

Statement of Corporate Intent

Hydro Tasmania is the trading name of the Hydro-Electric Corporation, an integrated energy business owned by the State of Tasmania. Hydro Tasmania operates under the *Government Business Enterprises Act 1995* (GBE Act) and the *Hydro Electric Corporation Act 1995*. The GBE Act requires Hydro Tasmania to prepare a Statement of Corporate Intent each year that provides an overview of the business and our strategic direction.

Hydro Tasmania

Hydro Tasmania is Australia's leading clean energy business, largest producer of renewable energy, and largest water manager. For more than a century, Tasmanians have relied on our hydropower to grow and support the state's communities and economy.

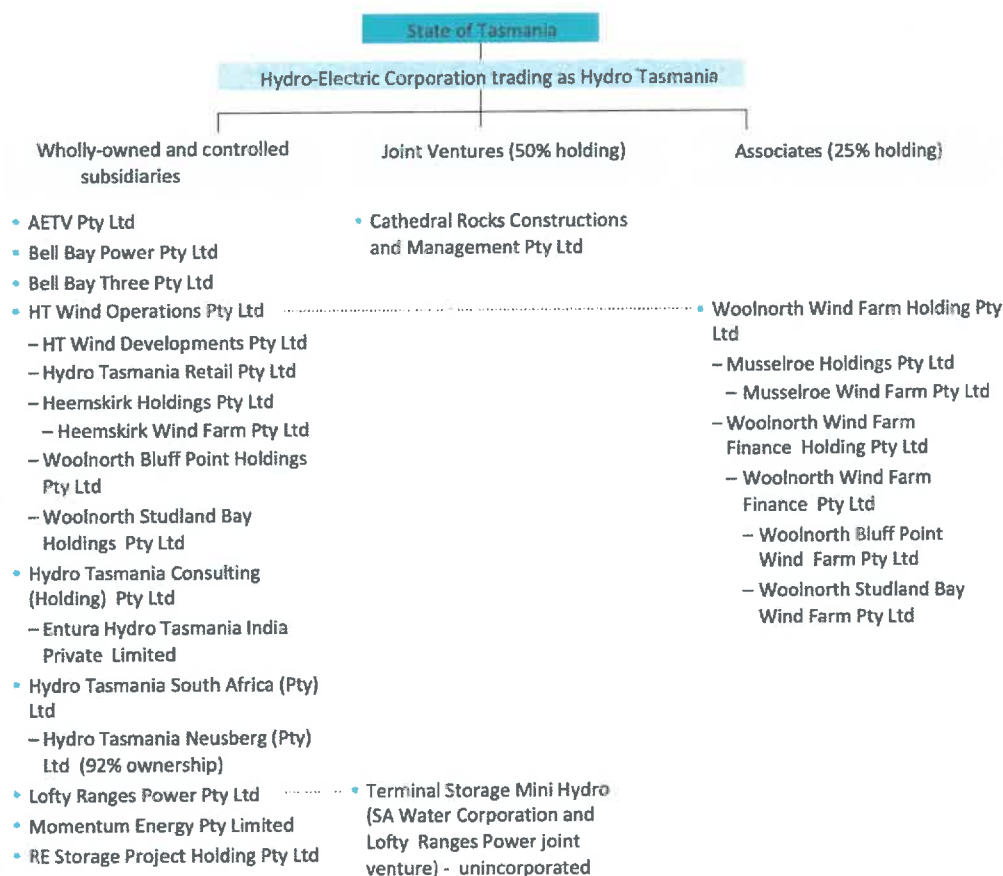
Momentum Energy

Our electricity and gas retailer, Momentum Energy, is a leading supplier of electricity and gas solutions to business customers and residential markets across Australia, providing competitive rates and quality sustainable products and services.

Entura

Our consulting business, Entura delivers clever solutions in water and energy to clients locally, nationally and internationally.

Ownership structure*



* Subsidiaries and joint venture are reviewed regularly with actions undertaken and reported as required.

Operating environment

Hydro Tasmania’s strategic focus is to demonstrate long term commercial success and underpin State development targets in such a way that the State’s natural water resource and infrastructure continues to sustainably drive economic growth.

Hydro Tasmania operates in the highly dynamic and competitive National Electricity Market (NEM), which is undergoing a period of significant transformation. The need for clean energy in the NEM has never been greater, after a series of fossil fuel power station closures in recent years. Tasmania is uniquely placed to help lead Australia through its energy challenges. Large storage options like reservoir storage hydro, pumped storage hydro and batteries will become much more important as

Australia seeks to replace coal-fired power and get more energy from other sources, including solar and wind.

Hydro Tasmania's operating environment is affected by:

- A volatile wholesale market driven by increasing penetration of variable renewables coupled with the sequenced closure of aging coal fired generation.
- A highly competitive national electricity retail market.
- Changes in the way that electricity is produced, sold, bought and consumed due to developments in technology and enhanced customer awareness.
- New and existing large industrial customers are increasingly attracted to Tasmania's renewable energy advantage.
- Uncertainties and change in national policies to combat climate change and meet energy supply requirements.

Our strategic direction

Hydro Tasmania is focussed on producing affordable and reliable renewable electricity. We effectively manage risk to ensure our business is profitable and provides sustainable returns to government.

Hydro Tasmania's strategy is underpinned by effective asset management to maximise the value of our resources and empowerment of our people to achieve the best outcomes for our business and Tasmania.

Our strategy continues to evolve in response to the rapidly changing operating environment, with increased focus on the *Battery of the Nation* initiatives and emerging need to maximise asset flexibility to allow continuing introduction of variable renewable energy sources. Pursuing opportunities that leverage the truly unique qualities of hydropower, being both renewable and dispatchable, will allow Tasmania to make a substantially larger contribution to the future National Electricity Market.

The development of Marinus Link is the key to realising our *Battery of the Nation* vision. As such, we will continue to assist key stakeholders in helping realise more interconnection for Tasmania as the key for unlocking a range of energy infrastructure and new industry developments.

We will continue to maximise value from our mainland retail brand Momentum Energy, creating value for all Tasmanians by strengthening and diversifying revenue sources and providing employment opportunities in the state.

Entura will maintain a strong niche position as a specialist water and energy consultancy with owner-operator experience. The consulting business will provide sustainable financial returns while retaining a strategically important reservoir of skills important for the *Battery of the Nation* projects.

The success of our business is underpinned by our people, the effective management of Hydro Tasmania's water resource and generation assets, and the systems and processes in place to support our business operation. Efficiencies in each of these areas are an essential part of our strategy and

we are committed to making improvements in these areas so Hydro Tasmania can remain competitive and lead Australia's renewable energy transition.

Key financial and non-financial performance indicators and associated targets for FY2022/23 are set out in the table below. Dividend recommendations are made annually by Hydro Tasmania's Board, based on financial sustainability and other strategic considerations agreed with the Shareholder.

Key performance indicators		FY2022/23
Financial Indicators		
Results before fair value movements and revaluations		\$73.5m
Net Debt		\$727.5m
Return on equity		3.97%
Capital expenditure	For capital expenditure projects greater than \$500,000: 100% on time and budget	
Tarraleah Redevelopment	All milestones met as per the Tarraleah grant funding agreement	
EBIT Improvement Target	Operating expenditure (excluding retail and exceptional items) of \$145.0m in FY2022/23	
Momentum Energy earnings before interest tax (EBIT)	Momentum Energy EBIT equal to or greater than budget	
Non-financial Indicators		
Total recordable injury frequency rate	<3.5%	
Portfolio availability	Availability target of 80 per cent achieved	
Regulatory compliance obligations	Zero breaches resulting in enforced regulatory undertakings or penalty notices	
Storage levels	Consistent with the High Reliability Level	
Returns to government (accrual)		
Ordinary dividend		\$74.0m
Other returns to government		\$33.2m
Total returns to government		\$107.2m

Directors' Statement of Corporate Intent and Agreement of Shareholding Ministers

In signing this Statement of Corporate Intent, the Board of Hydro Tasmania commits to the targets proposed for FY2022/23 on a best endeavours' basis, subject to Section 24 of the GBE Act. The Board of Hydro Tasmania agrees to provide the Shareholding Ministers with information on progress against the targets included in this Statement of Corporate Intent, as required under the Reporting Guidelines.

This Statement of Corporate Intent has been agreed between:



G. V. Every-Burns
Chairman
Hydro Tasmania
On behalf of the Board



Hon Michael Ferguson MP
Treasurer



Hon Guy Barnett MP
Minister for Energy