



Energy Charter Disclosure Report 2022



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About CS Energy

CS Energy is a proudly Queensland-owned and based energy company that provides power to some of our state's biggest industries and employers. We employ almost 500 people who live and work in the Queensland communities where we operate.

Our purpose

**Delivering energy today,
powering your tomorrow.**

Our vision

Leading Queensland's energy transformation to create a better future.

Our values

We work safely

We make today matter

We drive change

We care

A message from our CEO



On behalf of the CS Energy Board and leadership team, I am proud to present CS Energy's 2022 Energy Charter Disclosure Report.

CS Energy's commitment to the Energy Charter aligns with our strategic direction, which is to transform the business from a wholesale generator to a diversified energy company. Central to this transformation is embedding a customer-focussed culture in our business.

Our customers are large commercial and industrial (C&I) energy users. This year we have made significant progress in creating a more flexible and diversified portfolio to meet their requirements. We continue to explore renewable energy offtake opportunities in response to strong interest from our customers to adding renewables to their loads. We have also introduced improvements to our billing system and customer portal in response to customer feedback.

In their 2021 report, the former Independent Accountability Panel for the Energy Charter encouraged signatories to provide further support for vulnerable customers and work with governments and market bodies to drive an energy transition that is efficient and fair.

As participants in the generation and large C&I retail sectors, we may not have customers who are vulnerable in the traditional sense, but we are committed to doing what we can to support vulnerable people in our local communities. We do this through our annual sponsorships and donations for not-for-profit groups in our local communities, and through our funding for the Uniting Energy Support Program.

As Australia's energy transformation accelerates, CS Energy is mindful of the significant role we play in the towns and communities near where we operate, and where the majority of our employees live and work. We generate significant value, both financial and social, in the Banana Shire and Western Downs regions.

We are creating energy hubs in and around our existing operating sites, beginning with Kogan Creek Power Station where we announced significant investments in renewable hydrogen and a grid-scale battery this year. These hubs maximise the use of existing infrastructure and will benefit communities as new projects will require a broad skillset.

At the time of writing our owner the Queensland Government had just announced its Queensland Energy and Jobs Plan. The massive new investment outlined in this plan will transform our energy industry and create opportunities for our company, communities and the state.

Andrew Bills
Chief Executive Officer

Stakeholder consultation

We work in a dynamic and complex industry and understand our decisions and actions affect a wide range of stakeholders. We must recognise the different views and experiences of others if we are to deliver on our strategy and evolve our portfolio to meet customer needs.

CS Energy has a goal to grow our stakeholder engagement maturity as our business evolves. Over the next 12 months, we will be establishing a Stakeholder Advisory Council. We will identify the range of stakeholders we should engage with as part of the energy transformation and establish an engagement mechanism that delivers mutual benefits and value.

Ensuring our participants co-design the purpose and structure of the Council is a key priority. Our guiding principles for engagement are:

- Accessible and inclusive
- Transparent
- Significance – understanding and engaging on important issues
- Clear, accurate and timely.

In addition to meeting expectations as a signatory to the Energy Charter, we believe our Stakeholder Advisory Council will deliver a meaningful opportunity for participants to influence and provide input on how CS Energy responds and manages the challenges and opportunities affecting our stakeholders as the energy industry transforms.

The Council will provide our own people with an opportunity to deepen their understanding of our customers and stakeholders and help with creating solutions that provide the most benefit.

In the absence of our own Council this year, we will be taking part in a joint engagement forum with Powerlink Queensland stakeholders in late 2022.

Feedback

We welcome feedback on our Energy Charter disclosure report. Please contact us at email: energyinfo@csenergy.com.au or phone us on 07 3854 7777.

Highlights

Top three customer outcomes in FY2022

1. **Customers receive tailored renewable energy product solutions to specifically meet their decarbonisation goals.** Where our customers have contracted to purchase renewable energy as part of their energy supply, we link those customers directly to specific projects, rather than simply purchasing Large Generation Certificates out of market. This approach is based on customers' preference and gives them a direct connection to (in most cases) renewable energy projects that are under development. This year we also developed products that enable us to offer our customers up to 100 per cent renewable energy.
2. **Customers receive their monthly bills earlier and in an improved format.** This year we introduced a new billing system, which enabled us to improve the format and timeliness of our monthly invoices to customers. Customers now receive their invoice one day earlier on the fourth business day of each month. These improvements were made in response to feedback from our previous customer survey.
3. **Customers are kept informed about changes in the market or at our business that may impact them.** We were an early mover in informing our customers about the introduction of the global settlements framework in the NEM. To prevent 'bill shock' we were upfront with our customers that this market change would result in costs for unaccounted energy being passed on them. Feedback from our customers was that this information was very helpful, and feedback from brokers was that no-one else in the market was providing this information at the time.

Key metrics

Principle	Metric	FY2021	FY2022
1 We will put customers at the centre of our business and the energy system	Total product solutions ¹	84	309
2 We will improve energy affordability for customers	Alinta Energy JV Home Deal Plan price compared to Default Market Offer ²	n/a	2–18% less
3 We will provide energy safely	All injury frequency rate ³	25.5	31.15
We provide energy sustainably	Significant environmental incidents ⁴	0	2
	Renewable energy offtakes (MW)	310	319
	Portfolio carbon intensity ⁵ (t CO ₂ -e/GMWhso)	973	983
We will provide energy reliably	Commercial availability ⁶ (%)	48	67.4
4 We will improve the customer experience	Large C&I customer rating	8.45 out of 10 ⁷	7.60
	Number of customer complaints	0	0
5 We will support customers facing vulnerable circumstances	We do not have quantitative metrics for this principle as our main customer base is large commercial and industrial organisations. Qualitative detail is included in Principle 5 of this report.		

1. Product solutions is the number of products (in addition to traditional energy sales) sold across our total customer base (for example, renewable energy or electric vehicle charging infrastructure products).

2. The Default Market Offer is set by the Australian Energy Regulator and is the maximum price that retailers can charge electricity customers on default contracts known as standing offer contracts.

3. AIFR is a rolling 12-month target measuring all injuries across the workforce per one million hours worked.

4. SEI is an incident that has a significant impact on the environment or resulted in enforcement action by a regulator.

5. National Greenhouse and Energy Reporting (NGER) Scope 1 emissions only. Preliminary data. CS Energy will submit its finalised NGER data to the Clean Energy Regulator at the end of October 2022.

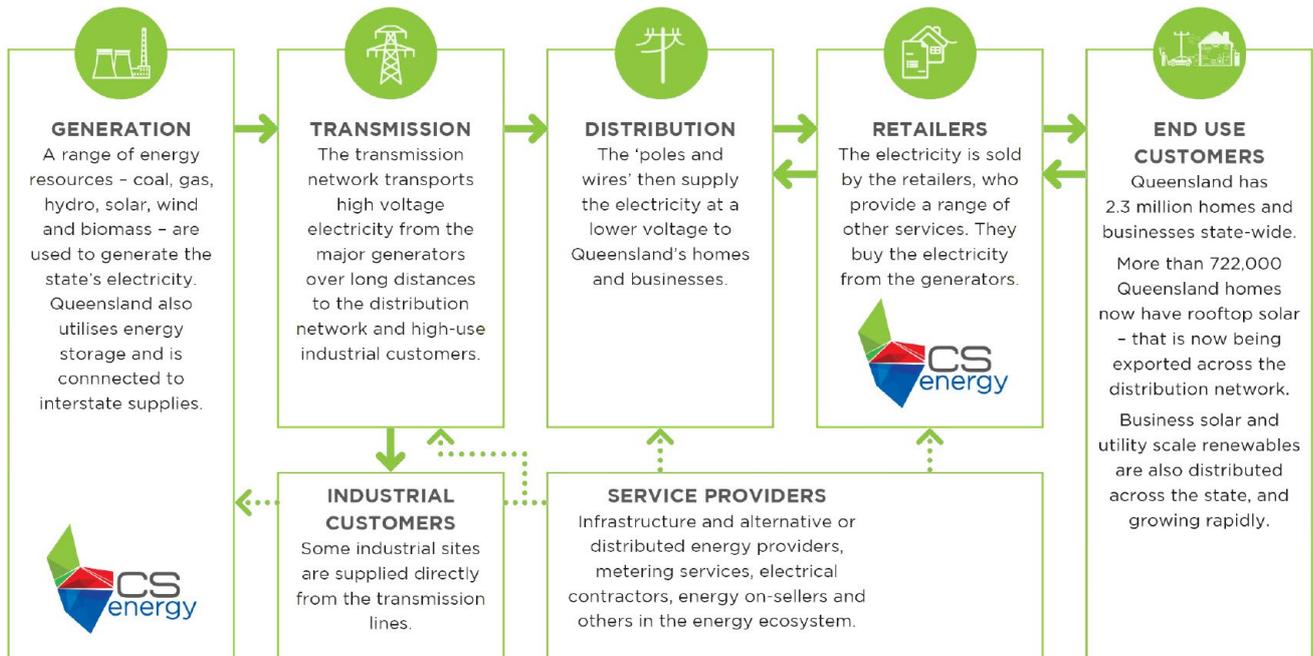
6. Commercial availability is a 12-month rolling target and is the actual availability weighted to the difference between the electricity pool price and marginal cost of each unit.

7. FY2020 result as customer survey conducted biannually.

Our customers and communities

Our role in the electricity supply chain

CS Energy is an electricity generator and retailer. We sell electricity in the National Electricity Market (NEM), we are a retailer to large commercial and industrial (C&I) customers throughout Queensland, and we have a retail joint venture with Alinta Energy to supply electricity to residential and small commercial customers in South East Queensland.



Our customers

- **Large commercial and industrial businesses** to whom we retail electricity. This includes mines, ports and, through our whole-of government contract, Queensland Government agencies and departments. Our dedicated Retail Business Team has significant energy market expertise and works directly with our customers to provide bespoke energy solutions, including through firm renewable supply.
- **Large businesses that use financial derivatives to manage their exposure to price volatility** in the wholesale spot market. This includes energy retailers, financial and education institutions and manufacturing businesses. Using derivatives enables these counterparts to lock in a firm price for electricity at a given time in the future. The products CS Energy offers range from short to long term coverage and can be tailored to meet a counterpart’s specific needs.
- **Households and small business** which are supplied through our 50/50 retail joint venture (JV) with Alinta Energy in South East Queensland (SEQ). Since entering the market in 2017, the JV has been widely acknowledged as injecting significant retail competition and better price outcomes for consumers in SEQ. Through the JV, CS Energy generates and supplies wholesale electricity, and Alinta Energy manages the retail business.

Our communities

- **Near neighbours** – We recognise the value and impact of our operations on people living near our power stations in Biloela and Chinchilla. We work with and listen to our neighbours to try to minimise the impact of our operations on their properties.
- **Wider community** – We recognise that our ability to generate electricity is dependent on the support of the communities that host our operations. As we work to diversify our portfolio, we are focussing our future energy investments in the regions where we operate to provide opportunities for these communities in the energy transformation.
- **Community groups** – Community groups are the heartbeat for many regional communities. In FY2022 we provided almost \$200,000 to 26 community groups in the Banana Shire and Western Downs regional council areas. We also contributed \$15,000 in charitable donations in our local communities to organisations like Drought Angels, GIVIT, LifeFlight Helicopter Rescue and prostate cancer charity Stronger for Longer.
- **Local industries** – Our power stations deliver significant financial benefits to our local economies. We procure goods and service from local businesses wherever possible. In FY2022 we sourced 77 per cent of our goods and services from businesses located in Queensland. We also commenced a review of our supplier base to identify Indigenous businesses.

Our portfolio

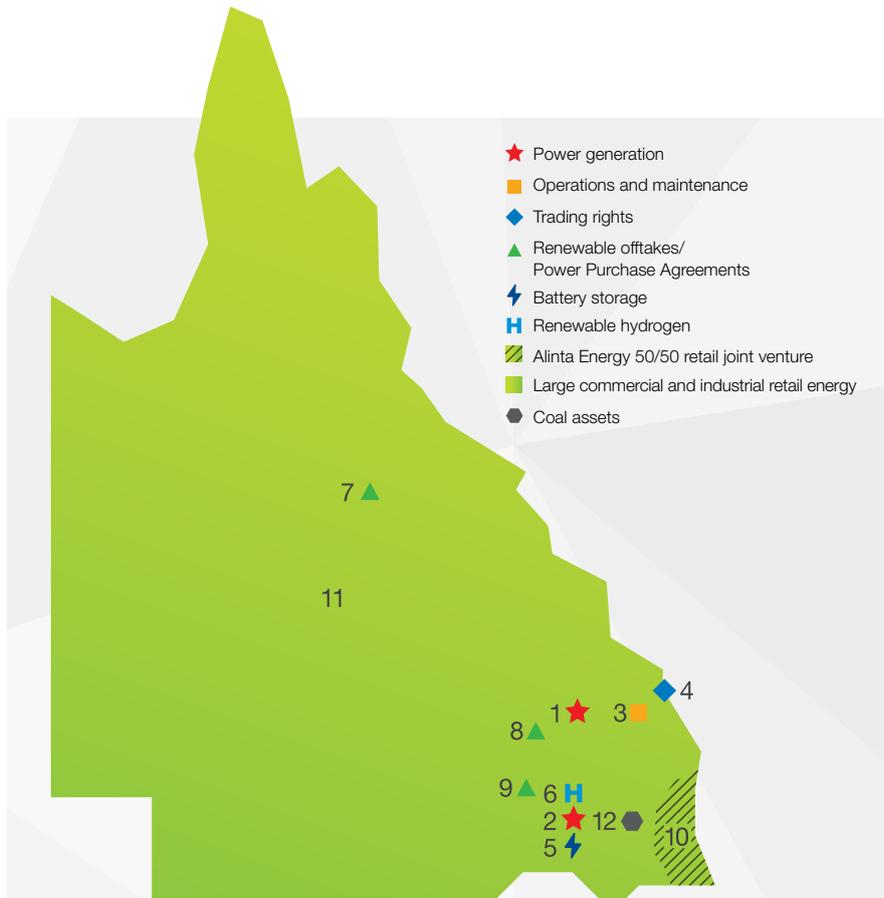
We are creating a more diverse portfolio of energy sources to meet our customers' decarbonisation requirements and support power system security and reliability.

Our thermal generation assets are the Callide B and Kogan Creek power stations and we have a 50 per cent interest in the Callide C Power Station where we also provide operations and maintenance services to the Callide C Joint Venture. In addition, we trade energy generated by Gladstone Power Station, in excess of the requirements of the Boyne Island aluminium smelter.

We have more than 310 megawatts (MW) of contracted renewable energy in our portfolio, with plans to increase this in the future to ensure we can support our retail customers' growing requirement for lower emission energy. A potential new offtake that we announced in FY2022 was the Banana Range Wind Farm in Central Queensland.

We are creating energy hubs at our power station sites, beginning with Kogan Creek on the Western Downs where we are developing a grid-scale battery and a renewable hydrogen demonstration plant.

We own the Kogan Creek Mine, which supplies coal to the Kogan Creek Power Station.



Power generation

- Callide Power Station** (Thermal – 1,525 MW)
1,525 MW = 700 MW Callide B Power Station + 825 MW Callide C Power Station.
CS Energy owns the Callide C Power Station in a 50/50 joint venture with IG Power (Callide) Limited.
- Kogan Creek Power Station** (Thermal – 750 MW)

Operations and maintenance

- Callide C Power Station**

Trading rights

- Gladstone Power Station** (Thermal – 1,680 MW)

Renewable offtakes and storage

- Chinchilla Battery** (100 MW/200MWh) – operational 2023
- Kogan Renewable Hydrogen Demonstration Plant** – operational 2023
- Kennedy Energy Park** (Wind, solar, battery storage – 60 MW)
- Moura Solar Farm** (Solar – 56 MW)
- Columboola Solar Farm** (Solar – 162 MW)

Retail

- Alinta Energy 50/50 joint venture** – South East Queensland
- Large commercial and industrial** – Queensland

Coal assets

- Kogan Creek Mine** (ML 50074 – 130 Mt, MDL 335 – 400 Mt)

Principle 1 – We will put customers at the centre of our business and the energy system

Our maturity journey

	Elementary	Emerging	Evolved	Empowered	Exceeding
FY2021		●			
Current		●			
FY2023 target			●		

Tracking our progress on our FY2022 commitments:

Achieved	In progress
Provided additional product solutions for more than 25 per cent of our customers.	Achieve 16 per cent share of Queensland C&I market.

Working with our people to refresh our strategy

One of our main challenges as an organisation is bringing our employees along with us on the journey to become a more customer-focused business. To help drive greater engagement in our transformation, this year we involved our people in a review of our strategy with focus groups at each site.

We have made significant progress in executing our previous strategy since it was launched in 2019. We established a Future Energy division and have grown our customer base. In 2022 the time was right to reflect on whether the strategy matched our business maturity, the pace of change in the energy sector and employees' aspirations.

The result is that while our overall direction has not changed, we have broadened our vision to better recognise the key role we play as a major energy supplier to the success of Queensland business and the quality of Queenslanders' lives. In response to feedback from our employees, we have reduced our strategic priorities from four to three and made them more human centric and interlinked to prevent 'silos' occurring in the business.

The new strategy includes metrics for measuring employee culture, customer satisfaction and social value, along with the more traditional financial, safety, environmental and asset management performance measures. We will begin reporting against the new strategy in our FY2023 disclosure report and annual report.

Providing our customers with products tailored to their needs

Our large commercial and industrial (C&I) customers benefit from structured electricity solutions that bring together renewable energy, market-based instruments and CS Energy's thermal generation.

We work with our customers to tailor a product solution to exactly what they want in terms of firmed renewable supply at affordable prices. This includes value-add solutions such as demand management and electric vehicle charging to help them meet their decarbonisation and energy management needs.

Over the last 12 months, CS Energy provided product solutions to 28.4 per cent of our customers, exceeding our target of 25 per cent. Our market share of the Queensland large C&I load in FY2022 was 12.5 per cent, which was an improvement on the year prior but below our target of 16 per cent.

The driver of growth has been our customer-centric approach, where we develop tailored product solutions for each customer based on their specific energy needs such as decarbonisation, renewable energy targets, long-term contractual security or energy management services.

Focus areas for FY2023

- Appoint a Head of Customer and Retail to provide additional resources and expertise for developing a more mature customer culture.
- Pursue diversification opportunities that expand our customer base, leverage technology and renewables, and respond to opportunities in the market.

Principle 2 – We will improve energy affordability for customers

Our maturity journey

	Elementary	Emerging	Evolved	Empowered	Exceeding
FY2021			●		
Current			●		
FY2023 target				●	

Tracking our progress on our FY2022 commitments:

Achieved	In progress
Work with Alinta Energy to explore options to drive competition in the South East Queensland retail market.	Increase affordability and accessibility of decarbonisation products for our large commercial and industrial customers.

Maintaining reliable electricity supply to consumers from our power stations

During the volatility in the wholesale market in June 2022, CS Energy's main priority was to ensure electricity supply for consumers was not interrupted. We bid all of our available power station capacity into the market regardless of whether the Administered Price Cap for the NEM was invoked or the market was suspended. Our people also worked hard to ensure that maintenance on any generating units that were offline was carried out in a safe and timely manner.

As a result, our plant capacity was made available to the market without AEMO direction, except when it was required to allow Callide B1 to continue to operate when an issue arose with our sulphur plant.

Working with Alinta Energy to provide competitive retail electricity

The volatility in the market this year saw large volumes of electricity retailers' residential and small business customers shopping around for a better deal. In addition, multiple smaller retailers entered administration or advised their customers to shop around for a more competitive electricity contract.

Customer numbers increased for the Alinta Energy JV in South East Queensland on the back of a competitive product offering and other retailers exiting the market. For much of FY2022, Alinta Energy offered electricity contracts substantially below the Default Market Offer. Overall, Alinta Energy increased its customer numbers by seven per cent in FY2022.

Helping our large C&I customers manage their energy costs

Customers tell us that they want product solutions that address their costs of doing business and support their decarbonisation goals.

Our customers benefit from structured electricity solutions that bring together renewable energy, market-based instruments and CS Energy's owned thermal generation. Our structured products give our customers the flexibility to choose the most attractive structure for them, helping create better energy solutions for the future of their business.

Explaining market changes that impact our customers

The Global Settlements framework was introduced into the NEM in May 2022 to provide a fairer distribution of 'unaccounted for energy' (UFE) costs across all retailers. Unfortunately, this resulted in CS Energy needing to pass on some additional costs to our large C&I customers.

CS Energy held customer information sessions for all our customers to help them with managing any potential financial impacts from the Global Settlements changes. Additional detailed information was provided and communications continue as we help support our customers through these market changes.

Since the introduction of Global Settlements, CS Energy's retail, policy and legal teams have been actively engaging on behalf of our customers with the Australian Energy Market Commission (AEMC) and the Australian Energy Regulator (AER) to confirm the cost impacts of the new rule. We also advocated on behalf of our customers to ensure that for the potential impacts of proposed rule changes are modelled and well understood before agreeing to make the change.

Queensland Energy Class Action

CS Energy is continuing our defence of a class action relating to electricity prices. We have filed our defence in this matter and discovery has commenced in earnest. The parties continue to work through a number of procedural matters in the furtherance of the litigation.

We reject the claims being made and will strongly defend this class action. CS Energy is committed to complying with all market rules and regulations and we have dedicated substantial resources to ensuring we meet our obligations. Our bidding activity is regulated under the National Electricity Law and the National Electricity Rules by the AER.

Focus areas for FY2023

- Continue to develop products that help increase affordability and accessibility of decarbonisation products for our large C&I customers.

Principle 3 – We will provide energy safely, sustainably and reliably

Our maturity journey

	Elementary	Emerging	Evolved	Empowered	Exceeding
FY2021		●			
Current		●			
FY2023 target			●		

Tracking our progress on our FY2022 commitments:

Achieved	Not achieved
Continued to diversify our portfolio through the addition of lower carbon energy.	AIFR of ≤ 26 . Commercial availability of 87.7 per cent. Zero Significant Environmental Incidents

Safe energy

CS Energy is committed to understanding the facts that led to the Callide Unit C4 process safety event in May 2021 so we can learn from it and improve the safety of our people and plant. Based on our preliminary analysis of what happened on Unit C4, we have implemented controls to avoid a similar event occurring on our other generating units and shared our learnings with other power station operators.

This year we accelerated a Process Safety Improvement Program in response to the incident. The CS Energy Board endorsed a Process Safety and Operational Integrity Policy and we began rolling out refresher process safety training to our employees.

Dr Sean Brady's external, independent investigation into the cause of the C4 incident is ongoing. The investigation is broad in nature and is assessing both the technical and organisational factors that could have contributed to the C4 incident. COVID, the cyber incident and floods impacted Dr Brady's schedule and it is expected the investigation will be completed in the second half of 2022.

We did not meet our key safety metric of an All Injury Frequency Rate (AIFR) of 26 or less, finishing FY2022 with an AIFR of 31.15. This result is disappointing and can partially be attributed to a long overhaul season and multiple unplanned outages during the year, which represent our highest risk periods. To minimise the incidence of injuries, we have focussed on visible leadership through workplace safety interactions and the verification of critical controls to manage risks and hazards.

Sustainable energy

There continues to be a high degree of interest from our customers in making renewable energy a significant portion of their load. We offer renewables to our customers through our partnerships with solar and wind facilities and underpin them with energy from our thermal generation assets.

This year we signed a Memorandum of Understanding (MoU) with EDF Renewables to progress the development of the Banana Range Wind Farm in Central Queensland. Under the MoU, CS Energy is considering both an offtake agreement and equity participation in the 230 MW project.

The Banana Range Wind Farm will be located in the same region as our Callide Power Station and will provide approximately 150 jobs during construction. This project appealed to CS Energy because of its potential to create employment and procurement opportunities for the local community in the energy transformation. If the Banana Range Wind Farm is added to our portfolio, this will be in addition to the other renewable offtakes that we already have, as noted earlier in this report.

We did not meet our primary environment target of zero Significant Environmental Incidents, reporting two incidents at Callide Power Station relating to Callide Ash Dam B and PFAS. We worked cooperatively with the Department of Environment and Science on an Environment Protection Order (EPO) to reduce water levels in the ash dam and this notice has since been resolved with the regulator. Our PFAS monitoring program is outlined further in Principle 5.

Flexible and reliable energy

Investing in grid-scale batteries is an important next step for CS Energy in creating a more flexible and diversified energy portfolio. Fast-start energy storage assets like batteries will enable us to more effectively respond to changing demand in the NEM and help put downward pressure on consumers' power bills.

CS Energy is pursuing a multiple battery strategy, beginning with the 100 MW / 200 MWh Chinchilla Battery under construction at our Kogan energy hub. We also plan to develop a grid-scale battery in South East Queensland, with Powerlink's Greenbank Substation the preferred site.

It is imperative that our thermal generators are available to provide baseload power for consumers when renewable generation isn't available, and during the peak demand periods in the early morning and late afternoon. CS Energy's commercial availability improved markedly this year with a result of 67.4 per cent, compared to 48 per cent in FY2021. However, this result was still below target mostly due to unit unavailability during high pool price periods in summer months, in particular at Kogan Creek.

We have been undertaking a plant flexibility program to increase the ability of our units to consistently and reliably reduce load as far as possible in low priced periods and change loads from minimum to maximum in response to demand. New air atomised igniters were installed on Callide Unit B2 during its overhaul in 2022, replicating successful improvements made to its sister Unit B1 in 2020. The \$4.1 million works are expected to provide Unit B2 with greater reliability during load changes and reduced fuel oil usage, with benefits to be realised from early FY2023.

Focus areas for FY2023

- Respond to the recommendations from the external independent review of the Callide Unit C4 incident.
- Develop clean energy hubs at our power generation sites to support our portfolio diversification and the Queensland Energy and Jobs Plan.

Principle 4 – We will improve the customer experience

Our maturity journey

	Elementary	Emerging	Evolved	Empowered	Exceeding
FY2021		●			
Current			●		
FY2023 target			●		

Tracking our progress on our FY2022 commitments:

Achieved

- New Retail Customer Portal rolled out.
- Implemented improved invoice design in response to customer feedback from first customer survey.
- Conducted second customer survey.

Delivering an improved Customer Portal

Our customers benefit from having a dedicated account manager that looks after their energy needs from the outset and is their central point of inquiry. This service has been further improved with the introduction of a new billing system, updated invoice design and Retail Customer Portal.

Focus areas for FY2023

- Develop actions in response to the key feedback themes in our second survey of retail customers.

Tracking our progress with a second customer survey

Approximately 30 retail customers, prospective customers and energy brokers participated in our second customer survey this year. We engaged an independent research firm to measure how we had performed compared to the 2020 survey and identify what drove customers’ perceptions of value for money.

Compared to 2020, CS Energy’s Customer Satisfaction rating has decreased slightly to 7.60 (2020: 8.45). Relative to suppliers in adjacent industries, satisfaction amongst CS Energy customers was still very strong. Customers’ perceptions of value for money were primarily driven by price and efficient problem resolution.

Satisfaction with the customer portal has increased, however feedback indicated there are further opportunities to improve the functionality of the portal and invoice design. The research also recommended that CS Energy proactively contact customers and brokers more often to promote new products and service offerings.

Keeping our customers informed

When a cyber security incident occurred on CS Energy’s ICT network in November 2021, we contacted our customers to allay any concerns they may have had about their electricity supply and invoicing. We provided regular updates to customers as CS Energy progressively restored our systems. All of our customers were billed on time, despite the incident.

The incident occurred on CS Energy’s corporate network and did not impact safety or operations at our power stations. We continued to generate and dispatch electricity into the National Electricity Market, and there was no impact on customers’ electricity supply. We have updated our security procedures and maintained a heightened vigilance in relation to cyber security.

Principle 5 – We will support customers facing vulnerable circumstances

Our maturity journey

	Elementary	Emerging	Evolved	Empowered	Exceeding
FY2021		●			
Current		●			
FY2023 target			●		

Tracking our progress on our FY2022 commitments:

Achieved

- Ongoing monitoring program of PFAS groundwater and surface water near Callide Power Station.
- Work as part of the Callide Futures Group to provide opportunities for our people as the energy sector transforms.
- Implement key actions from our Indigenous Engagement Strategy.
- Develop and implement actions that respond to the findings of our stakeholder trust research.

The Energy Charter's *Framework for Support for Vulnerable Customers across the Supply Chain* guides our actions for this principle. As participants in the generation and retail sectors, we focus on activities that support the communities near our power stations and our retail customers.

Supporting vulnerable customers

As part of our commitment to the Energy Charter, we resolved to understand more about the customers of our retail joint venture (JV) with Alinta Energy that are in, or could be in, hardship. This is on the agenda for each JV meeting (attended by senior executives of both CS Energy and Alinta) and includes a review of the different tiers of hardship, and how those might change over time.

Alinta Energy has a Financial Hardship Program to ensure that their customers have access to the best possible support when faced with energy-related debt and adheres to the principles established in the AER's Sustainable Payment Plans framework.

CS Energy and Alinta Energy regularly discuss programs and support available to hardship customers, and given the cost of living pressures being experienced, a structured support scheme will be made available between September and November 2022. Customers enrolled in the Hardship Program as at 1 August 2022, or entering the Hardship Program during this period, will receive \$120 in support (in \$10 monthly instalments). Customers with an existing payment plan as at 1 August 2022, or entering a minimum four-week duration payment plan during the period will receive a \$50 one-off support payment.

In March 2022, Alinta Energy sent a letter to their customers in South East Queensland who had been impacted by flooding and severe weather and outlined support measures available to them. Approximately 26,150 Alinta Energy customers in South East Queensland resided in areas impacted by flooding.

This year CS Energy joined a collaboration across the supply chain to provide funding for the Uniting Energy Support Program. The program delivers tailored, one-on-one advice and assistance to electricity customers in Queensland, New South Wales and Victoria who are struggling with issues of energy affordability.

More than \$200,000 was injected into the program by CS Energy and APA Group, EnergyAustralia, Energy Queensland, Endeavour Energy, Essential Energy, Jemena, Powerlink Queensland and Powershop/ Meridian Energy.

Creating local opportunities in the energy transformation

Our future energy investment is primarily focussed on Central Queensland and the Western Downs where our existing assets are located and where the majority of our employees live and work. We are exploring greenfield opportunities as well as repurposing our existing sites into "energy hubs" that utilise their existing attributes of a skilled workforce, available land, water and transmission connections.

We collaborated with the Toowoomba and Surat Basin Enterprise (TSBE) on two projects to encourage local participation in the hydrogen value chain. The first is a hydrogen supplier portal to ensure that existing skills and capability in the region can be utilised to support hydrogen projects in the region.

More than 150 businesses registered on TSBE's hydrogen portal with details of their capability to support the hydrogen value chain. The portal has led to a number of local businesses providing services to CS Energy's planned hydrogen demonstration project at Kogan Creek.

CS Energy and TSBE also partnered with the Western Downs Council and Construction Skills Queensland on an industry-led investigation to identify the new skills needed to create a sustainable and long-term industry via the Southern Qld Hydrogen Industry Institute.

In Central Queensland, our vision is to create a regional energy hub, which involves attracting new renewable energy developments and utilising our coal-fired generation assets to provide reliability as the transition to renewables occurs.

Helping our people at Callide B plan for the future

CS Energy has nominated the technical end of life for Callide B Power Station as 2028, in accordance with reporting requirements for large generators under the National Electricity Rules. The plant was commissioned in 1988 and has an expected technical life of 40 years.

This year the Callide B Power Station workforce was provided with the opportunity to participate in a demographic survey so we could gain a better understanding of their interest in reskilling, relocation and other options for future. The survey was an initiative of the Callide Futures Group (CFG), whose members comprise representatives from CS Energy and unions.

Approximately 76 per cent of eligible employees participated in the survey, providing valuable insights into their future intentions and the support measures that we need to have in place. The CFG is developing a roadmap to document the short, medium and long actions associated with supporting the transformation of the Callide B Power Station in key areas including asset planning, community, workforce and future energy.

Working with regulators and the community on our PFAS program

The health of the community and our employees is CS Energy's key priority and has guided our actions throughout the PFAS monitoring program near Callide Power Station. Landholders in our PFAS¹ monitoring program area have access to a dedicated stakeholder engagement manager and free, confidential support via our Employee Assistance Program provider, Assure Programs. We have continued our ongoing monitoring of bores on adjacent landholder properties and are supplying drinking and domestic water to 22 households.

We have taken a proactive, transparent approach for our Callide PFAS program by speaking directly with affected landholders and regularly updating the broader Biloela community and our employees via community information sessions. We worked proactively with the Department of Environment and Science on an Environmental Evaluation notice in relation to PFAS in December 2021.

This year we also appointed a soil remediation specialist to contain PFAS as part of a program to stop further PFAS leaving the Callide Power Station site and began our quarterly technical sampling program.

Responding to stakeholder trust research

Through an independent research program in mid-2021, we gained a deep understanding of the needs and expectations of our external stakeholders and identified ways in which we can build further trust within our communities, as we transform our business.

Understanding our stakeholders' expectations and perceptions of our business will assist CS Energy in making better, more informed business decisions that have mutually beneficial outcomes for us and our stakeholders.

Investing in our communities

Twenty-six community groups in the Banana Shire and Western Downs regional council areas shared in almost \$200,000 from our community sponsorship program this year.

Our sponsorships support projects, events or initiatives that will have a lasting positive impact for the local community and align with at least one of our focus areas of safety and environment, social and community development, education, culture and art, active and healthy communities and Indigenous.

We also contribute to our local communities by making charitable donations and through our Workplace Giving Program. In FY2022 we provided more than \$15,000 in donations to organisations like Drought Angels and GIVIT, LifeFlight Helicopter Rescue and prostate cancer charity Stronger for Longer.

Strengthening our relationship with First Nations people

In FY2022, working with a Rockhampton based Indigenous leader, we delivered an Indigenous Perspectives Consultation Report, which provided 32 recommendations to improve outcomes for Aboriginal and Torres Strait Islander People in our local communities. To drive and influence our work in this area, we appointed a full time, permanent Indigenous Engagement Advisor within the business in June 2022.

We also continue to work closely with the Traditional Owners of the land on which the Kogan Mine is located. This includes progressive cultural heritage surveys to ensure any sites of cultural significance are identified and appropriate actions implemented to salvage any artefacts or mitigate the impact of mining operations on sacred sites.

Focus areas for FY2023

- Develop our first Reconciliation Action Plan to turn the positive intent from our Indigenous Perspectives Consultation Report into meaningful action.
- Commission our second independent research program into the needs and expectations of our external stakeholders.

1. PFAS (per-and poly-fluoroalkyl substances) are a group of manufactured chemicals present in firefighting foams that were historically used at various Australian sites including civil airports, defence bases, ports and large industrial sites.



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