



SNOWY HYDRO LIMITED
STATEMENT OF EXPECTATIONS
26 February 2019

This Statement of Expectations is issued by the Shareholder Ministers of Snowy Hydro Limited ('SHL' or 'the Company'). This statement may be updated by the Government from time to time.

Policy Objectives

The Government acquired SHL 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'. This project is a unique opportunity to build national economic infrastructure with real and lasting benefits for Australia.

The objectives of the Company are to develop, operate and maintain the Snowy Mountains Hydro-electric Scheme; own and operate other facilities for the generation of electricity; and participate in wholesale and retail markets for the sale and purchase of electricity and gas, and markets for related contracts and services.

Role and Responsibilities of SHL

SHL is a wholly-owned Commonwealth company, bound by the *Corporations Act 2001*, and the *Public Governance, Performance and Accountability Act 2013*. The Company operates at arm's length from the Government. The Board of SHL has ultimate responsibility for the performance of the Company and is accountable to the Government as its sole shareholder. SHL should observe the principles and obligations as set out in the *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines*.

Market Leadership

SHL 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. This includes policy parameters set through the National Energy Laws, the Snowy Water Licence and the Government's Competitive Neutrality Policy.

The Government expects SHL to promote and display high standards of integrity, transparency and professionalism in all of the Company's dealings. SHL should continue to operate as a leading participant in the National Electricity Market; promote competition in wholesale and retail energy markets; ensure that its retail businesses operate as exemplars in the market; and deliver financial returns consistent with its commercial operations.

Snowy 2.0

The Government will provide up to \$1.38 billion in equity for SHL to proceed with the Snowy 2.0 project. SHL will:

- engage with the market to put in place financing arrangements to fund Snowy 2.0;
- keep the Government regularly informed of the project's progress;
- work co-operatively with the Government in relation to transmission requirements; and
- ensure its procurement processes are open, transparent, competitive and reflect value for money.

SHL is expected to foster and maintain working relationships with key stakeholders who may have an interest in the project, including, but not limited to, relevant Commonwealth, State and Local Government agencies, and Indigenous, community, business and environment groups.

Transparency and Accountability

The Government acknowledges that SHL operates a commercial business in a competitive market environment. The Government expects transparency from SHL in its communication with the public and the Parliament to the fullest extent possible without prejudicing the company's commercial position.

SHL is expected to consult with the Government prior to the publication of any documents or materials which may be of interest or relevance to the Government. SHL is also expected to publish information that details how it has addressed the Government's objectives outlined in this statement on an annual basis through a Statement of Corporate Intent and Annual Report.