

Our Business

This strategic plan describes how our business will change over the coming five years as we move towards our long term targets. Achieving these goals will also require us to think differently about how we do business.

CS Energy, as a major provider of electricity, is contributing to the search for cleaner energy solutions by investing in innovative technology, developing diverse fuel sources and improving our plant efficiency to continue providing reliable, increasingly low-emission power.

Success will rely on the contribution of each of us, and have its foundation in the way we operate. To achieve our goals, we will need to focus not just on what we do, but how we achieve it. We must be a company that reflects these key Business Principles:

We do not compromise on safety

- We design our workplaces to ensure the safety and welfare of all people on our worksites
- We strive to ensure our people are fit for duty, and have a shared responsibility for safety.

We demonstrate integrity

- We are open, honest and reliable in all our dealings.
- We do the right thing, not the easy thing.

We innovate

- We create the right environment to encourage the right idea at the right time.
- We have the courage to be different.

We minimise our impact on the environment

- We have systems and structures in operation to protect the environment surrounding our power stations.
- We have the business strategies to reduce the environmental impact of our industry.

We treat each other with respect

- We encourage different perspectives to provide new ideas, and it is the way we manage these differences that provides our strength.
- We value all points of view and encourage debate.

We have a commercial focus

- We are creating sustainable value for generations ahead.
- We accept accountability for our actions and results.



Strategic Plan 2009-2014

Foreword

The energy industry in Australia is in a period of significant and fundamental change.

The introduction in 2010 of a national Carbon Pollution Reduction Scheme together with a national Mandatory Renewable Energy Target of 20% renewable energy by 2020 will dramatically reshape the Australian electricity industry over the next 20 years.

CS Energy aims to be at the forefront of these changes to secure its future.

The challenge for CS Energy is to reposition the company for success in this new environment whilst at the same time maintaining and enhancing the viability of the existing generation portfolio.

This new Strategic Plan provides direction for the 2009/10 Business Plan and lays the foundation for successful business operations to 2030 and beyond.

The Plan has been developed after examining a number of potential future external landscapes out to 2020 and beyond to ensure that the strategies employed in this plan will be effective and flexible and enable the company to flourish and succeed whatever the future may hold.

The Strategic Plan sets out the Company's Business Principles, together with longer term targets to guide the development of the company into the future. The specific goals and strategies provide a balance between maintaining and enhancing profitability from the current business operations and growth initiatives needed to reposition the business for future success.

David Brown
Chief Executive

Our future

This plan sets the foundation for us to become a very different company in 10 years' time. It will ensure that we have the capabilities to support a portfolio which:

By **2020**

- Has installed generation capacity in excess of 4000MW
- Has 500MW of renewable generation in the portfolio
- Is carbon neutral in its internal energy consumption

By **2030**

- Achieves a generation portfolio greenhouse emission intensity of less than 400kgCO₂/MWhso

Strategic Framework

Our Strategic Framework will guide us during the life of this plan. It identifies our priorities in the four key outcome areas fundamental to our success:

- People
- Portfolio
- Growth
- Social Licence

We have set specific goals in each of these areas, identified outcomes to measure our progress towards these goals and corporate strategies to drive our activity.

These goals and supporting strategies are a key input into annual Business Plans. The Business Plan contains the operational actions and initiatives that will progressively realise our strategies, and the key measures and targets that will help us determine our success.

GOAL 1

CS Energy is recognised as having people with commitment and skills to deliver business outcomes

Success will be:

- High staff availability and retention rates.
- A flexible work environment.
- Active engagement of people within our business.
- Positive workplace relations.
- The skills pool to support our operations and growth.

Strategies to Achieve This Goal

- 1.1 Extend attraction and retention strategies.
- 1.2 Implement revised leadership development program supported by the Generating Insight feedback.
- 1.3 Foster a culture built on participative and consultative processes that build positive relationships.
- 1.4 Continued investment in both internal and industry wide learning and development programs to build skills.

GOAL 4

CS Energy is a Leader in commercialising Low Emission Technology Plant

Success will be:

- Installed capacity increased by 500MW by 2013 and opportunities identified to extend portfolio capacity to more than 4000MW by 2020.
- Renewable generation capacity of 200MW by 2013 and opportunities identified to deliver at least another 300MW of renewable generation by 2020.
- Successful commercialisation of Oxyfuel technology and carbon capture and storage.
- Access to carbon dioxide transport and storage facilities.

Strategies to Achieve This Goal

- 4.1 Carry out feasibility assessment of all main renewable technology options in Queensland and implement viable technologies.
- 4.2 Develop business proposition for Kogan Creek B including low emissions options.
- 4.3 Progress renewable projects such as geothermal and solar thermal.
- 4.4 Develop combined cycle gas turbine plant.
- 4.5 Secure carbon dioxide transport arrangements and access to sequestration sites.
- 4.6 Acquire existing generation assets as economic opportunities arise.

GOAL 2

CS Energy is acknowledged as a safe and efficient operator of commercial scale, reliable generation plant

Success will be:

- Zero lost time injuries.
- A 20% annual reduction in total injuries and near misses.
- A low cost operation.
- Top quartile availability and reliability for each generating unit.
- A reducing carbon emission intensity that remains below the National Electricity Market average.

Strategies to achieve this goal:

- 2.1 Enhance safety culture.
- 2.2 Develop a cost-conscious approach for all business decision making.
- 2.3 Ensure a consistent approach to core operations at sites and centralise delivery of specialist services.
- 2.4 Fully implement asset management and overhaul processes to deliver availability and reliability targets.
- 2.5 Develop and implement an efficiency improvement and carbon emission reduction plan for each site.

GOAL 3

CS Energy has a secure and diverse mix of competitive fuel and water resources

Success will be:

- Secure long term fuel contracts for existing and new generation sites, either through owning the resource or under long term contracts.
- Cost competitive, diverse portfolio of fuel supplies.
- A range of fuel sources, both renewable and fossil fuel based.
- Competitive and secure long term water supply arrangements for all sites.

Strategies to achieve this goal:

- 3.1 Develop diverse and cost competitive gas supplies using a variety of arrangements with business partners.
- 3.2 Ensure coal is available to Callide and Swanbank power stations for the remainder of their operating lives.
- 3.3 Develop and implement an acquisition strategy for renewable fuel resources.
- 3.4 Seek alternative uses for Kogan coal which is in excess of Kogan Creek generation requirements.
- 3.5 Maximise water efficiency and secure long term competitively priced water resources.

GOAL 5

CS Energy is acknowledged as a financially viable and socially responsible company

Success will be:

- A commercial return to the shareholders.
- Optimised revenue on a portfolio basis.
- Funding secured to underpin growth.
- Outstanding environmental performance.
- Reduced carbon footprint for CS Energy's operations.
- Positive relationships with stakeholders.

Strategies to Achieve This Goal

- 5.1 Implement business improvement initiatives to meet cost and plant reliability targets.
- 5.2 Develop and implement a revised trading strategy to manage market and operations risks under an emissions trading regime, including the use of domestic and international carbon permits.
- 5.3 Identify and secure a minority partner to provide equity funding for growth.
- 5.4 Obtain ISO14001 environmental accreditation for Kogan Creek Power Station and maintain ISO14001 at all other sites.
- 5.5 Develop and implement a Carbon Management Plan, including investment in biosequestration to offset up to 10% of portfolio.
- 5.6 Develop and implement a revised communication and stakeholder management plan.

