Delivering energy today, powering your tomorrow.

Annual Report 2024

CS energy

About this report

This report outlines CS Energy's financial and non-financial performance for the year ended 30 June 2024 (FY2024).

Each year we prepare a Statement of Corporate Intent (SCI), which outlines our strategies, objectives and targets for the year ahead. This annual report provides an overview of CS Energy's performance against our FY2024 SCI and meets CS Energy's reporting requirements under the *Government Owned Corporations Act 1993,* the *Corporations Act 2001* and the Australian Accounting Standards.

Electronic versions of this annual report and our SCI are available on CS Energy's website at **www.csenergy.com.au**

We welcome feedback on our annual report. Please email us at **energyinfo@csenergy.com.au**

Cover image: Electrical Technical Officer Malinda Street and Operations Superintendent Renewables and Firming Michael Louis at the Chinchilla Battery.

Acknowledgement of country

CS Energy acknowledges the Traditional Owners of the lands on which we operate.

We live, work, and learn on Turrbal, Jagera (Brisbane), Barunggam (Kogan Creek) and Gaangalu (Biloela) land. We pay our respects to their elders past and present, and recognise their continuing connection to the land, waters and community.

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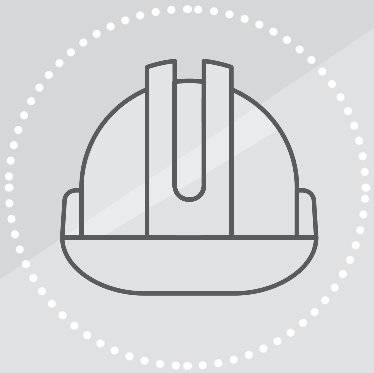
FY2024 at a glance



Making our power stations safer

In a challenging year, we managed the complex rebuild of Callide C's two cooling towers. We also released our report on the technical contributing factors to the Callide Unit C4 incident that occurred on 25 May 2021 and the actions we have taken to prevent a similar event from happening again.

Increasing our electricity output

Our portfolio dispatched 9,221 gigawatt hours (GWh) of electricity into the National Electricity Market, an increase of 613 GWh compared to FY2023, off the back of improved plant performance at Callide B and Kogan Creek power stations, and the return to service of Callide Unit C3 following the rebuild of its cooling tower.

Growing our energy storage capacity

We commissioned the Chinchilla Battery, began construction of the Greenbank Battery and progressed plans for a proposed battery at Callide Power Station.

Accelerating our Central Queensland wind strategy

We added the Lotus Creek and Boulder Creek wind farms to our project pipeline, further diversifying our future energy sources and supporting customer demand.

Supporting our customers' EV charging needs

For the second year in a row we have doubled the number of sites where we have installed electric vehicle charging infrastructure for our customers.

Improving the customer experience

We began a multi-year retail transformation program to become a trusted partner to our large commercial and industrial customers through the energy transition, achieving 40 per cent customer growth.

Supporting reconciliation in Australia

We began implementing our first Reflect Reconciliation Action Plan, with a focus on employment, supplier diversity, building a culturally safe workplace and reengaging with local traditional custodian groups.

Expanding our community sponsorships

We established a community benefit fund at Greenbank and continued to provide sponsorships in the regional Queensland communities that host our operations.

About CS Energy

Our purpose

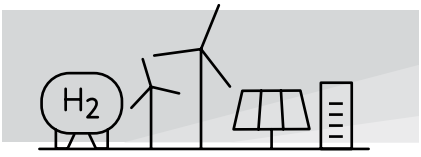
Delivering energy today, powering your tomorrow.

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 generate and sell electricity in the wholesale and retail markets, where we have an energy portfolio of more than 3,600 megawatts (MW).

Our purpose of 'Delivering energy today, powering your tomorrow' captures the dual nature of what we aim to do – run a successful thermal generation business and evolve into a diversified energy business exploring new markets, products and partnerships

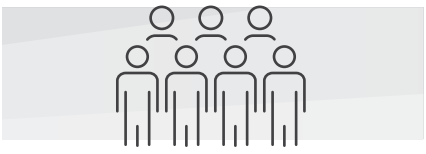
CS Energy's vision is to lead Queensland's energy transformation to create a better future. Our assets, both current and future, will play an important role in supporting the Queensland Energy and Jobs Plan, and an orderly transition of the energy market to cleaner energy.

Our coal-fired power stations help underpin system reliability as the market transforms, and we must ensure they operate safely and predictably as the grid transitions. We will gradually convert these sites to clean energy hubs to deliver the energy mix needed to reliably transition to renewable energy and provide opportunities for our workforce to reskill.



CS Energy is building a more diverse and flexible portfolio that includes renewable energy, battery storage, hydrogen-ready gas fired generation and pumped hydro. This will enable us to meet our customers' decarbonisation requirements and support Queensland's energy needs.

We employ almost 700 people at our power stations and Brisbane office and we are a signatory to the Queensland Government's *Queensland Energy Workers Charter,* which provides support and confidence for power station workers through the energy transformation.



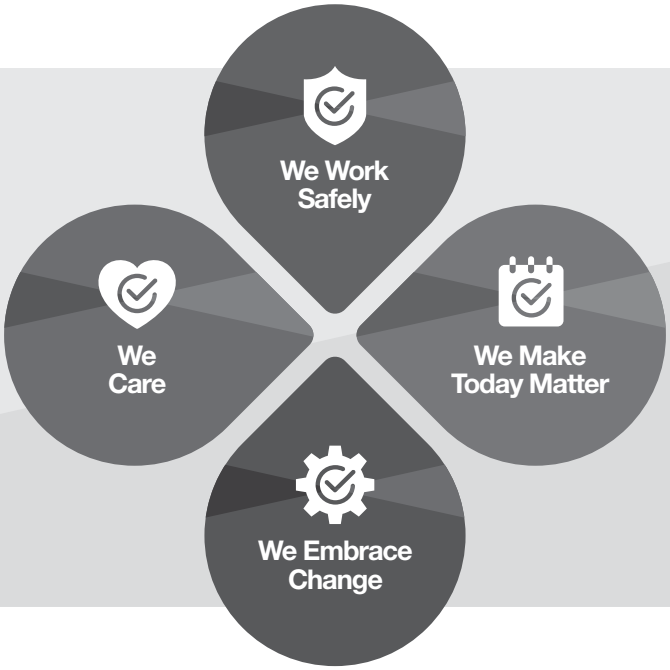
By achieving our vision, CS Energy will capture the opportunities that are ahead for our people, communities, and customers.

Our values

Our values are what we agree is important to us at CS Energy. They are the blueprint for how our people work together and how we show our customers, communities and stakeholders what kind of workplace we aspire to be.

As we work to transform CS Energy into a diversified energy business, we are empowering our people to explore new ways of thinking and working. We strive to be an inclusive workplace that values the diversity of our people's experience, skills and ideas.

We hold each other accountable to our values, and they guide our decisions.



Our customers

CS Energy provides retail electricity services to large commercial and industrial customers throughout Queensland, such as mines, ports, universities and Queensland Government departments and agencies.

Our dedicated Retail Business Team has significant energy market expertise and works directly with our customers to provide bespoke energy solutions, including firmed renewable supply, electric vehicle charging and demand management services.

We have a 50/50 retail joint venture (JV) with Alinta Energy to provide electricity to residential and small commercial customers in South East Queensland. Under the JV, CS Energy generates and supplies wholesale electricity and Alinta Energy manages the retail business.

In the wholesale market, our customers are large businesses that use financial derivatives to manage their exposure to pool price volatility.

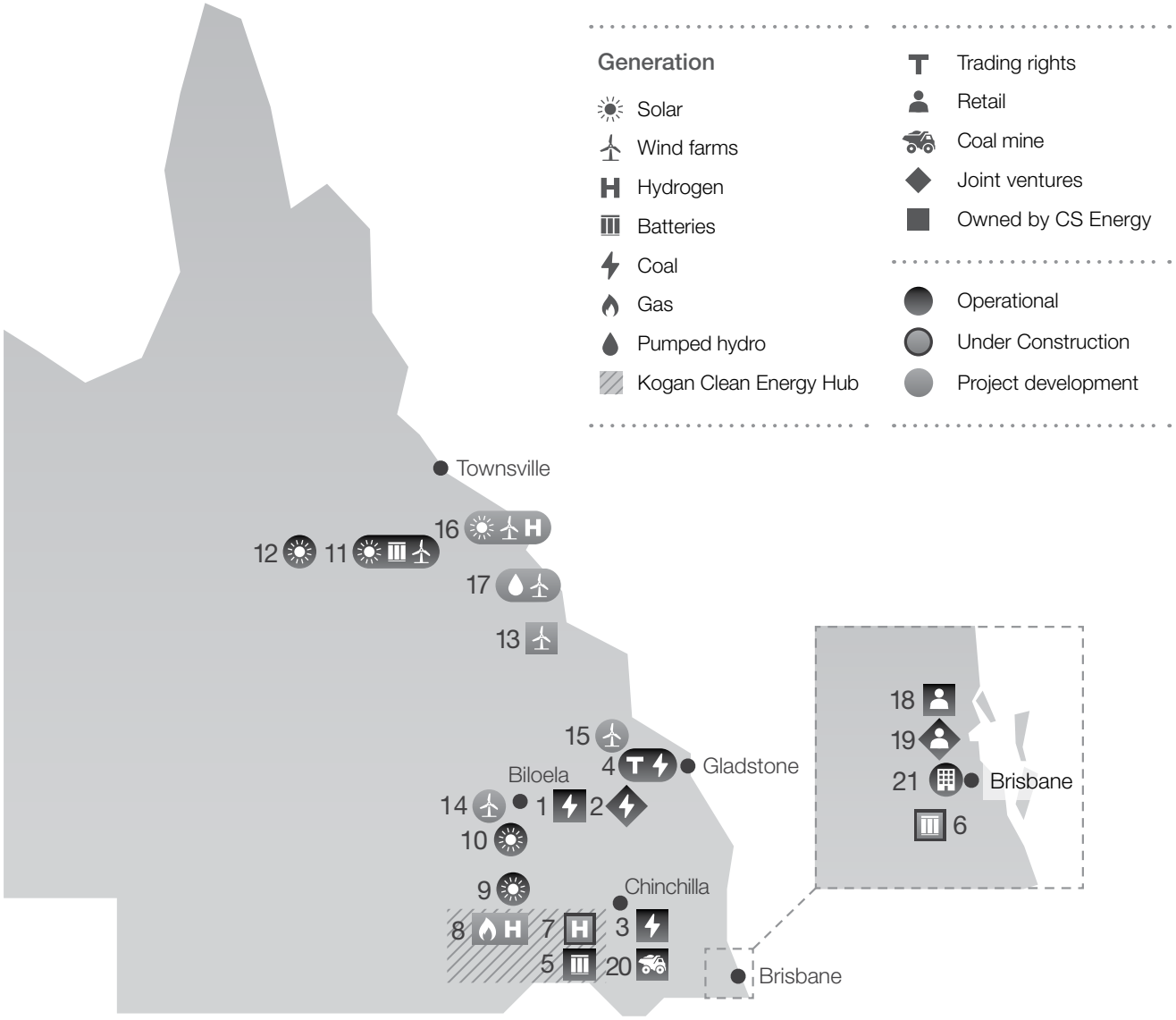
Our communities

CS Energy is proud to call Biloela, Chinchilla and Brisbane home, and we are committed to building lasting and positive relationships in these communities.

Our power stations are located near rural residential and farming properties, and we work with and listen to our near neighbours to minimise the impact of our operations on their properties. This year we broadened our footprint to include Greenbank in South East Queensland where we are building a grid-scale battery.

We invest in our local communities through our annual sponsorship and donation programs, and by procuring goods and services from local suppliers wherever possible.

Our portfolio and project pipeline



Our generation portfolio includes coal-fired power stations, renewable energy and firming assets.

We own the Kogan Creek Power Station and the neighbouring Kogan Creek Mine, which supplies black coal to the power station. Adjacent to our existing operations at Kogan Creek we are creating our first clean energy hub, which includes the Chinchilla Battery, Kogan Renewable Hydrogen Demonstration Plant and the proposed Brigalow Peaking Power Plant.

In Central Queensland we own the Callide B Power Station and have a 50 per cent interest in the Callide C Power Station where we provide operations and maintenance services to the Callide C Joint Venture.

We are planning a coordinated regional clean energy hub that prioritises new firming and storage assets at the Callide Power Station site, supported by investment in solar and wind energy in the broader Central Queensland region.

We trade energy generated by Gladstone Power Station, in excess of the requirements of the Boyne Island aluminium smelter.

We have a renewable energy offtakes portfolio of almost 300 megawatts, which we supply to large commercial and industrial customers in Queensland.

In South East Queensland, we are building the Greenbank Battery and we have a retail joint venture with Alinta Energy to supply electricity to residential and small commercial customers.

Coal-fired generation

1 **Callide B Power Station** – 700 MW

2 **Callide C Power Station** – 848 MW
(50/50 joint venture with IG Power (Callide) Ltd)
Traditional custodians: Gaangalu people

3 **Kogan Creek Power Station** – 750 MW
Traditional custodians: Barunggam people

4 **Gladstone Power Station** – 1,680 MW, trading rights
Traditional custodians: Bailai, Gurang, Gooreng Gooreng and Taribelang Bunda peoples

Renewables and firming

5 **Chinchilla Battery** – 100 MW/200MWh
Traditional custodians: Barunggam people

6 **Greenbank Battery** – 200MW/400MWh
Traditional custodians: Yuggera Ugarapul people

7 **Kogan Renewable Hydrogen Demonstration Plant**
Traditional custodians: Barunggam people

8 **Brigalow Peaking Power Plant** – 400 MW
Traditional custodians: Barunggam people

9 **Columboola Solar Farm** – 162 MW, Power Purchase Agreement
Traditional custodians: Iman 4 people

10 **Moura Solar Farm** – 56 MW, Power Purchase Agreement
Traditional custodians: Gaangalu people

11 **Kennedy Energy Park** – 60 MW, Offtake Agreement
Traditional custodians: Yirandhali people

12 **Hughenden Solar Farm** – 20 MW, Power Purchase Agreement
Traditional custodians: Yirandhali people

13 **Lotus Creek Wind Farm**[1] – 285 MW, multi-party project
Traditional custodians: Barada Barna and Barada Kabalbara Yetimarala peoples

14 **Banana Range Wind Farm** – 230 MW, multi-party project
Traditional custodians: Gaangalu and Wulli Wulli peoples

15 **Boulder Creek Wind Farm** – 230 MW, multi-party project
Traditional custodians: Darumbal and Gaangalu peoples

16 **HyNQ** – multi-party project
Traditional custodians: Juru people and Kyburra Munda Yalga Aboriginal Corporation

17 **Capricornia Energy Hub** – 1.4 GW, multi-party project
Traditional custodians: Widi people

Retail

18 **Large commercial and industrial – Queensland**

19 **Alinta Energy 50/50 joint venture – South East Queensland**

Coal assets

20 **Kogan Mine** ML 50074 – 130 Mt, MDL 335 – 400 Mt
Traditional custodians: Barunggam people

Corporate Office

21 **Brisbane Office**
Traditional custodians: Jagera and Turrbal peoples

1 CS Energy acquired Lotus Creek Wind Farm in August 2024

Chair's message

As Chair, my priority is that CS Energy generates electricity safely and reliably so that we regain the trust of our stakeholders and the Queensland public. Our plan for building a safer, better CS Energy sets out the road map for how we will achieve this.

The 2024 financial year was a difficult one for CS Energy, characterised by delays in returning the joint venture (JV) owned Callide C Power Station to full capacity. While this was disappointing, it does not reflect the enormous effort by the hundreds of employees and contractors who have worked on the C4 recovery works and the rebuild of the Callide C cooling towers.

Under the National Electricity Rules, generators have strict market disclosure obligations regarding availability of generating units, with registered participants required to provide updates as frequently as changes occur. This meant that at every point in the rebuild process, there was an obligation to update the market whenever there was a forecast change to the return to service date based on current intentions and best estimates.

Changes in the return to service dates announced in FY2024 were due to global supply chain issues, severe weather conditions, resourcing challenges, and more recently, the availability of overseas-based specialists needed to perform critical work, and additional work that emerged during the recommissioning process. The safety of our people and plant has been our first priority at all times as we have updated the schedule to accommodate these issues.

Callide Unit C3 was returned to service on 1 April 2024 following a thorough commissioning process to test the unit and its new cooling tower. The return of Callide C3 contributed to CS Energy's improved availability in FY2024. At the time of writing, we remain confident in returning Unit C4 to service by the end of August 2024.

Learning from incidents at Callide C

CS Energy has experienced two significant incidents in recent years – the catastrophic failure of the C4 turbine on 25 May 2021 and the partial collapse of the C3 cooling tower on 31 October 2022. These are unacceptable outcomes.

In February 2024, we released our report on the technical contributing factors to the Unit C4 incident and the actions we have taken to prevent a similar event from happening again. The report was based on CS Energy's assessment of the incident, and work since the event with a range of experts including Aurecon and independent investigator Dr Sean Brady. This was one of the most significant and complex process safety incidents in Australia and it has taken time to work through and understand the contributing factors to the event.

After the reporting period we released the Brady Heywood Report into the Unit C4 incident and the HartzEPM investigation report into the Unit C3 partial cooling tower collapse. The findings of these investigations are summarised in this annual report, with links to the full reports on our website. What is clear from these investigations is that CS Energy must improve our process safety capability to assess and manage risks inherent in owning and operating power generation assets.

I know that the trust of our stakeholders, including the Queensland Government and the community, has been damaged by these incidents. My personal challenge is to rebuild that trust.

I welcome the Queensland Government's appointment of two special advisors to the Board of CS Energy on 17 July 2024. These advisors will support us in continuing to address matters arising from the incidents.

Building a safer and better CS Energy

Since these incidents we have taken action to progressively improve safety for our people and plant, at Callide and at our other assets across the state. The CEO and I have overseen the development of the roadmap for further improvements that need to be made, which we released at the same time as the Brady Heywood and HartzEPM investigation reports.

The response plan summarises our actions to date, as well as those underway, to bolster the safety, reliability and resilience of our operations. The plan prioritises investment in systems, plant, and capabilities that will ensure our people are set up for success in managing our technical and organisational risks. Implementation of the plan will require a clear and sustained focus from our Board and our leadership teams.

An Independent Advisory Group comprising leading experts in process safety and organisational design has been established to oversee and support us in executing and updating the plan. In addition to regularly reviewing our response plan, we will report annually on our progress in our annual report and on our website.

CS Energy is absolutely focused on **investing in the state's energy requirements** today and into the future.

Financial results

Despite increased portfolio generation and earnings during the reporting period, CS Energy's Underlying EBITDA for FY2024 was a loss of $26.6 million, which was $52.9 million less than the previous year.

We increased our capital investment for the second year in row, spending $397 million on cash payments for property, plant and equipment in FY2024 (2023: $277.3 million). More than one third of this was spent on Callide Unit C4 reinstatement works and the Callide C cooling towers rebuild project ($153.1 million) and $192.5 million was invested in portfolio renewal including the Chinchilla and Greenbank batteries and the proposed Brigalow Peaking Power Plant.

CS Energy recorded a net loss after tax of $58.5 million (2023: $14.6 million net loss after tax). The primary drivers of this result were several asset impairments, and a reassessment of the Gladstone Interconnection and Power Pooling Agreement (IPPA) onerous contract. As a result of this below budget performance and delays to return the Callide C units into service as originally forecast, I confirm that the Board has decided not to pay senior executive bonus payments for the 2024 financial year (which would have been payable in FY2025).

Board renewal

In June 2024, the Queensland Government announced a number of appointments to the Boards of government owned corporations, including CS Energy. As of 1 June 2024, there are four new appointees to the Board: Mark Carkeet, Kellie Charlesworth, Alison Smith and Kimberley Swords.

Our new Board members bring with them diverse and extensive experience across complex private industry and public sector initiatives, including legal, energy policy and planning, and corporate affairs. Their significant combined skills and experience will stand us in good stead as we continue to navigate an increasingly dynamic energy market and push forward with restoring and improving our current business while we build for the future.

We farewelled Brian Green, Toni Thornton and Christina Sutherland from the Board and thank them for their contributions and guidance throughout their tenure.

Looking ahead

CS Energy is absolutely focused on investing in the state's energy requirements today and into the future, and providing value through jobs, strong communities and energy solutions. Our fleet of coal-fired power stations will play a critical role in underpinning the reliability of the National Electricity Market as it decarbonises. At the same time, we will continue to progress our pipeline of renewable and firming projects, with our Kogan and Callide Clean Energy Hubs the focus of this work.

In closing, I would like to thank the entire CS Energy team for their hard work and continued professionalism. I would also like to acknowledge the ongoing support of our shareholding Ministers.

Adam Aspinall
Chair

CEO's review

This year our focus has been on achieving a more predictable safety performance at our thermal generation sites and continuing to diversify our portfolio to support Queensland's energy transformation.

CS Energy's number one value is safety. We are implementing a program to drive process safety improvements, reduce operating risks and implement learnings from the Callide Unit C4 event in May 2021. We introduced a process safety metric to our scorecard this year, which assesses our process safety performance against four measures: overdue operational risk assessments, open plant modifications, overdue priority safety critical work, and overdue statutory preventative maintenance. We achieved all of the targets except the open plant modifications measure. In FY2025 we will build on these process safety measures to drive further improvement, as part of our learnings from process safety incidents.

A focused effort on improving our safety performance contributed to CS Energy achieving our personal safety metrics for FY2024. Our Total Recordable Injury Frequency Rate was 4.19 against a target of 5, and our Significant Incident Frequency Rate was 4.66 against a target of 13. This was achieved against a background of a significant program of works at Callide C Power Station and new firming assets under construction.

There was a reduction in the number of people injured on our sites in FY2024. Of the 53 injuries that occurred this year (2023: 62) 10 of those required medical treatment and one required time off work. Any injury is unacceptable and we remain committed to improving our safety performance further.

Callide C

As the Chair has outlined, after the reporting period we released the Brady Heywood report into the Callide Unit C4 incident and the HartzEPM investigation report into the Callide Unit C3 partial cooling tower collapse, alongside our response plan to build a safer, better CS Energy.

The management and Board of CS Energy accept the report's findings that our process safety management systems were not where they needed to be.

Since the Unit C4 incident in 2021 we have progressively improved safety for our people and plant, both at Callide and our other assets across the state. We have addressed the technical causes of the incident and reinvigorated our process safety improvement program. We have uplifted our process safety capability, including a new role of Head of Process Safety and site-based process safety roles.

We have also focused on driving down our maintenance backlog (with a focus on safety critical and statutory maintenance).

The investigation into the C3 cooling tower incident in 2022 concluded that the root cause of the partial collapse was unfavourable water chemistry, with other contributing factors being the original design and construction.

We are committed to learning from these events and giving our people better systems and tools so that they can do their jobs safely. Our response plan summarises actions to date and planned improvements in how we manage safety critical systems, management of change, and operational decision making, backed by investment in knowledge and systems integration, governance and assurance, and people and culture.

Operational performance

There was an unprecedented level of activity at Callide C Power Station this year as the project to rebuild its two cooling towers ramped up. The rebuild of the Callide C cooling towers has been a unique and complex project. These are large structures – each tower is 200 metres long, almost six storeys high and nearly half an Olympic pool wide. Approximately 300 people worked on site on this project and a logistics specialist coordinated the movement of more than 1,000 tonnes of freight from all corners of the world.

CS Energy has worked closely with the administrators of IG Power to progress the safe return to service of the Callide C units. This included funding IG Power's share of the Callide Cooling Tower Rebuild Project during the most critical part of the works program.

CS Energy made a significant investment in our generation fleet in FY2024 to improve portfolio availability and support the safe return to service of the Callide C generating units. Our FY2024 portfolio availability of 67.3 per cent was an improvement on the year prior (2023: 60.6 per cent) but was slightly below our target of 69.5 per cent. The result was largely due to the unavailability of Callide C Unit C3, which returned to service in April 2024, and Callide Unit C4, which remained offline this financial year.

We met our key environment target of zero Significant Environmental Incidents, which are incidents that have a significant impact on the environment or result in enforcement action by a regulator. An independent surveillance audit of our Environmental Management System this year confirmed that we continue to meet the international environmental standard ISO 14001:2015.

There was an **unprecedented level of activity** at Callide C Power Station this year as the project to rebuild its two cooling towers ramped up.

CS Energy's workforce increased by more than 130 people this year, which reflects our commitment to strengthening the organisation's asset management, digital technology and business support services capabilities, as well as our ongoing future energy projects.

During the year we conducted our inaugural audit for the Office of the Special Commissioner – Equity and Diversity and published an Equity and Diversity plan with our response to the findings. The audit analysed a range of workforce demographic data and used the Workplace Gender Equity Agency method of calculating the base salary Gender Pay Gap. Women in leadership, particularly senior positions, remains a key focus of the Inclusion Strategy and actions arising from the audit.

We also began implementing our Reflect Reconciliation Action Plan (RAP), which was developed in a co-design process with our employees. Our RAP demonstrates CS Energy's commitment to being an inclusive organisation and building a deeper connection with Aboriginal and Torres Strait Islander peoples.

Supporting Queensland's energy transformation

Grid-scale batteries are expected to play an increasingly important role in the National Electricity Market (NEM) because of their ability to rapidly respond to market requirements. Already this year we observed the emerging trend of batteries discharging in the morning and evening peaks, and charging up during the day when there is high solar generation output in the NEM.

In FY2024 we commissioned the Chinchilla Battery, and it commenced trading in the NEM in July 2024. This 100 MW/200 MWh grid-scale battery marks the first completed project at our Kogan Clean Energy Hub, setting a strong foundation for our future. It is also the first new project we have constructed and commissioned since Kogan Creek Power Station in 2007 – a huge milestone for our business and a credit to the many people who were involved.

Significant progress has been made on our second grid-scale battery at Greenbank in South East Queensland. Site mobilisation commenced in September 2023 and construction is well underway. The Greenbank Battery has a capacity of 200 MW/400 MWh and is located on Powerlink-owned land adjacent to the Greenbank Substation, which is a key element of the existing electricity network offering a connection into the South-East Queensland power grid.

In Central Queensland, we have secured the necessary approvals for our planned investments in the Boulder Creek and Lotus Creek wind farms. In a significant milestone, on 15 August 2024, the Queensland Premier announced that CS Energy had acquired the Lotus Creek Wind Farm from Copenhagen Infrastructure Partners.

Planning and development work is well advanced for CS Energy's proposed Brigalow Peaking Power Plant at the Kogan Clean Energy Hub. The fast-start, hydrogen-ready gas-fired power station will provide crucial firming capacity to support Queensland's transition to renewable energy. In FY2024 we signed an agreement with GE Vernova for the supply of key long lead time equipment for this project.

CS Energy recognises our responsibility to the communities and regions in which we operate, and we aim to deliver long-lasting benefits to those communities. One of the ways in which we will deliver on this commitment is by ongoing investment in our sponsorship program. This year we established a Community Benefit Fund to coincide with the development of the Greenbank Battery, and we will adopt a similar approach for our other new energy projects.

Our retail business for large commercial and industrial organisations continues to experience strong customer growth. We have extended our whole-of-government contract with the Queensland Government until 2028 and our other customers include mines, ports and universities.

Outlook and acknowledgements

CS Energy is preparing for the expected introduction of mandatory sustainability reporting in FY2026 and will continue to engage with our stakeholders as we mature our framework and capabilities in this area.

While the decarbonisation of Australia's electricity system will continue, the trajectory remains uncertain and volatile. CS Energy must be prepared to embrace any change in its strategy implementation and be agile in managing its ongoing operations in a commercially responsible manner. Our goal is for the business to adapt and thrive in the energy landscape of the future, while supporting energy security and affordability for Queenslanders.

In closing, thank you to our Chair, Adam Aspinall, and our directors for your leadership and advice during the year. I would also like to thank our shareholding Ministers for your continued support for the business.

Finally, I extend my sincere thanks to CS Energy's employees for your hard work, resilience and sustained commitment to the business over what has been a challenging period. That CS Energy is in a position to create a safe and sustainable future is testament to the contribution that all of you have made.

Darren Busine
Chief Executive Officer

Key performance indicators

Each year, CS Energy prepares a Statement of Corporate Intent (SCI), which outlines our strategies, objectives and targets for the financial year ahead.

The SCI is CS Energy's formal performance agreement with our shareholding Ministers and is tabled in the Queensland Parliament each year with the corresponding annual report.

CS Energy's progress against the key targets in our FY2024 SCI is summarised in the table below.

Summary of performance against FY2024 targets

Measure	FY2024 target	FY2024 actual	Results commentary
Significant incident frequency rate	13	4.66	Page 20
Total recordable injury frequency rate	5	4.19	Page 20
Significant environmental incident	0	0	Page 22
Process safety (%)	100	75	Page 21
Equivalent forced outage factor (%)	4.4	6.4	Page 29
Forced outage factor (%)	2.8	1.2	Page 29
Underlying EBITDA ($M)	346.2	(26.6)	Page 31
Future energy investment decisions (%)	≥ 80	92	Page 38
Social performance (%)	≥ 80	80	Page 35

Notes and definitions:

Significant incident frequency rate: The number of Category 3 and 4 incidents relating to health and safety, and process safety in a defined period, multiplied by one million, then divided by total hours worked in that period. This is expressed as a 12-month rolling average.

Total recordable injury frequency rate: The number of medical treatment injuries, restricted work cases and lost time injuries in a defined period, multiplied by one million, then divided by the number of hours worked in that period. This is expressed as a 12-month rolling average.

Significant environmental incident: An incident that causes significant environmental harm or results in enforcement action by the regulator..

Process safety: CS Energy's process safety metric evaluates our performance against four key measures: overdue high-risk operational risk assessments, open plant modifications, overdue priority safety critical work, and overdue statutory preventative maintenance. We successfully met three out of the four targets, resulting in an end-of-year performance of 75 per cent (three out of four targets achieved) against our overall goal of 100 per cent (all four targets achieved).

However, we did not meet the targeted reduction in open plant modifications, despite a downward trend. This shortfall was due to two main factors:

1. The revised return-to-service date for Callide Unit C4 prevented the closure of many modifications as the unit needed to be operational to allow full testing of the modifications.
2. There were more new plant modifications created during the year than anticipated. This was due to the significant program of work at the Callide site and more widespread use of the modification system.

Equivalent forced outage factor: The fraction of a given operating period in which a generating unit is not available due to forced outages and partial load reductions (deratings).

Forced outage factor: The fraction of a given period in which a generating unit is not available due to a forced outage, where a forced outage is defined as an outage that could not have been reasonably delayed by 48 hours from identification of the problem. This applies to full outages only and does not include any partial load reductions (deratings).

Underlying EBITDA: Underlying earnings before interest, tax depreciation and amortisation.

Future energy investment decisions: A multi-criteria assessment that monitors the capacity in CS Energy's project pipeline, linked to a gate in CS Energy's internal investment framework and the development progress of projects that have reached final investment decision in prior years.

Social performance: A qualitative metric assessed against a range of criteria including, but not limited to, community grants, engagement, relationships, proactive management of potential issues and ensuring stakeholders are informed.

Sustainability

As an energy business and a major regional employer, CS Energy acknowledges the importance of sustainability and Environmental, Social and Governance (ESG) considerations. CS Energy's FY2024 SCI included a preliminary assessment of our material topics, and a range of ESG initiatives are in place and monitored across the business. Our progress on these is detailed throughout this report and summarised in the table below:

Area	Material topic	Location in this report
Human capital	Health and safety	**Pages 20–21**
	Human capital development	**Pages 24–27**
	Employee engagement, diversity and inclusion	**Pages 24–27**
Climate	Opportunities in renewable energy	**Pages 30, 38–40**
	Emissions intensity	**Page 23**
Natural capital	Toxic emissions and waste	**Pages 22–23**
	Water stress	**Pages 22–23**
Social welfare	Community relations	**Pages 35–37**
Business ethics and governance	Financial risk management	**Page 31**
	Governance	**Pages 41–49**
	Privacy and data security	**Pages 28 and 43**

In preparing for mandatory reporting in FY2026, we will continue implementing our ESG roadmap and further integrate this within our corporate strategy, aligning it to our decision-making practices and how we operate our business.

As part of maturing our sustainability and ESG framework, we will consider risks and opportunities through two lenses:

1. **Physical risks and opportunities** for our people, planet and portfolio that result from climatic events including, but not limited to, wildfires, storms and floods; and
2. **Transition risks and opportunities** as our portfolio, and Queensland's energy system, decarbonises, in line with the QEJP.

We will continue to engage with our employees, shareholding Ministers, customers, communities, and other stakeholders as we progress in delivering our roadmap to mature our sustainability and ESG frameworks, and prepare for mandatory reporting.

Our strategic priorities

CS Energy's purpose-led strategy guides our transformation from a baseload thermal generator into a diversified energy business.

Our strategy is centred around three strategic priorities: *Master the fundamentals; Navigate the transformation;* and *Enable our future.* These priorities, in conjunction with the Queensland Energy and Jobs Plan (QEJP), provide the business with a clear direction in Queensland's energy transformation.

The QEJP sets a clear path for industry and Queenslanders on the journey to achieve 70 per cent renewables by 2032 and 80 per cent renewables by 2035 through a clean energy economy, empowered households and businesses, and secure jobs and communities.

Importantly, our strategic priorities acknowledge the role our coal-fired power stations have in firming security of supply in the energy transition and progressively transforming into clean energy hubs.

Strategic priority	Focus areas
 **Master the fundamentals**	**We strive to operate a safe, compliant business that is proactive and addresses obstacles to ensure our business has strong foundations.** • Safe to run every day. Protect people, the environment and our assets. • Ensure we have the right technology, systems, processes and tools for the job. • Build an inclusive and diverse culture where innovation thrives. • Comply with our obligations to deliver what is expected of us.
 **Navigate the transformation**	**We take an adaptive approach to navigating the energy transformation, prioritising activities that maintain our viability and create a competitive position.** • Invest in, and maintain, our existing assets to support the energy transformation. • Maintain a commercial business to support future investments. • Transform our existing power station sites to integrated future energy hubs. • Work with our people, stakeholders and communities to share the benefits of the energy transformation. • Grow our service and product offering to deliver on our customers' needs.
 **Enable our future**	**To have a sustainable business longer term, our portfolio requires decarbonising and new revenue streams must be created.** • Invest in renewables, lower emission technology and large-scale storage. • Expand our retail business. • Develop a domestic and export hydrogen business.

CS Energy has made significant progress in our diversification journey in areas such as renewable energy offtakes, large-scale batteries, renewable hydrogen and electric vehicle charging. We have begun investing in the skills and capabilities to position our workforce to play a leading role in delivering the QEJP.

The Queensland Government's $4.5 billion Queensland Renewable Energy and Hydrogen Jobs Fund allows energy government-owned corporations to increase ownership of commercial renewable energy and hydrogen projects, as well as supporting infrastructure, including in partnership with the private sector.

CS Energy has already received funding support for a range of investment opportunities which will diversify our portfolio further, increase our revenue and create new jobs.

We will continue to engage with the Queensland Government as further opportunities arise. This will assist in providing our existing employees with new career pathways into renewable energy, storage and hydrogen, where this is their preference.

Callide C Power Station

In FY2024 we returned the first of Callide C's generating units to service and continued our program of improvements in response to learnings from the Unit C4 incident.

Callide C is comprised of two generating units – Unit C3 and Unit C4 and has a combined capacity of almost 850 MW.

Callide C recovery accelerates

CS Energy returned Callide Unit C3 to service in April 2024 following the construction of its new cooling tower. This was a significant milestone in returning Callide C, and our portfolio, to its full capacity.

Callide C3 had been offline since October 2022 when a partial structural collapse occurred on its cooling tower. The decision was made to rebuild both the C3 and C4 cooling towers following inspections and advice by independent engineering experts (as both towers were of the same design and age).

Construction of the new C3 cooling tower commenced in the first quarter of FY2024 following the demolition of its old cooling tower. The new tower became operational in March 2024 and the unit was brought back online on 1 April 2024 following a thorough recommissioning process.

At Unit C4, the old C4 cooling tower was demolished in the first half of FY2024 and construction of its new cooling tower was significantly progressed during the reporting period. The new generator, turbine and other replacement components installed after the May 2021 Unit C4 incident were placed in preservation mode while these works were underway.

The unit is forecast to return to service in early FY2025. The recommissioning program for Unit C4 will include a series of detailed tests and quality assurance checks to ensure the new and replaced equipment works seamlessly with the balance of plant. This will include testing the unit at different loads and a series of turbine tests where the unit will be taken offline before safely restarting.

These have been complex and challenging projects, and we thank the dedicated team of employees and contractors who have worked to safely return this power station to service.

Building a safer and better CS Energy

After the reporting period, CS Energy released the Brady Heywood Report into the Unit C4 incident and the HartzEPM investigation report into the Unit C3 partial cooling tower collapse. We released these reports on 17 July 2024 alongside our response plan to bolster the safety, reliability and resilience of our operations. This followed CS Energy releasing a draft of the Brady Heywood report in June 2024.

The Brady Heywood investigation into the causes of the Unit C4 incident was undertaken in two parts – a technical investigation and an organisational investigation. The technical investigation found that the initiating event for the incident was the switching sequence to bring a replacement battery charger into service for Unit C4. During the switching sequence, there was a collapse in Unit C4's direct current (DC) system, followed by the complete loss of alternating current (AC) and DC power supplies (which were unable to be recovered) resulting in the catastrophic failure of the unit.

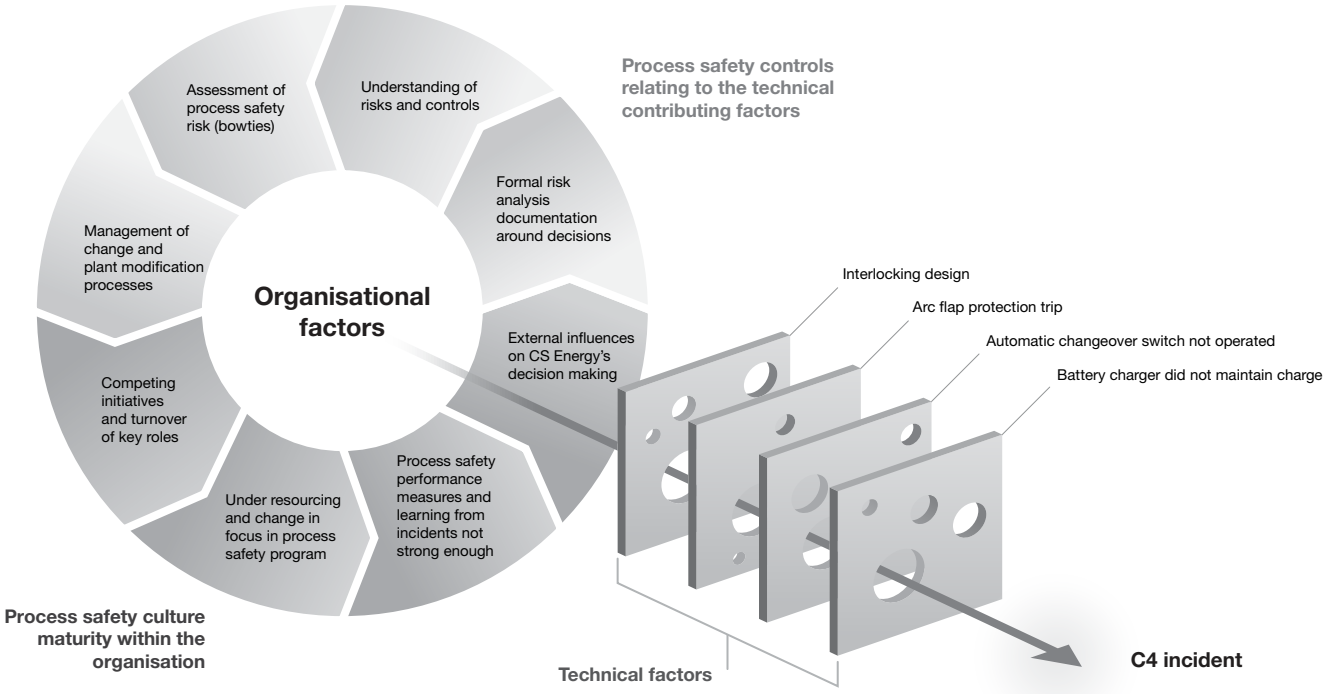
The Brady Heywood report identified **four technical causes** of the incident:

- **Switching with Unit C4 online without battery redundancy.**
- The **Unit C4 battery charger** failing to maintain voltage in the DC system.
- **Loss of AC and DC supply** to the unit – the DC voltage collapse in C4 directly led to the loss of AC supply to the unit. This occurred because Unit C4's arc flap protection responded as if a fault had occurred in the unit's AC system. Despite no fault actually occurring, the arc flap protection activated and disconnected C4's AC supply. The loss of AC supply then caused the battery charger, which was the sole source of supply to the DC system, to shut down, leading to the complete loss of DC supply to C4.
- The Unit C4 **automatic changeover switch (ACS)** was inoperable on the day of the incident and unable to recover the voltage in the DC system.

New C3 cooling tower in operation.

New C4 cooling tower construction as of end of June 2024.

Brady Heywood key findings



This diagram uses the Swiss cheese model of accident causation to illustrate key contributors to the Unit C4 incident.

Brady Heywood's technical findings were consistent with CS Energy's technical investigation report, which we released in February 2024. Our report summarised our understanding of what happened on Unit C4 and the improvement actions we have taken since the incident.

The Brady Heywood report found that more effective process safety practices could have assisted CS Energy in identifying and managing the risks associated with bringing the C4 battery charger into service, with no redundancy or backup to the DC system, and with the unit online. It also noted the unusual manner of the DC voltage collapse and that it was highly unlikely that CS Energy could have anticipated that a DC voltage system collapse would result in arc flap protection operating and the loss of AC supply to C4.

Other factors were a significant turnover of key roles, lack of resources and funding for the critical risk program, and issues with key systems and processes such as management of change.

The HartzEPM report concluded that unfavourable water chemistry was the root cause of the partial collapse of the Unit C3 cooling tower. Other contributing factors were the degraded condition of the structure, and difficulties accessing sections of the tower to carry out inspections, maintenance and repairs.

CS Energy has continued to take action since the two incidents to progressively improve safety for our people and plant at Callide and our other assets across the state.

Our response plan summarised our actions to date, as well as those underway, to build a safer, better CS Energy. It focuses on making improvements in how we manage safety critical systems, management of change, and operational decision making, backed by investment in our knowledge, systems, governance and assurance, and people and culture.

The plan sets out how we will improve our capability to assess, mitigate and control the process safety risks inherent in owning and operating power generation assets. An Independent Advisory Group, comprising leading experts in process safety and organisational design, will advise and support us in executing and updating the response plan. Two special advisors appointed by the Queensland Government will also support us in this work

In addition to regularly reviewing our response plan, we will report annually on our progress in our annual report and on our website.

The Brady Heywood report, HartzEPM report, CS Energy's technical investigation report and our response plan for building a safer, better CS Energy are available on our website at **www.csenergy.com.au** in the Reports and Publications section.

Callide C Power Station (continued)

We will improve the safety and reliability of our business by focusing on:

Safety critical systems	Management of change	Operational decision making
Outcome 1	**Outcome 2**	**Outcome 3**
We understand our hazards and how to manage them	We identify and manage process safety risks arising from change processes	Our process safety decisions are informed and properly documented

Focus area 1	Focus area 2	Focus area 3	Focus area 4	Focus area 5	Focus area 6	Focus area 7
Bowties for our assets are built and owned by site teams which clearly visualise our risks and controls	Bowties are widely used to better understand our risks and controls	Safety Critical Equipment (SCE) is clearly designated and managed	Management of change processes are integrated with permit to work system, ensuring process safety risks are known and managed	We risk assess changes to resourcing, processes, and procedures	We use standardised and thorough processes for process safety decision-making and document our decisions	We learn and improve from incidents and peer reviews

Knowledge and systems Integration	Governance and assurance	People and culture
We capture, organise and store knowledge so that it is accessible and helps our employees make informed decisions. Our systems facilitate the seamless exchange and sharing of knowledge and information.	We monitor and check work and prioritise improvement opportunities to be safer. We test the robustness of our systems, procedures, and controls against good industry practice. We are accountable.	We use our systems and processes to identify potential failures before they occur. We foster a culture of learning from mistakes and encourage people at all levels to speak up, share knowledge and contribute to decision making processes.

IG Power administration

CS Energy (through our subsidiary Callide Energy Pty Ltd) owns Callide C in a joint venture (JV) with IG Power (Callide) Ltd and operates Callide C on behalf of the JV.

Voluntary administrators were appointed to IG Power in March 2023. IG Power's ultimate shareholders are Sev.en and China Huaneng Group.

CS Energy has worked closely with the administrators of IG Power to progress the safe return to service of the Callide C units. This included funding IG Power's share of the Callide Cooling Tower Rebuild Project during the most critical part of the works program in FY2024.

In January 2024, the Federal Court appointed special purpose administrators to IG Power. On 27 June 2024, the Federal Court appointed the special purpose administrators as the only administrators of IG Power (replacing the general purpose administrators appointed in March 2023).

CS Energy (through Callide Energy) is continuing to consider a potential acquisition of the 50 per cent interest in Callide C owned by IG Power. Having Callide C's full capacity publicly-owned through the energy transformation would help Queensland effectively manage its power generation until new replacement capacity from renewables, firming and storage is available.

The Australian Competition and Consumer Commission announced in May 2024 that it would not oppose a proposed acquisition by CS Energy of the other 50 per cent interest in Callide C.

AER investigation

On 9 February 2024, the AER instituted civil proceedings in the Federal Court of Australia against Callide Power Trading Pty Ltd (CPT).

CPT is the registered market participant for Callide C under the National Electricity Rules and is 50 per cent owned by IG Power (Callide) Ltd and 50 per cent owned by CS Energy subsidiary Callide Energy Pty Ltd.

The AER's proceedings allege two contraventions of the National Electricity Rules in relation to CPT's compliance with the Callide C4 Generator Performance Standards in connection with the catastrophic failure of that generator on 25 May 2021.

CS Energy is advised that CPT is engaging with the AER to resolve that matter as soon as possible.

Master the fundamentals

Health, safety and environment

Focus area:

- Safe to run every day. Protect people, the environment and our assets.

Personal safety

CS Energy's number one priority is ensuring that everyone at our sites returns home safely at the end of their workday. Our health and safety strategy aims to create an open and engaged organisation – this means people care for themselves and each other and continually learn from mistakes and successes.

This year our priorities were improving our safety performance and managing risks in health and wellbeing, significant incidents, and risk exposures including asbestos.

A key focus was completing a risk review for our nine Significant Injury or Fatality (SIF) exposures. This involved taking a 'deep dive' into each of the risks, learning from workplace representative subject matter experts and developing actions to improve processes, and health and safety for workers exposed to these risks.

Our key lag indicators are Total Recordable Injury Frequency Rate and Significant Incident Frequency Rate. We achieved our targets for both of these safety metrics in FY2024, against a background of a significant program of works at Callide C and new firming assets under construction. With a similar amount of exposure hours, total number of recordable injuries was down from the previous year.

Workplace Health and Safety Queensland (WHSQ) undertook its third annual safety audit at the Callide Power Station. Ten improvement notices were issued, all of which are closed out.

Safety lag indicators

Metric	FY2024 target	FY2024 actual	FY2023 actual
Total Recordable Injury Frequency Rate	5	4.19	6.51
Significant Incident Frequency Rate	13	4.66	10.01

In October 2023, WHSQ attended Callide Power Station following the identification of asbestos containing material. Three Non-Disturbance Notices were placed on several locations across the site, which were lifted following the agreement of a remediation plan. The final improvement notice has also been closed out.

Dust and noise monitoring has been conducted at both Callide and Kogan during the year with no non-conformances identified.

Psychosocial Risk/Hazard Training was developed and delivered by e-learning to all employees, to ensure awareness of the legislative requirements to provide a mentally healthy workplace and to provide information on reporting methods for potential exposures.

Our Employee Assistance Program provides free, independent, confidential counselling for all employees and their families on work or personal issues. This was boosted this year by the addition of Bunyarra Wellbeing who have been providing wellbeing support at Callide and Kogan Creek power stations. This service consisted of regular visits for rapport building, and wellbeing engagements with the workforce and management.

CS Energy has taken the Queensland Government pledge to act against domestic and family violence. The pledge is part of our ongoing commitment to promote a culture that embraces inclusion and promotes our workforce's physical and psychological safety.

Our core health program aims to ensure our employees are healthy and free from disease through the promotion and implementation of information, screening and vaccination programs. In FY2024 this included skin checks, workplace and home-based ergonomic assessments, and participation in industry events promoting mental health and wellbeing.

In April 2024 CS Energy participated in a 10,000-step challenge to walk virtually between our sites – which equates to approximately 1,650,000 steps. More than 160 employees participated across 28 teams, with the winning team walking 2.75 laps of the circuit. The benefits of this program include improving physical as well as mental health.

This year our priorities were **improving our safety performance and managing risks** in health and wellbeing, significant incidents, and risk exposures including asbestos.

Process safety

Process safety is about understanding and managing the operational plant hazards that could lead to a catastrophic failure. CS Energy has put a program in place to drive process safety improvements, reduce operating risks and implement learnings from the Callide Unit C4 event, through:

- capital investment programs to improve process safety
- improvements in our plant modifications systems to improve ease of use and reporting
- targeted risk reviews
- targeted maintenance backlog reduction on critical equipment, and
- targeted reduction in plant modification backlog.

Our program of capital investments to make our power stations safer includes:

- Callide C back-up system upgrades to address the contributing factors of the Callide Unit C4 event to reduce the risk of re-occurrence
- New Callide C cooling towers
- Improvements to our coal plant and instrumentation located in hazardous areas
- Callide Unit B2 generator circuit breaker replacement to ensure reliability of this critical protection equipment, and
- Extensive overhaul and rebuild programs at Callide.

This work program incorporates learnings from our technical investigation into the Unit C4 incident and the Brady Heywood investigation (refer to Callide C Power Station section on page 16).

CS Energy's process safety metric evaluates our performance against four key measures: overdue high-risk operational risk assessments, open plant modifications, overdue priority safety critical work, and overdue statutory preventative maintenance.

We successfully met three out of the four targets, resulting in an end-of-year performance of 75 per cent (three out of four targets achieved) against our overall goal of 100 per cent (all four targets achieved).

However, we did not meet the targeted reduction in open plant modifications, despite a downward trend. This shortfall was due to two main factors:

1. The revised return-to-service date for Callide Unit C4 prevented the closure of many modifications as the unit needed to be operational to allow full testing of the modifications.
2. There were more new plant modifications created during the year than anticipated. This was due to the significant program of work at the Callide site and more widespread use of the modification system.

In FY2025, CS Energy will continue our journey to improved process safety through a refreshed Process Safety Improvement Plan, which is a key part of our response plan released with the Brady Heywood report on 17 July 2024.

Our goal is to continue to evolve our safety culture to become a High Reliability Organisation, which is an organisation that avoids serious safety events, despite operating in a hazardous environment. To help get us there, an Independent Advisory Group (IAG) comprising external experts in safety risk, process safety and organisational design has been established.

The IAG will guide and support us in developing and implementing a plan that clearly outlines milestones for transforming CS Energy into a High Reliability Organisation. The group reports directly to the Chief Executive Officer, with direct access to the Board.

This plan has been developed following an external gap analysis and includes significant investment in our systems and people.

The program will be led by our operations team supported by a dedicated team of external experts. The program will be focused on:

- increased risk identification through bowtie assessments
- improved technical integrity of safety critical equipment
- better process safety competence, and
- uplifting our Process Safety Management Framework and Governance.

CS Energy has put a program in place to drive **process safety improvements, reduce operating risks and implement learnings** from the Callide Unit C4 event.

Health, safety and environment (continued)

Proactively managing our environmental impact

CS Energy is committed to operating with genuine care for the environment, actively engaging with our stakeholders and innovating as we transition to a cleaner energy future.

We use an environmental management system (EMS) that meets the international environmental standard ISO 14001:2015. The EMS is a framework that allows us to assess our environmental performance against corporate responsibilities, environmental licenses and other legal requirements.

An independent surveillance audit of our EMS this year confirmed we continue to meet the ISO 14001:2015 standard. A full recertification audit is scheduled for FY2025.

Our primary environment target is zero Significant Environmental Incidents, which are incidents that have a significant impact on the environment or result in enforcement action by a regulator. We achieved this target in FY2024.

During the year, water levels in our site ash dams remained below the trigger levels for reporting to the Department of Environment, Science and Innovation (DESI).

At our Kogan Creek operations, we explored beneficial re-use options for mine affected water contained in a mining void at the Kogan Creek Mine. Transfer of the water from the mine to the Kogan Creek Power Station was identified as one potential re-use option for the water. The power station requires water to operate and re-using the mine affected water in this way will reduce the power station's reliance on groundwater currently extracted from underground aquifers. This aligns with our objective to minimise environmental harm and continually improve environmental performance. Engagement with DESI to amend our environmental authority to support this work has commenced.

Environmental activities at Callide focused on optimising the performance of seepage recovery infrastructure associated with the waste containment facility. Work completed during the year saw the availability of the seepage recovery system reach an annual average of 92 per cent.

Before: rehabilitation at In Pit Ash Cell 2 at the Kogan Creek Mine.

After: three months post rehabilitation. We will continue monitoring the rehabilitated areas to determine grass coverage and overall success of the program.

A broader seepage recovery system improvement plan for Callide was developed and includes long term actions such as development of a numerical groundwater model and an ash deposition density study. These actions aim to improve our understanding of conditions beneath the waste containment facility.

Final rehabilitation and land use planning activities at Callide and Kogan Creek power stations continued. A final land use and rehabilitation framework for Callide is well developed.

At the Kogan Creek Mine, approximately 29 hectares of batter slopes at In Pit Ash Cell 2 were rehabilitated during the year. Monitoring of this rehabilitation will continue to ensure rehabilitation objectives are met.

CS Energy operates and maintains our power stations to ensure they remain within their emissions limits and support reliability of electricity supply for consumers. We report our emissions annually to the Australian Government through the Clean Energy Regulator and National Pollutant Inventory, and they are publicly available on their websites.

FY2024 Greenhouse gas emissions – CS Energy owned sites

Site	Electricity production[3] (MWh)	Scope 1 emissions (tCO2-e)[1]	Greenhouse gas emissions intensity per Electricity Production (tCO2-e/MWh)[4]
Kogan Creek Power Station	5,478,000	4,520,000	0.83
Callide B Power Station	4,273,000	4,004,000	0.94
Callide C Power Station[2]	391,000	338,000	0.86

1 National Greenhouse and Energy Reporting (NGER) Scope 1 emissions only. Preliminary data. CS Energy will submit its finalised NGER electricity production and emissions data to the Clean Energy Regulator in October 2024.

2 CS Energy owns Callide C in a 50/50 joint venture with IG Power. Emissions data shown is 50 per cent of Callide C emissions.

3 Electricity production is based on total generation, including electricity used by the facility.

4 Emissions intensity is defined as reported scope 1 emissions divided by reported electricity production.

Cultural heritage

We have maintained our Cultural Heritage Agreement with the Barunggam people, who are the traditional owners for the land on which Kogan Creek Power Station is located. The agreement sets out cultural heritage management practices, including consultation with traditional owners.

This year we conducted archaeological surveys and salvage activities at the Kogan Creek Mine, ash cells and nearby projects in the Kogan Clean Energy Hub. CS Energy and traditional owners also worked collaboratively to implement the actions agreed to protect significant cultural heritage items located in areas to be mined. CS Energy agreed to preserve the items in place, salvage items for their later return to country, or relocate the items to other areas on-country. Significant work was completed during the year to deliver on these agreements, and this work will continue.

Since early 2024, CS Energy has been in contact with the Gaangalu people to reinvigorate a relationship with the party, who hold Native Title over the Callide Power Station and surrounding area. Meetings and a site visit were held. These interactions allowed CS Energy to understand the Gaangalu people's process for engagement. CS Energy also used the opportunity to discuss our plans for the Callide site and its transition to a clean energy hub. Our relationship with the Gaangalu people is progressing well, and field activities near the Callide Power Station are expected to commence later in 2024. These field activities will support the development of new assets in line with the Callide Clean Energy Hub vision.

Monitoring and remediating PFAS at Callide

CS Energy has been working since 2021 to manage impacts of the historical use of per-and poly-fluoroalkyl substances (PFAS) at Callide Power Station. PFAS 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.

Callide's use of PFAS was infrequent and in small quantities for training, testing and emergency response purposes. We removed firefighting foams containing non-compliant levels of PFAS in 2019 as part of a Queensland Government policy to phase out their use.

The health of the community and our employees is our priority. CS Energy is providing alternative drinking and domestic water support to 26 households that have returned at least one sample with PFAS results above the drinking water guidelines.

We have been working under an Environmental Evaluation (EE) issued by DESI. This year we provided our final submission to DESI and have been notified that EE submission has been accepted. This submission was extensive and included information on:

- results from more than 2,000 water, soil and sediment samples
- hydrogeological studies
- aquatic biota sampling of the local dam and creek, and
- soil and concrete remediation at PFAS source areas on site at Callide Power Station.

CS Energy has installed 11 new groundwater monitoring bores to enable further seepage recovery and minimise groundwater leaving site.

A Human Health and Ecological Risk Assessment (HHERA) is underway. A HHERA looks at the combined risks of exposure pathways (e.g. drinking water, bathing, eating food). It takes a holistic approach to understanding what the combined risk is. We expect a finalised report in FY2025.

The final HHERA will help us determine our ongoing monitoring plan.

Through the EE process we also have identified some key areas of work to be completed, which are:

- monitoring the flow of water containing PFAS coming onto site from the north of Callide Power Station
- installing additional seepage recovery pumps and bores in the south-eastern part of the site, and further soil, sediment, and water sampling in that area, and
- cleaning sediment out of the northern stormwater pond and improving seepage recovery at the neighbouring Callide A Power Station.

People

Focus area:

▸ Build an inclusive and diverse culture where innovation thrives.

Workforce profile

CS Energy employs 689 people (2023: 556) across three sites and a range of technical and professional occupations (as of 30 June 2024).

Our workforce has continued to increase, demonstrating our ongoing commitment to future energy projects and strengthening the organisation's asset management, digital technology and business support services capabilities.

We maintain separate enterprise agreements for each of our power stations and the Brisbane office. More than half of our employees are employed under enterprise agreements and the remainder are employed under alternative individual agreements, which are underpinned by an enterprise agreement. A small number of senior roles are covered by non-enterprise agreement arrangements.

During the year we negotiated on all three of the enterprise agreements for our sites. The Kogan Creek Energy Facility Enterprise Agreement 2023 (New Kogan EA) was lodged with the Fair Work Commission on 4 April 2024 after a successful vote by eligible employees. The New Kogan EA was approved by the Fair Work Commission on 22 April 2024.

We received In Principle Agreement (IPA) for the new Corporate EA, which nominally expired on 31 May 2023, on 13 May 2024. This will be formally approved and voted upon in early FY2025. We are also working towards IPA and the overall finalisation of the new Callide Power Station Enterprise Agreement 2024.

Culture, inclusion and diversity

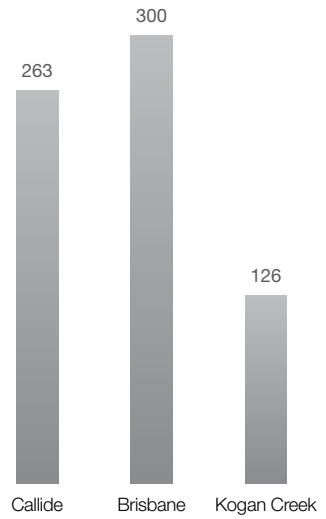
CS Energy is dedicated to driving an engaged workforce, where people feel committed and connected to the business. We survey our workforce bi-annually, with 81 per cent of our employees participating in the latest survey. Our Employee Engagement score in March 2024 was 60 per cent (2023: 56 per cent). Leaders with more than five direct reports each developed actions for their team to address the survey results. The next full engagement survey will be conducted in September 2024.

CS Energy is redeveloping our Inclusion Strategy, with a three-year focus on aligning our plans with the overarching enterprise strategy. Initiatives will aim to improve the composition of our workforce, namely the participation of women in senior leadership and roles not traditionally filled by women. There is also a focus on improving participation of First Nations peoples, people with a disability and those from a Culturally and Linguistically Diverse background.

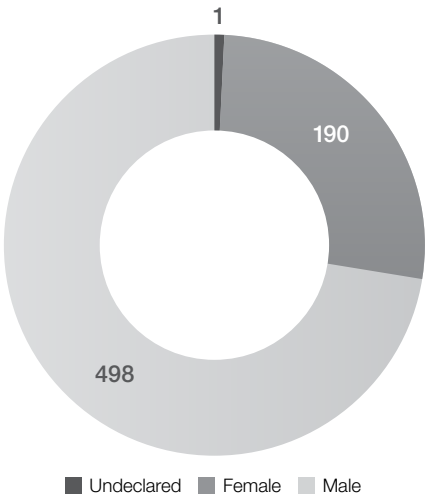
'We Care' training has been deployed to the business and encompasses unconscious bias, appropriate workplace behaviour and inclusive leadership. This highlights our commitment to creating an inclusive workplace where everyone feels safe, respected and valued.

CS Energy is building our internal capability through the creation of two bespoke leadership development programs. Powering Tomorrow's Leaders works to develop the frontline leadership skills of new and emerging leaders, with 21 participants in the

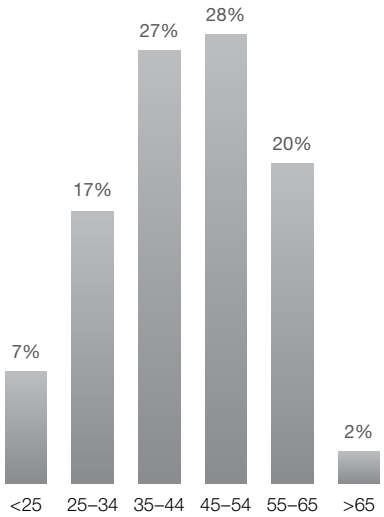
Workforce by location



Workforce by gender



Age profile of workforce



inaugural program. In addition, an Enterprise Leadership program has been launched and focuses on developing the skills of senior leaders across the business via coaching and individual support.

CS Energy has had gender pay parity for like-for-like roles since 2016 and we conduct annual reviews to maintain this standard using Hay market data and reference levels[1]. While our approach to calculate gender parity has been appropriate for our business historically, the Workplace Gender Equity Agency (WGEA) best practice approach suggests that there are opportunities for us to consider systemic factors that contribute to gender pay inequality in the workplace. These include occupational segregation and under-representation in leadership.

1 These calculations are performed on those employees on an Alternative Individual Agreement (AIA) and Common Law Contract (CLC). Gender Parity assessments are not performed on Enterprise Agreement (EA) employees, on the assumption that these workers are remunerated in accordance with the obligations outlined in the three separate EAs.

This year we conducted our inaugural audit for the Office of the Special Commissioner – Equity and Diversity and published an Equity and Diversity plan with our response to the findings. The audit analysed a range of workforce demographic data and used the WGEA method of calculating the base salary Gender Pay Gap. Further analysis is currently underway to determine our overall Gender Pay Gap and we will aim to address this over the coming months. Women in leadership, particularly senior positions, remains a key focus of the Inclusion Strategy and actions arising from the audit.

CS Energy has continued to partner with Career Seekers, engaging two interns from a refugee background over the 2023-2024 summer period. One of the interns has remained in the business since then supporting critical projects in the Transformation division.

‘We Care’ training has been deployed to the business and encompasses **unconscious bias, appropriate workplace behaviour and inclusive leadership.**

29%

Leadership positions held by women

(2023: 28%)

15%

Employees from a Culturally or Linguistically Diverse background

(2023: 12%)

2%

Employees who identify as First Nations peoples

(2023: 1.4%)

People (continued)

Apprentices, trainees and graduates

CS Energy's apprenticeship, trainee, graduate and First Nations scholarship programs contribute to the talent pool of the energy industry and provide employment opportunities in the regions where we operate. We are committed to investing in the development of ambitious individuals seeking qualifications and hands-on experience in a trade, technical, or administrative discipline.

CS Energy has apprentices, trainees and graduates at all three of our sites (Brisbane, and Callide and Kogan Creek power stations) working in areas such engineering, customer and growth, digital and technology, mechanical fitting, electrical and instrumentation, warehousing and administration.

CS Energy's graduate program offers opportunities for graduates across various divisions and teams. The two-year program engages graduates in continuous development of competencies relevant to their discipline, with rotations through different teams and sites.

Five graduates joined CS Energy this year in fields covering engineering, technology, and customer and growth. Our graduates gain vital on-the-job skills and learn from industry experts during a time of industry transformation and innovation. The graduate program is designed to help graduates transition from university to working life, equipping them with the skills and experience needed to become accomplished professionals in their chosen fields. It supports CS Energy's goal of building a high-performing workforce and serves as a pipeline to attract talent.

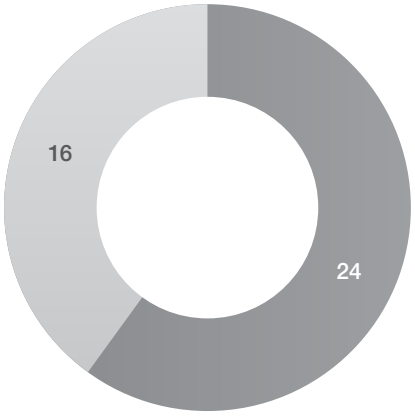
We provide vacation undergraduate student placement opportunities and work placements for people studying in fields related to the energy industry, partnering with organisations such as CareerSeekers.

Apprentices, trainees and graduates (at 30 June 2024)

Metric	Apprentice	Trainee	Graduate	Total
Callide Power Station	22	2	0	24
Kogan Creek Power Station	6	3	0	9
Brisbane Office	0	2	5	7
Total	28	7	5	40

CS Energy's graduate intake this year include Business Graduate Olivia Leighton and Future Energy and Analytics Graduate Metabha Wanninayaka.

Gender profile of apprentices, trainees and graduates



First Nations scholarship

The CS Energy First Nations Scholarships support First Nations students enrolled in an Undergraduate Bachelor's Degree in business, science, engineering or technology at the Queensland University of Technology (QUT). A joint initiative between CS Energy and the Oodgeroo Unit at QUT, the scholarships cover some of the costs associated with participants undertaking their study such as relocation, accommodation and the purchase of study materials.

Established in 2022, scholarships were initially worth $5,000. This year CS Energy committed to funding four scholarships per year worth $10,000 each for five years through to FY2029. In FY2024, scholarships were awarded to four students:

- Scholarship 1: a first-year student studying a Bachelor of IT and Business
- Scholarship 2: a second-year student studying a Bachelor of Communication and Business
- Scholarship 3: a third-year student studying a Bachelor of Engineering (Honours)
- Scholarship 4: a third-year student studying a Bachelor of Engineering (Honours).

Supporting power station workers through the energy transformation

In April 2024, the Queensland Parliament passed the *Energy (Renewable Transformation and Jobs) Act 2024,* which enshrined in law key commitments from the Queensland Energy and Jobs Plan (QEJP). This included a Job Security Guarantee and Fund, ensuring affected energy workers at existing publicly owned power stations and associated coal mines have access to new jobs and training or financial assistance during the transition.

CS Energy, along with other Government Owned energy companies, unions and the Queensland Government, is a signatory to the *Queensland Energy Workers' Charter,* which creates an enduring framework and sets out principles and actions to support workers.

CS Energy representatives regularly attend meetings of the government's Energy Industry Council to contribute to the design of support mechanisms and operational aspects of the QEJP. Representatives from the Department of Energy and Climate held town hall meetings at Callide and Kogan Creek power stations to provide workers with an update on transition programs.

Through the Callide Futures Group, we have been working with our employees and the relevant unions to plan for the energy transformation at Callide B Power Station. The group is comprised of approximately 20 members representing unions, workers, and management and is assessing how to best support the workforce at Callide B as it is progressively converted into a clean energy hub in line with the QEJP. A Callide Transformation Business Partner position has been created to help design pathways for workers that best meet their personal circumstances.

CS Energy has launched a development program named 'Amplify' to build the capability of our workers in new and emerging electricity generation technology including hydrogen, wind, pumped hydro, battery and solar. Employees have attended a variety of development programs in hydrogen and battery energy storage systems as new assets are introduced into the CS Energy portfolio. Refer to page 30 for more information on how we are building clean energy hubs at our sites.

CS Energy has launched a development program named 'Amplify' to build the capability of our workers in new and emerging electricity generation technology.

Manage our risks and comply with our obligations

Focus areas:

- Ensure we have the right technology, systems, processes and tools for the job.
- Comply with our obligations to deliver what's expected of us.

Cybersecurity

CS Energy collaborates with a range of external partners to effectively monitor and respond to emerging cyber security threats. This year we continued our cyber security risk reduction program in alignment with strengthened cyber security frameworks in the energy sector at the national level and relevant legislation.

Our focus areas were embedding our operational cyber security managed services partner, securely integrating the Chinchilla Battery into our technology landscape, and achieving independently verified Security Profile 1 Version 2 against the Australian Energy Sector Cyber Security Framework (with a pathway towards Security Profile 2).

Employee training and awareness activities play an important role in our cyber security program, along with investing in the systems and tools that enable us to effectively manage our cyber risks. We also held a series of internal exercises and participated in the Australian Energy Market Operator's annual cyber security exercise for industry.

In FY2025 we will continue our investment in the capability uplift to manage our cyber security risk. Our program of risk reduction activities will incorporate assurance findings and recommendations, including those raised by the Queensland Audit Office, address shareholding Ministers' expectations on cyber security and continue to be measured against the Australian Energy Sector Cyber Security Framework and other leading cyber security maturity frameworks.

Security of Critical Infrastructure Act 2018

CS Energy is progressing a program of work to meet our obligations under the *Security of Critical Infrastructure Act 2018* (SOCI Act).

In FY2024 we updated CS Energy's Critical Infrastructure Risk Management Program and it has been approved by the Board. CS Energy has lodged our first annual report with the Department of Home Affairs.

Improving our permit to work processes

CS Energy is upgrading the current software systems that supports our Permit to Work (PTW) process. The PTW process is one of the foundations of safety on our sites and aims to provide all workers with safe access to plant and equipment containing hazardous energy sources.

We are upgrading to the e-Pas PTW system, which is a specialist PTW system and is used broadly within our industry and other heavy industries both in Australia and internationally. The benefits to the business through the deployment of ePAS is having a single contemporary PTW supporting system, and to futureproof the business for upcoming changes to the corporate enterprise systems.

The first stage of User Acceptance Testing (UAT) was conducted this year. In the year ahead, the project will complete the second stage of UAT and deploy the system at our operational sites.

Queensland Energy Class Action

CS Energy is defending a class action filed by a law firm and backed by litigation funders, which relates to historical electricity prices. We reject the claims being made and are strongly defending this class action.

CS Energy is one of two defendants in this class action – the other is Stanwell Corporation.

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 Australian Energy Regulator.

This has been, and will continue to be, a long and complex legal process.

CS Energy respects the Court process. As of 30 June 2024, the case was before the Court (the Federal Court of Australia) so it is not appropriate to comment further on the substance of the proceeding.

CS Energy collaborates with a range of external partners to effectively monitor and respond to emerging cyber security threats.

Navigate the transformation

Operating assets

Focus areas:

- Invest in, and maintain, our existing assets to support the energy transformation.
- Transform our existing sites into clean energy hubs.

Improving the reliability of our thermal generation assets

CS Energy's thermal generation sites are the coal-fired Callide B and Kogan Creek power stations, which we own, as well as the Callide C Power Station for which we hold a 50 per cent interest.

The Queensland Energy and Jobs Plan (QEJP) recognises that government owned coal-fired power stations will have a key role to play in the energy transformation, underpinning reliability and system security as more renewables and storage come online.

Our fleet of coal-fired power stations will help underpin the reliability in the NEM as it decarbonises. We will do this by:

- returning Callide Unit C4 to service in FY2025
- continuing to invest in our coal-fired power stations to ensure they provide the reliability needed by the system as the energy transformation progresses, and
- gradually repurposing our sites to become clean energy hubs that provide critical systems strength storage and firming services.

Our FY2024 portfolio availability of 67.3 per cent was an improvement on the year prior (2023: 60.6 per cent) but was slightly below our target of 69.5 per cent. Delays in the return to service for Callide units C3 and C4 were the main contributors to this below target performance, with C3 not returning until 1 April 2024, and C4 scheduled for early FY2025.

CS Energy has adopted Forced Outage Factor (FOF) and Equivalent Forced Outage Factor (EFOF) to measure how much time generating units are unavailable due to forced outages or de-ratings.

The FOF is the fraction of a given period in which a generating unit is not available due to a forced outage and applies to full outages only. Our forced outage factor for FY2024 was 1.2 (against a target of 2.8). This was an excellent result for full outages and reflects that rather than taking units completely offline (forced outage) faults were safely managed with unit de-ratings until repairs could be planned and implemented.

EFOF is the fraction of a given operating period in which a generating unit is not available due to forced outages and deratings. Our equivalent forced outage factor for FY2024 was 6.4 (against a target of 4.4). This demonstrates the higher impacts of unit de-ratings to manage plant issues. This was driven by several unplanned events, with an increase in partial outages at both Kogan and Callide B1.

Managing our coal supplies

Access to low cost, reliable and high-quality coal supplies is essential for the commercial operation of CS Energy's thermal generation portfolio.

CS Energy owns the Kogan Creek Mine which supplies approximately 2.5 million tonnes of black coal per year to the Kogan Creek Power Station. The mining services contract with Golding Contractors ensures the provision of low-cost coal and proper management of the resource.

Callide Power Station receives up to 5.8 million tonnes of black coal annually from the neighbouring Callide Mine, owned by Batchfire Resources. The coal is purchased under a long-term contract.

Operating assets (continued)

Construction and commissioning of the Chinchilla Battery was completed this year, and it began commercial operations in July 2024.

Creating clean energy hubs

Under the QEJP, all publicly owned coal-fired power stations will be operating as clean energy hubs by 2035. These sites will progressively be converted to clean energy hubs that provide critical system strength, storage, and firming services rather than coal-fired generation.

CS Energy is well advanced in creating a clean energy hub at Kogan Creek Power Station and has begun working with our people to develop a shared vision for the Callide Clean Energy Hub. These sites are in strong parts of the network and have strategic advantages such as highly skilled workers, grid connection, water allocations, available land and established community relationships.

Construction of the Chinchilla Battery was completed this year, and the project became operational in the market in July 2024. It is the first publicly owned, grid scale battery in Queensland and has provided flexible, fast-response capacity to our portfolio and employment opportunities for our people.

The newly formed Renewables and Firming Operations team oversees the day-to-day operations of the Chinchilla Battery. This team consists of new and existing employees and they will also operate and maintain the hub's second project, the Kogan Renewable Hydrogen Demonstration Plant, when it is completed in FY2025.

The third project planned for the Kogan Clean Energy Hub is the 400 MW Brigalow Peaking Power Plant. The fast-start, hydrogen-ready, gas peaking plant will provide crucial firming capacity to support Queensland's transition to renewable energy. The development of the plant is subject to our internal approvals and relevant external and Government approvals.

CS Energy is planning a coordinated regional clean energy hub that prioritises new firming and storage assets at the Callide Power Station site, supported by investment in solar and wind energy in the broader Central Queensland region.

During the year we worked with our people to create a vision for Callide's future that is the starting point for further study, investigation, and consultation. This included working with our people to develop a vision statement for the site. This vision recognises opportunities and security for the Biloela community, with people at the heart of the future Callide Clean Energy Hub. Following on from this co-design activity, we created a video that shows the potential assets and facilities that might be developed in the region.

For further information on how these activities support our portfolio renewal activities, please refer to the Enable our future section of this report on page 38.

Financial and market performance

Focus area:

- Maintain a commercial business to support future investments.

Financial overview

CS Energy made a significant investment in our generation fleet in FY2024 to improve portfolio availability and support the safe return to service of the Callide C generating units. Despite increased earnings and portfolio generation during the reporting period, CS Energy's Underlying EBITDA for FY2024 was a loss of $26.6 million (2023: $26.3 million gain), which was $52.9 million less than the previous year.

CS Energy entered into forward wholesale electricity contracts in prior periods to reduce the exposure to pool price volatility in FY2024.

CS Energy recorded a net loss after tax of $58.5 million (2023: $14.6 million net loss after tax). The primary drivers of this result were the asset impairments of $99.8 million for the Callide B cash generating unit (2023: $83.6 million asset impairment) and $10.5 million for the impairment of the work in progress balance for the Kogan Renewable Hydrogen Demonstration Plant (2023: $1.5 million). It also included a remeasurement of the Gladstone IPPA onerous contract as a $84 million provision increase (2023: $17 million provision decrease).

The asset impairments were predominantly due to cost pressures on these assets as we transition the business to a more diverse energy mix and continued investment to improve the reliability of our thermal fleet to ensure security of electricity supply.

Despite the underlying EBITDA result for the year, cash generated from operations for the year was a net inflow of $275.4 million (2023: net inflow of $22.5 million). This outcome was primarily a result of the unwind of the variation margin position for trades executed on the Australian Stock Exchange futures market. The corresponding payment is recorded as a repayment of debt referenced in the Capital Structure section below.

CS Energy has not provided for a dividend for the current financial year.

Key financial performance measures

	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000
Underlying EBITDA[1]	309,464	88,649	117,585	26,310	(26,614)
Underlying EBIT[1]	166,806	(18,866)	34,693	(95,392)	(151,871)
NPAT	(77,600)	(269,608)	(95,482)	(14,573)	(58,493)
Net cashflow from operating activities	306,994	(50,883)	(298,677)	22,482	275,391
Net cashflow for payments for property, plant and equipment	(137,818)	(85,749)	(95,763)	(277,332)	(396,973)
Net cashflow	23,547	(19,192)	(21,341)	43,830	164,841
Underlying interest cover[2] (times)	4.75	(0.59)	1.17	(2.13)	(7.38)

1 Underlying EBITDA and Underlying EBIT are non-IFRS measures used to provide greater understanding of the underlying business performance of the consolidated group.

2 Measure calculated using Underlying EBIT.

Financial and market performance (continued)

Capital Structure

CS Energy increased net borrowings by $154.7 million during the year to fund the significant capital works associated with returning Callide C to service, including the rebuild of its two cooling towers and investment in renewable energy assets including the Chinchilla and Greenbank batteries.

Callide Unit C3 was returned to service in April 2024 and Unit C4 is forecast to return to service in early FY2025. As at reporting date, CS Energy has not yet received material damage and business interruption insurance proceeds related to the Callide Unit C4 incident.

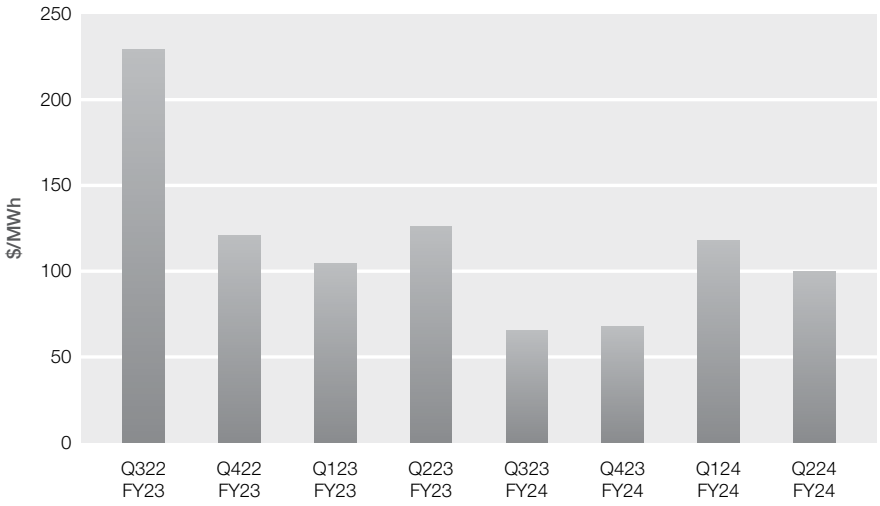
CS Energy repaid $277 million of debt during the year, predominantly towards the debt facility for margin call payments derivative transactions on the Australian futures market.

During the year, CS Energy received $181.5 million in equity funding through the Queensland Renewable Energy and Hydrogen Jobs Fund to support the construction of the Greenbank Battery and the Brigalow Peaking Power Plant, with these activities supporting the delivery of the QEJP.

Capital Investment

Throughout FY2024 CS Energy continued to focus on effective project delivery and cost discipline across the business. Cash payments for property, plant and equipment was $397.0 million for FY2024 (2023: $277.3 million). A total of $153.1 million was spent on Callide Unit C4 reinstatement works and the Callide C cooling towers rebuild and $192.5 million was invested in portfolio renewal including the Chinchilla and Greenbank batteries and the Brigalow Peaker Power Plant. This also included sustaining capital investments across all sites.

Average Queensland Spot Price Outcomes FY23 and FY24



Non-International Financial Reporting Standards Information

In addition to International Financial Reporting Standards (IFRS), the CS Energy Board of Directors looks at certain other non-IFRS financial measures to illustrate the underlying performance of the business. The non-IFRS financial measures are defined as follows:

- Underlying EBIT – Earnings before interest, tax, and significant items.
- Underlying EBITDA – Underlying EBIT before depreciation and amortisation.
- Underlying interest cover – Underlying EBIT divided by interest and finance charges.
- The non-IFRS financial measures have not been subjected to review or audit.

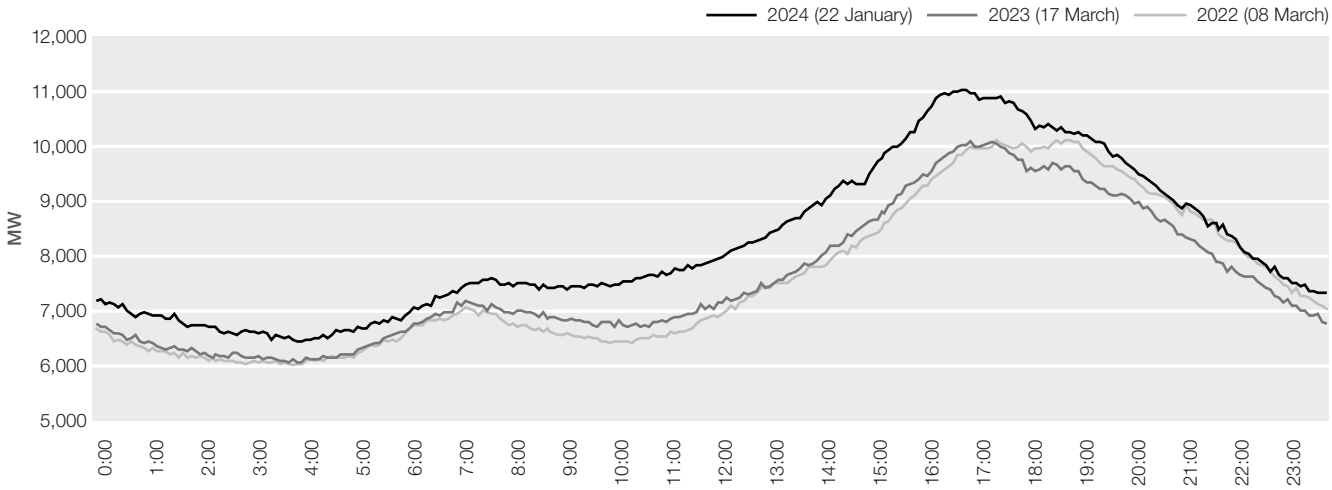
Market report

CS Energy sells electricity in the National Electricity Market (NEM) from the power stations we own and operate, and we have the trading rights for the Gladstone Power Station (in excess of what is supplied to the Boyne Island aluminium smelter). We manage plant and financial risk by balancing our presence in the wholesale spot and contract markets and provide a range of ancillary services to help maintain the stability of the grid.

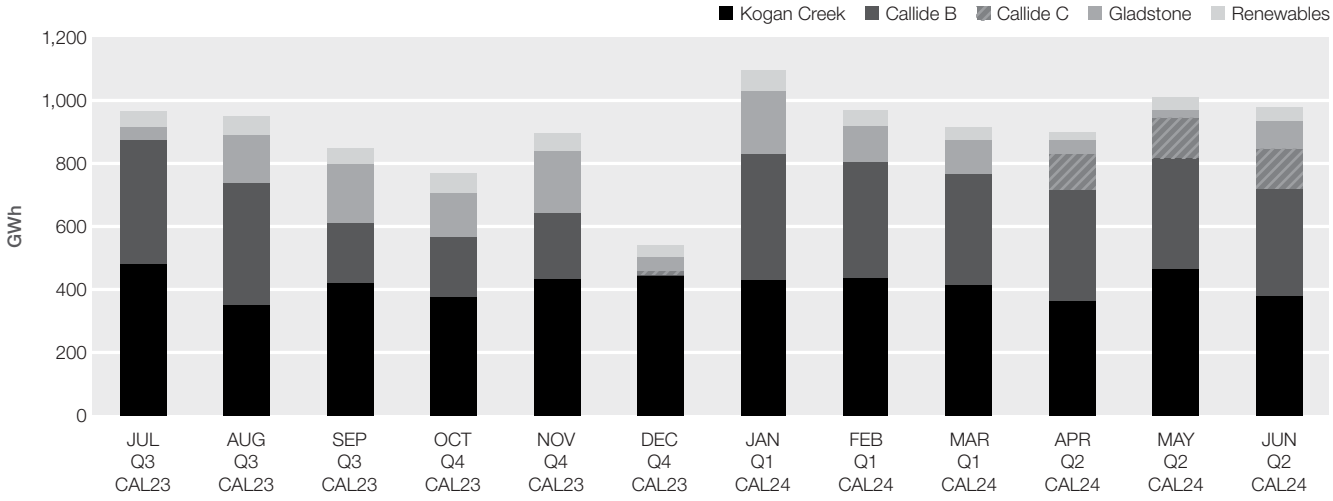
CS Energy operates in strict accordance with our obligations under the comprehensive rules and regulations associated with the NEM. We are committed to complying with all market, corporation and competition laws and regulations and we've dedicated substantial resources to ensuring we meet our obligations.

Queensland spot market prices for FY2024 settled at $87.80/MWh, which was $57.15/MWh (39 per cent) lower than the prior year. One of the key factors that eased prices was the state and federal government interventions in coal and gas markets, which capped the electricity costs for some key participants across the NEM. The coal price cap of $125/T ended on 30 June 2024, however the gas market cap of $12/GJ remains in place until 31 December 2025 for non-exempted parties.

Queensland maximum demand



CS Energy portfolio – GWh (sent out) per month



The reduction in wholesale prices was also due to strong wind energy production in winter 2023, and low midday demand in response to increased output from rooftop solar. This reduction in demand that occurs in the middle of the day when solar output is high creates challenges for traditional baseload plant as minimum loads fall. A new minimum demand record of 3,201 MW was set in September 2023.

Over the 2023-2024 summer, La Niña conditions saw heatwaves (with extremely high apparent temperatures) sweep Queensland and new demand records were consistently set over this period. The maximum demand for the summer and new Queensland system record of 11,036 MW occurred on 22 January 2024. Queensland demand is growing due to the population increase in Brisbane and other demand centres in South East Queensland.

During the April to June 2024 period, thermal plant availability in New South Wales was lower and there was an extended period of very low wind conditions across the NEM. This meant that the electricity market became highly reliant on gas generation, which in turn challenged gas production and storage in Victoria. While Queensland supplied both gas and electricity to the southern states, the higher prices in the spot market flowed through to forward market prices.

CS Energy plant performance improved at Kogan Creek and Callide B power stations this year, and Unit C3 at the joint venture owned Callide C returned to service in April 2024. In FY2024, CS Energy dispatched 9,221 gigawatt hours (GWh) of electricity in the NEM (2023: 8,607 GWh). While some periodic forced outages were required for maintenance, these were typically taken proactively to ensure high availability during the peak periods and, importantly, CS Energy ensured the market was well supplied over the critical summer period.

Financial and market performance (continued)

Throughout the year, **significant market design issues** were also brought forward for consultation and implementation as part of the reform agenda.

Policy and regulatory developments

Policy and regulatory reform in the Australian electricity and gas markets continued at pace in FY2024 with governments maintaining a strong role through actions at the national and jurisdictional levels.

At the national level, the Federal Government reiterated its commitment to achieving 82 per cent renewable energy generation by 2030 and net zero emissions reduction by 2050. Its cornerstone policy, the Capacity Investment Scheme, was significantly expanded, providing a revenue underwriting mechanism to unlock investment in renewable energy and dispatchable power. Foundational investment has been pledged to catalyse the green hydrogen industry and the development of net zero sectoral pathways is underway.

These initiatives are underpinned by a fundamental shift in energy market governance, with the explicit incorporation of emissions reduction into the National Energy Objectives. CS Energy is proactive in these reform processes, maintaining a voice in policy and regulatory developments by participating in relevant consultation processes and working groups, and through its membership of various industry bodies including the Australian Energy Council, Clean Energy Council and Australian Hydrogen Council.

At the jurisdictional level, governments have continued support for the transformation through state-based renewable energy targets and the establishment of Renewable Energy Zones (REZs) which will shape the future generation mix. In Queensland, the government strengthened its emissions reduction targets and legislated the framework for the QEJP, which sets out a blueprint for transforming the energy sector with an emphasis on new modes of operation, infrastructure development and workforce transition. Work on the development of REZs has commenced. CS Energy is engaged in this process.

Throughout the year, significant market design issues were also brought forward for consultation and implementation as part of the reform agenda, including a range of measures to ensure the security of the power system. October 2023 saw the establishment of a new Fast Frequency Response Market supported by a revised Frequency Operating Standard.

Mechanisms to value essential system services other than frequency control were considered with a new transitional mechanism set to be implemented to deliver system security throughout the energy transition while facilitating the trial of new capabilities to deliver these services. How to effectively and efficiently integrate consumer energy resources has also been a focus. CS Energy continued to take a proactive role in consultations and industry forums on market design issues.

Community

Focus area:

- Working with our people, stakeholders and communities to share the benefits of the energy transformation.

Building trust with our communities and stakeholders

CS Energy is proud of our partnerships with the communities in which we operate, and we are keen to create positive, long-lasting relationships with the communities that we are entering into with our new development projects.

We have been active in community and local industry groups such as the Toowoomba and Surat Basin Enterprise, and the Chinchilla Community Commerce and Industry association, and we participate in local events in the Western Downs and Banana Shires.

We held community information sessions in Greenbank to provide the community with an opportunity to speak with representatives from our project team, as well as representatives from Powerlink and Tesla, about the battery project that we are developing next to the Greenbank Substation.

Throughout the year, we continued to host industry, school and trade college delegations to our Kogan Creek site, where we are proud to showcase a mix of existing and emerging energy assets. These tours provide a behind-the-scenes look at power generation and help visitors understand what's involved in generating electricity. Our proud and enthusiastic employees are happy to share their knowledge and experience.

This was the second year we brought customers and stakeholders together as part of CS Energy's Stakeholder Advisory Council. The council includes a diverse range of members from organisations such as the Clean Energy Council, Energy Users Association, Toowoomba Surat Basin Enterprise, St Vincent de Paul, Queensland Government customers and the Callide community. The council has provided valuable feedback on a range of important issues, including CS Energy's ESG framework and support for vulnerable customers.

CS Energy commissioned Charlie Chambers Jnr, a Jarowair man from the Toowoomba, Dalby, and Bunya Mountains region, to create a piece of art for our first RAP.

Implementing our first Reconciliation Action Plan

We began implementing our Reflect Reconciliation Action Plan (RAP) this year, which was developed in a co-design process with our employees. Our RAP demonstrates CS Energy's commitment to being an inclusive organisation and building a deeper connection with Aboriginal and Torres Strait Islander peoples.

Our RAP Working Group governs the implementation of the RAP, and is comprised of four First Nations employees, two CS Energy QUT Indigenous Scholarships recipients and functional leaders in the business, led by the RAP Champion, our Executive General Manager Plant Operations Leigh Amos. Priority actions in our RAP include employing more First Nations people, increasing the diversity of our suppliers, building a culturally safe workplace and re-engaging with local traditional custodian groups.

This year we welcomed two business administration trainees in our Brisbane Office as part of CS Energy's inaugural First Nations traineeship program. The traineeships will empower First Nations jobseekers by providing them with the skills, knowledge, and experience needed to thrive in the workforce. Chinchilla-based First Nations business Mandana is mentoring the trainees and has provided cultural awareness training to CS Energy to build our understanding of how to effectively recruit and support First Nations jobseekers and staff.

We onboarded four new First Nations suppliers, with two more in the process of being onboarded, and we continued our commitment to supporting First Nations university students by providing scholarships through a partnership with the Queensland University of Technology. This year we increased both the number and value of these scholarships (refer to page 27 in the People section of this report for more information).

Community (continued)

CS Energy has included Sorry Business/ Sad News Cultural Leave into our Corporate Office Enterprise Agreement. This is a significant step for CS Energy to acknowledge the differences between non-Indigenous and Aboriginal and Torres Strait Islander Australians' perspectives on wellbeing, death and dying.

We have reinvigorated our relationship with the Gaangalu People who hold Native Title over the Callide Power Station and surrounding area. CS Energy met with members of the Gaangalu Board of Directors to discuss plans for the Callide site and its transition to a clean energy hub. CS Energy and the Gaangalu People are committed to establishing a Cultural Heritage Management Plan (CHMP).

At Kogan Creek, we have maintained our Cultural Heritage Management Agreement with the Barunggam Traditional Owners (refer to page 23 in the Health, Safety and Environment section of this report for more information).

Expanding our community investment programs

CS Energy provides sponsorships in the communities that surround Kogan Creek Power Station and Callide Power Station. Our sponsorships typically range from $1,000 to $20,000 and are awarded to projects that we believe will have a lasting, positive impact on the community. Since the program's inception in 2018, we have invested more than one million dollars in the local communities that host our operations.

This year we established a Community Benefit Fund to coincide with the development of the Greenbank Battery. Through the fund, $20,000 will be awarded annually to an individual applicant, or divided across several applications.

Our investments through these programs must align to at least one of our six investment areas of safety and environment; social and community development; education; culture and art; active and healthy communities; and Indigenous.

In FY2024, we provided $236,000 to 30 community groups in the Banana Shire, Western Downs and Greenbank.

To provide support to the Western Downs community impacted by bushfires at the end of 2023, we launched a fundraiser via GIVIT, with an initial donation of $5,000 followed by dollar matching all employee donations. We raised more than $12,000, which was used to purchase essential items and services – such as food, clothes and other household items – for the people who were affected.

Responsible procurement

CS Energy strives to work with local suppliers wherever possible, and those that are aligned with the values of our business. We support the Queensland Government's procurement objectives of using local content and ethical suppliers, and apply the *Queensland Government Procurement Policy and Best Practice Principles.* In FY2024, more than 80 per cent of CS Energy's procurement expenditure was with Queensland companies.

CS Energy is a reporting business under the Australian Government's *Modern Slavery Act 2018* and is committed to doing all that we can to prevent modern slavery in our business and supply chain. In our *Modern Slavery Statement 2023* we outlined the actions we have taken to assess and address our modern slavery risks. We approached all suppliers to maximise our understanding and relationships with our supply base. Our assessment of modern slavery risks in our supply chain continued to be considered as low and no instances of modern slavery concerns were reported to CS Energy.

We will submit our modern slavery statement for FY2024 to the Australian Government by the reporting deadline of 31 December 2024.

In FY2024, we provided $236,000 to **30 community groups** in the Banana Shire, Western Downs and Greenbank.

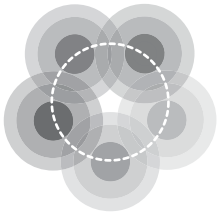
Continuing our commitment to the Energy Charter

CS Energy is a foundation signatory to the Energy Charter – a whole-of-sector initiative to achieve a more affordable, reliable and sustainable energy system for all Australians.

Businesses from across the energy supply chain have committed to the Energy Charter, to progress the culture and solutions required to deliver energy in line with community expectations.

Each year we report on our progress towards meeting our Energy Charter commitments by publishing a disclosure report in early October and by engaging with our stakeholders.

Our FY2024 Energy Charter Disclosure Report will be available on our website at **www.csenergy.com.au/community/the-energy-charter**



The Energy Charter

SIGNATORY

Enable our future

Portfolio renewal

Focus areas:

- Invest in renewables, lower emission technology and large-scale storage.
- Develop a domestic and export hydrogen business.
- Expand our retail business.
- Grow our service and product offering to deliver on our customers' needs.

Expanding our renewable energy and firming portfolio

CS Energy is investing in a range of power generation and energy storage technologies to support our customers' decarbonisation requirements and meet Queensland's future energy needs. Our goal is a more flexible and diversified portfolio comprising battery storage, renewable energy, green hydrogen, hydrogen-ready gas peaking plant and pumped storage hydro.

Grid-scale batteries are an ideal partner for renewables because they can store excess energy produced during sunny and windy periods for later use during the evening peak demand period. This year we accelerated our multi-battery strategy, commissioning the 100 MW/200 MWh Chinchilla Battery at our Kogan Clean Energy Hub and beginning construction of the 200 MW/400 MWh Greenbank Battery in South East Queensland. Both battery projects feature Tesla Megapack systems and use lithium iron phosphate (also known as lithium ferro phosphate [LFP], or LiFePO4) batteries, which are the safest lithium batteries currently available.

The Greenbank Battery is being developed next to Powerlink Queensland's Greenbank Substation and is partly funded by the Queensland Renewable Energy and Hydrogen Jobs Funds (QREHJF). We are also progressing plans for a proposed battery at the Callide Power Station, as part of the Callide Clean Energy Hub, and are investigating a range of configurations and energy storage capacity.

CS Energy has almost 300 MW of contracted renewables in our portfolio to support the decarbonisation requirements of our large commercial and industrial retail customers. Current projects in our offtake portfolio are the Columboola Solar Farm, Moura Solar Farm, Kennedy Energy Park and Hughenden Solar Farm.

The Greenbank Battery will be CS Energy's second battery project and is located next to Powerlink Queensland's Greenbank Substation. This photo shows construction progress as of end of FY2024.

This year we added large-scale wind generation to our project pipeline by securing the necessary approvals for our planned investments in the Boulder Creek and Lotus Creek wind farms in Central Queensland. CS Energy will partly fund the projects with funding we have secured from the QREHJF to develop wind projects in the region. The Lotus Creek Wind Farm will be the first publicly-owned wind farm in Queensland to progress to the construction phase under the Queensland Energy and Jobs Plan.

CS Energy's investment in these wind projects signals our ongoing commitment to Central Queensland and creating opportunities for our employees and the regional economy during the energy transformation. With an established presence in the region through Callide Power Station, CS Energy can draw on existing skills to build local capacity in renewable energy.

Longer duration firming capacity will be required to underpin Queensland's energy security over the coming decade. CS Energy signed an agreement with GE Vernova in FY2024 for the supply of key equipment for the proposed Brigalow Peaking Power Plant, which will be located at the Kogan Clean Energy Hub.

The hydrogen-ready gas peaking plant will have a capacity of 400 MW and be capable of operating on 35 per cent renewable hydrogen initially, with a pathway to 100 per cent hydrogen over time. It will be an open-cycle plant with fast-start capability to operate in high demand periods and support variable solar and wind energy. Ongoing development and design activities are underway and construction will begin in FY2025, subject to final approvals.

CS Energy is investing in renewable hydrogen at demonstration scale to **build our production capability and provide skills development** opportunities for our people and local industry.

Exploring the role of hydrogen in the energy transition

CS Energy is investing in renewable hydrogen at demonstration scale to build our production capability and provide skills development opportunities for our people and local industry. This strategy aims to deliver learnings in the near term at a lower cost than large commercial scale projects would incur, and position CS Energy beneficially for future growth. In the longer term, CS Energy is investigating the development of hydrogen at commercial scale.

Central to this approach is the Kogan Renewable Hydrogen Demonstration Plant we are building at the Kogan Clean Energy Hub. The project includes the co-location of a solar farm, battery, hydrogen electrolyser, hydrogen fuel cell, hydrogen storage and outloading facility. The aim of the project is to produce renewable hydrogen and provide energy while gaining expertise from an operational hydrogen project from production, storage, transport and handling.

IHI Engineering Australia (IEA), which is a subsidiary of IHI Corporation Japan, is constructing the demonstration plant. All major components have arrived and have been installed on site with connections underway. CS Energy has been working with IEA to mitigate schedule delays that have occurred due to the flow-on effects of increased international demand for key components including the electrolyser and compressor. CS Energy has revised the forecast date for first hydrogen production to the first half of FY2025.

CS Energy is planning an adjacent refueller network to facilitate decarbonisation opportunities in the heavy transport sector. In conjunction with several Australian industry participants CS Energy will demonstrate the viability of hydrogen as a fuel and cultivate learnings, which will reduce long run costs. Deployment of hydrogen refuelling is targeted for FY2025 and will support the Hydrogen Superhighway Network that the Queensland Government is developing in conjunction with governments from New South Wales and Victoria.

Renewable hydrogen for the proposed Brigalow Peaking Power Plant will initially be sourced from the Kogan Renewable Hydrogen Demonstration Plant. CS Energy is investigating a commercial scale renewable hydrogen production facility. We are exploring various options that will supply hydrogen to the power plant and provide support to the emerging domestic market.

CS Energy is involved in several multi-party projects to broaden our understanding of opportunities in the renewable hydrogen sector. In FY2025, we plan to export renewable hydrogen to the Republic of Palau as part of a collaboration between Sojitz Corporation, Nippon Engineering Consultants and CS Energy. The renewable hydrogen will be exported for utilisation in a demonstration hydrogen fuel cell to generate electricity at Palau International Airport. The project supports the decarbonisation of Palau's energy sources and has also received a subsidy from the Ministry of the Environment of Japan (METI).

Yanmar, with the support of Sojitz, will be demonstrating a renewable hydrogen fuel cell powered cruising boat in early 2025. CS Energy is working with H2H Energy, Trade and Investment Queensland and other authorities to support the supply of renewable hydrogen, hydrogen refuelling operations, and planned sailing of the vessel on the Brisbane River. The project will demonstrate opportunities to decarbonise the marine industry and has received a subsidy from METI.

CS Energy is part of a consortium including Energy Estate, Idemitsu Australia and IEA to accelerate the development of the HyNQ North Queensland Clean Energy project. HyNQ is a large-scale project integrating renewable energy with the production of green hydrogen and green ammonia for domestic and export markets. The project is planned to be located at the existing export terminal at the Port of Abbot Point, repurposing infrastructure into a decarbonisation platform to accelerate the energy transition for the region.

Portfolio renewal (continued)

FY2024 has seen **tremendous growth** in our large commercial and industrial retail business.

Becoming a trusted partner for our large C&I customers

CS Energy's retail business provides tailored solutions for large commercial and industrial (C&I) customers throughout Queensland. Our customers include mines, ports, universities, and, through our whole-of-government contract, Queensland Government agencies and departments.

Through direct feedback from customers, CS Energy is on a journey to evolve our retail business from providing reliable tailored energy solutions, to broadening our role and also becoming a trusted partner to our customers through the energy transition. This has seen CS Energy invest in core digital solutions for retail, that support the development and growth of a range of innovative new customer products, along with transforming the customer experience.

Whilst this transformation is not yet complete, customers recognise that CS Energy is listening to their current and future needs. Subsequently, FY2024 has seen tremendous growth, with CS Energy selling more than 2TWh, growing customer numbers by more than 40 per cent and extending our whole-of-government contract with the Queensland Government until 2028.

Additionally, the growth in our Energy Services business, which supports customers with their Customer Energy Resources needs, has also been significant. Our electric vehicle (EV) charger portfolio has increased significantly, with more than 1,000 chargers (2023: ~800) installed to date across 260 sites (2023: ~100). This represents the second year in a row that we have doubled our EV charging sites.

We have also grown our pipeline of other customer projects, including solar and batteries.

CS Energy has installed EV chargers at 260 customer sites to date, as well as at two of our sites. Digital Products and Platforms Manager Lahiru Wimalasuriya is pictured using one of the chargers at our Brisbane office.

Supporting retail competition in the household and small business market

CS Energy has a retail joint venture (JV) partnership with Alinta Energy to supply electricity to household and small business customers in South East Queensland (SEQ). Under the agreement CS Energy generates and supplies wholesale electricity, and Alinta Energy manages the JV operations.

CS Energy and Alinta Energy formed the JV in 2017 to improve competition in the South East Queensland retail market. The Alinta JV aligns with CS Energy's long-term strategy to diversify the business by locking in a new revenue source and to remain competitive in Australia's rapidly changing energy market.

In FY2024, financial performance of the JV was strong, with the consolidated electricity and gas books delivering above target EBITDAF of $41.6 million. There was however an overall reduction in the retail electricity customer book from 226,211 customers to 200,934 as at June 2024. This has largely been attributed to aggressive offers from competitors within the SEQ market. To address declining customer numbers, the JV introduced a new product on 1 December 2023 which offered a higher discount.

The FY2025 strategy will continue to build on Alinta's strong brand presence in the SEQ market, following their brand campaign in February 2024. A retail media strategy will be launched in the first quarter which aims to offer customer value propositions that attract and retain customers within target segments.

Corporate Governance Report

CS Energy reports against the Corporate Governance Guidelines for Government-Owned Corporations and the eight Principles of Corporate Governance issued by the ASX.

CS Energy was established in 1997 under the *Government Owned Corporations Act 1993* (GOC Act). CS Energy is also a registered public company incorporated under, and subject to, the *Corporations Act 2001* (Cth).

Two Queensland Government Ministers (shareholding Ministers) hold shares in CS Energy on behalf of the people of Queensland:

- The Hon. Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment
- The Hon. Mick de Brenni MP, Minister for Energy and Clean Economy Jobs.

Our corporate governance philosophy

The CS Energy Board is accountable to our shareholding Ministers for CS Energy's performance and corporate governance. The Board has delegated specific power and authority to Board Committees and the Chief Executive Officer.

The Chief Executive Officer is responsible for the day-to-day management of CS Energy.

Our Governance Framework Standard sets out how we comply with the *Corporate Governance Guidelines for Government Owned Corporations, Version 2.0, February 2009,* and the eight principles outlined in those guidelines and *The ASX Corporate Governance Principles and Recommendations, 4th Edition, February 2019.*

Further information on CS Energy's corporate governance practices, including key policies and copies of Board and committee charters, is available on our website.

Principle 1: Lay solid foundations for management and oversight

Role of the Board

The CS Energy Board is accountable for establishing the respective roles and responsibilities of the Board and management, and for ensuring we act with integrity in all our corporate governance practices.

The Board's role and accountabilities are set out in the Board Charter and include:

- setting CS Energy's strategic direction (with the agreement of shareholding Ministers)
- monitoring corporate performance and progress towards achievement of strategic objectives
- risk management oversight
- establishing and demonstrating appropriate standards of behaviour as expressed in CS Energy's Code of Conduct
- stakeholder reporting and communication.

As of 30 June 2024, the Board comprised eight independent, non-executive Directors. Please refer to page 46 of this report for biographies of CS Energy's Directors.

The CS Energy Directors have the relevant skills and qualifications required to discharge their duties as supported by the appointment process and are appointed by the Governor in Council in accordance with the GOC Act.

Board committees

In FY2024 there were three Board committees to assist the Board in the execution of its duties and to consider key business issues:

- Performance and Investment Committee
- Safety, People and Environment Committee, and
- Finance, Risk and Assurance Committee.

The Board committees regularly review their performance in conjunction with formal Board evaluation.

Preparations were made for a committee restructure from 1 July 2024, which will result in changes being made to the scope of the Safety, People and Environment Committee so that the 'People' component is transferred to a separate, new fourth Committee, the 'People, Culture and Remuneration Committee'. The aim of the revised committee structure is to enable a strengthened focus on safety at the committee level to support the Board in delivering process safety improvements, the cultural shift to a High Reliability Organisation, and to support the Board in discharging its due diligence obligations in workplace health and safety.

Corporate Governance Report (continued)

Composition of Board committees FY2024

Director	Performance and Investment Committee	Safety, People and Environment Committee	Finance, Risk and Assurance Committee
Adam Aspinall	✓	✓	✓
Maurice Brennan	✓		✓(Chair)[1]
Brian Green	✓(Chair)	✓	✓[2]
Stephen Harty	✓(Chair)		✓[3]
Jacqueline King	✓	✓[4]	
Christina Sutherland	✓	✓(Chair)	✓[5]
Toni Thornton	✓	✓	✓(Chair)[6]

1 Maurice Brennan was appointed to the Performance and Investment Committee on 1 October 2023 and Chair of the Finance Risk and Assurance Committee on 29 April 2024
2 Brian Green's term expired on 29 September 2023
3 Stephen Harty was appointed to the Finance Risk and Assurance Committee on 1 October 2023 and Chair of the Performance and Investment Committee on 28 March 2024
4 Jacqueline King was appointed to the Performance and Investment Committee and the Safety People and Environment Committee on 1 October 2023
5 Christina Sutherland's term expired on 31 May 2024
6 Toni Thornton's term expired on 31 May 2024

Board and Committee meeting attendance FY2024

	Board		Performance and Investment Committee		Safety, People and Environment Committee		Finance Risk and Assurance Committee	
Director	H	A	H	A	H	A	H	A
Adam Aspinall	16	15	5	5	4	3	4	4
Maurice Brennan	12	10	3	3	-	1[1]	3	3
Mark Carkeet	1	1	-	1[1]	-	-	-	-
Kellie Charlesworth	1	-	-	-	-	-	-	-
Brian Green	4	4	2	2	1	1	1	1
Stephen Harty	12	12	3	3	-	-	3	2
Jacqueline King	12	8	3	2	3	3	-	-
Alison Smith	1	1	-	-	-	-	-	-
Christina Sutherland	15	15	4	4	4	4	4	4
Kimberley Swords	1	1	-	1[1]	-	-	-	-
Toni Thornton	15	12	4	3	4	1	4	3

H – number of meetings held during the time the director held office or was a member of the committee during the year.
A – number of meetings attended as a member.
1 – not a member of the Committee but attended for part or entirety of meeting.

Notes:

- Maurice Brennan was appointed to the Board and a member of the Performance and Investment Committee on 1 October 2023 and appointed as the Chair of the Finance Risk and Assurance Committee on 29 April 2024
- Mark Carkeet was appointed to the Board on 1 June 2024
- Kellie Charlesworth was appointed to the Board on 1 June 2024
- Brian Green's term expired on 29 September 2023
- Stephen Harty was appointed to the Board and a member of the Finance Risk and Assurance Committee on 1 October 2023 and appointed as the Chair of the Performance and Investment Committee on 28 March 2024
- Jacqueline King was appointed to the Board and as a member of both the Performance and Investment Committee and the Safety People and Environment Committee on 1 October 2023
- Alison Smith was appointed to the Board on 1 June 2024
- Christina Sutherland's term expired on 31 May 2024
- Kimberley Swords was appointed to the Board on 1 June 2024
- Toni Thornton's term expired on 31 May 2024.

New directors

On appointment, new directors receive access to information through a Board handbook, online resource centre and a personal induction to enhance their operational and industry knowledge and ensure they are fully aware of their governance responsibilities.

Executive Leadership Team

CS Energy's Executive Leadership Team comprises the Chief Executive Officer and Executive General Managers. The Board approves the appointment of the Chief Executive Officer and Executive General Managers in consultation with shareholding Ministers.

The Chief Executive Officer is accountable to the Board and is responsible for managing the performance of CS Energy's business and the Executive Leadership Team.

The Safety, People and Environment Committee and the Board reviews the performance of the Chief Executive Officer and Executives on an annual basis in accordance with the Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements and in accordance with CS Energy processes.

Please refer to page 48 of this report for biographies of the Executive Leadership Team.

Principle 2: Structure the Board to be effective and add value

Board of Directors

The Board of Directors, including the Chair, are all non-executive directors, appointed by the Governor in Council in accordance with the GOC Act. The term of appointment for directors is determined by the Governor in Council.

The CS Energy Board Charter outlines the Board's responsibilities and functions. The conduct of the Board is also governed by the Corporations Act and the GOC Act.

The Board regularly reviews and assesses the independence of directors and the relationship each director and the director's associates have with CS Energy. The Board considers that each director is, and was throughout the financial year, independent.

Given the process for selection of directors under the GOC Act, CS Energy is not required to establish a Board Nominations Committee.

Directors may seek independent professional advice on matters before the Board, after receiving approval from the Chair. CS Energy bears the cost of this external advice.

Each director has access to the Chief Executive Officer and Executive General Managers if the director requires additional information. Each director is encouraged to contact the Chief Executive Officer or Company Secretary prior to Board meetings to discuss any matters that require clarification.

The Board evaluates its performance, the performance of individual directors, the Chair and the Board committees at regular periods, not exceeding two years. A Board evaluation was undertaken during the year.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

CS Energy is committed to instilling a culture that conducts all business activities with integrity and in compliance with relevant laws and standards.

Our key governance policies to promote ethical and responsible decision making include a Code of Conduct and Equal Employment Opportunity (EEO) Standard, as well as various policies to ensure compliance with the Corporations Act and to manage conflicts of interest.

Our Code of Conduct applies to CS Energy's Board of Directors, management and employees as well as contractors, consultants and visitors to CS Energy sites.

The Code of Conduct is the overarching document for all CS Energy policies and procedures and covers eight areas including safety; respecting others; ethical decision-making; fraud prevention and detection; protecting personal, confidential and commercially sensitive information; and managing conflicts of interest.

The Board has also adopted its own Directors' Code of Conduct. Declaration of interests by Board members is a standing agenda item at Board meetings. All employees are required to declare actual, potential or perceived conflicts of interest as they arise. Directors, members of the Executive Leadership Team and select other employees are also required to provide annual declarations of interests. An audit of these declarations against publicly available databases is carried out periodically.

Our EEO Standard provides guidance to protect our workforce from unlawful discrimination, workplace harassment, bullying and vilification. The CS Energy Board, Chief Executive Officer and Executive Leadership Team are responsible for ensuring that our EEO objectives are met and the standard is implemented.

Our Share Trading Procedure provides guidance to directors, officers and employees in relation to their trading in securities. The procedure informs directors, officers and employees of the prohibitions on insider trading under the Corporations Act and requires them to not engage in share trading when in the possession of price-sensitive information or where they have an actual or perceived conflict of interest.

Directors, employees and contractors must report suspected corrupt conduct and other activity that is illegal, unethical, or that breaches the Code of Conduct or CS Energy's other standards.

Reporting mechanisms include direct reporting to CS Energy's Legal Team or via the intranet Whistleblower Form and Whistleblower Hotline. Directors may report such activity through those channels or directly to the Company Secretary or the Chair of the Board.

CS Energy values and fosters a constructive culture approach to all business activity and has established a Safety, People and Environment Committee to assist the Board discharge and monitor these responsibilities.

Corporate Governance Report (continued)

Principle 4: Safeguard the integrity of corporate reports

Finance, Risk and Assurance Committee

The Finance, Risk and Assurance Committee assists the Board to discharge its duties in relation to CS Energy's finance risk management, and management of internal control systems to provide reasonable assurance that the Company's financial and non-financial objectives are delivered and accurately reported, and the management of the external and internal audit functions. In performing its audit and finance reporting function, the Committee:

- provides, for Board approval, financial reporting and other disclosures that are 'true and fair' and comply with legislation and accounting standards
- supports an independent and effective internal audit (Assurance) function, to provide reasonable assurance on the effectiveness of CS Energy's internal control framework to the Board, and
- addresses recommendations arising from external and internal audits.

The Committee is also the primary point of reference for CS Energy's external auditor, the Auditor-General of Queensland. The Committee accepts reports from representatives and oversees progress on implementing recommendations from those reports, on behalf of the Board.

CS Energy's assurance function provides independent, objective assurance to the Board and brings a systematic and disciplined approach to reviewing, evaluating and continuously improving the effectiveness of the company's governance, risk management, and internal controls. It has an independent reporting line to the Finance, Risk and Assurance Committee.

When presenting financial statements for approval, the Chief Executive Officer and the Chief Financial Officer provide a representation letter to the Board that, among other things, confirms:

- CS Energy's financial report is prepared in accordance with applicable Accounting Standards and other statutory requirements and gives a true and fair view at the reporting date
- information relevant to the financial report is disclosed to the Queensland Audit Office, and
- the Company's risk management system and adequate internal controls have been maintained during the reporting period.

Principle 5: Make timely and balanced disclosure

CS Energy aims to be open, transparent and accountable, while protecting information that is commercially sensitive.

Consistent with continuous disclosure obligations, our shareholding Ministers have access to information concerning our operations, performance, governance and financial position. In addition to the formal reports outlined in Principle 6, we provide submissions, including regular briefing notes, to ensure our shareholding Ministers are informed of important matters on a timely basis.

Release of information

To ensure compliance with the openness measures in the *Right to Information Act 2009 (Qld),* a publication scheme is available on CS Energy's website that shows the classes of information available, links to the information and contact details for further information.

Principle 6: Respect the rights of shareholders

Shareholder reporting

CS Energy produces four key documents to ensure that our shareholding Ministers are regularly and appropriately informed about our performance:

- A Corporate Plan that outlines key strategies and objectives for the next five years with performance indicators. The plan also provides an industry and economic outlook and potential impact on CS Energy.
- A Statement of Corporate Intent (SCI) that outlines objectives, initiatives and targets for the next financial year.
- Quarterly Reports on progress against the performance targets and measures in the SCI.
- An Annual Report on performance for each financial year, which meets the requirements of section 120 of the GOC Act and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

In addition, CS Energy's website provides information regarding the Company and its current operations and projects. Briefings to shareholding Ministers and their representatives are also conducted on a regular basis.

Statement of Corporate Intent

Under the GOC Act, CS Energy is required to prepare an SCI each financial year. The SCI is a performance agreement between CS Energy and its shareholding Ministers and complements the five-year Corporate Plan.

The SCI, which includes details of the vision, objectives, activities, capital structure and dividend policies, is tabled annually in the Queensland Legislative Assembly with CS Energy's Annual Report, in accordance with Section 121 of the GOC Act.

CS Energy's performance against its FY2024 SCI targets is summarised on page 12 of this report.

Dividend policy

Section 131 of the GOC Act requires the CS Energy Board to make a dividend recommendation for each financial year to CS Energy's shareholding Ministers, between 1 May and 16 May of that financial year.

The dividend recommendation is based on the current forecast of the net profit after tax for the CS Energy Limited consolidated group, adjusted for the net after tax impact of any material non-cash transactions, resulting in the adjusted net profit after tax.

The timeframe for a dividend payment is governed by Section 131 of the GOC Act. Dividends must be paid within six months after the end of the financial year or any further period that the shareholding Ministers allow.

Directions and notifications from shareholding Ministers that relate to FY2024

CS Energy's shareholding Ministers can issue directions and notifications to the CS Energy Board. Section 120(e) of the GOC Act requires CS Energy to include in its Annual Report particulars of any directions and notifications given to it by shareholding Ministers that relate to the relevant financial year.

On 23 December 2022, shareholding Ministers provided CS Energy with two directions under section 257 of the *Electricity Act 1994,* directing CS Energy to dispatch CS Energy plant and the Gladstone Power Station (through to 30 June 2024) at price bands consistent with the identified coal price cap.

Principle 7: Recognise and manage risk

The identification and management of risk is essential to a strong governance framework. At CS Energy, the Finance, Risk and Assurance Committee monitors effective governance, risk and compliance frameworks. Ultimate responsibility for risk management and compliance resides with the Board. The Board has approved a framework for the organisational management of risk and compliance to ensure strong operational and financial performance.

The Risk and Compliance function implements the risk and compliance framework set by the Board to ensure risk and compliance management is embedded across the organisation and delivers organisational objectives. This includes the management of fraud.

Management reports to the Board, through the Finance, Risk and Assurance Committee, on the effectiveness of CS Energy's management of its material business risks.

Financial and compliance risks related to electricity trading and sales, such as credit and market risk, are overseen by a management committee, Market Risk Committee, comprised of senior management and the Chief Executive Officer. This committee ensures the effective alignment of market and operational risk management.

Principle 8: Remunerate fairly and responsibly

Remuneration policy

CS Energy is committed to attracting, retaining and developing high calibre employees at all levels by balancing a competitive remuneration package with employee benefits and leave options. This includes providing maternity and parental leave, study assistance, remote area allowances and relocation assistance.

Director fees are paid to Directors for serving on the Board and Board committees. Fees are determined by the Governor in Council and advised to CS Energy. The Board, in consultation with shareholding Ministers, approves the remuneration levels for the Chief Executive Officer and other senior executives. Details of remuneration paid to directors and Executive Leadership Team members during the year appear in the Financial Report.

Assessing performance

CS Energy's Performance Framework ensures employees are supported to achieve optimal performance and career outcomes.

Performance of individual employees, including the Executive Leadership Team, is managed in an annual cycle which sets performance expectations through Role Purpose Statements and annual Individual Achievement Plans, and provides feedback on performance through mid-year and end-of-year Achievement Reviews.

Corporate entertainment and hospitality

There was one event over the $5,000 reporting threshold during the period. As part of our sponsorship of the Western Downs Regional Council's Big Skies Music Festival in Dalby, CS Energy provided $5,160 towards catering at the event.

Board of Directors

Adam Aspinall

Non-Executive Chair

B.ENG (Mech), MIEAust (Retired), GAICD

Director since 15 December 2022

Adam Aspinall is a mechanical engineer with more than 40 years' experience in the electricity and energy industries and was a leading advisor in the power industry, having consulted globally to the private and government sectors on power generation projects and issues. His expertise includes electricity and gas infrastructure development, generation and transmission procurement, electricity trading and regulatory compliance.

Adam has been regularly engaged to assist in international merger and acquisition activities, as well as international arbitrations in the role of Independent Expert.

He began his career working for the Queensland Electricity Commission in 1981 and was employed by the generation sector in Queensland for over 24 years, prior to becoming a consultant.

He has previously been the Business Development Manager and Chief Operating Officer at CS Energy, National Advisory Lead for the Power Sector at Evans & Peck and later Advisian and most recently was Acting Chief Executive Officer at Stanwell Corporation. Adam has also been a non-executive director on the Boards of Ergon Energy, Stanwell Corporation and Chairman of SPARQ Solutions.

Adam was appointed as Chair of the CS Energy Board in June 2023. In FY2024, Adam was a member of the Performance and Investment Committee, the Safety, People and Environment Committee, and the Finance, Risk and Assurance Committee.

Maurie Brennan

Non-Executive Director

B.Bus (Actg), MBA, CPA (Retired), FAICD

Director since 1 October 2023

Maurie Brennan has 40 years of experience in the electricity industry, holding positions in both the electricity distribution and transmission sectors. He has extensive Executive, Board and Company Secretary experience across private and government owned corporations, and strong corporate governance skills.

Prior to his retirement, Maurie was the Chief Financial Officer of Powerlink Queensland. He brings diverse financial, commercial and corporate experience, with a record of managing and leading in a complex commercial business to deliver business objectives.

Maurie was a member of the consortium team that successfully acquired the privatised electricity transmission business in South Australia (ElectraNet), and joined the ElectraNet Board following the acquisition. Maurie subsequently led Powerlink's divestment of ElectraNet.

In FY2024, Maurie chaired the Finance, Risk and Assurance Committee and was a member of the Performance and Investment Committee.

Mark Carkeet

Non-Executive Director

B.A., LLB (Hons)

Director since 1 June 2024

Mark Carkeet is a commercial and regulatory lawyer with more than 40 years' experience. He has worked almost exclusively in the utilities sector since reforms began in the early 1990s.

In the electricity sector he has served generators, network owners, retailers, and customers, as well as governments, regulators, and market rule makers. His experience extends to all Australian states and territories and parts of the Asia-Pacific, and covers all aspects of the sector, from project inception and delivery to joint venture, finance, offtake and trading arrangements, and asset sales and closures.

He began his legal career as a graduate at MinterEllison in 1983, and gained broad commercial experience in Australia and overseas, before moving to the utilities sector. He led MinterEllison's state, national, and international energy and resources teams for many years.

Since his retirement from the Minters partnership in 2020 Mark has worked, through Minters, for the State of Queensland on many aspects of the Queensland Energy and Jobs Plan.

Mark served two terms on MinterEllison's board, and has a long history of community service.

Kellie Charlesworth

Non-Executive Director

BAppSc(Env)(Hon), MEngSc, PGCert (Energy Futures & Transition)

Director since 1 June 2024

Kellie Charlesworth has more than 25 years' experience in the planning and delivery of strategic energy and transport infrastructure for both the public and private sectors. She brings governance expertise in the areas of environment and sustainability, and in recent years has focused on the transition to clean energy.

In her current role as Australasian Energy Transition Leader for multinational advisory and engineering firm Arup, Kellie has supported governments at the state and federal level to deliver energy and decarbonisation strategies, often for hard-to-abate sectors of the economy. She has led coal-fired power station repurposing and clean energy hub development initiatives to support a just transition. Kellie is also Arup's Energy Skills Leader, a role focused on developing the technical skills and expertise to support the clean energy transition.

Earlier in her career Kellie carried out research on environmental toxicology and water quality and was a CSIRO student scholarship recipient.

Kellie regularly engages in industry forums promoting open discourse and collaboration across industry, government, R&D, and community toward a sustainable future.

Stephen Harty

Non-Executive Director

B. Eng (Mech), MBA, GAICD

Director since 1 October 2023

Stephen Harty is an energy executive with more than 25 years of experience. Stephen has worked in a variety of operations, project development and marketing roles across Europe, Asia, Middle East, North America and Australia. With this global perspective Stephen has a keen interest in the development of the Australian east coast energy markets, and has been heavily involved in the development of domestic gas policy.

Stephen currently serves as Chief Executive Officer at Gladstone LNG, where he has responsibility for the overall management, safety and operation of the GLNG project.

Stephen holds a Bachelor of Engineering (Mechanical) from the University of Ballarat, a Master of Business Administration from Deakin University, and is a graduate member of the Australian Institute of Company Directors.

In FY2024, Stephen chaired the Performance and Investment Committee and was a member of the Finance, Risk and Assurance Committee.

Jacqueline King

Non-Executive Director

LLB (Honours) First Class Honours, MBA, WHS, TDD, GAICD

Director since 1 October 2023

Jacqueline King is the General Secretary of the Queensland Council of Unions representing the interests of approximately 400,000 members in Queensland. Jacqueline has previously worked for the Finance Sector Union, the Australian Services Union, the Australian Manufacturing Workers Union and the Australian Council of Trade Unions.

She has also been a senior Government advisor in the fields of employment, industrial relations, training, and work health and safety and led an industry training organisation providing both electrical and work health and safety training and skills assessments for overseas qualified electrical workers migrating to Australia.

Jacqueline is currently the Deputy Chair of WorkCover Queensland. She holds a Bachelor of Laws (Honours) First Class Honours degree and a Master of Business Administration, along with several qualifications in management, work health and safety and training.

Jacqueline is a Graduate of the Australian Institute of Company Directors course and has been a Director on several other boards including Energy Skills Queensland and Stanwell.

In FY2024, Jacqueline was a member of the Performance and Investment Committee and the Safety, People and Environment Committee.

Alison Smith

Non-Executive Director

MBA, GAICD

Director since 1 June 2024

As CEO of Local Government Association of Queensland (LGAQ), Alison is responsible for leading a diverse team of professionals at the organisation, which is the peak body for local government across Queensland. The LGAQ has been advising, supporting and representing local councils since 1896, enabling them to improve their operations and strengthen relationships with their communities.

Between 2007–2020, Alison worked with ASX-100 companies, heading their corporate affairs functions. Alison was Group Executive External Affairs at The Star Entertainment Group, and previously held media and corporate affairs roles at Rio Tinto's coal and uranium businesses in Australia, Africa, and Canada.

Alison has worked in the public and private sectors in ICT, transport, energy, police, and corrective services. She also spent 14 years as a journalist, working in newspapers, radio, and television, before working as a senior media advisor in the Queensland Government for two terms.

Alison is a member of Chief Executive Women. She is currently a director on boards including Peak Services, Queensland Tourism Industry Council and Local Government Mutual Services. Her past board roles have included Chair of the Brisbane Festival (2019–2022).

Kimberley Swords

Non-Executive Director

BVSc(Hons), MBA, GAICD

Director since 1 June 2024

Kimberley Swords is an independent advisor with more than 25 years of experience as a senior executive in government and management consulting. Kimberley has worked in a variety of advisory roles to major global companies and governments, and as the head of environmental approvals for the Australian Government from 2010–2015. She brings a global perspective on decarbonisation and the energy transition from her five years with McKinsey & Company.

Kimberley has a keen interest in the challenges of environmental approvals, community consent and indigenous economic development. She has been heavily involved in the development of domestic economic policy since 2010, in a variety of roles.

Kimberley currently runs her own small business, Riffle Advisory, serving major infrastructure, government and private sector clients on topics that accelerate global progress towards net zero.

Kimberley holds a Bachelor of Veterinary Science (Hons) from the University of Queensland, a Master of Business Administration from RMIT University, and is a graduate of the Australian Institute of Company Directors.

Executive Leadership Team

Darren Busine

Chief Executive Officer

BEc, FCPA, SFFin, GAICD

Darren Busine commenced as CS Energy's Chief Executive Officer on 1 July 2023. He has more than 30 years' experience in senior commercial and executive roles.

Prior to his appointment as CEO, Darren was CS Energy's Executive General Manager Energy Markets, Technology and Commercial where he was responsible for functions including trading and analytics, strategy and planning, information technology, commercial resources, procurement and purchasing.

Darren joined CS Energy in 2016 as Chief Financial Officer. In 2017 he was appointed as Executive General Manager Revenue Strategy and in September 2021 he was appointed to the Executive General Manager Energy Markets, Technology and Commercial role.

Prior to joining CS Energy, Darren was the Chief Financial Officer with a number of energy industry businesses including the two major Queensland Distribution entities Energex and Ergon Energy and also at energy retailer QEnergy.

Prior to joining the energy industry, Darren spent 10 years with Suncorp in senior finance roles.

Darren is currently a director on the Board of the Australian Energy Council.

Leigh Amos

Executive General Manager Plant Operations

BEngTech, MBA

Leigh Amos joined CS Energy as Executive General Manager Plant Operations in September 2019. In this role he manages the operational performance of CS Energy's generation assets, as well as the environment and health and safety functions.

Leigh has built an impressive track record as a collaborative and effective leader managing complex and geographically diverse operations in the energy industry both in Australia and overseas.

He has a nuanced understanding of the challenges facing the energy industry and has a real passion for empowering people to build a constructive culture.

Prior to joining CS Energy, Leigh fulfilled a variety of roles at Western Australian energy company Synergy across their coal, gas and renewable assets. Before that, he worked for the NZX listed Contact Energy managing their gas-fired assets in Auckland, Hamilton and Napier, as well as the Oakey Power Station in southern Queensland.

Leigh began his career in the energy industry as an I&C Technician at Callide Power Station in 1997.

Cameron Collins

Chief Financial Officer

B-BUS, CA, GAICD

Cameron Collins was appointed as Chief Financial Officer in April 2024 after acting in the role for 12 months. He leads CS Energy's Finance & Corporate Services division, and is responsible for functions such as people and culture, finance, energy and financial risk, and risk, compliance and assurance.

Prior to this, Cameron was CS Energy's Head of Finance where he was responsible for financial reporting and management accounting, budgeting and forecasting, treasury, taxation, investment governance and finance shared services.

Cameron joined CS Energy in 2009, during which time he has developed a thorough knowledge of the energy sector and demonstrated strong commercial and financial acumen and leadership capability, which has resulted in Cameron also holding other senior leadership and executive leadership roles including Head of Risk and Compliance and Acting Chief Financial Officer.

Prior to joining CS Energy, Cameron held several senior finance roles working in industry across both business advisory and audit and assurance disciplines.

Barry Millar

Executive General Manager Asset Management

B. Eng (Hons) Mechanical Engineering, FIEAust

Barry Millar joined CS Energy in the September 2022. He leads our Asset Management division, which includes asset strategy, engineering, capital projects, unit overhauls, process safety and plant data analysis.

Barry join CS Energy from AGL, where he held numerous strategic leadership roles in asset management over the past decade, most recently across the entire generation, mining, and gas portfolio. Prior to this Barry had been working in engineering and asset management in the energy industry in the UK since the 1990s.

He brings significant expertise in maximising the performance of plant and engineering services. Barry is focused on a holistic approach to asset management, combining engineering, technology, analytics, process safety, governance and risk and compliance to deliver outcomes.

Barry has a track record of transforming culture through his approach to coaching and supporting people.

Emma Roberts

Executive General Manager Customer and Growth

LLB (Hons), BAppSc (Ecology)

Emma Roberts leads CS Energy's Customer and Growth division, spearheading the development of a new low-cost, decarbonised, and flexible energy portfolio for the business. The division includes business development, future energy asset design and project management, retail sales, commercial partnerships, customer products, corporate affairs, and policy and regulatory advocacy.

Her in-depth knowledge of the National Electricity Market, coupled with her commercial acumen and leadership skills, has seen Emma hold a variety of senior roles since joining CS Energy in 2012. These include Senior Legal Counsel, Acting Executive General Counsel and Company Secretary, and Head of Future Energy.

Emma has developed a strong reputation for leading cross-functional teams to deliver positive business outcomes. She led the establishment of CS Energy's retail function and has driven CS Energy's pivot towards a customer-focused culture as the business diversifies in response to the transformation of the energy system.

Emma holds degrees in law and applied science. Prior to joining CS Energy, she was a senior associate at McCullough Robertson Lawyers for eight years, working in the corporate and intellectual property teams.

Andrew Varvari

Executive General Manager Transformation

LLB, B-Bus, G Dip App Fin (Sec Inst), F Fin, Grad ICSA, GAICD

Andrew Varvari is responsible for the transformation, trading and analytics, digital and technology, resources and commercial, industry collaboration, people and culture, and company secretariat and legal functions. He has more than more than 18 years' experience in senior executive roles in the energy, resources and utilities sectors.

Andrew joined CS Energy in 2012 and has led various teams and corporate divisions across the business, with a focus on safety, integrity, and people.

Andrew served as CS Energy's Acting Chief Executive Officer from March to June 2023. Prior to this he was CS Energy's Chief Financial Officer, a role in which he led the finance; energy and financial risk; people and culture; corporate affairs; legal; risk, compliance and assurance; and Board secretariat functions. He is a director of CS Energy's various subsidiaries.

Andrew developed his commercial experience through his involvement in some of the Queensland's largest projects and commercial transactions. Prior to joining CS Energy, Andrew was a member of QGC's Executive Leadership Team where he led BG Group plc's legal function in Australia, and QGC's Secretariat, Business Services and IT functions. Andrew played a key role in the development of the $20 billion Queensland Curtis LNG project, including the integration of the existing Queensland Gas Company and BG Australia businesses following the 2008 takeover of QGC by BG Group plc and the subsequent development of its upstream and midstream businesses.

Financial Report

for the year ended 30 June 2024

General information

CS Energy Limited is a company domiciled in Australia.

Its registered office and principal place of business is Level 12, 31 Duncan Street, Fortitude Valley, Queensland 4006

CS Energy Limited

Directors' report

30 June 2024

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of CS Energy Limited and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of CS Energy Limited during the whole of the financial year and up to the date of this report, unless otherwise noted:

Adam Aspinall

B.ENG (Mech), MIEAust (Retired), GAICD

Non-Executive Chair
Director since 15 December 2022

Adam Aspinall is a mechanical engineer with more than 40 years' experience in the electricity and energy industries and is a leading advisor in the power industry, having consulted globally to the private and government sectors on power generation projects and issues. His expertise includes electricity and gas infrastructure development, generation and transmission procurement, electricity trading and regulatory compliance.

Adam has been regularly engaged to assist in international merger and acquisition activities, as well as international arbitrations in the role of Independent Expert.

He began his career working for the Queensland Electricity Commission in 1981 and was employed by the generation sector in Queensland for over 24 years, prior to becoming a consultant.

He has previously been the Business Development Manager and Chief Operating Officer at CS Energy, National Advisory Lead for the Power Sector at Evans & Peck and later Advisian and most recently was Acting Chief Executive Officer at Stanwell Corporation. Adam has also been a non-executive director on the Boards of Ergon Energy, Stanwell Corporation and Chairman of SPARQ Solutions. Adam is a Graduate of the Australian Institute of Company Directors.

He was appointed as Chair of the CS Energy Board in June 2023.

Maurie Brennan

B.Bus (Actg), MBA, CPA (Retired), FAICD

Non-Executive Director
Director since 1 October 2023

Maurie Brennan has 40 years of experience in the electricity industry, holding positions in both the electricity distribution and transmission sectors. He has extensive Executive, Board and Company Secretary experience across private and government owned corporations, and strong corporate governance skills.

Prior to his retirement, Maurie was the Chief Financial Officer at Powerlink Queensland. He brings diverse financial, commercial and corporate experience, with a record of managing and leading in a complex commercial business to deliver business objectives.

Maurie was a member of the consortium team that successfully acquired the privatised electricity transmission business in South Australia (ElectraNet), and joined the ElectraNet Board following the acquisition. Maurie subsequently led Powerlink's divestment of ElectraNet. Maurie is a Fellow of the Australian Institute of Company Directors and was appointed as the Chair of the Finance Risk and Assurance Committee in April 2024.

Jacqueline King

LLB (Hons) First Class Honours, MBA, WHS, TDD, GAICD

Non-Executive Director
Director since 1 October 2023

Jacqueline King is the General Secretary of the Queensland Council of Unions representing the interests of approximately 400,000 members in Queensland. Jacqueline has previously worked for the Finance Sector Union, the Australian Services Union, the Australian Manufacturing Workers Union and the Australian Council of Trade Unions.

She has also been a senior Government advisor in the fields of employment, industrial relations, training, and work health and safety and led an industry training organisation, providing both electrical and work health and safety training and skills assessments for overseas qualified electrical workers migrating to Australia.

Jacqueline is currently the Deputy Chair of WorkCover Queensland. She holds a Bachelor of Laws (Hons) First Class Honours degree and a Master of Business Administration, along with several qualifications in management, work health and safety and training. Jacqueline is a Graduate of the Australian Institute of Company Directors and has been a Director on several other boards including Energy Skills Queensland and Stanwell.

Kimberley Swords

BVSc (Hons), MBA, GAICD

Non-Executive Director
Director since 1 June 2024

Kimberley Swords is an independent advisor with more than 25 years of experience as a senior executive in government and management consulting. Kimberley has worked in a variety of advisory roles to major global companies and governments, and as the head of environmental approvals for the Australian Government from 2010–2015. She brings a global perspective on decarbonisation and the energy transition from her 5 years with McKinsey & Company.

Kimberley has a keen interest in the challenges of environmental approvals, community consent and indigenous economic development. She has been heavily involved in the development of domestic economic policy since 2010, in a variety of roles.

Kimberley currently runs her own small business, Riffle Advisory, serving major infrastructure, government and private sector clients on topics that accelerate global progress towards net zero.

Kimberley holds a Bachelor of Veterinary Science (Hons) from the University of Queensland, a Master of Business Administration from RMIT University. Kimberley is also a Graduate of the Australian Institute of Company Directors.

CS Energy Limited

Directors' report

30 June 2024

Mark Carkeet

B.A., LLB (Hons)

Non-Executive Chair
Director since 1 June 2024

Mark Carkeet is a commercial and regulatory lawyer with more than 40 years' experience. He has worked almost exclusively in the utilities sector since reforms began in the early 1990s. In the electricity sector he has served generators, network owners, retailers and customers, as well as governments, regulators, and market rule makers. His experience extends to all Australian states and territories and parts of the Asia-Pacific, and covers all aspects of the sector, from project inception and delivery to joint venture, finance, offtake and trading arrangements, and asset sales and closures.

He began his legal career as a graduate at MinterEllison in 1983 and gained broad commercial experience in Australia and overseas, before moving to the utilities sector. He led MinterEllison's state, national and international energy and resources teams for many years. Since his retirement from the Minters partnership in 2020 Mark has worked, through Minters, for the State of Queensland on many aspects of the Queensland Energy and Jobs Plan. Mark served two terms on Minter Ellison's board, and has a long history of community service.

Stephen Harty

B. Eng (Mech), MBA, GAICD

Non-Executive Director
Director since 1 October 2023

Stephen Harty is an energy executive with more than 25 years' of experience. Stephen has worked in a variety of operations, project development and marketing roles across Europe, Asia, Middle East, North America and Australia. With this global perspective Stephen has a keen interest in the development of the Australian east coast energy markets, and has been heavily involved in the development of domestic gas policy. Stephen currently serves as Chief Executive Officer at Gladstone LNG, where he has responsibility for the overall management, safety and operation of the GLNG project. Stephen holds a Bachelor of Engineering (Mechanical) from the University of Ballarat, a Master of Business Administration from Deakin University.

Stephen is also a Graduate member of the Australian Institute of Company Directors and was appointed as the Chair of the Performance and Investment Committee in March 2024.

Alison Smith

MBA, GAICD

Non-Executive Director
Director since 1 June 2024

As CEO of Local Government Association of Queensland (LGAQ), Alison is responsible for leading a diverse team of professionals at the organisation, which is the peak body for local government across Queensland. The LGAQ has been advising, supporting and representing local councils since 1896, enabling them to improve their operations and strengthen relationships with their communities. Between 2007-2020, Alison worked with ASX-100 companies, heading their corporate affairs functions. Alison was Group Executive External Affairs at The Star Entertainment Group, and previously held media and corporate affairs roles at Rio Tinto's coal and uranium businesses in Australia, Africa, and Canada. Alison has worked in the public and private sectors in ICT, transport, energy, police, and corrective services. She also spent 14 years as a journalist, working in newspapers, radio, and television, before working as a senior media advisor in the Queensland Government for two terms.

Alison is a member of Chief Executive Women. She is currently a director on boards including Peak Services, Queensland Tourism Industry Council and Local Government Mutual Services. Her past board roles have included Chair of the Brisbane Festival (2019-2022). Alison is also a Graduate of the Australian Institute of Company Directors.

Kellie Charlesworth

BAppSc(Env)(Hon), MEngSc, PGCert (Energy Futures & Transition)

Non-Executive Director
Director since 1 June 2024

Kellie Charlesworth has more than 25 years' experience in the planning and delivery of strategic energy and transport infrastructure for both the public and private sectors. She brings governance expertise in the areas of environment and sustainability, and in recent years has focused on the transition to clean energy. In her current role as Australasian Energy Transition Leader for multinational advisory and engineering firm Arup, Kellie has supported governments at the state and federal level to deliver energy and decarbonisation strategies, often for hard-to-abate sectors of the economy. She has led coal-fired power station repurposing and clean energy hub development initiatives to support a just transition. Kellie is also Arup's Energy Skills Leader, a role focused on developing the technical skills and expertise to support the clean energy transition. Earlier in her career Kellie carried out research on environmental toxicology and water quality and was a CSIRO student scholarship recipient. Kellie regularly engages in industry forums promoting open discourse and collaboration across industry, government, R&D and community toward a sustainable future.

CS Energy Limited

Directors' report

30 June 2024

Principal activities

During the year, the principal activity of the Group was the generation and sale of electricity to wholesale and retail customers.

Dividends

There were no dividends paid or declared in respect of the current financial year (2023: $ Nil).

Review of operations

Health and safety

CS Energy's number one priority is to look after our people and the environment while generating safe and reliable energy at our assets. We want everyone at our sites to return home healthy and safe at the end of their day.

Our health and safety approach aims to create a culture of continual improvement – we will be safer and better together. We support our people to care for themselves and others and continually learn from mistakes and successes. We focus on the three key areas of:

- **People** – proactively enabling the health and wellbeing of our people and supporting our leaders for success.
- **Places we work** – systematically reducing risks for our people.
- **Practices** – simple, fit for purpose and efficient systems for our people.

We achieved all the safety and environment metrics from our Enterprise Scorecard for 2024:

- Our Significant Incident Frequency Rate (SIFR) reduced by 53% from 10.01 to 4.6.
- Our Total Recordable Injury Frequency Rate (TRIFR) reduced by 35% from 6.51 to 4.19.
- We also did not have a Significant Environmental Incident.

We still have work to do, as the TRIFR represents medical treatment and lost time injuries to nine of our team members which is unacceptable. To support this ongoing improvement, we have commenced a journey to become a High Reliability Organization (HRO). This approached is aligned to 5 principles:

1. Sensitivity to operations;
2. Reluctance to simplify;
3. Preoccupation with failure;
4. Deference to expertise; and
5. Commitment to resilience

We have continued our proactive focus on Safety Interactions (SIs) and Critical Control Verifications (CCVs) by leaders at our work fronts to identify hazards and manage risks. Leaders across our field and Brisbane locations were provided KPIs to drive visibility, and to support interactions and learning across our sites.

We delivered multiple Health, Safety, and Environment (HSE) successes during the year including:

1. Health and Wellbeing initiatives (e.g. RUOK day, 10,000 steps challenge, Skin checks, Executive medical assessments);
2. Department of Environment, Science and Innovation (DESI) acceptance of Callide Per and polyfluoroalkyl substances (PFAS) Environmental Evaluation (EE);
3. External recertification of the Environmental Management System to ISO14001;
4. Extension of the Bunyarra Mental Wellbeing and Coaching program across the business;
5. Psychosocial hazard awareness training and uplift of the processes, procedures and risk assessments; and
6. Completion of the Significant Injury & Fatality (SIF) risk reviews covering our highest risk activities.

Callide C recovery

CS Energy continued to work with IG Power (Callide) Ltd (Administrators Appointed) (IGPC), our Callide C Joint Venture partner, on the recovery and reinstatement of the Callide Power Station Unit C4 following the incident on 25 May 2021. On 24 March 2023 IGPC entered voluntary administration. While the rebuild of Unit C4 is now substantially complete, the return to service has been extended to early 2025 financial year due to the need to demolish and rebuild both the Unit C3 and Unit C4 cooling towers and decommissioning works.

CS Energy has continued to take action to progressively improve safety for our people and plant at Callide and its other assets across the state. After the reporting period CS Energy published a response plan which summarises actions to date, as well as those underway, to build a safer, better CS Energy. It focuses on making improvements in how we manage safety critical systems, management of change, and operational decision making, backed by investment in our knowledge, systems, governance and assurance, and people and culture.

CS Energy Limited

Directors' report

30 June 2024

Consolidated results

	2024 $'000	2023 $'000
Profit/(Loss) after income tax	(58,493)	(14,572)

Performance

The Group's loss after income tax was $58.5 million for the year (2023: $14.6 million loss after income tax). This outcome included the financial impact of asset impairments of $99.8 million for the Callide B Power Station and $10.5 million for the impairment of the work in progress balance for the Kogan Renewable Hydrogen Demonstration Plant and an increase in the Gladstone Inter-connection & Power Pooling Agreement (IPPA) onerous contract of $84.0 million.

Sales (including wholesale, retail and realised fair value through profit or loss) of $1,492 million were higher compared to the prior year (2023: 1,402 million), the principal driver of which included increased portfolio generation from our operating plant. The Group's trading generation portfolio produced 9,221GWh (2023: 8,607 GWh), an increase of 614 GWh due to improved plant availability compared to the 2023 result which included a significant outage at Kogan Creek Power Station as it undertook a major overhaul. During 2024 there was a major overhaul performed on Callide B2. In April 2024 Callide Unit C3 returned to service following the structural failure of the Cooling Tower in October 2022. Callide Unit C4 remained offline during FY2024.

The Group is progressing with its insurance claim to receive the Business Interruption and material damage proceeds relating to the Callide C4 Incident. The matter has proceeded to litigation as the insurers refused to confirm indemnity and the litigation remains on foot as at 30 June 2024. The recoverability of insurance proceeds is therefore not virtually certain at 30 June 2024. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the insurance proceed has been recognised as a contingent asset as its recoverability is considered probable.

Throughout 2024 CS Energy continued to focus on effective project delivery and cost discipline across the business. Cash payments for property, plant and equipment was $397.0 million for 2024 (2023: $277.3 million) which included $192.5 million investment in renewable energy and battery storage assets including the Chinchilla and Greenbank batteries and other renewable energy projects. Other major investment included the rebuild of Callide Unit C4 and the Callide C Cooling Towers. This also includes sustaining capital investments across all sites and a major overhaul at Callide Unit B2.

The Group's financial position is a net asset of $160.5 million (2023: net asset position $41.4 million). This improvement on the Groups net asset was predominantly driven by a reduction in the net financial derivative liability position of $16.5 million (2023: net financial derivative liability $318.8 million) and the abovementioned portfolio capital investment. This has been offset by the impairment in Callide B Power Station and increase in the IPPA Onerous Contract. The reduction in the net derivative liability during the year predominately relates to the realised settlement of the financial year 2024 contracts. These financial derivative transactions manage the exposure the business has to financial market risk, with sales of electricity measured based on a combination of sales of electricity to the NEM and net realised gains/ (losses) on electricity contracts.

New business

Our Retail business today provides tailored solutions for large commercial and industrial (C&I) customers throughout Queensland including mines, ports, universities, and, through our whole-of-government contract, Queensland Government agencies and departments. CS Energy is currently undertaking a Retail End-to-End System Upgrade, investing $7.8 million over 2 years under a Board approved project.

The year 2024 has seen tremendous growth in the C&I Market in Queensland, with CS Energy selling in excess of 2TWh of energy, growing customer numbers by more than 40% and extending the whole-of-government retail contract with Queensland Government Procurement until the end of 2028. Additionally, the growth in our Energy Services business, which supports customers with their Consumer Energy Resource (CER) needs, has also grown significantly. CS Energy's electric vehicle charger portfolio has increased with more than 1,000 chargers installed across 260 sites. This represents the second year in a row that CS Energy has doubled the number of EV charging sites it has assisted.

In the South-East Queensland (SEQ) retail mass market, financial performance of the Joint Venture with Alinta Energy was strong, with the consolidated electricity and gas books delivering above target earnings. There was however an overall reduction in the retail electricity customer book, which was largely attributed to aggressive offers from competitors within the SEQ market.

The Group continued its portfolio renewal activities in 2024 by successfully applying for Queensland Renewable Energy and Hydrogen Jobs Fund (QREHJF) funds for its central Queensland wind projects. CS Energy received approval to proceed with a 50% ownership interest in the 228MW Boulder Creek Wind Farm, near Rockhampton, and a 100% ownership interest in the 285MW Lotus Creek Wind Farm, located near the township of St Lawrence. These renewable energy projects will complement the suite of existing solar farm offtakes already in place. CS Energy is developing the 400 MW Brigalow Peaking Power Plant. The fast-start, hydrogen-ready, gas peaking plant will provide crucial firming capacity to support Queensland's transition to renewable energy. The development of the plant is subject to CS Energy internal approvals and relevant external and Government approvals.

To support the Queensland Energy and Jobs Plan, CS Energy will create clean energy hubs at our existing coal-fired power stations at Kogan Creek and Callide. Our power stations are located in strong parts of the network and have strategic advantages such as highly skilled workers, grid connection, water allocations, available land and established community relationships. The Kogan Clean Energy Hub is our first, and most advanced energy hub. Centered around the Kogan Creek Power Station, it features a grid-scale

battery, a renewable hydrogen demonstration plant which is under construction, and a hydrogen-ready gas-peaking power plant for which long lead time orders have been made, and is continuing through the development phase. The plan also includes a $150 million Job Security Guarantee to ensure that workers at energy Government Owned Corporations have a job pathway option available to them and that they are encouraged to choose a pathway that best meets their personal circumstances. CS Energy is committed to working with our people to identify opportunities within our business or within the industry.

At Chinchilla, the construction of the 100MW/200MWh Battery on land adjacent to the Kogan Creek Power Station is complete, with commissioning occurring over the first six months of 2024. The Chinchilla Battery reached commercial operations on 9 July 2024. The 200MW/400MWh Greenbank Battery Project is under construction with the majority of megapacks delivered to site in the first half of 2024. Commissioning of the Greenbank Battery Project will occur throughout the second half of 2024.

Joint venture administration

CS Energy Limited (through its wholly owned subsidiary Callide Energy Pty Ltd (CEPL) and IG Power (Callide) Ltd (Administrators Appointed) (IGPC) own Callide C Power Station through a 50/50 joint venture. IGPC's ultimate shareholders are Seven Gamma a.s (Cz) and China Huaneng Group (PRC).

IGPC and CEPL hold a 50/50 shareholding in Callide Power Management Pty Ltd (CPM) which was established to manage the joint venture on behalf of the participants. On 24 March 2023, IGPC entered into voluntary administration and on 8 April 2023 became a defaulting participant under the Joint Venture Agreement between CEPL and IGPC (JVA). In accordance with the JVA, a defaulting participant loses voting rights on the CPM Board and in the Joint Venture Management Committee, which is responsible for the decision making as it relates to operation of the Joint Venture including (but not limited to) approving budgets, capital expenditure and providing direction to CPM. As at reporting date, the Group reassessed whether it now has full control of the Joint Operations in accordance with the definitions set out within AASB10 Consolidated Financial Statements. In assessing control, the Group concluded that whilst it has sole voting rights at the CPM Board and in the Joint Venture Management Committee, these rights were not considered to be substantive rights in relation to the relevant activities of the Joint Operations. This is primarily due to the approval rights the Voluntary Administrator retains in relation to approving changes to the asset including sale and material capital investment.

As at reporting date, at various points during the financial year the Group have provided funding to IGPC to meet IGPC's unpaid cash call for day to day operational and capital expenditure, which funding is secured under a Deed of Cross Charge. This funding arrangement has been recognised in Trade and Other Receivables (note 4).

Policy and regulatory developments

Policy and regulatory reform in the Australian electricity and gas markets continued at pace in 2024 with governments maintaining a strong role through actions at the national and jurisdictional levels.

At the national level, the Federal Government reiterated its commitment to achieving 82% renewable energy generation by 2030 and net zero emissions reduction by 2050. Its cornerstone policy, the Capacity Investment Scheme was significantly expanded, providing a revenue underwriting mechanism to unlock investment in renewable energy and dispatchable power. Foundational investment has been pledged to catalyse the green hydrogen industry and the development of net zero sectoral pathways is underway. These initiatives are underpinned by a fundamental shift in energy market governance, with the explicit incorporation of emissions reduction into the National Energy Objectives. CS Energy is proactive in these reform processes, maintaining a voice in policy and regulatory developments by participating in relevant consultation processes and working groups, and through its membership of various industry bodies including the Australian Energy Council, Clean Energy Council and Australian Hydrogen Council.

At the jurisdictional level, governments have continued support for the transformation through state-based renewable energy targets and the establishment of Renewable Energy Zones which will shape the future generation mix. Attention is also focused on whether existing frameworks for transmission infrastructure planning and investment are fit-for-purpose. In Queensland, the government strengthened its emissions reduction targets and legislated the framework for its Queensland Energy and Jobs Plan which sets out a blueprint for transforming the energy sector with an emphasis on new modes of operation, infrastructure development and workforce transition. Work on the development of Renewable Energy Zones has commenced. CS Energy is engaged in this process.

Throughout the year, significant market design issues were also brought forward for consultation and implementation as part of the reform agenda including a range of measures to ensure the security of the power system. October 2023 saw the establishment of a new Fast Frequency Response Market supported by a revised Frequency Operating Standard. Mechanisms to value essential system services other than frequency control were considered in 'Improving Security Frameworks' with a new transitional mechanism set to be implemented to deliver system security throughout the energy transition while facilitating the trail of new capabilities to deliver these services. The Reliability Panel explored whether the reliability standard adequately reflects the changing nature of supply risk that will accompany the energy transition. How to effectively and efficiently integrate consumer energy resources has also been a focus. Each of these reforms have the potential to significantly change the markets in which CS Energy operates and accordingly, CS Energy has been, and will remain, involved in all consultations and industry forums relevant to those design issues.

CS Energy Limited

Directors' report

30 June 2024

Other matters

CS Energy Limited continued its defence of a class action relating to electricity prices. The initial trial commenced on 3 June 2024 and is focused on whether the impugned conduct breached section 46 of the *Competition and Consumer Action 2010 (Cth).* The initial trial will not deal with causation and quantum. As at 30 June 2024, the proceedings remain on foot.

Sustainability

As an energy business and a major regional employer, CS Energy acknowledges the importance of sustainability and Environmental, Social, Governance (ESG) considerations. A suite of ESG initiatives are already in place and monitored across the business. Our progress on these in 2024 is detailed throughout this report. In preparing for mandatory reporting commencing in 2025–2026, we will continue implementing our ESG roadmap and further integrate this within our corporate strategy, align to our decision-making practices and fundamentally how we operate our business.

As part of maturing our sustainability and ESG framework, risks and opportunities will be considered through two lenses;

1. Physical risks and opportunities for our people, planet and portfolio that result from climatic events including, but not limited to, wildfires, storms and floods; and
2. Transition risks and opportunities as our portfolio, and Queensland's energy system, decarbonises, in line with the Queensland Energy and Jobs Plan (QEJP).

We will continue to engage with our employees, customers, communities, and stakeholders as we progress in delivering our roadmap to mature our sustainability and ESG frameworks and prepare for mandatory reporting.

Indemnity and insurance of officers

In accordance with its constitution, CS Energy indemnifies all officers of the Company and its controlled entities, including directors and officers of each of the Group entities, against certain liabilities. The Company has entered into Deeds of Indemnity Access and Insurance with current directors, senior executives and certain other officers indemnifying them to the maximum extent permitted by law against liabilities that may arise from their position as directors and officers of the Company and its controlled entities, or acting as an authorised representative of the Company and its controlled entities including as a director of a company in which a Group entity holds shares or a company associated with a Group entity, except where the liability arises out of conduct attributable to a lack of good faith or is a liability owed to the Company or a related body corporate. The senior executives and officers are the Chief Executive Officer, Chief Financial Officer, Executive General Managers and Company Secretaries of each of the Group entities. The indemnity includes legal costs and expenses incurred in connection with certain claims or proceedings, excluding criminal proceedings where the director or officer is found guilty or proceedings for liabilities not covered by the indemnity.

The Company maintains Directors and Officers liability insurance to insure all officers of the Company and its controlled entities, including directors and officers of each of the Group entities. The indemnity, access and insurance cover continues for seven years following cessation of the role.

During the year, no claims were made by any director, officer or authorised representative pursuant to the indemnity or insurance cover.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001.*

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 59.

Rounding of amounts to the nearest thousand dollars

The company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors') Instrument 2016/191,* issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report.

Directors' meetings

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

Board and Committee meeting attendance FY2024

	Board		Performance and Investment Committee		Safety, People and Environment Committee		Finance Risk and Assurance Committee	
Director	H	A	H	A	H	A	H	A
Adam Aspinall	16	15	5	5	4	3	4	4
Maurice Brennan	12	10	3	3	-	1*	3	3
Mark Carkeet	1	1	-	1*	-	-	-	-
Kellie Charlesworth	1	-	-	-	-	-	-	-
Brian Green	4	4	2	2	1	1	1	1
Stephen Harty	12	12	3	3	-	-	3	2
Jacqueline King	12	8	3	2	3	3	-	-
Alison Smith	1	1	-	-	-	-	-	-
Christina Sutherland	15	15	4	4	4	4	4	4
Kimberley Swords	1	1	-	1*	-	-	-	-
Toni Thornton	15	12	4	3	4	1	4	3

H – number of meetings held during the time the director held office or was a member of the committee during the year.

A – number of meetings attended as a member.

* – not a member of the Committee, but attended for part or entirety of meeting.

Notes:

- Maurie Brennan was appointed to the Board and a member of the Performance and Investment Committee on 1 October 2023 and appointed as the Chair of the Finance Risk and Assurance Committee on 29 April 2024.
- Mark Carkeet was appointed to the Board on 1 June 2024.
- Kellie Charlesworth was appointed to the Board on 1 June 2024.
- Brian Green's term expired on 29 September 2023.
- Stephen Harty was appointed to the Board and a member of the Finance Risk and Assurance Committee on 1 October 2023 and appointed as the Chair of the Performance and Investment Committee on 28 March 2024.
- Jacqueline King was appointed to the Board and as a member of both the Performance and Investment Committee and the Safety People and Environment Committee on 1 October 2023.
- Alison Smith was appointed to the Board on 1 June 2024.
- Christina Sutherland's term expired on 31 May 2024.
- Kimberley Swords was appointed to the Board on 1 June 2024.
- Toni Thorton's term expired on 31 May 2024.

CS Energy Limited

Directors' report

30 June 2024

Matters subsequent to the end of the financial year

Subsequent to reporting date the Group acquired 100% interest in the Lotus Creek Wind Farm which is currently under construction, and as part of the initial investment, the Group received $624.3 million equity contribution relating to this asset.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the directors

Adam Aspinall
Chair

Maurie Brennan
Director

29 August 2024
Brisbane

CS Energy Limited

Auditor's independence declaration

To the Directors of CS Energy Limited

This auditor's independence declaration has been provided pursuant to s. 307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of CS Energy Limited for the financial year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CS Energy Limited and the entities it controlled during the period.

IAsim

30 August 2024

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

CS Energy Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue	1	1,991,587	2,061,998
(Loss)/gain on disposed assets		(2,691)	11,622
Interest income		11,990	2,853
Other income		8,577	7,892
Expenses			
Fuel		(131,391)	(180,695)
Electricity and energy services expense		(761,569)	(802,183)
Services and consultants		(290,061)	(175,668)
Finance costs	2	(82,641)	(67,687)
Employee benefit expense		(165,405)	(118,988)
Raw materials and consumables		(65,016)	(68,309)
Capacity payments and operating leases		(48,551)	(45,340)
Other expenses	2	(123,733)	(91,069)
Fair value through profit/(loss)	5	(107,903)	(374,859)
Depreciation and amortisation		(122,567)	(120,692)
Impairment (losses)	12	(110,272)	(85,054)
Provision remeasurements		(85,432)	17,908
Loss before income tax benefit		**(85,078)**	**(28,271)**
Income tax benefit	14	26,585	13,699
Loss after income tax benefit for the year		**(58,493)**	**(14,572)**
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss			
Actuarial (loss) on defined benefit plan, net of tax		(3,413)	(1,438)
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax	17	(514)	509,635
Other comprehensive (loss)/income for the year, net of tax		**(3,927)**	**508,197**
Total comprehensive (loss)/income for the year		**(62,420)**	**493,625**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CS Energy Limited

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 $'000	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	3	227,603	62,727
Trade and other receivables	4	477,629	625,149
Prepayments		30,525	8,979
Inventories	10	153,892	163,618
Derivative financial instruments	5	296,571	677,946
Total current assets		**1,186,220**	**1,538,419**
Non-current assets			
Trade and other receivables	4	-	3,258
Assets held for sale	12	-	2,102
Property, plant and equipment	12	1,335,583	1,098,038
Intangible assets		728	1,110
Net deferred tax assets		242,360	214,092
Retirement benefit net assets	11	22,624	27,386
Equity accounted investments	25	1	1
Prepayments		9,091	-
Derivative financial instruments	5	193,436	304,799
Total non-current assets		**1,803,823**	**1,650,786**
Total assets		**2,990,043**	**3,189,205**
Liabilities			
Current liabilities			
Trade and other payables	6	462,471	218,417
Provisions	13	112,977	77,960
Borrowings	7	165,281	493,606
Derivative financial instruments	5	367,107	1,005,823
Total current liabilities		**1,107,836**	**1,795,806**
Non-current liabilities			
Trade and other payables	6	12,373	13,353
Provisions	13	422,702	378,717
Borrowings	7	1,147,208	664,174
Derivative financial instruments	5	139,417	295,728
Total non-current liabilities		**1,721,700**	**1,351,972**
Total liabilities		**2,829,536**	**3,147,778**
Net assets		**160,507**	**41,427**
Equity			
Share capital	15	1,347,570	1,166,070
Cash flow hedge reserves	17	(135,847)	(135,333)
Accumulated losses		(1,051,216)	(989,310)
Total equity		**160,507**	**41,427**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CS Energy Limited

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Issued capital	Cash flow hedge reserve	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 July 2023	1,166,070	(135,333)	(989,310)	41,427
Loss after income tax benefit for the year	-	-	(58,493)	(58,493)
Other comprehensive loss for the year, net of tax (note 17)	-	(514)	(3,413)	(3,927)
Total comprehensive loss for the year	-	(514)	(61,906)	(62,420)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	181,500	-	-	181,500
Balance at 30 June 2024	**1,347,570**	**(135,847)**	**(1,051,216)**	**160,507**

	Issued capital	Cash flow hedge reserve	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 July 2022	1,064,070	(644,968)	(973,300)	(554,198)
Loss after income tax benefit for the year	-	-	(14,572)	(14,572)
Other comprehensive income/(loss) for the year, net of tax (note 17)	-	509,635	(1,438)	508,197
Total comprehensive income/(loss) for the year	-	509,635	(16,010)	493,625
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	102,000	-	-	102,000
Balance at 30 June 2023	**1,166,070**	**(135,333)**	**(989,310)**	**41,427**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CS Energy Limited

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Cash receipts from customers		1,827,765	1,777,016
Cash payments to suppliers and employees		(1,459,213)	(1,601,805)
Cash margining contributions		(34,119)	(119,723)
Interest received		719	2,562
Operating borrowing costs paid		(60,369)	(40,670)
Tax equivalent received		608	5,102
Net cash inflow from operating activities	3	**275,391**	**22,482**
Cash flows from investing activities			
Payments for property, plant and equipment		(396,973)	(277,332)
Proceeds from sale of property, plant and equipment		123	32,709
Payments for deposits and loan receivables		(291,047)	(103,560)
Proceeds for deposits and loan receivables		241,138	19,232
Net cash outflow from investing activities		**(446,759)**	**(328,951)**
Cash flows from financing activities			
Proceeds from equity contributions		181,500	102,000
Proceeds from borrowings	3	643,113	602,758
Repayment of borrowings	3	(277,118)	(250,598)
Net proceeds from short-terms borrowings	3	(210,391)	(102,428)
Principal payment of lease liabilities	3	(895)	(1,433)
Net cash inflow from financing activities		**336,209**	**350,299**
Net increase in cash and cash equivalents		164,841	43,830
Cash and cash equivalents at the beginning of the financial year		62,727	18,834
Effects of exchange rate changes on cash and cash equivalents		35	63
Cash and cash equivalents at the end of the financial year	**3**	**227,603**	**62,727**

The above statement of cash flows should be read in conjunction with the accompanying notes

Basis of preparation

These consolidated financial statements are general purpose financial statements for the year ended 30 June 2024 and were authorised for issue by the Board of Directors on 29 August 2024. The Consolidated Statement of Profit or Loss and Other Comprehensive Income has been prepared using the nature of the revenues and expenses.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies has been consistently applied to all the years presented, unless otherwise stated.

The Group's consolidated financial statements:

- has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the Government Owned Corporations Act 1993 and related regulations and the Corporations *Act 2001*. CS Energy Limited is a for-profit entity for the purpose of preparing the consolidated financial statements;
- has been prepared using the historical cost convention with the exception of derivative financial instruments measured at fair value and the superannuation defined benefit plan;
- are presented in Australian dollars. The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191,* issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the consolidated financial statements. Amounts in the consolidated financial statements has been rounded off in accordance with that Instrument to the nearest thousand dollars, except as otherwise stated;
- adopt all new Accounting Standards and Interpretations issued by the AASB that are effective for reporting periods ending on 30 June 2024; and
- do not early adopt any new Accounting Standards or Interpretations.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CS Energy Limited ('Company' or 'Parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. CS Energy and its subsidiaries together are referred to in these consolidated financial statements as the 'Group'.

All intra-group transactions and balances are eliminated in full on consolidation.

Investment and interests in subsidiaries are set out in note 23.

Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The accounting policy and key judgements and estimates are presented in their respective note disclosures.

Judgements and estimates that are material to the consolidated financial statements are disclosed in the relevant notes as follows:

Critical accounting estimates and judgements	Note
Derivative financial instruments	Note 5
Impairment of property, plant, and equipment	Note 12
Provision for onerous contracts	Note 13
Provision for rehabilitation and site closure	Note 13
Deferred tax	Note 14

Going concern

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated financial statements at 30 June 2024 reflect a net asset position for the Group of $160.5 million (2023: net asset position $41.4 million).

Included in this outcome is a net financial derivative liability position of $16.5 million (2023: net financial derivative liability position of $ 318.8 million). These financial derivative transactions manage the exposure the business has to financial market risk, with sales of electricity measured based on a combination of sales of electricity to the National Electricity Market (NEM) and net realised gains/(losses) on electricity contracts.

The Group's 2024 current financial position is a net asset position of $78.3 million. The key driver of this result is largely due to the reclassification of current borrowings of $185.0 million from current to non-current and a net derivative liability position of $70.5 million. The current derivative position is expected to settle over the next twelve months.

The Directors in their consideration of the appropriateness of the preparation of the consolidated financial statements on a going concern basis have prepared cash flow forecasts and revenue projections for a period of not less than eighteen months from the date of this report. These cash flow projections show that CS Energy Limited is able to pay their debts as and when they fall due.

As at 30 June 2024, the Group also had access to short term working capital facilities with the Queensland Treasury Corporation totalling $375.0 million. On 1 July 2024, the available working capital facilities will increase to $425.0 million. On 1 September 2024, $150.0 million will expire reducing available working capital facilities to $275.0 million.

The Group's borrowings increased by $184.0 million as at 30 June 2024 from $2,119.0 million to $2,303.0 million, with additional non-current borrowings approved to recapitalise the working capital facility overdraft, which was utilised to fund the Group's reduced operational performance and the investment in the Callide C3 and C4 units, with the C3 unit returned to service on 1 April 2024. The group manages various convents with Queensland Treasury Corporation, please refer to note 8 for further details.

Debt repayments are expected to commence post commissioning of the battery assets within 12 months, resulting in $6.3 million of borrowings reclassified from non-current to current as at 30 June 2024.

Loans to joint venture operations are secured by the Callide C Power Station asset.

Queensland Treasury Corporation has confirmed in a letter to Management dated 14 June 2024 that there are currently no amounts which are repayable on demand nor any circumstances which would give rise to amounts being payable by the Group other than on a specified date.

The ability of the Group to continue as a going concern is dependent upon:

- continued access to debt facilities with Queensland Treasury Corporation;
- continued access to approved to date equity funding pursuant to the Queensland Renewable Energy and Hydrogen Jobs Fund; and
- the continued support of the Queensland Government.

On the basis of the information available, the Directors consider that there are reasonable grounds to believe that the Group will be able to pay their debts as and when they fall due.

New and amended accounting standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2024

Note 1. Revenue

Accounting Policy

The Group derives its revenue through the selling of energy into the National Electricity Market (NEM). To reduce the volatility of cash flow earnings, a portion of the Group's physical energy is hedged through the use of various financial contracts such as swaps and options. The value of open positions as at the reporting date can be found in note 5.

Sale of electricity - wholesale

Majority of the Group's revenue is earned from the sale of electricity into the NEM. Revenue from the sale of electricity is recognised at the point in time when the electrons are dispatched into the NEM. The settlement amount for effective cash flow hedges are recognised in electricity revenue in the period to which the contract settlement relates.

Sale of electricity - retail

Revenue is recognised separately for retail contracts. Retail contract revenue is calculated based on the terms of the individual contracts. Revenue from the sale of electricity to customers is recognised at the point in time the performance obligation is satisfied, and the energy has been dispatched to the customer.

Revenue from operation and maintenance services

Revenue is earned for the provision of operation and maintenance services directly attributable to the delivery of electricity to customers and services performed for other entities. The Group has assessed this arrangement to represent a series of goods and services which recognises the revenue over time using the input method. These obligations are generally aligned with the maintenance work performed during the month or when the energy services are delivered.

	2024	2023
	$'000	$'000
Sale of electricity to the NEM	**969,594**	1,365,367
Net realised gains/(losses) on electricity contracts designated as cashflow hedges	**176,024**	36,160
Total sales of electricity - wholesale	**1,145,618**	**1,401,527**
Sales of electricity - retail	**756,357**	596,672
Total sales of electricity - retail	**756,357**	**596,672**
Operation and maintenance services	**89,612**	63,799
Total Revenue	**1,991,587**	**2,061,998**

Note 2. Expenses

	2024	2023
Finance Costs	$'000	$'000
Interest on borrowings [1]	**58,087**	42,323
Interest expense on lease liabilities [2]	**850**	226
Unwinding of discount on provisions [3]	**22,382**	22,949
Other finance costs	**1,322**	2,189
Total finance costs	**82,641**	**67,687**

(1) This includes a competitive neutrality fee which is paid to remove any competitive advantage that may be obtained from borrowing at a lower interest rate than the private sector by virtue of the Group's government ownership.

(2) Refer to note 7 for the Group's accounting policy for the unwinding of discount on lease liabilities.

(3) Refer to note 13 for the Group's accounting policy for the unwinding of discount on onerous provisions, rehabilitation and site closure costs.

Note 2. Expenses (continued)

Other expenses	2024 $'000	2023 $'000
Insurance	**30,219**	28,935
Retail Services	**14,213**	13,878
Technology	**26,346**	15,406
General and administration expenses	**43,438**	23,561
Loss allowance on trade receivables	**9,517**	9,289
Total other expenses	**123,733**	**91,069**

Note 3. Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank (1)	**227,603**	62,727
Total cash and cash equivalents	**227,603**	**62,727**

(1) Cash and cash equivalents comprise cash balances and includes cash received from the Queensland Government as part of the Cost of Living Rebate for Households. The cash held comprises of Australian dollars and American dollars amounting to $158.8 million and $68.8 million respectively.

Reconciliation of Profit before Income Tax to Net Cashflow from Operating Activities	2024 $'000	2023 $'000
Loss before income tax	**(85,078)**	(28,271)
Income tax benefit	**26,585**	13,699
Depreciation and amortisation	**122,567**	120,692
Impairment loss/(reversal)	**110,272**	85,054
Fair value adjustment to derivatives	**(302,025)**	(222,548)
Provisions change in value	**45,020**	(55,971)
Interest expense	**22,823**	22,949
Interest and other income	**(11,118)**	(5,826)
Net (gain)/loss on sale of non-current assets	**2,691**	(11,622)
Retirement benefits adjustment	**(114)**	(144)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	**155,832**	282,477
(Increase)/decrease in inventories	**9,726**	(44,420)
(Decrease)/increase in trade and other payables	**204,795**	(120,504)
(Increase)/decrease in deferred tax assets	**(26,585)**	(13,083)
Net cash inflow/(outflow) from operating activities	**275,391**	**22,482**

Reconciliation of Changes in Liabilities Arising from Financing Activities	2024 $'000	2023 $'000
Opening balance	**1,157,780**	893,333
Proceeds from borrowings	**643,113**	602,758
Repayment of borrowings	**(487,509)**	(353,026)
Payment of lease liabilities	**(895)**	(1,433)
Proceeds from lease liabilities	**-**	16,148
Closing Balance	**1,312,489**	**1,157,780**

CS Energy Limited

Notes to the consolidated financial statements

30 June 2024

Note 4. Trade and other receivables

	2024	2023
Current Assets	**$'000**	**$'000**
Trade Receivables	**272,065**	273,090
Collateral [1]	**4,356**	248,494
Deposits and Loans Receivable [2]	**157,585**	96,557
Other Receivables	**51,732**	17,600
Income Tax Receivable	**-**	608
Allowance for expected credit losses	**(8,109)**	(11,200)
Total current trade and receivables	**477,629**	**625,149**

(1) The Group has entered into derivative contracts on the Australian Securities Exchange (ASX). Collateral is provided to support the margin requirements to cover these positions.

(2) The Group has received funding from the Queensland Renewable Energy and Hydrogen Jobs Fund (QREHJF) to support the construction of the Greenbank Battery investment, the Kogan Renewable Hydrogen Demonstration Plant, and the Brigalow Gas Peaker with the funds deposited into the General Government Sector Advances Facility with Queensland Treasury. It also includes loans to joint venture.

	2024	2023
Non-current Assets	**$'000**	**$'000**
Trade and other receivables	**-**	3,258
Total non-current trade and receivables	**-**	**3,258**

Accounting policy

Trade receivables are generally due for settlement within 30 days.

Trade and other receivables are initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method, less impairment allowance using the simplified approach.

Due to the nature of over-the-counter electricity contracts (OTC), the settlement is performed on a net basis with the respective counterparty.

In considering lifetime expected credit losses the Group has segmented trade receivables into the following categories:

Wholesale operations

Wholesale operations includes net electricity settlements with the Australian Energy Market Operator (AEMO) and wholesale derivative settlements with OTC counterparties. As at reporting date, 76% of the wholesale receivables are held with highly rated counterparties and AEMO. For the financial assets held with non-rated counterparties, CS Energy Limited generally requires credit support via a bank guarantee or cash deposits which are considered when assessing the lifetime expected credit loss.

The lifetime expected credit loss on wholesale receivables is $ nil as at 30 June 2024 (2023: $ nil).

Commercial and industrial (C&I) retail

The Group has entered into retail contracts with large commercial and industrial customers. These customers have ongoing credit reviews on their financial conditions to ensure credit exposures remain within approved levels. As at reporting date, 69% of the C&I retail receivables were either held with Queensland Government entities or highly rated counterparties. The Group does not recognise an impairment loss on balances owed by Queensland Government entities.

The lifetime expected credit loss on wholesale receivables is $ nil as at 30 June 2024 (2023: $ nil).

Note 4. Trade and other receivables (continued)

Residential and small to medium enterprise retail

Through joint operations, the Group has credit exposure to the residential retail market. For trade receivables, accrued and unbilled revenue, the joint operation applies the simplified approach. This is assessed based on customer segment, credit risk characteristics and days past due. The joint operations uses an allowance matrix to measure expected credit losses of trade receivables and unbilled revenue from customers. This considers historic experience, analysis of trends and underlying macro-economic conditions.

The lifetime expected credit loss on trade and other receivables has increased to $7.2 million as at 30 June 2024 (2023: $6.6 million).

Other receivables

The Group has other receivables primarily relating to construction retention, GST receivables and liquidated damages. Other receivables were assessed for impairment using the simplified approach based on their credit risk characteristics and days past due.

The lifetime expected credit loss on other receivables is $0.9 million as at 30 June 2024 (2023: $4.6 million).

Queensland Treasury Corporation advances facility

Credit risk of the advances facility is considered low due to low risk of default and the counterparty's strong capacity to meet contractual cash flow obligations. The funds are deposited with Queensland Treasury Corporation and held on behalf of Queensland Treasury. The funds are 100% guaranteed by Queensland Treasury Corporation.

Refer to note 8 for further details of the Group's credit risk management strategy.

Note 5. Derivative financial instruments

	2024	2023
Derivative financial instrument assets	**$'000**	**$'000**
Current assets		
Electricity derivative contracts - cash flow hedges	**3,945**	4,510
Electricity derivative contracts - fair value through profit or (loss)	**292,626**	673,436
Total current derivative financial instrument assets	**296,571**	677,946
Non-current assets		
Electricity derivative contracts - cash flow hedges	**716**	4,576
Electricity derivative contracts - fair value through profit or (loss)	**192,720**	300,223
Total non-current derivative financial instrument assets	**193,436**	304,799

	2024	2023
Derivative financial instrument liabilities	**$'000**	**$'000**
Current liabilities		
Electricity derivative contracts - cash flow hedges	**155,502**	297,821
Electricity derivative contracts - fair value through profit or (loss)	**211,605**	706,701
Foreign exchange contracts - cash flow hedges	**-**	1,301
Total current derivative financial instrument liabilities	**367,107**	1,005,823
Non-current liabilities		
Electricity derivative contracts - cash flow hedges	**57,772**	32,501
Electricity derivative contracts - fair value through profit or (loss)	**81,645**	263,227
Total non-current derivative financial instrument liabilities	**139,417**	295,728

Note 5. Derivative financial instruments (continued)

Critical accounting estimates and assumptions

The Group enters into financial derivative transactions including swaps and options to manage exposure to commodity and financial market risk. The fair value of these transactions is generally determined using observable market prices. The above valuations were influenced by assumptions made in the following areas:

- Forward prices and generation output
- Financial deltas to account for option volatility
- Discount rates

Refer note 9 for additional detail in relation to fair value techniques and assumptions.

Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Derivatives are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

The Group applies hedge accounting on eligible electricity OTC swaps and futures contracts and performs ongoing assessment of effectiveness. The economic relationship is determined by matching the critical terms, such as volume, time period and region, between the hedging instrument and the hedged item. The hedge ratio is 100 per cent which reflects the economic relationship. Potential sources of ineffectiveness include the following:

- The volume of the hedging instruments in excess of the forecast volume of electricity sales to the NEM.
- Changes in counterparty credit risk.

The following table summarises the derivative financial instruments that have been designated in cash flow hedge relationships:

	Asset carrying value (1)		Liabilities carrying value (1)		Nominal hedge volume (2)	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 GWh	2023 GWh
Derivatives designated as hedging instruments						
12 months or less	**3,945**	4,510	**155,502**	297,821	**6,069**	6,622
1 – 5 years	**716**	4,576	**57,772**	32,501	**4,637**	2,807
Total	**4,661**	**9,086**	**213,274**	**330,322**	**10,706**	**9,429**

(1) This amount is included in the Derivative Financial Instruments line items in the Consolidated Statement of Financial Position.

(2) Nominal hedge volume excludes volumes for other instruments that are economic hedges but not eligible for hedge accounting such as load following hedges.

The average strike rates for these instruments varies by product type and time period and range from $39 to $142 per MWh (2023: $33 to $214 per MWh).

Note 5. Derivative financial instruments (continued)

	2024 $'000	2023 $'000
Hedging instrument		
Changes in fair value (used for calculating hedge ineffectiveness)	**34,624**	(685,903)
Hedged item		
Changes in value (used for calculating hedge ineffectiveness)	**33,632**	(686,097)
Hedge ineffectiveness		
Hedge ineffectiveness recognised in (loss)/profit (1)	**(4,985)**	2,160
Cash flow hedge reserve (before tax)		
Balance in cash flow hedge reserve related to continuing hedges	**178,650**	150,312
Balance in cash flow reserve for which hedge accounting is no longer applied	**15,417**	43,021
Cash flow hedge reserve (before tax)	**194,067**	**193,333**

(1) Ineffectiveness is included in the fair value gain/(loss) through profit/(loss) line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Derivatives which do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. The main categories of non-qualifying instruments for the Group are options, load following hedges and instruments which were not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

		2024 $'000	2023 $'000
Net realised (losses)/gains	Fair value through profit/(loss)	**(409,928)**	(595,247)
Net unrealised gains	Fair value through profit/(loss)	**302,025**	220,388
Total changes in fair value of non-hedged accounted derivatives recognised in profit/(loss)		**(107,903)**	**(374,859)**

Master netting arrangement

Agreements with derivative counterparties are based on the International Swap and Derivative Association (ISDA) Master Agreement. Under the terms of these arrangements, where certain credit events occur (such as default), the net position owing or receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Consolidated Statement of Financial Position.

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Note 6. Trade and other payables

	2024	2023
	$'000	$'000
Current liabilities		
Trade payables (1)	**337,302**	124,310
Other payables (2) (3)	**68,730**	53,553
Environmental surrender obligation	**26,153**	27,379
Unearned revenue	**30,286**	13,175
Total current trade and other payables	**462,471**	**218,417**
Non-current liabilities		
Trade and other payables (2)	**12,373**	13,353
Total non-current trade and other payables	**12,373**	**13,353**

(1) Includes cash received from the Queensland Government as part of the Cost of Living Rebate for Households.

(2) Balance includes $11.9 million (2023: $6.3 million) payable to counterparties relating to contract for difference settlements.

(3) The Group has recognised a liability in relation to the Gladstone Area Water Board under recovery of water cost charges, which includes current payable of $1.4 million and non-current payable of $12.4 million.

Note 7. Borrowings

	2024	2023
Current borrowings	$'000	$'000
Queensland Treasury Corporation Loans – Unsecured	**163,451**	491,862
Lease liabilities	**1,830**	1,744
Total current borrowings	**165,281**	**493,606**

The fair value of Queensland Treasury Corporation loans as at 30 June 2024 was $165.0 million (2023: $495.2 million).

The fair value is the price that the notional underlying debt instruments funding the loan could be realised at balance date as advised by Queensland Treasury Corporation.

The temporary variable rate loan collateral facility expiring 1 October 2025 is due for payment within 12 months.

Debt repayments for commissioned battery assets to commence within 12 months.

	2024	2023
Non-current borrowings	$'000	$'000
Queensland Treasury Corporation Loans - Unsecured	**1,133,662**	649,648
Lease liabilities	**13,546**	14,526
Total non-current borrowings	**1,147,208**	**664,174**

Note 7. Borrowings (continued)

The fair value of Queensland Treasury Corporation loans as at 30 June 2024 was $1,108.4 million (2023: $622.2 million).

The fair value is the price that the notional underlying debt instruments funding the loan could be realised at balance date as advised by Queensland Treasury Corporation.

Queensland Treasury Corporation must provide at least 24 months' notice to terminate the portfolio linked loan facility. Upon termination the fair value of the loans becomes immediately due and payable.

Queensland Treasury Corporation has structured the debt in accordance with directions specified by the Group and manages the portfolio linked loan facility such that the target duration can facilitate the proposed debt management strategy that was agreed with Queensland Treasury Corporation and Queensland Treasury.

Variable rate loan facilities to fund the construction of renewable assets will be repaid over a 10-year term post commissioning of the assets. All other variable rate loan facilities are to be repaid upon expiry.

	2024	2023
Lease Payments	**$'000**	**$'000**
Principal	**895**	1,433
Interest	**850**	266
Other lease payments	**4,111**	3,196
Total cash outflow for leases	**5,856**	**4,895**

Accounting Policy

Interest bearing liabilities are stated at amortised cost.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. The lease payments are discounted using the Group's incremental borrowing rate. Lease liabilities are subsequently measured using the effective interest method. Information on right-of-use asset is presented in note 12.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets, including computers, tablets, mobile phones, printers and small items of office furniture.

Note 8. Financial risk management

Financial risk management objective

The Group's overall risk management program focuses mainly on the unpredictability of the electricity and financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

1. Liquidity risk

The Group is exposed to liquidity risk through the volatility of its operating cash flows. The Group manages its exposure to liquidity risk by maintaining sufficient committed credit facilities to cater for unexpected volatility in cash flows. Funding approval is sought in advance for expenditure commitments that extend beyond the current financial year, pursuant to the Queensland Government's State Borrowing Program. Available lines of funding are disclosed below.

The following table summarises the contractual maturities of financial liabilities, including estimated interest payments, excluding the impact of netting agreements.

The anticipated time at which cash flows from hedges are expected to impact profit or loss is consistent with the maturity profiles for derivative financial assets and liabilities in the following tables.

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Note 8. Financial risk management (continued)

	Carrying amount $'000	Total contractual cash flows $'000	Less than one year $'000	1-5 years $'000	More than 5 years $'000
30 June 2024					
Non-derivative financial liabilities					
Loans from Queensland Treasury Corporation	**1,297,113**	**1,651,632**	**213,958**	**498,059**	**939,614**
Trade and other payables	**474,844**	**482,693**	**462,471**	**3,925**	**16,298**
Lease liabilities	**15,376**	**19,630**	**1,830**	**8,222**	**9,578**
Derivative financial liabilities					
Electricity contracts	**506,140**	**513,305**	**370,380**	**142,925**	**-**
Foreign exchange contracts	**384**	**384**	**384**	**-**	**-**
Total	**2,293,857**	**2,667,644**	**1,049,023**	**653,131**	**965,490**
30 June 2023					
Non-derivative financial liabilities					
Loans from Queensland Treasury Corporation	1,141,510	1,072,357	317,950	124,417	629,990
Trade and other payables	231,770	226,666	218,418	12,340	1,909
Lease liabilities	16,270	21,374	1,744	7,855	5,774
Derivative financial liabilities					
Electricity contracts	1,300,250	1,333,774	1,017,508	311,963	4,303
Foreign exchange contracts	1,301	1,342	1,342	-	-
Total	**2,691,101**	**2,655,513**	**1,556,962**	**456,575**	**641,976**

Queensland Treasury Corporation Facilities	**2024 $'000**	**2023 $'000**
Facilities used at balance date		
Queensland Treasury Corporation Facilities	**1,297,113**	1,141,510
Total	**1,297,113**	**1,141,510**
Queensland Treasury Corporation facility unused at balance date		
Working Capital Facility [(1)]	**375,000**	264,608
Eligible Undertaking [(2)]	**5,000**	705,000
Variable Rate Loan Facility [(3)]	**631,340**	713,335
Total	**1,011,340**	**1,682,943**
Total facilities available	**2,308,453**	**2,824,453**

(1) The Group has access to working capital facility to manage day to day cash flow requirements.

(2) The Eligible Undertaking is utilised to manage compliance with CS Energy Financial Services Pty Ltd's Australian Financial Services Licence and is not available as cash.

(3) The Group has access to multiple variable rate loan facilities with Queensland Treasury Corporation ranging in term from 12 months to 10 years for the construction of various renewable energy assets.

Note 8. Financial risk management (continued)

2. Credit risk exposures

A material exposure arises from OTC swap contracts and the Group is exposed to loss in the event that counterparties fail to settle the contracted amounts. The Group also has a concentration of credit exposure to the NEM, operated by the AEMO.

To manage credit risk appropriately, the Group has policies in place to ensure transactions, which may result in credit risk, either involve counterparties of appropriate credit quality, or that sufficient security is obtained. Overall credit risk is maintained within parameters specified by the Board so that a material loss on account of credit risk is relatively low. Financial derivative counterparties are limited to those that are at least investment grade (as determined by recognised providers of credit rating information), or alternatively provide credit enhancement. The Group also uses ISDA agreements with all derivative counterparties in order to limit exposure to credit risk through the netting of amounts payable to and receivable from individual counterparties. Cash investments are limited to high quality counterparties.

The carrying amount of the Group's financial assets (as disclosed in notes 3, 4, and 5) represents the maximum exposure to credit risk at reporting date.

A summary of the credit quality of financial asset is assessed by reference to publicly available external credit ratings as reflected in the following table:

	2024	2023
	$'000	$'000
Cash and cash equivalents		
A+ to A-	**227,603**	62,727
Total	**227,603**	**62,727**
Trade and other receivables and prepayments		
AAA+ to AA-	**19,020**	17,852
AA+ to AA-	**23,439**	174,712
A+ to A-	**27,513**	248,494
BBB+ to BBB-	**5,920**	70
BB to BB-	**232**	-
B to B-	**1,425**	-
AEMO (1)	**79,254**	42,706
Other non-rated (2)	**360,442**	153,552
Total	**517,245**	**637,386**
Derivative financial assets		
AA+ to AA-	**48,936**	64,966
A+ to A-	**283,667**	708,097
BBB+ to BBB-	**29,281**	10,175
Non-rated	**128,123**	199,507
Total	**490,007**	**982,745**

(1) Transactions with AEMO are settled on a net consolidated basis.

(2) The other non-rated receivables relate to amounts provided for but not invoiced as at 30 June 2024. Balances primarily represent receivables due from Gladstone Power Station participants in relation to the Interconnection & Power Pooling Agreement (IPPA) and the Power Purchase Agreement (Boyne Smelter Additional Load); receivables from non-rated retail customers including the Alinta joint operation and other deposits and loan receivables.

3. Interest rate risk

The Group is exposed to changes in interest rates via its borrowings, cash and cash equivalents and the General Government Sector Advances Facility.

The Group's borrowings with Queensland Treasury Corporation have been classified as loans with a fixed and floating interest rate exposure whilst cash and cash equivalents and the Advances Facility exposes the Group to floating interest rate exposures. The Group borrows exclusively from Queensland Treasury Corporation and has access to funds via portfolio linked loan facilities, which have an interest only in perpetuity repayment profile.

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Note 8. Financial risk management (continued)

Debt funding for the construction of renewable assets is provided via dedicated variable rate loan facilities, which have an interest only repayment profile during the period of construction. Post commissioning of the assets the facilities convert to a principal and interest basis with repayments to be made over a 10-year term.

The Group also has access to a variable rate loan facility to fund its collateral requirements for futures trades executed on the ASX, with amounts repaid able to be withdrawn up to the approved facility limit. The facility has an interest only repayment profile, however the group makes voluntary repayments to closely align the debt facility balance with the variation margin receivable asset balance.

The Group is working with Queensland Treasury Corporation and Queensland Treasury to implement a debt reduction plan for the portfolio linked loan facilities, with repayments targeted to commence from 1 July 2025.

Queensland Treasury Corporation manages to an overall target duration for the Group's fixed-rate funding pool and manages the underlying debt on a term structure with various component maturities. The duration of the debt is set to reduce exposures to adverse interest rate movements, match underlying business cash flows and reduce the overall cost of funding. The Group's cost of debt comprises of a book interest rate, administration fee and a competitive neutrality fee.

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased (decreased) profit or loss for the year by the amounts shown in the following table. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as 2023.

	1% increase $'000	1% decrease $'000
Cash and cash equivalents	2,276	(2,276)
Deposits and Loans Receivable	1,576	(1,576)
Borrowings	6,992	(6,939)

	2024 Floating Interest Rate (1) $'000	2024 Fixed Interest Rate (1) $'000	2024 Weighted average Interest Rate %	2023 Floating Interest Rate (1) $'000	2023 Fixed Interest Rate (1) $'000	2023 Weighted average Interest Rate %
Financial assets						
Cash and cash equivalents	**227,603**	**-**	**1.96%**	62,727	-	0.18%
Deposits and Loans Receivable	**157,585**	**-**	**5.44%**	84,328	-	3.76%
Total financial assets	**385,188**	**-**	**5.04%**	**147,055**	**-**	**2.68%**
Financial liabilities						
Queensland Treasury Corporation loans - Non-current	**576,309**	**557,353**	**4.97%**	92,295	557,353	4.25%
Queensland Treasury Corporation loans - Current	**163,451**	**-**	**5.11%**	491,862	-	3.74%
Total financial liabilities	**739,760**	**557,353**	**5.01%**	**584,157**	**557,353**	**4.02%**

(1) Values represent closing balances of the facilities.

4. Foreign currency risk

The Group is exposed to foreign currency risk on the procurement of certain equipment from offshore suppliers. The Group manages its exposure to changes in foreign exchange rates through forward foreign exchange contracts. Significant foreign-denominated transactions undertaken in the normal course of operations are managed on a case-by-case basis.

Note 8. Financial risk management (continued)

5. Commodity price risk

The Group has policies and procedures in place to manage the financial risks associated with its operating activities. Derivative financial instruments are used to manage certain exposures to fluctuations in electricity prices.

The Group is exposed to commodity price risk on electricity and coal arising from the purchase and/or sale of these commodities. The Group does not use derivative financial instruments for risk management in relation to purchases of coal, but rather enters into long term fixed price supply agreements.

The Group is exposed to commodity price risk on electricity sales via the National Electricity Market. This risk arises from fluctuations in the wholesale price of electricity. Electricity swaps and futures contracts are used to manage this electricity price risk. The majority of these types of financial instruments have a time to maturity of between three months and three years.

The Group's risk management policy is to hedge a proportion of the production that is highly likely to occur. The policy prescribes a maximum hedge level for discrete time periods based on a number of operational, technical and market parameters.

Over-the-counter electricity contracts

The Group has entered into a number of OTC electricity contracts, which are mostly swap contracts. The majority of these swap contracts are such that the Group receives a fixed rate per megawatt hour from counterparties (predominantly retailers) in exchange for payment of the pool price per megawatt hour for the contract period.

Exchange traded electricity futures contracts

The Group has entered into a number of exchange traded electricity futures contracts. The majority of these contracts are such that the Group receives a fixed rate per megawatt hour in exchange for payment of the average pool price for the contract period. The contracts are settled on a daily basis by margin payments and receipts prior to and throughout the course of the contract period, based on the market price of the contract at the time.

Sensitivity analysis on the electricity derivative portfolio

The following table summarises the increase/(decrease) on the Group's profit or loss for the year and on equity, that would result from a 10% increase/(decrease) in electricity forward prices on the electricity derivatives portfolio. The sensitivity analysis is based on reasonably possible changes, over a financial year, in the electricity price applicable to each financial instrument. All variables other than electricity prices are held constant in the analysis.

	Equity $'000	Impact on pre-tax profit or (loss) $'000
30 June 2024		
Electricity price - increase 10%	**(112,683)**	**31,145**
Electricity price - decrease 10%	**102,131**	**(20,555)**
30 June 2023		
Electricity price - increase 10%	(113,490)	80,161
Electricity price - decrease 10%	102,494	(71,585)

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Note 8. Financial risk management (continued)

6. Capital management

The Group borrows exclusively from Queensland Treasury Corporation, with portfolio linked loan facilities provided reflecting an interest only in perpetuity repayment profile. Variable rate loan facilities provided are interest only, however will convert to a principal and interest basis with repayment once the facility is fully drawn and post commissioning of the renewable assets. All other variable rate loan facilities will be repaid upon expiry.

Queensland Treasury Corporation manages debt financing, including new debt raising and the re-financing of existing borrowings, on behalf of the Group in accordance with agreed benchmarks. Queensland Treasury Corporation borrows in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and also to reduce the risk associated with refinancing maturing loans.

In order to maintain or adjust the capital structure, the Group may seek approval from the Shareholding Ministers for additional equity, or divest itself of some or all of its assets in order to reduce debt or pursue new investment opportunities.

Funding for renewable assets is being managed through a combination of debt and equity funding, from the Queensland Treasury Corporation and the Queensland Renewable Energy and Hydrogen Jobs Fund.

The Group monitors capital on the basis of the agreed financial covenants (EBITDA interest cover, total debt to EBITDA and total debt to total capital ratio). All ratios are calculated and monitored on a monthly basis. Due to the continued earnings impact of Callide C Power Station being offline during the year, attributable to the structural failure of the Unit C3 cooling tower and the delayed return to service of Callide Unit C4, the Group breached all three financial covenants as at 30 June 2024. Queensland Treasury Corporation extended the limited waiver for the financial covenants until 1 October 2025. Prior to the end of the updated waiver period ending 1 October 2025, Queensland Treasury Corporation will update the existing financial covenants and formalise a variation to the existing lending agreement with the Group. Based on the April 2024 Board approved five-year forecast, the Group is expecting to meet all the current financial covenants within the 2025 financial year.

Note 9. Fair Values

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivative financial assets				
Electricity contracts	**283,667**	**62,246**	**144,094**	**490,007**
Total	**283,667**	**62,246**	**144,094**	**490,007**
Derivative financial liabilities				
Electricity contracts	**(287,891)**	**(215,574)**	**(2,675)**	**(506,140)**
Foreign exchange contracts	**-**	**(384)**	**-**	**(384)**
Total	**(287,891)**	**(215,958)**	**(2,675)**	**(506,524)**

30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivative financial assets				
Electricity contracts	707,280	127,652	147,813	982,745
Total	**707,280**	**127,652**	**147,813**	**982,745**
Derivative financial liabilities				
Electricity contracts	(961,727)	(333,924)	(4,599)	(1,300,250)
Foreign exchange contracts	-	(1,301)	-	(1,301)
Total	**(961,727)**	**(335,225)**	**(4,599)**	**(1,301,551)**

Note 9. Fair Values (continued)

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Recurring fair value measurement $'000
Balance at 1 July 2022	(58,155)
Change in fair value through profit or loss [1]	9,690
Transfer to level 2	-
Settlement	191,679
Balance at 30 June 2023	**143,214**
Balance at 1 July 2023	**143,214**
Change in fair value through profit or loss [1]	**53,071**
Transfer from level 2 to level 3	**2,188**
Transfer to level 2	**-**
Settlement	**(57,054)**
Balance at 30 June 2024	**141,419**

(1) Change in fair value is included in the fair value (loss)/gain through profit/(loss) line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Valuation techniques used to determine fair values

The Group uses internal valuation models to value electricity financial instruments that are not traded in an active market. These models use inputs that are sourced, wherever possible, from observable market data. However, there are elements of estimation involved where market data is not available for certain time periods, certain instruments are not actively traded or instruments embody unusual conditions.

Quoted market price is used for similar financial instruments. These instruments are included in level 1.

The fair value of over-the-counter derivatives is calculated as the present value of the estimated cash flows based on observable forward curves. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2. The following inputs are used in level 2 valuations:

- Published forward prices for over the counter transactions
- Historic settled prices are used to construct the forward curve to value non-standard transactions
- Sydney Futures Exchange trade prices
- Credit risks factors
- Historic market volatilities
- Extrapolation rates

The fair value of the remaining instruments is determined using discounted cash flow analysis. These instruments are included in level 3.

During the year the Group entered into transactions that are valued using level 3 valuation techniques. These transactions are classified as level 3 as management inputs are required to determine the fair value. These include estimation of forward market prices and forecast volumes for load following arrangements.

For long term renewable power purchasing agreements, the Group has determined a market price based on publicly available information, internal expertise and external advisors. Specific assumptions incorporated in market modelling include:

- Long term market assumptions have primarily been determined with reference to the AEMO forecasts.
- Publicly announced State based targets, namely the Queensland Energy and Jobs Plan
- Further targets, namely Victorian Renewable Energy Target, and the New South Wales Energy Infrastructure Roadmap.

Note 9. Fair Values (continued)

For load following transactions the Group derived forecast volumes based on meter estimates provided by the counterparty which are validated internally.

The below table shows the pre-tax sensitivities relating to key management inputs for level 3 valuations.

	Electricity price 2024 $'000	Electricity price 2023 $'000	Forecast volume 2024 $'000	Forecast volume 2023 $'000
10% increase	**7,285**	4,438	**14,142**	14,321
10% decrease	**(7,285)**	(4,438)	**(14,142)**	(14,321)

The fair value of loans from Queensland Treasury Corporation together with the carrying amount shown in the Consolidated Statement of Financial Position of the Group, are as follows:

	2024 $'000	2023 $'000
Carrying amount	1,297,113	1,141,510
Fair Value (level 2)	1,273,461	1,117,414

The fair value of loans from Queensland Treasury Corporation is inclusive of costs which would be incurred on settlement of the liability. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt.

For all other financial assets and financial liabilities not measured at fair value, the carrying amount is a reasonable approximation of fair value.

Note 10. Inventories

	2024 $'000	2023 $'000
Stores	**98,563**	90,187
Fuel at weighted average cost (finished goods)	**18,618**	38,864
Fuel at weighted average cost (work in progress)	**41,236**	34,297
Environmental certificates (1)	**10,922**	13,170
Provision for obsolescence	**(15,447)**	(12,900)
Total	**153,892**	**163,618**

(1) Includes Large-Scale Generation Certificates and Small-Scale Technology certificates held for surrender in accordance with the *Clean Energy Act 2011.*

Inventories expensed relating to the generation of electricity during the year ended 30 June 2024 were $233.8 million (2023: $214.6 million).

Accounting policy

Inventories comprise stores, fuel and environmental certificates, which are stated at the lower of cost and net realisable value.

Fuel inventory is recognised as finished goods once the coal has been extracted and delivered to the coal stockpile at the power stations. Overburden that is removed in advance at the Aberdare coal mine is recognised as work in progress and unwound once the coal is extracted.

Note 11. Retirement benefit net assets

Defined benefit obligation

Some employees of the Group are entitled to benefits from the industry multiple employer superannuation plans, the Brighter Super Fund, on retirement, disability or death. The Group has a defined benefit plan and a defined contribution plan. The defined benefit plan provides lump sum benefits based on years of service and final average salary. The defined contribution plan receives fixed contributions from Group companies, on behalf of employees and the Group's legal or constructive obligation is limited to these contributions. If Brighter Super Fund were wound up, there would be no legal obligation on the Company to make good any shortfall.

The plan typically exposes the Company to actuarial risks such as:

Investment risk	The risk that investment returns will be lower than assumed and the Company will need to increase contributions to offset this shortfall. The assets are diversified within the Defined Benefit investment option and therefore has no significant concentration of investment risk.
Salary growth risk	The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
Legislative risk	The risk that legislative changes could be made which increase the cost of providing the defined benefit.

The total fair value of the plan assets were greater than the present value of the future obligations in 2024 resulting in a defined benefit asset being recognised at 30 June 2024 (30 June 2023: Defined benefit asset recognised).

The amounts recognised in the Consolidated Statement of Financial Position are determined as follows:

	2024	2023
Reconciliation of the Net Defined Benefit Liability/(Asset)	**$'000**	**$'000**
Defined benefit obligation	**(52,105)**	(51,744)
Fair value fund assets	**71,335**	75,022
Surplus/(Deficit)	**19,230**	**23,278**
Provision for contributions tax	**3,394**	4,108
Total	**22,624**	**27,386**

	2024	2023
	$'000	**$'000**
Reconciliation of defined benefit obligation:		
Reconciliation of the defined benefit obligations at the beginning of the year	**47,636**	44,064
Current service cost	**1,129**	1,110
Interest cost	**2,289**	2,075
Actuarial losses	**3,965**	3,053
Benefits paid	**(6,787)**	(3,227)
Contributions by Fund participants	**479**	561
Present value of defined benefit obligations at the end of the year	**48,711**	**47,636**
Reconciliation of the fair value of plan assets:		
Fair value of Fund assets at beginning of the year	**75,022**	73,360
Interest income	**3,532**	3,329
Actual return on Fund assets less interest income	**(911)**	999
Benefits paid including taxes, premiums & expenses	**(6,787)**	(3,227)
Contributions by Fund participants	**479**	561
Fair value of Fund assets at the end of the year	**71,335**	**75,022**

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Note 11. Retirement benefit net assets (continued)

Actuarial Assumptions and Sensitivity

The main assumptions for the valuations of the plans under AASB 119 *Employee Benefits* are set out below:

Significant Actuarial Assumptions at reporting date	2024 %	2023 %
Discount rate	**5.2%**	5.3%
Future salary increases - 1st year	**4.5%**	4.5%
Future salary increases - long term	**3.5%**	3.0%

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increases. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Impact on defined benefit obligation	Change in assumption %	Increase in assumption $'000	Decrease in assumption $'000
Discount rate	0.5%	47	50
Salary growth rate	0.5%	50	47

Accounting policy

Employee retirements benefits

The Group's defined benefit plan provides lump sum benefits based on years of service and final average salary. The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using rates based on high quality corporate bond yields with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer’s defined benefit liability or asset.

Note 12. Property, plant and equipment

At cost	Power stations $'000	Other property, plant and equipment $'000	Work in progress [1] $'000	Mining assets $'000	Land & buildings $'000	Right-of-use asset $'000	Total $'000
Movements for the year ended 30 June 2024							
Opening net book amount	**776,051**	**22,990**	**227,692**	**18,352**	**39,129**	**15,926**	**1,100,140**
Additions	**45,607**	**760**	**424,287**	**-**	**-**	**-**	**470,654**
Transfers	**2,506**	**150**	**(2,656)**	**-**	**-**	**-**	**-**
Disposals	**(225)**	**(559)**	**(1,210)**	**(592)**	**(281)**	**-**	**(2,867)**
Impairment (loss)	**(72,659)**	**(1,111)**	**(32,684)**	**-**	**(3,818)**	**-**	**(110,272)**
Depreciation [2]	**(111,764)**	**(3,154)**	**-**	**(3,031)**	**(2,518)**	**(1,605)**	**(122,072)**
Closing net book value	**639,516**	**19,076**	**615,429**	**14,729**	**32,512**	**14,321**	**1,335,583**
At 30 June 2024							
Cost	**2,208,303**	**59,230**	**615,429**	**47,425**	**69,170**	**16,196**	**3,015,753**
Accumulated depreciation	**(1,568,787)**	**(40,154)**	**-**	**(32,696)**	**(36,658)**	**(1,875)**	**(1,680,170)**
Net book value	**639,516**	**19,076**	**615,429**	**14,729**	**32,512**	**14,321**	**1,335,583**

At cost	Power stations $'000	Other property, plant and equipment $'000	Work in progress (1) $'000	Mining assets $'000	Land & buildings $'000	Right-of-use asset $'000	Total $'000
Movements for the year ended 30 June 2023							
Opening net book amount	825,139	23,320	105,698	19,158	58,917	1,181	1,033,413
Additions	103,484	3,244	169,949	424	5	16,197	293,303
Transfers	37,904	287	(40,137)	1,791	155	-	-
Disposals	(3,290)	(80)	-	-	(17,725)	-	(21,095)
Impairment (loss)	(76,443)	(793)	(7,818)	-	-	-	(85,054)
Depreciation [2]	(110,743)	(2,988)	-	(3,021)	(2,223)	(1,452)	(120,427)
Closing net book value	**776,051**	**22,990**	**227,692**	**18,352**	**39,129**	**15,926**	**1,100,140**
At 30 June 2023							
Cost	2,412,811	62,423	227,692	48,081	73,562	20,920	2,845,489
Accumulated depreciation	(1,636,760)	(39,433)	-	(29,729)	(34,433)	(4,994)	(1,745,349)
Net book value	**776,051**	**22,990**	**227,692**	**18,352**	**39,129**	**15,926**	**1,100,140**

(1) Work in progress includes assets held for sale of $ nil (2023: $2.1 million).

(2) Depreciation excludes amortisation of intangible assets of $ 0.5 million (2023: $ 0.3 million).

CS Energy Limited

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Note 12. Property, plant and equipment (continued)

Accounting policy

All property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

In general, non-current physical assets with a value greater than $5,000 are capitalised. Land is not depreciated. Depreciation on other assets is recognised in profit or loss on a straight- line method to allocate their net book amount, net of their residual values, over their estimated effective useful lives, as follows:

Asset Category	Useful Life (Years)
Power station assets	2 – 35 years
Mining assets	9 – 35 years
Buildings	1 – 40 years
Other property plant and equipment	1 – 5 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

The assets' residual values and useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

Mining assets

Mining assets costs include mining development licences and mining leases, are carried in property, plant and equipment. The mining leases are depreciated over the life of the mine.

Right-of-use asset

The Group may lease many assets including buildings for office space. The lease term is a non-cancellable period of a lease.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Critical estimates and judgments

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, the industry risk profile adjusted for risks specific to the asset, which have not been included in cash flow.

The Group assesses impairment annually by evaluating conditions that might indicate an impairment of assets exists. The recoverable amounts of assets, or Cash Generating Unit (CGU), have been determined on a value in use basis.

The value in use calculations are based on financial forecasts covering the remaining asset lives of the assets up to 12 years.

CS Energy has relied on external fundamental electricity market modelling to simulate the operating environment considering the outlook for market drivers, including those summarised below.

Discount rate

Determination of WACC is based on separate analysis of debt and equity costs, utilising publicly available information.

A change in discount rate would have the following impact on the value in use valuation of Power Station CGUs.

		+1%	-1%
Discount rate sensitivity (+/-1%)	$million	(94)	101

Note 12. Property, plant and equipment (continued)

Market factors

Management has undertaken fundamental electricity market modelling to simulate the operating environment considering the outlook for market drivers, including those summarised below:

- Demand projections are based on publicly available information from and other sources
- Supply projections and the forecast generation mix are primarily determined with reference to publicly available AEMO information and other sources. This includes emerging technologies and their impacts on demand projections
- Fuel price assumptions (coal, gas and foreign currency) are based on publicly available commodity price forecasts where available and internally modelled values reflective of broader market consensus are used beyond the observable period.

Achievement of the Queensland Energy and Jobs Plan has been used for the base case valuations with an additional scenario that contemplates a delay to the Queensland Energy and Jobs Plan, particularly a delay to the construction of the Borumba and Pioneer-Burdekin pump storage assets.

Valuation approach

The below table outlines the interaction of these key drivers and value in use cash flows that extend beyond the market liquid period.

Key driver	Impact on value-in-use cash flows
Variable renewable energy capacity	Higher amounts of variable renewable capacity will (all else equal) displace coal-fired generation, reducing value in use cash flows from our existing cash generating units.
Firming and System	Thermal units currently provide firming and system security services into the market on a competitive basis, as more diversified generation sources begin to provide these services through technology advances, the interchangeability of these sources will increase. This has the potential to reduce reliance on thermal units therefore reducing the capacity factor of these assets.
Revenue cash flows	The cash flow projections are based on a range of input assumptions into fundamental market modelling. A higher electricity generation or an increase in the electricity prices through increased demand or decreased supply of electricity would increase the value in use.
Operating expenditure	Operating expenditures for the electricity generation have been determined based on the most recent management forecasts available at the time of the valuation. A lower operating expenditure increases the value in use.
Capital expenditure	Future capital expenditure required to ensure the security and reliability of electricity generation has been determined based on the most recent management forecasts available at the time of the valuation. A lower future capital expenditure increases the value in use.
Weighted average cost of capital (WACC) discount rate	A portfolio nominal pre-tax WACC rate of 12.84% (2023: 11.49%) has been employed in the valuation. The WACC has been determined in consultation with independent experts based on a long-term view of the market costs of capital. The higher the nominal WACC, the lower the value in use.

A change in electricity price outcomes would result in the following adjustment to the value in use valuation of Power Station CGUs.

		+10%	-10%
Electricity price sensitivity (+/-10% pre-tax)	$million	441	(441)

Note 12. Property, plant and equipment (continued)

A positive value in this table represents an improvement in value to the Group.

Forecast fuel and water pricing and supply

The fuel price forecasts are based on current contractual arrangements for either the supply of coal and, where applicable, the cost of extraction and processing from owned coal resources.

The supply of fuel may be negatively impacted by the performance of suppliers/contractors or the impacts of extreme weather events including floods (mine impacts) and drought (water supply). These result in generation constraints and accelerated wear of equipment which may impair performance over the life of the asset.

Plant reliability and forecast operating and capital expenditure

The projected reliability is based on current known plant performance and estimated future operating and capital cash flows to maintain the plant within a determined operational capacity and performance range. These estimations are reliant upon specification provided by the original manufacturer adjusted for known or expected wear rates or operational constraints which have a reasonable probability of occurring.

Future regulatory environment

Future cash flows are based on current enacted regulatory and legislative frameworks. Significant amendments to the legislation may have a material impact on the fair value of the Groups assets. During the reporting period, Governments at both the Federal and State levels have provided further certainty in transitioning to renewable energy.

The Federal Government reiterated its commitment to achieving 82% renewable energy generation by 2030 and net zero emissions reduction by 2050. Its cornerstone policy, the Capacity Investment Scheme was significantly expanded, providing a revenue underwriting mechanism to unlock investment in renewable energy and dispatchable power.

In Queensland, the government strengthened its emissions reduction targets and legislated the framework for its Queensland Energy and Jobs Plan which sets out a blueprint for transforming the energy sector with an emphasis on new modes of operation, infrastructure development and workforce transition. Work on the development of Renewable Energy Zones has commenced.

During the year a new Fast Frequency Response Market was established supported by a revised Frequency Operating Standard.

Impairment

During the financial year, the Group recognised a partial impairment of $110.2 million (2023: $85.0 million impairment) for CGU's Callide B ($99.8 million) and Kogan Hydrogen Demonstration plant work in progress ($10.5 million).

Note 13. Provisions

	2024	2023
	$'000	$'000
Current liabilities		
Employee benefits	**47,048**	37,580
Rehabilitation and site closure costs	**8,979**	1,422
Onerous contracts	**52,450**	38,958
Other provisions	**4,500**	-
Total current provisions	**112,977**	**77,960**
Non-current liabilities		
Employee benefits	**2,368**	1,618
Rehabilitation and site closure costs	**229,231**	228,822
Onerous contracts	**191,103**	148,277
Total non-current provisions	**422,702**	**378,717**

Key provision movements 2024	Rehabilitation and site closure costs $'000	Onerous contracts $'000	Total $'000
Carrying amount at the start of the year	**230,244**	**187,235**	**417,479**
Change in accounting policy	**2,492**	**-**	**2,492**
Provision used during the year (1)	**(665)**	**(40,411)**	**(41,076)**
Changes to estimated provision (1)	**(3,112)**	**84,007**	**80,895**
Unwinding of discount on provisions	**9,251**	**12,722**	**21,973**
Carrying amount at the end of the year	**238,210**	**243,553**	**481,763**

(1) Total onerous contract remeasurement including provision used during the year is an increase of $43.6 million (2023 decrease of $56.9 million).

Accounting policy and critical estimates

Provisions are recognized by the Group in accordance with the requirements of AASB 137 '*Provisions, Contingent Liabilities and Contingent Assets'*.

Employee benefits

Employee benefits includes annual leave, vesting sick leave, long service leave and employee performance payments.

The current portion of employees benefits provisions for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

The non-current portion of employees benefits includes liabilities for long service leave that are not expected to be settled wholly within twelve months of the reporting date.

The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and periods of service. Expected future payments are discounted using rates based on risk free government bond rates yields with terms to maturity that match, as closely as possible, the estimated future cash outflows.

CS Energy Limited

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Note 13. Provisions (continued)

Onerous contracts

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on any assets associated with that contract.

An onerous contract provision is recognised for unavoidable costs related to the Group obligations under the Gladstone IPPA. Significant estimates that are made include:

- Future wholesale prices, generation, supply of electricity and unavoidable costs related to the contract; and
- Determination of an appropriate discount rate.

A re-measurement of the Gladstone IPPA onerous contract has been completed to establish an appropriate value for inclusion in the financial statements at 30 June 2024, resulting in an increase in the provision by $84.0 million with the total provision balance reaching $243.6 million. The increase in the onerous contract provision is due to a change in market price and generation dispatch outcomes associated with the market forecasts discussed in note 12 critical estimates market factors section and the impact these outcomes have on specific terms within the contract.

Rehabilitation and site closure costs

Provision is made for the estimated site rehabilitation and closure costs at the end of the producing life of each power station and renewable asset on a present value basis. Provision is also made, for the estimated cost of rehabilitation and closure costs relating to areas disturbed during mining operations up to reporting date but not yet rehabilitated.

External and internal consultants with industry specific experience are used to evaluate and update rehabilitation assumptions.

Significant estimates made with respect to this provision are the costs to fulfil the Group's obligation, including assumptions in relation to technology and techniques applied, determination of an appropriate CPI and discount rate including timing of rehabilitation.

Note 14. Taxation

	2024	2023
	$'000	$'000
Current tax on (loss) for the year	**(46,634)**	(57,509)
Deferred tax	**20,236**	43,925
Adjustments for current tax of prior periods	**(187)**	(115)
Income tax benefit	**(26,585)**	**(13,699)**
Deferred income tax (benefit)/expense included in income tax expense comprises:		
Decrease in deferred tax assets	**64,214**	60,935
Decrease in deferred tax liabilities	**(43,978)**	(17,010)
Deferred Income tax benefit attributable to profit from continuing operations	**20,236**	**43,925**

Note 14. Taxation (continued)

Reconciliation of income tax expense to prima facie tax calculated at Australian statutory rate	2024 $'000	2023 $'000
Loss from operations before income tax expense	**(85,078)**	(28,271)
Tax at the Australian tax rate of 30.0% (2023: 30.0%)	**(25,523)**	(8,481)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible provided expenditure	**138**	36
Recognition of previously unrecognised deferred tax balances (1)	**-**	(4,495)
Non taxable income	**(1,013)**	(644)
	(26,398)	**(13,584)**
Adjustments for current tax of prior periods	**(187)**	(115)
Income tax benefit	**(26,585)**	**(13,699)**

(1) The recognition of previously unrecognised deferred tax assets relates primarily to capital tax losses on sale of assets. The Group continues to assess and recognise unused tax losses only if it is probably that future taxable amounts will be available to utilise those losses.

Amounts recognised in other comprehensive income	2024 $'000	2023 $'000
Aggregate current and deferred tax expense/(benefit) arising in the reporting period and not recognised in net profit or loss but directly recognised in other comprehensive income:		
Changes in fair value of cash flow hedges	**(220)**	218,415
Actuarial gain/(loss) on defined benefit plan	**(1,463)**	(616)
Total	**(1,683)**	**217,799**

Tax losses	2024 $'000	2023 $'000
Unused capital tax losses for which no deferred tax asset has been recognised	**70,491**	70,216
Potential tax benefit @ 30%	**21,147**	**21,065**

Accounting policy

CS Energy Limited and its wholly owned subsidiaries are exempt from Commonwealth Government income tax but are subject to the National Tax Equivalents Regime. Under this regime, CS Energy Limited and its 100% owned Australian subsidiaries must ascertain their income tax liability each year in a manner substantially similar to Commonwealth income tax laws, and any tax resulting is to be paid to Queensland Treasury.

Tax consolidation legislation

CS Energy Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation as at 1 July 2002, forming a single tax Group.

CS Energy Limited has adopted the stand-alone taxpayer method for measuring the current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the head entity, CS Energy Limited, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the members of the tax Group.

Assets or liabilities arising under tax funding agreements with the tax Group are recognised as amounts receivable from or payable to other members of the Group.

CS Energy Limited

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Note 14. Taxation (continued)

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as inter-company receivables or payables.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) group members.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by CS Energy Limited only.

Net deferred tax assets/(liabilities)	Balance at 30 June 2023 $'000	Credited/ (charged) to profit or loss $'000	Under provision prior year $'000	(Charged) directly to equity $'000	Recognition/ (Utilisation) of losses $'000	Balance at 30 June 2024 $'000
Temporary differences						
Derivative financial instruments	**95,642**	**(91,022)**	**-**	**220**	**-**	**4,840**
Provisions	**81,064**	**15,243**	**-**	**-**	**-**	**96,307**
Provision for rehabilitation	**69,073**	**2,390**	**-**	**-**	**-**	**71,463**
Defined benefit asset	**(8,216)**	**(34)**	**-**	**1,463**	**-**	**(6,787)**
Property, plant and equipment	**(66,900)**	**40,006**	**(10,084)**	**-**	**-**	**(36,978)**
Other	**(17,942)**	**13,180**	**(5,124)**	**-**	**-**	**(9,886)**
Tax losses	**61,371**	**-**	**15,395**	**-**	**46,635**	**123,401**
Net deferred tax asset/(liability)	**214,092**	**(20,237)**	**187**	**1,683**	**46,635**	**242,360**

Net deferred tax assets/(liabilities)	Balance at 30 June 2022 $'000	Credited/ (charged) to profit or loss $'000	Under provision prior year $'000	(Charged) directly to equity $'000	Recognition/ (Utilisation) of losses $'000	Balance at 30 June 2023 $'000
Temporary differences						
Derivative financial instruments	381,124	(67,067)	-	(218,415)	-	**95,642**
Provisions	88,764	(7,700)	-	-	-	**81,064**
Provision for rehabilitation	57,656	11,417	-	-	-	**69,073**
Defined benefit asset	(8,789)	(43)	-	616	-	**(8,216)**
Property, plant and equipment	(87,180)	20,280	-	-	-	**(66,900)**
Other	(14,950)	(812)	(2,180)	-	-	**(17,942)**
Tax losses	1,568	-	2,294	-	57,509	**61,371**
Net deferred tax asset/(liability)	**418,193**	**(43,925)**	**114**	**(217,799)**	**57,509**	**214,092**

	Deferred tax asset $'000	Deferred tax liability $'000	Net deferred tax asset $'000
At 30 June 2022	531,030	(112,838)	418,192
Movement during the year	(219,505)	15,405	(204,100)
At 30 June 2023	**311,525**	**(97,433)**	**214,092**
At 30 June 2023	**311,525**	**(97,433)**	**214,092**
Movement during the year	**(7,090)**	**35,358**	**28,268**
At 30 June 2024	**304,435**	**(62,075)**	**242,360**

Note 14. Taxation (continued)

Accounting policy and critical estimates

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Forecast assumptions prepared by the Group indicate taxable profits in the foreseeable future, with the tax losses expected to be fully utilised in this time. Deferred tax is accounted for using the liability method.

Should the Group cease to be a Government Owned Corporation (GOC) and hence an exempt entity, in accordance with the Income Tax Assessment Act 1936, the carried forward tax losses from the exempt period will not be available under the federal tax regime.

Note 15. Share capital

	2024	2023	2024	2023
	No. of shares	No. of shares	$'000	$'000
Ordinary shares-fully paid				
A Class (voting)	**291,910,252**	291,910,252	**291,910**	291,910
B Class (non-voting)	**822,503,917**	822,503,917	**1,055,660**	874,160
Total	**1,114,414,169**	**1,114,414,169**	**1,347,570**	**1,166,070**
	Shares	**Shares**	**$'000**	**$'000**
Movements in ordinary share capital				
Opening balance	**1,114,414,169**	1,114,414,169	**1,166,070**	1,064,070
Contributed equity	-	-	**181,500**	102,000
Closing balance	**1,114,414,169**	**1,114,414,169**	**1,347,570**	**1,166,070**

Ordinary shares A and B class entitles the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. The Group does not have authorised capital or par value in respect of its issued shares.

Note 16. Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period. Recommendation on the dividend to be paid is determined after consultation with the shareholding Ministers in accordance with the *Government Owned Corporations Act 1993.* The dividends are not franked.

No dividends were declared in 2024 (2023: $ nil).

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Note 17. Cash flow hedge reserves

	2024 $'000	2023 $'000
Opening balance at 1 July	**(135,333)**	(644,968)
Effective portion of gains/(losses) on electricity derivatives designated as cash flow hedges	**146,385**	719,904
Losses on electricity hedges transferred to revenue	**(176,024)**	(36,160)
Gains reclassified from cash flow hedge reserve to profit and loss on discontinued hedges	**27,604**	45,607
Net deferred tax	**220**	(218,415)
Revaluation of forward foreign exchange contracts	**-**	(1,301)
Amount transferred from the hedging reserve to property plant and equipment	**1,301**	-
Changes in fair value of cash flow hedges net of tax	**(514)**	509,635
Closing balance at 30 June	**(135,847)**	**(135,333)**

Note 18. Key management personnel disclosures

Shareholding Ministers

The Government owned corporation's shareholding Ministers are identified as part of the Government owned corporation's Key Management Personnel (KMP). These Ministers are the Honourable Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment and Mick de Brenni MP, Minister for Energy and Clean Economy Jobs.

Current Executive employment contract details

Executives

The following executive management positions (which constitute “key management personnel”) had the authority and responsibility for planning, directing and controlling the activities of the Group during the financial year, all of whom, unless indicated, were employed by CS Energy Limited during the financial year. All remuneration is reviewed annually.

Executive	Position	Contract Start	Contract Term	Contract Termination Notice	Contract Termination benefit
Darren Busine	Chief Executive Officer	1/07/2023	Open tenure	not less than 3 months written notice (iv)	yes (v)
Andrew Varvari	Executive General Manager Transformation	18/03/2024	Open tenure	not less than 3 months written notice (i)	yes (iii)
Andrew Varvari	Executive General Manager Energy Markets, Technology & Commercial (acting)	1/07/2023	17/03/2024	not less than 3 months written notice (i)	yes (iii)
Cameron Collins	Chief Financial Officer	15/04/2024	Open tenure	not less than 1 months written notice (ii)	yes (iii)
Cameron Collins	Chief Financial Officer (acting)	22/03/2023	14/04/2024	N/A - Acting	N/A - Acting
Emma Roberts	Executive General Manager Customer and Growth	18/03/2024	Open tenure	not less than 1 months written notice (ii)	yes (iii)
Emma Roberts	Executive General Manager Future Energy	27/09/2021	17/03/2024	not less than 1 months written notice (ii)	yes (iii)
Leigh Amos	Executive General Manager Plant Operations	23/09/2019	Open tenure	not less than 1 months written notice (ii)	yes (iii)
Barry Millar	Executive General Manager Asset Management	30/09/2022	Open tenure	not less than 1 months written notice (ii)	yes (iii)

(i) Termination notice of not less than three months written notice by either party (other than for disciplinary or incapacity reasons) with an additional one week provided by CS Energy if at the time of the termination the Executive is aged over 45 years and has completed at least two years continuous service with CS Energy.

(ii) Termination notice (without cause) of not less than one months written notice by either party, with an additional one week provided by CS Energy if at the time of the termination the Executive is aged over 45 years and has completed at least 2 years continuous service with CS Energy.

(iii) Payment of a termination benefit on termination without cause by CS Energy, equivalent to 3 months of base salary.

(iv) Termination notice of not less than three months' written notice by either party (other than for disciplinary or capacity reasons).

(v) Payment of a termination payment equal to six months' of base salary.

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Note 18. Key management personnel disclosures (continued)

Details of the remuneration of each executive of CS Energy Limited, including their executive-related entities, are set out in the following table:

2024 Executive (7)	Salary and fees (1) $'000	Cash bonus (2) $'000	Non-monetary benefits (3) $'000	Post-employment benefits (4) $'000	Other long-term benefits (5) $'000	Termination benefits (6) $'000	Total $'000
Darren Busine	**803**	**68**	**5**	**27**	**88**	**-**	**991**
Andrew Varvari	**540**	**74**	**5**	**27**	**13**	**-**	**659**
Cameron Collins	**404**	**39**	**5**	**27**	**9**	**-**	**484**
Leigh Amos	**420**	**49**	**5**	**27**	**7**	**-**	**508**
Barry Millar	**415**	**37**	**5**	**53**	**2**	**-**	**512**
Emma Roberts	**415**	**53**	**5**	**27**	**44**	**-**	**544**
	2,997	**320**	**30**	**188**	**163**	**-**	**3,698**

2023 Executive	Salary and fees (1) $'000	Cash bonus (15) $'000	Non-monetary benefits (3) $'000	Post-employment benefits (4) $'000	Other long-term benefits (5) $'000	Termination benefits (6) $'000	Total $'000
Andrew Varvari (8)	227	-	2	8	10	-	247
Andrew Bills (9)	612	80	4	20	-	95	811
Andrew Varvari (10)	332	59	3	19	15	-	428
Cameron Collins (11)	112	-	2	8	2	-	124
Darren Busine (12)	529	63	5	27	17	-	641
Leigh Amos (12)	398	46	5	27	3	-	479
Barry Millar (13)	309	-	24	39	1	-	373
Michael Johnstone (14)	84	-	1	15	2	-	102
Emma Roberts (12)	393	43	5	27	11	-	479
	2,996	**291**	**51**	**190**	**61**	**95**	**3,684**

(1) Salary and fees represent all payments made to the executive (total fixed remuneration excluding superannuation).

(2) Cash bonus represents individual at-risk performance payments for the financial year of 2023 made to the executive during financial year 2024.

(3) Non-monetary benefits represent the value of car parking provided to the executive and the associated fringe benefits tax.

(4) Post-employment benefits represent superannuation contributions made by the employer to the superannuation fund at the rates prescribed in the executives' employment contracts.

(5) Other long-term benefits represent long service leave benefits accrued during the year.

(6) Termination benefits represent all payments made to the executive on termination of employment excluding any entitlements relating to annual leave or long service leave (as these are included in short-term benefits or other long-term benefits where applicable).

(7) Remuneration details for 2024 for the period 1 July 2023 - 30 June 2024.

(8) Remuneration details for 2023 for the period 22 March 2023 - 30 June 2023.

(9) Remuneration details for 2023 for the period 1 July 2022 - 31 March 2023.

(10) Remuneration details for 2023 for the period 1 July 2022 - 21 March 2023.

(11) Remuneration details for 2023 for the period 22 March 2023 - 30 June 2023.

(12) Remuneration details for 2023 for the period 1 July 2022 - 30 June 2023.

(13) Remuneration details for 2023 for the period 30 September 2022 - 30 June 2023.

(14) Remuneration details for 2023 for the period 1 July 2022 - 29 September 2022.

(15) Cash bonus represents individual at-risk performance payments for the financial year of 2022 made to the executive during financial year 2023.

Principles used to determine the nature and amount of remuneration

Executives receive a base salary (incorporating cash, allowances and non-monetary benefits), superannuation, other benefits and a performance payment. Executive remuneration is established by using external independent quantitative benchmarks to compare the position requirements with similar positions across a broad cross section of the labour market. The performance payment is up to a maximum of 15% of total fixed remuneration for executives and up to a maximum of 15% of base salary for non-executive positions.

Note 18. Key management personnel disclosures (continued)

Executive remuneration (and any change to executive remuneration) requires approval of the Board of Directors, in accordance with the policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements. For non-executive positions remuneration is in accordance with the CS Energy Limited procedure.

Relationship between remuneration and entity's performance

The remuneration for executives is designed to attract and retain executives with the calibre necessary to ensure the organisation's success. The performance payment is conditional upon attainment of specified and measurable performance outcomes outlined in Individual Achievement Plans (IAPs). The IAPs are directly related to measures the Board of Directors considers to be indicators of good corporate performance.

Service Contracts

All executive appointments are approved by the CS Energy Limited Board of Directors in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements.

The remuneration and other terms of employment for each executive is specified in individual employment agreements. Annual adjustments to the remuneration are made in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements. The agreement provides a total remuneration package that enables each executive to receive a range of benefits.

Impact of remuneration contracts on future periods

No specific contract terms of any executive affect remuneration of future periods, other than as disclosed in this report and the right to receive annual adjustments based on labour market escalation in the Industry and Services market.

Directors

Principles used to determine the nature and amount of remuneration

Director remuneration is determined periodically by the Governor in Council under Schedule 1 Part 3 of the *Government Owned Corporations Act 1993.*

Superannuation

Directors receiving personal payments are also entitled to superannuation contributions.

Relationship between remuneration and entity's performance

Directors receive Director fees and committee fees only. No performance payments are made to Directors.

KMP remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's *Members' Remuneration Handbook.* CS Energy does not bear any cost of remuneration of Ministers.

The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements which are published as part of Queensland Treasury's Report on State Finances.

Remuneration
Details of the remuneration of each Director of CS Energy Limited are set out in the following table:

CS Energy Limited

Notes to the consolidated financial statements

30 June 2024

Note 18. Key management personnel disclosures (continued)

Name 2024	Position	Salary & Fees (1) $'000	Post Employment Benefits (2) $'000	Total $'000
Adam Aspinall	Chair/Non-Executive Director	**112**	**15**	**127**
Brian Green	Non-Executive Director	**10**	**1**	**11**
Toni Thornton	Non-Executive Director	**54**	**7**	**61**
Christina Sutherland	Non-Executive Director	**55**	**7**	**62**
Maurie Brennan	Non-Executive Director	**49**	**7**	**56**
Stephen Harty	Non-Executive Director	**50**	**6**	**56**
Jacqueline King	Non-Executive Director	**48**	**7**	**55**
Kellie Charlesworth	Non-Executive Director	**5**	**1**	**6**
Alison Smith	Non-Executive Director	**5**	**1**	**6**
Kimberley Swords	Non-Executive Director	**5**	**1**	**6**
Mark Carkeet	Non-Executive Director	**-**	**-**	**-**
Total		**393**	**53**	**446**

Name 2023	Position	Salary & Fees (1) $'000	Post Employment Benefits (2) $'000	Total $'000
Adam Aspinall	Chair/Non-Executive Director	25	4	29
Jim Soorley	Chair/Non-Executive Director	80	10	90
Brian Green	Non-Executive Director	45	6	51
Julie-Anne Schafer	Non-Executive Director	9	1	10
Toni Thornton	Non-Executive Director	39	5	44
Christina Sutherland	Non-Executive Director	44	6	50
Total		**242**	**32**	**274**

(1) Salary and fees represent all payments made to the director (total fixed remuneration excluding superannuation). Payments are based on positions held and the number of Committees each Director is appointed to.

(2) Post-employment benefits represent superannuation contributions made by the Group to a superannuation fund.

Note 19. Remuneration of auditors

	2024	2023
	$'000	$'000
Auditor-General of Queensland (1)		
Audit and review of financial reports		
Group	**590**	525
Other Auditors		
Audit and review of controlled entities and joint operations financial reports		
Crowe (2) (4)	**10**	9
PwC (3) (4)	**42**	42
KPMG (5) (6)	**22**	28
Total audit and other assurance service fees	**664**	**604**

The amounts above are goods and services tax (GST) exclusive.

(1) The audit of the 2024 consolidated financial statements of the Consolidated Group was conducted by the Auditor-General of Queensland.

(2) Crowe Horwath audits Callide Power Trading.

(3) PricewaterhouseCoopers audits Callide Power Management.

(4) Callide Power Trading and Callide Power Management fees represent 50% of CS Energy's share in the joint operations.

(5) Figure is representative of CS Energy's share of audit fees for the Alinta joint venture as advised.

(6) KPMG completed the 2024 Alinta joint venture financial statements audit.

Note 20. Commitments

Capital commitments

Commitments are for the acquisition of plant and equipment contracted for at the reporting date.

	2024	2023
	$'000	$'000
Within one year	**211,444**	311,551
Later than one year, but no later than five years	**2,178**	11,468
Total capital commitments	**213,622**	**323,019**

Joint venture commitments

Commitments relating to joint venture arrangement contracted for at the reporting date but not recognised as liabilities.

	2024	2023
	$'000	$'000
Within one year	**89,869**	99,196
Later than one year, but no later than five years	**94,013**	38,201
Total joint venture commitments	**183,882**	**137,397**

CS Energy Limited

Notes to the consolidated financial statements

30 June 2024

Note 21. Related party transactions

Directors and executives

A number of Directors, or their related parties, hold or have held positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-related entities on arm's length basis. These directors were also at no stage involved in the engagement of the relevant entities.

There were no related party transactions entered into by the Directors, or their related parties.

Investments in controlled entities

Details of investments in controlled entities are set out in note 23.

Transactions with related parties & State controlled entities

Transactions between the Group and other state-controlled entities during the financial year and balances at year-end are classified in the following categories:

	2024	2023
	$'000	$'000
Revenue		
Revenue from State of Queensland controlled entities for the sale of electricity	**830,227**	624,300
Operations and maintenance received from Joint operations	**89,612**	62,741
Interest received on deposits from Queensland Treasury Corporation	**5,247**	1,774
Total	**925,086**	**688,815**
Expenses		
Competitive neutrality fee paid to Queensland Treasury	**(11,649)**	(8,179)
Interest on Queensland Treasury Corporation borrowings	**(52,284)**	(36,182)
Costs paid to State of Queensland controlled entities	**(225,744)**	(254,726)
NTER PAYG Instalments received from/paid to Queensland Treasury	**608**	5,102
Total	**(289,069)**	**(293,985)**
Assets		
Trade receivables due from subsidiaries and IGPC	**155,226**	12,230
Trade receivables from State of Queensland controlled entities	**26,794**	10,460
Advances facility held with Queensland Treasury	**2,359**	84,328
Total	**184,379**	**107,018**
Liabilities		
Trade payables to State of Queensland controlled entities	**20,753**	15,679
Borrowings from Queensland Treasury Corporation	**1,297,113**	1,141,510
Total	**1,317,866**	**1,157,189**

CS Energy Limited enters into transactions with parties who are ultimately controlled by the State of Queensland as part of its normal operations on terms equivalent to those that prevail in arms length transactions.

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of the loans between the CS Energy and its subsidiaries. There was no interest charged on loans during 2024 (2023: $ nil).

The terms and conditions of the tax funding agreement are set out in Note 14.

Outstanding balances are unsecured and are repayable in cash.

Note 22. Contingencies

The Group had contingent assets and liabilities at 30 June 2024 in respect of:

Contingent assets and Contingent liabilities

Insurance proceeds

The Group expects to receive Business Interruption insurance proceeds for lost earnings during the period 25 May 2021 up until the date of the return to service of the Callide Unit C4, up to a maximum cover period of 24 months. The Group also expects to receive Material Damage insurance proceeds to offset the cost to rebuild the Callide Unit C4. CS Energy has notified the Australian Energy Market Operator that the Callide Unit C4 will remain offline until early 2025 financial year. While the recoverability of insurance proceeds is considered to be probable, the matter has now proceeded to litigation (Proceedings) as insurers have refused to confirm indemnity and the litigation remains on foot as at 30 June 2024. The recoverability of insurance proceeds is therefore not virtually certain at 30 June 2024 and in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, has not been recognised as a receivable as at the end of the 2024 financial year.

The respondent insurers have filed their defence in the Proceedings and have also brought a cross-claim against CS Energy Limited. The Group has filed its defence, with the matter remaining on foot as at 30 June 2024. The Group considers the potential liability to be remote.

Contingent liabilities

Guarantees

Guarantees are issued to third parties to support trading and environmental financial assurance obligations. All guarantees are provided in the form of unconditional undertakings provided by QTC. The total value of guarantees issued to third parties was $158.3 million (2023: $305.0 million). The fair value of these guarantees is $ nil (2023: $ nil).

Callide Cooling Towers and C4 Incident

CS Energy Limited (through its wholly owned subsidiary Callide Energy Pty Ltd (CEPL) and IG Power (Callide) Ltd (Administrators Appointed) (IGPC) own Callide C Power Station through a 50/50 joint venture. IGPC's ultimate shareholders are Sev.en Gamma a.s (Cz) and China Huaneng Group (PRC).

On 24 March 2023, IGPC entered into voluntary administration. The Administrators of IGPC are investigating potential claims against CS Energy Limited as Operator of Callide C Power Station, in particular to recover losses associated with the Callide C4 and Cooling Tower incidents. As at reporting date, no such claims have been made against CS Energy Limited.

During the Callide Cooling Towers rebuild, there was an identified contamination of soil with asbestos that resulted in the project incurring additional costs. In addition, during the preservation of the C3 and C4 generators, there was contamination of the generators that required additional work to ensure the generators can be returned to service in a safe environment. After the reporting date, Callide Power Management (CPM), on behalf of CEPL and IGPC, raised 3 claims against CS Energy as the Operator seeking reimbursement for additional Project costs incurred as a consequence of these contamination incidents. These claims are being reviewed against our contractual obligations and the claim values are currently uncertain. The group doesn't expect any of these claims will have a material impact on its financial position.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2024

Note 23. Investment and interests in subsidiaries

The Group has an interest in the following entities:

Name of Entity	Country of incorporation	Class of Shares	2024 Interest[(1)]%	2023 Interest[(1)]%
Callide Energy Pty Ltd	Australia	Ordinary	**100**	100
Kogan Creek Power Station Pty Ltd	Australia	Ordinary	**100**	100
Aberdare Colleries Pty Ltd	Australia	Ordinary	**100**	100
CS Energy Kogan Creek Pty Ltd	Australia	Ordinary	**100**	100
Kogan Creek Power Pty Ltd	Australia	Ordinary	**100**	100
CS Kogan (Australia) Pty Ltd	Australia	Ordinary	**100**	100
T75 Segregated Cell	Bermuda	Non-voting, redeemable preference	**100**	100
CSE BESS Pty Ltd Australia	Australia	Ordinary	**100**	100
CS Energy Financial Services Pty Ltd	Australia	Ordinary	**100**	100
CSE H2 Operations Pty Ltd	Australia	Ordinary	**100**	100
CSE H2 Pty Ltd	Australia	Ordinary	**100**	100
CS Energy Group Holdings Pty Ltd	Australia	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

CS Energy has entered into an arrangement to self-insure risks in relation to certain property damages and business interruptions to CS Energy and its subsidiaries. The self-insurance arrangement was entered into between CS Energy and White Rock Insurance (SAC) Limited for itself and acting in respect of its segregated account designation as T75 CS Energy (T75 Segregated Cell), to cover the costs, up to $100.1 million, of certain property damages and business interruptions.

White Rock Insurance (SAC) Ltd (WRI) is a company incorporated in Bermuda.

The T75 Segregated Cell is not a separate legal entity from White Rock Insurance (SAC), however it has been assessed to be a deemed separate entity controlled by CS Energy under the contractual arrangement entered into between CS Energy and WRI. CS Energy has funded the initial set-up of the T75 Segregated Cell.

To support initial and ongoing self-insurance activities, CS Energy has provided a parent company guarantee totaling $100.1 million as at 30 June 2024 (2023: $105.3 million).

In addition, Callide Energy Pty Ltd had 50% (2023: 50%) ordinary equity holding in Callide Power Management Pty Ltd and Callide Power Trading Pty Ltd, respectively. Both these companies were incorporated in Australia.

Note 24. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except for the investments in subsidiaries which are accounted for at cost.

	2024 $'000	2023 $'000
Financial position		
Assets		
Current assets	**701,709**	1,348,120
Non-current assets [1]	**1,478,325**	1,282,363
Total assets	**2,180,034**	**2,630,483**
Liabilities		
Current liabilities	**(864,626)**	(1,740,120)
Non-current liabilities	**(1,569,053)**	(1,232,279)
Total liabilities	**(2,433,679)**	**(2,972,399)**
Net liability	**(253,645)**	**(341,916)**
Equity		
Share capital	**1,347,570**	1,166,070
Cash flow hedge reserve	**(135,847)**	(135,333)
Accumulated losses	**(1,465,368)**	(1,372,653)
Total equity	**(253,645)**	**(341,916)**
(Loss)/profit for the financial year	**(89,585)**	**249,651**
Total comprehensive (loss)/income for the financial year	**(93,512)**	**757,848**

(1) Loans to subsidiaries amounting to $894.6 million (2023: $475.1 million).

Guarantees entered into by Parent entity

The parent entity has entered into a Deed of Cross Guarantee with its subsidiaries under which each company guarantees the debts of the other.

Information regarding the Deed of Cross Guarantee is set out in note 26.

Contingent liabilities of the Parent entity

Insurance Cross Claim

The insurers of the Callide Unit C4 who are currently defending against the Group litigation (Proceedings) have brought a cross-claim against CS Energy Limited. CS Energy Limited has filed its defence, with the matter remaining on foot as at 30 June 2024. CS Energy Limited considers the potential liability to be remote and in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, has not been recognized as a liability as at the end of the 2024 financial year.

Guarantees

Guarantees are issued to third parties to support trading and environmental financial assurance obligations. All guarantees are provided in the form of unconditional undertakings provided by QTC. The total value of guarantees issued to third parties was $158.3 million (2023: $305.0 million). The fair value of these guarantees is $ nil (2023: $ nil).

Callide Cooling Towers and C4 Incident

CS Energy Limited (through its wholly owned subsidiary Callide Energy Pty Ltd (CEPL) and IG Power (Callide) Ltd (Administrators Appointed) (IGPC) own Callide C Power Station through a 50/50 joint venture. IGPC's ultimate shareholders are Sev.en Gamma a.s (Cz) and China Huaneng Group (PRC).

CS Energy Limited

Notes to the consolidated financial statements

30 June 2024

Note 24. Parent entity information (continued)

On 24 March 2023, IGPC entered into voluntary administration. The Administrators of IGPC are investigating potential claims against CS Energy Limited as Operator of Callide C Power Station, in particular to recover losses associated with the Callide C4 and Cooling Tower incidents. As at reporting date, no such claims have been made against CS Energy Limited.

During the Callide Cooling Towers rebuild, there was an identified contamination of soil with asbestos that resulted in the project incurring additional costs. In addition, during the preservation of the C3 and C4 generators, there was contamination of the generators that required additional work to ensure the generators can be returned to service in a safe environment. After the reporting date, Callide Power Management (CPM), on behalf of CEPL and IGPC, raised 3 claims against CS Energy as the Operator seeking reimbursement for additional Project costs incurred as a consequence of these contamination incidents. These claims are being reviewed against our contractual obligations and the claim values are currently uncertain. The group doesn't expect any of these claims will have a material impact on its financial position.

Capital commitments

Commitments are for the acquisition of plant and equipment contracted for at the reporting date.
These are not recognised as liabilities, payable as follows:

	2024	2023
	$'000	$'000
Within one year	**72,187**	292,250
Later than one year, but no later than five years	**-**	6,932
Total capital commitments	**72,187**	**299,182**

Note 25. Equity accounted investments

	2024	2023
	$'000	$'000
Equity accounted investments	**1**	1

Interest in jointly controlled entities constitutes Callide Power Management Pty Ltd and Callide Power Trading Pty Ltd.

Unincorporated joint ventures

			2024	2023
Name of entity	Principal activities	Country of incorporation	Interest %	Interest %
Callide Power Management Pty Ltd	Joint operation manager	Australia	**50**	50
Callide Power Trading Pty Ltd	Electricity marketing agent	Australia	**50**	50

Note 26. Deed of cross guarantee

Pursuant to ASIC Instrument 2016/785 dated 17 December 2016, the wholly-owned subsidiaries listed above, except for T75 Segregated Cell, are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgment of financial reports, and Directors' report.

It is a condition of the Class Order that CS Energy Limited and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001.* If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The financial position of the Group as at 30 June 2024, is equal to the financial position of the entities subject to the Deed of Cross Guarantee. It should be noted that the closed group is covered under the deed except for T75 Segregated Cell.

Note 27. Subsequent events

Subsequent to reporting date the Group acquired 100% interest in the Lotus Creek Wind Farm which is currently under construction, and as part of the initial investment, the Group received $624.3 million equity contribution relating to this asset.

CS Energy Limited

Consolidated entity disclosure statements

30 June 2024

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3)(a) of the *Corporations Act 2001*. The entities listed in the statement are CS Energy Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

The ownership interest percentage disclosed for bodies corporate in the statement represents the voting interest controlled by CS Energy Limited either directly or indirectly.

In developing the disclosures in the statement, the directors have applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR2018/5.

Entity name [1]	Entity type	Place formed/ Country of Incorporation	Ownership interest %	Tax residency
Callide Energy Pty Ltd	Body corporate	Australia	100	Australia
Kogan Creek Power Station Pty Ltd	Body corporate	Australia	100	Australia
Aberdare Colleries Pty Ltd	Body corporate	Australia	100	Australia
CS Energy Kogan Creek Pty Ltd	Body corporate	Australia	100	Australia
Kogan Creek Power Pty Ltd	Body corporate	Australia	100	Australia
CS Kogan (Australia) Pty Ltd	Body corporate	Australia	100	Australia
CSE BESS Pty Ltd	Body corporate	Australia	100	Australia
CS Energy Financial Services Pty Ltd	Body corporate	Australia	100	Australia
CSE H2 Operations Pty Ltd	Body corporate	Australia	100	Australia
CSE H2 Pty Ltd	Body corporate	Australia	100	Australia
Callide Power Management Pty Ltd [2]	Body corporate	Australia	50	Australia
Callide Power Trading Pty Ltd [2]	Body corporate	Australia	50	Australia
CS Energy Group Holdings Pty Ltd	Body corporate	Australia	100	Australia

[1] CS Energy Limited entered into an arrangement to self-insure risks in relation to certain property damages and business interruptions to CS Energy and its subsidiaries. The self-insurance arrangement was entered into between CS Energy and White Rock Insurance (SAC) Limited (WRI) for itself and acting in respect of its segregated account designation as T75 CS Energy (T75 Segregated Cell). WRI is a company incorporated in Bermuda. The T75 Segregated Cell is not a separate legal entity from WRI, however it has been assessed to be a deemed separate entity controlled by CS Energy under the contractual arrangement entered into between CS Energy and WRI.

[2] CS Energy Limited, through its subsidiary, Callide Energy Pty Ltd, had 50% (2023: 50%) ordinary equity holding in Callide Power Management Pty Ltd and Callide Power Trading Pty Ltd, respectively. Both these entities are consolidated in the consolidated financial statements.

CS Energy Limited

Directors' declaration

30 June 2024

In the directors' opinion:

- The consolidated financial statements and notes set out on pages 60 to 103 are in accordance with the *Corporations Act 2001,* including:
  - (i) Complying with Australian Accounting Standards including the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) Giving a true and fair view of the Company's and Group entity's financial position as at 30 June 2024 and of their performance the year ended on that date.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 23 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 26.
- The information disclosed in the consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the directors.

Adam Aspinall
Chair

Maurie Brennan
Director

29 August 2024
Brisbane

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INDEPENDENT AUDITOR'S REPORT

To the Members of CS Energy Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of CS Energy Limited and its controlled entities (the group).

The financial report comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In my opinion, the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the group's financial position as at 30 June 2024, and its financial performance for the year then ended; and

b) complying with the Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Queensland Audit Office
Better public services

Impairment of Property, Plant and Equipment

Refer to Note 12 in the financial report

Key Audit Matter	How my audit addressed the key audit matter

The group held property, plant and equipment totalling $1,335.6 million and is principally comprised of power station assets. Total impairment for the year was $110.3 million.
As disclosed in Note 12, the recoverable amount of these assets is estimated using a discounted cash flow model that required management to exercise significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilisation of the relevant assets. These assumptions include:
• estimating future cashflows based on:
  ○ the principles outlined in Queensland Energy and Jobs Plan (QEJP) and Queensland SuperGrid Infrastructure Blueprint (the Blueprint) including the proposed timing for conversion of the thermal power stations to clean energy hubs
  ○ forecasted electricity demand
  ○ wholesale electricity prices
  ○ renewable energy targets
  ○ fuel costs
  ○ timing of overhaul and sustaining capital expenditure
  ○ planned plant retirements
• discount rate.
	My procedures included, but were not limited to:
	• assessing the reasonableness of the cash flow forecast relative to corporate plans, AEMO published data and other relevant supporting information
	• assessing the design, integrity and appropriateness of the discounted cash flow model used to assess the recoverable amount of the group's power station assets
	• evaluate the scope, competency, and objectivity of management's internal experts used to provide the key assumption adopted by management. These assumptions included forecast electricity prices, demand and generation
	• testing the mathematical accuracy of the discounted cash flow model
	• with the assistance of the valuation and derivative valuation specialists assessing the reasonableness of:
	  ○ management's adopted methodology and assumptions in constructing the forward electricity price curve
	  ○ discount rate and inflation rates applied
	• evaluating whether forecasted generation was reasonable, with reference to available market data
	• performing a retrospective review of the accuracy of estimates made by management in the discounted cash flow models used in the previous year
	• reviewing the appropriateness of the impairment to the group assets
	• assess the appropriateness of the disclosures included in Note 12 of the financial statements.
	In assessing the work of the auditor's specialists, I:
	• evaluated their qualifications, competence, capabilities, and objectivity
	• considered the nature, scope and objectives of the work completed for appropriateness
	• evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Queensland Audit Office
Better public services

Estimation of the onerous contract provision relating to the Gladstone Interconnection and Power Pooling Agreement (IPPA) and rehabilitation and site closure provisions

Refer to Note 13 in the financial report

Key Audit Matter	How my audit addressed the key audit matter
Onerous contract provision The Gladstone IPPA contract is an onerous contract in the company and the group's financial statements. The provision of $243.6 million is estimated using a discounted cash flow model, which required the exercise of significant judgement in determining the key assumptions supporting the model, including: • forecasted electricity demand • wholesale electricity prices • generation • unavoidable costs related to the contract • discount rate.	My procedures related to the provision for the Gladstone IPPA onerous contract included, but were not limited to: • assessing the design, integrity and appropriateness of the discounted cash flow model used to measure the provision • testing the consistency of assumptions used in the discounted cash flow model to the assumptions used in the model for the carrying value of power stations (above) • assessing the competence, capability and objectivity of management's internal and external experts used in measuring the provisions • with the assistance of the valuation and derivative valuation specialists assessing the reasonableness of: o management's adopted methodology and assumptions in constructing the forward electricity price curve o discount rate applied. In assessing the work of the auditor's specialists, I: • evaluated their qualifications, competence, capabilities, and objectivity • considered the nature, scope and objectives of the work completed for appropriateness • evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.
Rehabilitation and site closure provisions The $238.2 million provision for rehabilitation and site closures relates to the group's power station sites, mine sites, ash dams and renewable assets. The measurement required significant judgements for: • identifying locations where a present obligation for future restoration, rehabilitation, and decommissioning exists as a result of past events • forecasting the cost of the required restoration, rehabilitation, and decommissioning in today's dollars	My procedures related to the provision for rehabilitation and site closures included, but were not limited to: • assessing the design, integrity and appropriateness of the discounted cash flow model used to measure the provision • evaluating the scope, competency and objectivity of the group's external expert used to provide the estimated costs of rehabilitation • evaluating the timing used in the calculations of the provision for consistency with the proposed site closures disclosed in: o the annual assessment of estimated useful lives o management reports and board reports

Queensland Audit Office
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• estimating the timing of the required restoration, rehabilitation, and decommissioning activities. At 30 June 2024, CS Energy Limited's assessment is based on the principles outlined in the QEJP and the Blueprint in determining forward looking assumptions about the operating and market conditions of its thermal power stations. • inflation rate used to escalate the cash flows • discount rate applied.	○ correspondence between CS Energy Limited and its external stakeholders • assessing the completeness of the provision by reviewing relevant environmental and regulatory requirements • with the assistance of the valuation and derivative valuation specialists assessing the reasonableness of: ○ discount rate applied ○ evaluating whether the inflation rate applied was within a reasonable range, with reference to market data and industry research. In assessing the work of the auditor's specialists, I: • evaluated their qualifications, competence, capabilities, and objectivity • considered the nature, scope and objectives of the work completed for appropriateness • evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Measurement of derivative financial instruments and designation of hedging instruments

Refer to Note 5 in the financial report

Key Audit Matter	How my audit addressed the key audit matter
Derivative financial instruments CS Energy Limited measured some of its derivative financial instruments at fair value using complex valuation models. The models include the following key inputs that involved significant judgement due to an absence of observable market data: • market risk and option volatilities • scaling factors • credit default probabilities	My procedures included engaging a derivative valuation specialist to assist me in: • obtaining an understanding of the valuation methodologies and assessing their appropriateness with reference to accounting standards and common industry practices • challenging management assumptions used in the valuation process and assessing the reasonableness of the key inputs by comparison to independently sourced external market data, market conditions at year end, CS Energy's generation activities and energy trading policy and • for a sample of derivatives, testing the reasonableness of the valuation calculations by agreeing key terms to supporting documents (including contracts) and counter-party confirmations and recalculating the fair values for comparison to those calculated by the group and company based on our understanding of generally accepted derivative valuation practices.

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	In assessing the work of the auditor's specialist, I: • evaluated their qualifications, competence, capabilities, and objectivity • considered the nature, scope and objectives of the work completed for appropriateness • evaluated the findings and conclusions for relevance, reasonableness.
Designation of hedging instruments The accounting standards for hedge accounting are complex, and their application involved significant judgements about CS Energy Limited's forecast generation profile to determine whether each derivative financial instrument fulfilled the conditions for classification as an effective hedge. Hedge accounting involves recording unrealized gains or losses on derivatives against equity if the derivatives are designated as effective hedges, or otherwise against profit or loss.	With the assistance of a derivative valuation specialist, my procedures included, but were not limited to: • assessing the group's hedge accounting process for compliance with accounting standards. This included reviewing hedge accounting documentation and testing the methodology for calculating hedge effectiveness • assessing the appropriateness of the designation for a sample of derivatives by inspecting the hedge documentation, key terms of the hedging instrument and nature of the hedge relationship • for cash flow hedges, assessing the reasonableness of forecast information used to support that hedged transactions are considered highly probable of occurring • testing reconciliations of the cash flow hedge reserve and assessing the appropriateness of the presentation of gains and losses in the income statement. In assessing the work of the auditor's specialist, I: • evaluated their qualifications, competence, capabilities, and objectivity • considered the nature, scope and objectives of the work completed for appropriateness • evaluated the findings and conclusions for relevance, reasonableness

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in CS Energy Limited annual report for the year ended 30 June 2024 was the directors' report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and,

for such internal controls as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf

This description forms part of my auditor's report.

IAsim

30 August 2024

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary and abbreviations

Term	Definition
EBITDAF	Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, investment costs, realisations and impairments.
Energy sent out	The amount of electricity sent to the grid.
Equivalent Forced Outage Factor	The fraction of a given operating period in which a generating unit is not available due to forced outages and deratings.
Forced Outage Factor	The fraction of a given period in which a generating unit is not available due to a forced outage, where a forced outage is defined as an outage that could not have been reasonably delayed by 48 hours from identification of the problem. This applies to full outages only and does not include any partial load reductions (deratings).
GW	Gigawatt (one GW = 1,000 megawatts)
GWh	A gigawatt hour (GWh) is equal to 1,000 megawatts of electricity used continuously for one hour.
ISO 14001:2015	An international standard for Environmental Management Systems.
MW	Megawatt (one MW = one million watts).
MWh	Megawatt hour (one megawatt generating for one hour).
NEM	National Electricity Market
NGER	National Greenhouse and Energy Reporting
NPAT	Net Profit After Tax
PFAS	Per-and poly-fluoroalkyl substances is 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.
Scope 1 emissions	Greenhouse gas emissions that are released into the atmosphere as a direct result of the activities at a facility.
Significant Environmental Incidents	Incidents that have a significant impact on the environment or resulted in enforcement action by a regulator.
Significant incident frequency rate	The number of Category 3 and 4 incidents relating to health and safety, and process safety in a defined period, multiplied by one million, then divided by total hours worked in that period. This is expressed as a 12-month rolling average.
Total recordable injury frequency rate	Total recordable injury frequency rate: The number of medical treatment injuries, restricted work cases and lost time injuries in a defined period, multiplied by one million, then divided by the number of hours worked in that period. This is expressed as a 12-month rolling average.
TWh	Terrawatt hour
Underlying EBIT	Earnings before interest, tax, and significant items.
Underlying EBITDA	Underlying EBIT before depreciation and amortisation.
Underlying interest cover	Underlying EBIT divided by interest and finance charges.
Underlying return on capital employed	Underlying EBIT divided by total debt plus total equity. Total debt represents non-current borrowings. Total equity excludes reserves.

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