule, which has been prioritised and is expected to influence the final cost.

The project's focus in FY24 has moved from civil works to mechanical and electrical, commissioning and operational readiness.

Snowy Hydro continues its feasibility study to ascertain the capability, cost and timing to upgrade and retrofit the HPP plant to deliver hydrogen at 30%, alongside gas and diesel (**30% H2 Co-Firing**). Snowy Hydro's turbine provider, Mitsubishi Heavy Industries, has confirmed as part of an early works study that 30% H2 Co-Firing is technically feasible, noting delivery of 30% H2 Co-Firing is subject to further detailed studies, economic assessment, as well as commercial viability and timing of availability of continuous green hydrogen and storage solutions.



Hydrogen

Hydrogen's emerging potential role is significant, particularly as an additional provider of energy storage. This would ideally occur by way of a network of hydrogen electrolyzers powered by surplus renewables in diverse locations, feeding into a dedicated hydrogen transmission network and powering hydrogen-fired GPG.

Snowy Hydro is actively engaging with the green hydrogen industry. Snowy Hydro's involvement is primarily as a potential offtaker of cost-effective green hydrogen, which could be utilised by HPP and other GPG projects developed in collaboration with third-party partners.

Environmental, Social and Corporate Governance (ESG)

Through its long-term role in the energy market and in our local communities, Snowy Hydro has a proven track record in delivering on ESG principles underpinned by our Values.

Snowy Hydro established a Sustainability Program to strengthen its ESG performance and public disclosures. An update on the progress of the sustainability program will be provided in the FY25 Sustainability Report.

We will increase our transparency on climate-related financial risks and opportunities, and are currently preparing for the introduction of the Australian Sustainability Reporting Standards (ASRS) 2 Climate-related Financial Disclosures.

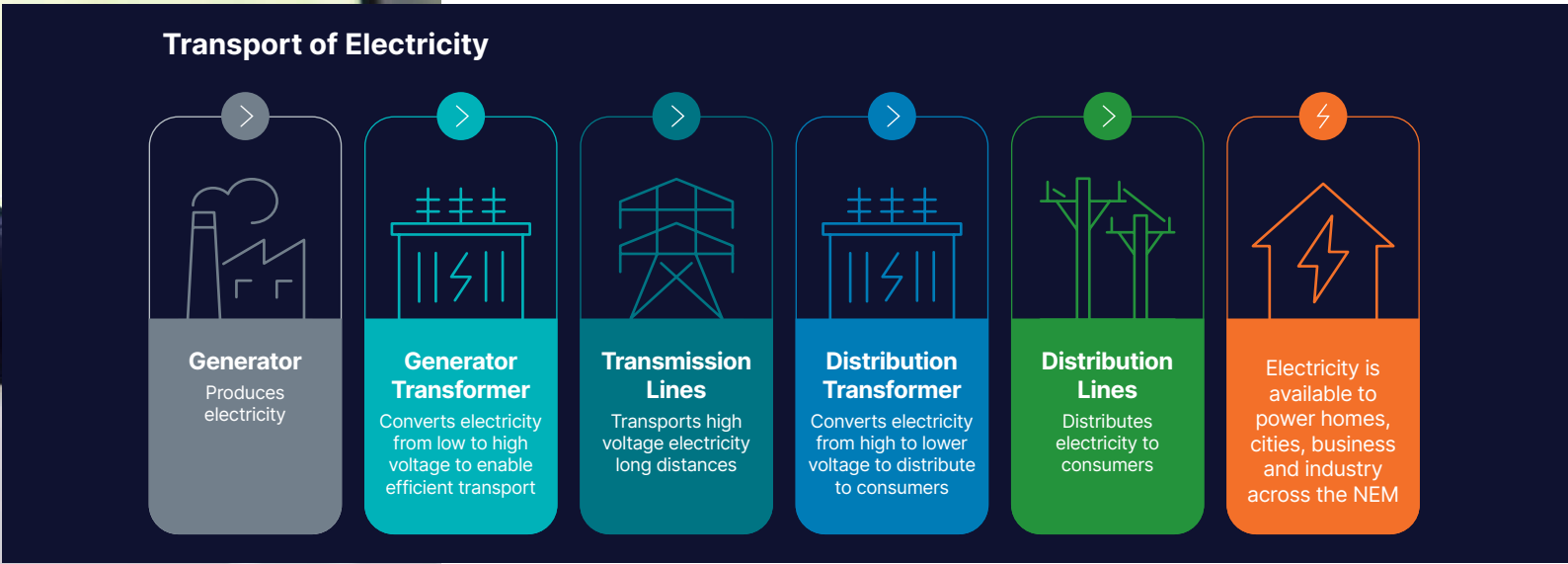


Operating Environment

National Electricity Market (NEM)

The NEM is an interconnected power system reaching from Queensland to South Australia and across Bass Strait to Tasmania (approximately 5,000 km). Western Australia and the Northern Territory are not connected to the NEM.

The NEM's transmission network (comprising approximately 40,000 km of transmission lines and cables) transfers power from electricity generators to businesses and households via distribution transformers and lines. The NEM supplies approximately 9 million customers and delivers approximately 80% of all electricity consumed in Australia.



Most electricity in Australia is generated, bought, sold and transported in markets that match supply and demand in real time. The NEM is a wholesale electricity market where generators sell electricity and retailers buy to on-sell to businesses and households. Snowy Hydro participates in the NEM as both a generator and retailer.

The NEM's rapidly changing fleet of generating assets, with new entrants being predominantly renewables, finds itself at odds with a transmission grid built for a different purpose. Given the challenges inherent in building large-scale, long-distance electricity transmission, the role of 'deep' storage of energy will become even more critical. In this context, the evolution of Australia's power generation will rely on Snowy Hydro's inherent strengths and growth opportunities in large-scale energy storage, firming products and peaking generation.



Water operations

The Snowy Water Licence (the Licence) prescribes the operation of the Scheme. The Licence, administered by the NSW Government, regulates the use of water in the Snowy Scheme and imposes obligations on Snowy Hydro. It also sets out water accounting and reporting procedures for Snowy Hydro.

Snowy Hydro does not own any water within the Scheme. The Licence allows Snowy Hydro to collect, divert, store and release water in the Snowy Catchment Area.

It obliges Snowy Hydro to carry out certain minimum water releases each year to the Murray and Murrumbidgee rivers, and environmental releases to the Snowy and Montane rivers. The Licence also requires maximum release limits to balance the interests of water users with energy production.

Accountability and Reporting

Achieving best-practice corporate governance is essential to the sustainability of Snowy Hydro's business, performance and managing risk. Snowy Hydro is governed by a Board of Directors in accordance with its Constitution, which sets out the responsibilities of the Board and Snowy Hydro's reporting obligations, subject to the Corporations Act and the PGPA Act. Snowy Hydro's corporate governance framework, policies and practices have been developed with regard to the provisions of the Corporations Act 2001, the PGPA Act, the SoE⁵ and the ASX Corporate Governance Council's Principles and Recommendations.

Snowy Hydro's ESG principles also remain integral for continuing high standards of integrity, transparency and professionalism at all levels of operation.



⁵Our Purpose and Objectives section provides further detail on the Commonwealth's ownership of Snowy Hydro and the objectives and principles of the SoE.

Performance

2024 Financial Year Performance

The 2024 performance of Snowy Hydro has been strong, achieving excellent retail customer growth whilst maintaining our market leading reputation for customer service. Our generation plant provided system security during volatile periods as we continued to serve our market role to “keep the lights on”.

Financial

- 1. Generation Revenue FY24 exceeded planned revenue.
- 2. Retail Revenue FY24 EBITDA and customer growth exceeded plan.
- 3. Group EBITDA FY24 exceeded plan.
- 4. Paid dividends of approximately \$236 million to our Shareholder in accordance with the Plan.

Customers

- 1. More than 1.4 million retail electricity and gas accounts.
- 2. Retail customer growth of 127,993
 - a. 26% customer growth in NSW.
 - b. Red Energy #1 brand amongst competitors for Net Promoter Score for the 9th year running.
 - c. Red Energy wins Roy Morgan 2023 Electricity Provider of the Year and Canstar Blue's Most Satisfied Customers in NSW for the 10th consecutive year
- 3. Continued strong growth in C&I revenue and load (now approximately equal in size to the mass-market business).
- 4. Continued strong support of wholesale risk management products for NEM counterparties of all sizes.
- 5. Sixth consecutive year of 100% customer satisfaction amongst C&I customers, measured by Utility Market Intelligence.

Safety

- 1. Generation
 - a. FY24 on par with previous year - two significant safety incidents incorporating two high potential near hits (same as FY23) and no lost time injuries (down from 1 in FY23).
 - b. Ongoing rollout of behavioural safety program ‘Our Story’, which will sustain Snowy Hydro's positive safety culture into the future.
 - c. Significant focus for FY24 on understanding risks and preventative/mitigation practices as they relate to psychosocial risk.

- 2. Retail
 - a. Three lost time injuries for FY24.
 - b. Retail implemented a structured approach to developing and delivering mental health and wellbeing support throughout the period. Each quarter saw a dedicated focus in an effort to traverse the broad range of key wellness segments that are known to support positive mental health. Some of the initiatives included, building resilience through the Resilience Project; access to health, nutrition and sleep consultations; awareness and implementation of mental health tools through the Black Dog Institute; and the development of the Supporting Mental Health workshop to help employees identify and respond to a colleague who may be experiencing a mental health issue.
- 3. Snowy 2.0 and HPP
 - a. Snowy Hydro continues to monitor all aspects of the Snowy 2.0 and Hunter Power projects and continues to make safety our number one priority.

Non-Financial Measures

In addition to key financial measures of performance, Snowy Hydro measures itself with a series of non-financial operational performance measures that seek to align our people with the things we can and must stand for.

Purpose and measure	FY24 Targets	FY24 Result	FY25 Targets	FY26 Onwards Targets
Staff and safety				
Fatalities - Snowy Hydro employees and supervised contractors	0	0	0	0
Fatalities - Snowy 2.0 Project (contractors) and HPP (contractors)	0	0	0	0
Total reportable injury frequency rate (number per million hours worked; employees and supervised contractors)	< 2.4	2.7	< 2.4	< 2.4
Employee engagement (percentage of staff very/extremely satisfied as determined by survey)	Top quartile of the Global Benchmark Index	Second quartile of the Global Benchmark Index	Top quartile of the Global Benchmark Index	Top quartile of the Global Benchmark Index
Retail customer experience				
Net Promoter Score (percentage of promoters minus the percentage of detractors)	Industry leading	Industry leading	Industry leading	Industry leading
Customer satisfaction (percentage of customers very or quite satisfied)	>80% Industry leading	81.6% Industry leading	>80% Industry leading	>80% Industry leading
Regulatory compliance				
Ombudsman complaints (number of complaints per 10,000 mass-market customers)	Below industry average	Below industry average	Below industry average	Below industry average
Retail Regulatory financial penalties	0	2	0	0
Compliance with Snowy Water Licence requirements (percentage of requirements met)	100%	100%	100%	100%
Publicly reportable environmental licence breaches (number of)	0	4	0	0
Generation reliability				
Hydro generator start reliability (%)	> 99.5	99.74	> 99.5 (under review)	> 99.5 (under review)
Hydro generator forced outage factor (%)	< 1.0	0.49	< 1.0 (under review)	< 1.0 (under review)
Gas Generator start reliability (%)	> 99.5	98.46	> 99.5 (under review)	> 99.5 (under review)
Gas Generator forced outage factor (%)	< 1.0	3.18	< 1.0 (under review)	< 1.0 (under review)



The Group engagement score for FY24 was 76%, with the Generation score at 74% and Retail at 77%. This falls short of the top quartile of the Global benchmark index of 78%.

Red Energy paid penalties for two issues involving alleged breaches of the Victorian Energy Retail Code of Practice, with the Essential Services Commission of Victoria issuing seven penalty notices totalling \$254,436.

During FY24 there were four publicly reportable environmental licence breaches, as follows:

- There was one non-compliance with the environmental operating licence for Laverton North Power Station in October 2023 for exceeding air quality limits during annual emission testing on Unit 11. This incident did not result in harm to the environment; the Victorian EPA was notified;
- There was one non-compliance with the environmental protection licence for Colongra Power Station in December 2023 for exceeding air quality limits during commissioning work on Unit C3. This incident did not result in harm to the environment; the New South Wales EPA was notified;
- There was one non-compliance with the environmental protection licence for HEZ Power Station in May 2024 for exceeding air quality limits on all three banks during emissions testing. This incident did not result in harm to the environment; the New South Wales EPA was notified; and
- There was one non-compliance with the environmental protection licence for Colongra Power Station in June 2024 for exceeding air quality limits on Unit C4 during generation. This incident did not result in harm to the environment; the New South Wales EPA was notified.

The gas generator forced outage factor was impacted by a forced outage at Colongra C3. A routine inspection identified loose compressor vanes. Repairs were arranged and the issue was promptly resolved. Inspections of the remaining Colongra units found no evidence of similar issues and unit C3 has since been operating without issue. The gas generator start reliability was impacted by several unrelated failures at Valley Power.

Risk Management

Snowy Hydro's Board and management are committed to maintaining a robust and effective risk management framework that proactively identifies, assesses and manages risks across Snowy Hydro. Snowy Hydro's risk management framework aligns with the international standard for risk management: AS/NZS ISO 31000:2018 Risk Management – Guidelines and is based on a 'Three Lines Model'.

Our approach to risk management

Snowy Hydro's enterprise Risk Management Policy sets out Snowy Hydro's objectives of maintaining and continuously improving a strategic enterprise-wide approach to risk management, integrated into organisational processes and underpinned by a risk-aware culture.

The Board is responsible for overseeing Snowy Hydro's risk management policy and framework and its operation by management. The Audit and Compliance Committee assists the Board by monitoring the effectiveness of Snowy Hydro's risk identification and management framework. Other Board Committees (comprising the Safety, Operations and Environmental Risk, Portfolio Risk and People and Culture) support the Board in managing key risk areas within their remit, including safety, environmental, operational, retail, project, regulatory compliance, portfolio, energy trading, and people-related risks.

Management is accountable for, and has implemented, internal controls to identify, evaluate and manage Snowy Hydro's significant business risks. These internal controls cover regulatory compliance, financial and operational risks, and take the form of appropriate financial delegations, planning and reporting, compliance with applicable regulatory requirements, procurement standards, strategic and operational planning, and internal audit practices.

The effectiveness of the risk management framework is regularly assessed through self reviews and independent and objective assurance provided by Snowy Hydro's internal audit. The internal audit operates according to an annual internal audit plan tailored to address key internal and external risks applicable to the business. This plan is reviewed and approved annually by the Audit and Compliance Committee of the Board, and audit results are incorporated into the continuous improvement of the risk management framework and supporting controls. Further assurance is provided via the appointment of an external auditor to audit Snowy Hydro's financial statements and compliance with its Australian Financial Services Licence.



Key risks

The following table outlines the key strategic enterprise risks for Snowy Hydro. Given the intrinsic link between risk management and strategy, the mitigations for these risks are captured throughout this Plan. In accordance with the requirements of the PGPA Act and the GBE Guidelines, Snowy Hydro also shares a corporate document with its responsible Shareholder Ministers which includes further detail on risk ratings and mitigation strategies. Snowy Hydro reviews and updates these risks each year to consider changes in the external environment and our internal operations. They have been prepared on the assumption that Snowy Hydro’s SoE remains unchanged and the target BBB+ credit rating is maintained.

NEM Decarbonisation - Speed of renewable transition, future market structure/composition (including technical disruption) and construction of supporting infrastructure including transmission is slower than expected.
Major Projects - Delivery of major projects including Snowy 2.0 and HPP to cost, schedule and quality expectations, and realisation of benefits.
Asset Integrity - Integrity and efficient operation of generation assets and infrastructure, including dam safety.
Portfolio & Capital Structure/Financial Tail Risk - The portfolio structure and financial risk limits operate within a capital structure that is now highly leveraged.
Asset Reliability - Reliability and performance of generation assets and infrastructure.
Safety - A safety incident resulting in serious injury or a fatality to our employees, a contractor, customer or the public.
Transmission Delivery and Reliability - Reliability and delivery of transmission infrastructure, including outages, constraints and contention.
Water - Security of water resources including inflows and effective utilisation.
Failure to innovate or meet customer needs - Failure to innovate leads to unexpected loss of customers.
Gas - Availability and price of gas.
Business Disruption - Resilience of operations to potential interruption.
Cyber, Data & Information Management - Unintentional leak, or breach of critical IT/OT systems, resulting in compromise of data or damage or destruction of critical infrastructure.
Regulatory Change - Regulatory change or other political intervention.
Social Licence - Maintenance of our social licence to operate including sustainability and our reputation with our Shareholder and stakeholders (customers, communities, partners, employees, regulators and suppliers).
Regulatory Compliance - Identifying, monitoring and managing compliance with legislative, regulatory or other obligations including internal policies arising from Snowy’s activities.
People - Access to skills, retention of talent, conduct and productivity of our people.

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