Annual Report 2023

cleanco queensland

A clean energy future crafted in Queensland.

Contents

CleanCo Queensland recognises that Aboriginal and Torres Strait Islander peoples were the first sovereign nations of the land and waterways which now forms the Australian continent and adjacent islands, and that sovereignty has never been ceded.

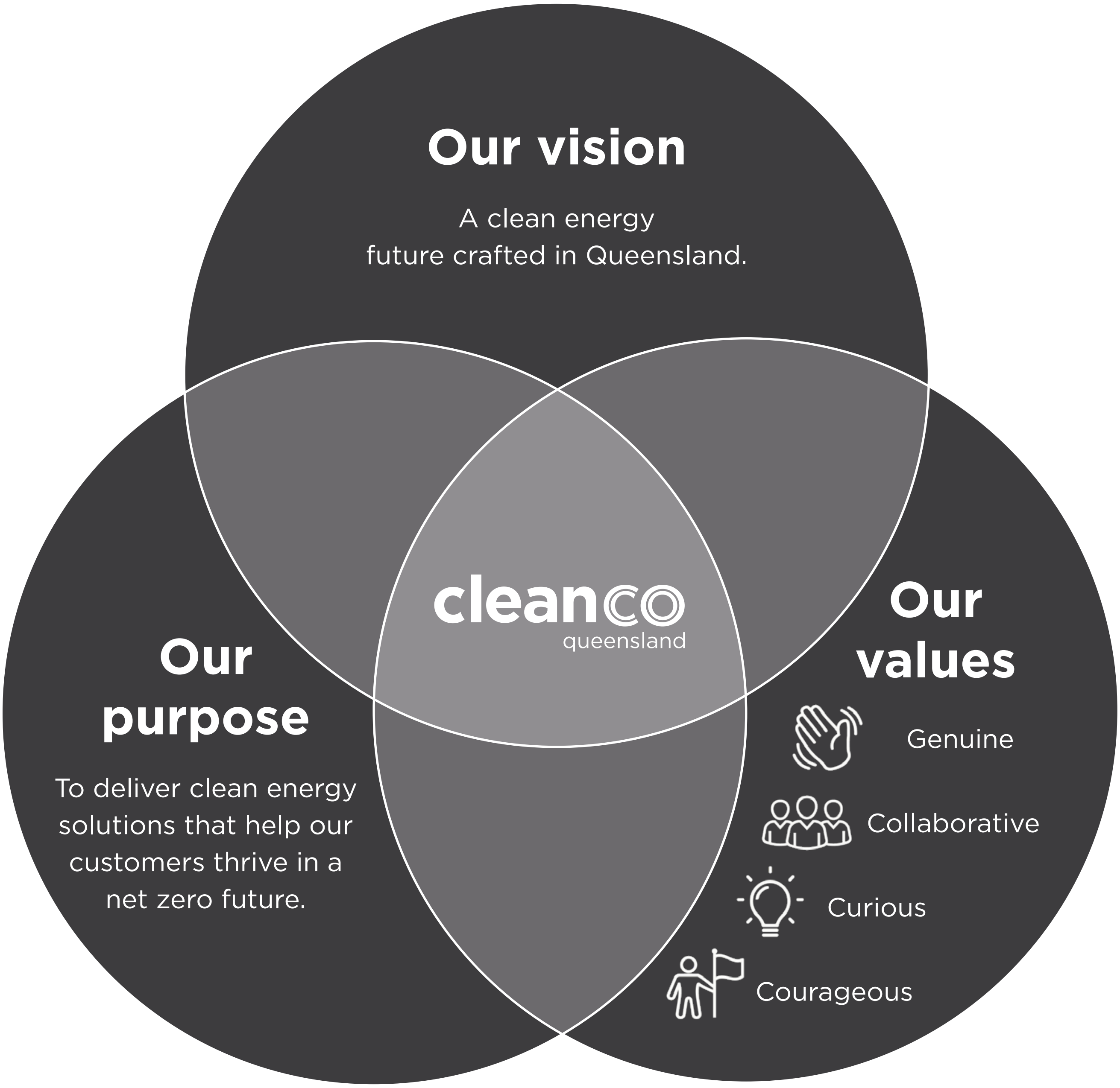
We respectfully acknowledge the traditional custodians of the land and waterways on which our people work and live, and we pay our deepest respect to their Ancestors, Elders and knowledge holders, and recognise their deep history and ongoing connection to Country.

About this report

At CleanCo Queensland we are committed to providing our shareholders, customers and communities with accurate and transparent reporting on our strategy, performance, challenges and opportunities.

This report has been prepared in accordance with the provisions of the *Government Owned Corporations Act 1993 (Qld) (GOC Act)*, incorporating relevant aspects of the *Financial Accountability Act 2009 (Qld)* and the *Corporations Act 2001 (Cth)* and is presented to the Legislative Assembly of Queensland. It contains CleanCo Queensland Limited's Financial Report for FY23 compiled in accordance with Australian Accounting Standards. Electronic versions of our annual reports are available online at **www.cleancoqueensland.com.au**

About CleanCo



Our profile

CleanCo is a low-emission energy generator, retailer and developer. We offer renewable energy from the sun and wind, firmed with low-emission generation to deliver competitive clean energy products, tailored to our customers' individual energy needs. We are a Government Owned Corporation (GOC) that owns and operates a portfolio of flexible, responsive energy generation assets, as well as investing in renewable energy projects developed by our partners. We own and operate a portfolio of 1,100 megawatts (MW) of low-emission energy assets, including Queensland's only publicly-owned pumped storage hydroelectric generator at Wivenhoe Dam. We also have a committed pipeline of 1,000MW in off-takes from renewable energy projects expected to commence commercial operation from FY24. Additionally, our growth pipeline includes more than 2.3 gigawatts (GW) of new renewable energy projects currently in various stages of development.

In FY23 we updated CleanCo's 2030 Strategy to align with the Queensland Energy and Jobs Plan (QEJP). CleanCo remains focused on enabling our current and future customers to thrive in a net zero future while creating opportunities to help our host communities to prosper through the energy transformation. To achieve this, we are committed to growing a market-leading energy business in Queensland, specialising in sustainable energy products. Beyond energy generation, our activities support broader objectives including building local supply chains, supporting a pipeline of jobs and training for the regions, decarbonising Queensland's energy intensive industries, supporting regional economic development and securing public ownership of generation assets.

FY23 Highlights

We generated

2,413GWh

of low-emission energy between July 2022 and June 2023.

We received

$500M

in the Queensland Budget to facilitate the development of up to 2.3GW of new renewable energy projects in Central Queensland.

We commenced a

$17M,

100 day overhaul of Unit 2 at Wivenhoe Power Station in May 2023 to ensure the ongoing efficiency and reliability of the plant.

We secured

$330M

through the Queensland Renewable Energy and Hydrogen Jobs Fund to progress CleanCo's first big battery project, with a 250MW/500MWh battery to be built as part of the Swanbank Clean Energy Hub.

- We signed agreements with a number of new customers, including Cairns Regional Council and Frucor Suntory, to supply renewable-backed energy and support them to achieve their sustainability goals.

- We announced that the Swanbank precinct would be developed to become a flagship clean energy hub with the draft masterplan to be created in collaboration with the community through an authentic co-design process.

- We integrated wind and solar into our portfolio for the first time, with early off-take agreements coming into effect from the Western Downs Green Power Hub solar farm and the Kaban Green Power Hub wind farm.

- We launched a new integrated employee development and recognition program and held our inaugural *thrive* Awards to recognise and celebrate the outstanding achievements and contributions of our team members.

Message from our Chair

Jacqui Walters

I am proud to present CleanCo's 2023 Annual Report.

FY23 was a defining year for Queensland's energy transformation and for CleanCo as a leader delivering on decarbonising the Queensland economy.

With the release of the QEJP came certainty and direction for the energy transformation. The plan provides a blueprint for the delivery of renewable energy generation and storage – outlining the unprecedented scale of investment and development required to achieve 70 per cent renewable energy by 2032.

CleanCo is well positioned to deliver on the QEJP. Our 2030 Corporate Strategy outlines how CleanCo will make a material contribution to delivering the plan.

We will continue to build on our portfolio of renewable energy assets in Queensland, innovate unique products to support our customers to achieve their emissions reduction goals, and importantly do this in a way that enhances the communities in which we operate. We understand this means establishing authentic relationships with local government, landholders and other community stakeholders to deliver equitable economic, environmental and social benefits.

Throughout FY23 we really stepped up the pace with our growth pipeline. We successfully secured $500 million in the Queensland Budget to propel the development of a portfolio of 2.3GW of renewable energy projects in Central Queensland. We also secured $330 million from the Queensland Renewable Energy and Hydrogen Jobs Fund (QREHJF) to deliver a 250MW big battery at Swanbank – with two hours storage capacity, it will be one of the biggest batteries in Queensland when commissioned.

The development of the Swanbank Clean Energy Hub is an opportunity for CleanCo to lead the way for energy hubs of the future. We are particularly proud of the community-focussed approach we have taken to developing the draft masterplan. Using a co-design process we have actively listened and responded to the needs and aspirations of the local community. In FY24 we will deliver a masterplan that integrates sustainable clean energy technologies, with facilities and spaces that meet community expectations.

As we progress growing our portfolio we will continue to build our team to ensure we have the capability and capacity to deliver on our goals.

We are committed to fostering an inclusive, high performance environment where our people can thrive.

I thank Tom Metcalfe our Chief Executive Officer, and the Executive Leadership Team who have led our company's ambitious growth with commitment and perseverance. As a young company in an incredibly dynamic market, CleanCo presents unique leadership challenges and I am proud of what they have achieved. Most importantly, thank you to the entire CleanCo team based across our five sites – your professionalism, commitment and hard work is what makes CleanCo. Without you all, we are nothing.

CleanCo cannot achieve our growth ambitions without the ongoing support of our wonderful customers. I would like to thank them for entrusting their energy requirements to us and look forward to continuing to support them to achieve their carbon emissions targets.

Thank you to our shareholding Ministers for your guidance and for your support of CleanCo's goal to deliver positive and sustainable energy outcomes for Queensland.

Finally, I would like to thank my fellow Directors for their wisdom, diligence and commitment to CleanCo, and importantly their ambitious vision for what is possible. It is an honour to work alongside you to lead CleanCo.

I look forward to seeing CleanCo continue to mature over the coming year as we accelerate our portfolio growth and increase our presence across Queensland to deliver the clean energy solutions that help our customers thrive in a net zero future.

"We will continue to build our team to ensure we have the capability and capacity to deliver on our goals."

Message from our Chief Executive Officer

Tom Metcalfe

FY23 has been a year of significant growth for CleanCo.

We settled our vision and goals for 2030 and started taking delivery of early energy from two of the most significant renewable projects in Queensland – the 400MW Western Downs Green Power Hub solar farm and the 157MW Kaban Green Power Hub wind farm. We also secured funding to support the development of our own fleet of renewable energy generation and storage assets. We have grown our team and with it, our capability and capacity.

I am incredibly proud of the strong safety culture we have across the organisation. We have now formalised our health and safety commitment with all team members, including the Board, signing a pledge to prioritise the health, safety and wellbeing of our people. In FY23 no recordable injuries were sustained at CleanCo. This is a testament to the priority each and every team member gives to creating and maintaining a safe working environment.

CleanCo achieved a net profit after tax of $41.6 million for the financial year, from total sales revenue of $632.4 million. This is significantly improved on our FY22 financial performance, which was impacted by the failure of the Automatic Voltage Regulator (AVR) at Swanbank E on 20 December 2021. Our financial performance was also boosted by the commencement of off-take agreements with Western Downs and Kaban in early 2023. Both renewable projects are still in their commissioning phase, but generated 309.6GWh of energy and Large-scale Generation Certificates (LGCs).

Total sent-out generation reached 2,413GWh – the highest ever for CleanCo and approximately 80 per cent more than was delivered to the market in FY22.

On that note, I would like to acknowledge our strategic partners across Queensland. They are not only delivering world-class renewable projects but also creating significant economic opportunity for our regions. In addition to the Western Downs solar farm and Kaban wind farm, we are looking forward to adding energy from the MacIntyre and Dulacca wind farms in 2024 and 2025, respectively. Combined, these four projects have supported 1,350 construction jobs and generated more than $1.5 billion in economic activity in Queensland through local contracts and suppliers.

Coupled with our firming assets at Wivenhoe, Swanbank, Barron Gorge and Kareeya, these renewable energy projects underpin our ability to deliver the clean energy solutions that enable our customers to thrive in a net zero future.

Beyond producing clean energy, we are also striving to meet the needs and expectations of our host communities. I am so proud of the courage and collaboration demonstrated by our team and the Ipswich community through the co-design process for the Swanbank Clean Energy Hub masterplan.

The importance of establishing and maintaining social licence as we take steps to build our portfolio and deliver on the QEJP cannot be understated. We have to be prepared to share the benefits of our emerging industry in a meaningful way. CleanCo is committed to implementing best practice engagement programs, including with First Nations Peoples. We will collaborate with our partners and community stakeholders to create economic prosperity, and catalyse good environmental and social outcomes for our host communities.

CleanCo has a solid foundation in sustainability. However, as the sustainability ambitions of our shareholders and customers continue to expand alongside advancing global sustainability policy and environment, social and governance (ESG) reporting, it is important we continue to grow and maintain our sustainability credentials.

CleanCo's sustainability strategy comprises key focus areas around carbon, land and environment, community, diversity and inclusion, ethical sourcing, and integrity and governance. In FY23, good progress was made across these areas.

We are building and nurturing a team with the knowledge, skills and capability to deliver on our goals. In step with our growth program, we continue to strive to "make work work" for our people, supporting them to work in ways that that genuinely fit for them.

I would like to thank Jacqui and the CleanCo Board for their support and guidance, helping to steer CleanCo as we navigate the opportunities and challenges of the energy transformation.
I would also like to thank the CleanCo team for living our values each and every day. I am proud of what we have achieved together and I am excited for the journey ahead as we continue to build our organisation and deliver on our vision: a clean energy future, crafted in Queensland.

"Beyond producing clean energy, we are also striving to meet the needs and expectations of our host communities."

Our performance in 2022/23

CleanCo's Statement of Corporate Intent (SCI) for FY23 outlined nine milestones for the year. Our performance against these milestones is provided in Table 1.

Table 1: FY23 key milestones

Milestone	Status	Comments
Commence commercial dispatch of energy from new renewable projects to foundation customers (including BHP and Coles).	Achieved	Commercial dispatch of renewable energy to foundation customers commenced on 1 January 2023, through early energy power purchase agreements with the Western Downs Green Power Hub solar farm and the Kaban Green Power Hub wind farm.
Double the size of our retail book by pursuing new opportunities with customers committed to thriving in a low-carbon environment.	Achieved	The total volume of energy CleanCo is servicing under retail contracts more than doubled between FY22 and FY23. CleanCo is committed to further growth in this space, working with a deep pipeline of prospective customers to develop innovative offerings tailored to their needs.
Secure at least another 300MW of new renewable projects that actively support regional investment and safe, secure and fair regional jobs.	On track	$500 million received through the Queensland Budget to propel the development of a portfolio of 2.3GW in renewable energy projects in Central Queensland. These projects are expected to support around 4000 construction jobs and 100 jobs in operation.
Complete pre-feasibility studies on options to expand the storage and/or capacity of our existing hydro portfolio.	On track	Prefeasibility studies are underway to explore hydro expansion options.
Finalise our concept plan for the Swanbank Future Energy and Hydrogen Precinct (renamed "Swanbank Clean Energy Hub").	On track	The Stage 1 work program has been completed. This included initial masterplan concept development, prefeasibility studies for on-site hydrogen production, hydrogen blending and on-site solar development, extensive baseline studies, and stakeholder engagement planning. The Stage 2 work program is progressing well. It includes market Expressions of Interest (EOI) for energy storage and generation opportunities, and prospective hydrogen production on site. Community co-design and stakeholder engagement activities are also progressing with an integrated masterplan expected in December 2023.
Commence installation of our first battery at the Swanbank site.	Progressing	$330 million in QREHJF funding was secured during FY23. Procurement processes are underway and the development approval has been submitted.

Milestone	Status	Comments
Further mature core capabilities and systems within the business including cyber security, portfolio management and maturing our approach to project development.	On track	The Cyber Protection and Resilience Program is continuing to embed controls delivered in FY23 under the Australian Energy Sector Cyber Security Framework, as well as build on this foundation to further enhance security posture and reduce operational risk.
Begin construction on the 103MW Karara Wind Farm.	On hold	As a result of significant delays to the connection process for the Karara Wind Farm (not caused by any delays to the transmission system), and subsequent impact to costs, CleanCo is pausing the development of the project. CleanCo is continuing to explore alternate development options for the Karara Wind Farm.

Table 2: CleanCo performance against SCI targets

Corporate Measures			
Measure	**FY23 Actual**	**FY23 SCI**	**FY22 Actual**
Gross Profit ($M)	58.3	98.4	126.7
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ($M)	131.0	245.6	34.4
Earnings Before Interest and Tax (EBIT)* ($M)	84.0	211.6	(5.8)
NPAT ($M)	41.6	193.1	(297.8)
Capital Expenditure ($M)	68.8	143.3	42.2
Full-Time Equivalent Staff	216	202	162.0

* Excluding fair value through profit or loss (FVTPL)

Gross profit was behind forecast due to a reduction in wholesale electricity prices and significantly lower price fluctuation during the summer peak period. CleanCo's flexible assets are well suited to operating during periods of peak demand and prices, however due to mostly mild weather conditions, there were relatively few peak price events.

The reduction in wholesale electricity prices in spot and futures markets improve the valuation of our electricity hedging contracts, resulting in better EBITDA, EBIT and NPAT than FY22. Full-time equivalent staff numbers reached 219, as CleanCo commenced hiring new roles to support our future renewable project development activities.

Our strategy

The energy market is becoming increasingly competitive and our point of difference will be the sustainability credentials of our energy and our portfolio approach which will enable us to deliver increasingly firm clean energy products at affordable pricing. We will tailor our products to our customers' needs and deliver with reliable and consistent performance.

Sustainability will be at the core of our product offering, requiring both CleanCo and our energy products to achieve a high standard of authentic and practical sustainability. We aspire to innovate our products to our customers' future needs for all aspects of sustainability – carbon neutrality, engagement with First Nations People, regional economic development, biodiversity, ethical sourcing and circular economy.

Maintaining energy affordability for an increasingly complex product will require us to build a diverse and efficient portfolio at a scale where we are exceptional at optimising both design and operation of existing and new assets.

Achieving this strategy requires delivery across four key areas:

1. Growing our retail customer base
2. Growing our portfolio to meet the needs of our customers
3. Embedding sustainability across all our activities
4. Leveraging the unique talents and ambitions of our people

We have identified 10 goals to achieve by 2030 to propel us towards our ambitions:

20% Queensland retail market share of NEM-Connected demand

Market leader in delivering innovative clean energy solutions

Trusted/exceptional operator delivering world-class customer service

Net Zero emission profile

Diverse and inclusive culture that reflects our unique identity

5GW renewables built or under construction (owned or supported)

5GW firming and storage built or under construction (owned or supported)

500MW new electrified load supported

Net Positive influence on host communities

Career accelerator for employees

Our customers

20% Queensland retail market share of NEM-Connected demand

Market leader in delivering innovative clean energy solutions

Trusted/exceptional operator delivering world-class customer service

CleanCo's strategy is to grow a market-leading clean energy business in Queensland specialising in sustainable energy products. Our ambition is to deliver clean energy solutions to help our customers thrive in a net zero future.

Our point of difference is our ability to 'firm' variable renewable energy generation using a low-emission generation portfolio, including Queensland's only publicly-owned hydro generators. We tailor our products to our customers' need and deliver with reliable and consistent performance.

As we grow our product offerings and diversify our portfolio, we must maintain a sharp focus on the sustainability credentials of our energy and our business, and our unique portfolio to deliver increasingly firm products at affordable pricing for our customers.

In FY23 CleanCo continued to build its customer base, entering into commercial agreements with:

- Cairns Regional Council to provide 80 of the Council's largest facilities with 100 per cent renewable energy from July 2024.
- The Ville Resort-Casino in Townsville to provide the precinct with 100 per cent renewable energy by 2025.
- Frucor Suntory to provide the new manufacturing facility at Swanbank with 100 per cent renewable energy from mid-2024.
- Viva Energy which has taken on the Coles Express sites.

With early off-take agreements in place for energy from the Western Downs Green Power Hub solar farm and the Kaban Green Power Hub wind farm, our capacity to meet retail commitments was substantially increased. We started providing retail electricity services to Coles Group, Aurizon, Wesfarmers (Bunnings), The Ville and Dalrymple Bay Terminal.

Case Study

Powering Cairns to net zero

Cairns Regional Council made significant progress towards its commitment to achieve net zero emissions for its operations by 2030, becoming the first local government to sign a clean energy supply agreement with CleanCo.

Underpinned by energy produced by the Western Downs Green Power Hub solar farm, and more locally, the Kaban Green Power Hub wind farm, CleanCo will provide 100 per cent renewable energy to power 80 of Council's largest facilities from 2024.

Facilities to be powered under the agreement include Cairns Performing Arts Centre, Cairns City Library, Botanic Gardens Visitor Centre, and the wastewater treatment plants. The deal is equivalent to the energy consumption of approximately 4,000 North Queensland households each year. It will help Council deliver its vision to promote, protect and enhance the iconic natural environment now and for generations to come.

CleanCo has a number of generating assets in Far North Queensland and we are proud to use these locally operated generators to provide locally sourced renewable energy for Cairns.

Our customers (Continued)

Each year we undertake a stakeholder engagement survey to understand if we are meeting the expectations of our customers and other key stakeholders, and identify areas for improvement. This exercise is valuable for ensuring CleanCo continues to grow and mature its product offerings, systems and processes to remain competitive in the rapidly evolving energy market. The FY23 survey results were positive with CleanCo achieving a Net Promotor Score of +54, demonstrating that our customers and key stakeholders hold CleanCo's products, services and level of engagement in high regard.

Our ambition is to be a market leader in delivering innovative clean energy solutions and to be recognised as an exceptional operator with world-class customer service. By 2030 we intend to have secured 20 per cent of the Queensland retail market share of NEM-connected demand. To do this we must continue to grow our portfolio and evolve our product offerings to meet the future needs of our customers and to support them on their decarbonisation journeys.

Our generation portfolio

5GW renewables built or under construction (owned or supported)

5GW firming and storage built or under construction (owned or supported)

500MW new electrified load supported

Generation assets

Our owned and operated portfolio of dispatchable, low-emission assets is our point of difference from other generators and retailers in Queensland.

These flexible assets can ramp quickly to ensure our customers continue to receive reliable low-emission energy when solar and wind generators are not producing. They include:

- Barron Gorge Hydroelectric Power Station (66MW)
- Kareeya Hydroelectric Power Station (88MW)
- Koombooloomba Hydroelectric Power Station (7MW)
- Wivenhoe Pumped Storage Hydroelectric Power Station (570MW)
- Swanbank E Combined Cycle Gas-fired Power Station (385MW)

Gas as a key enabler of the energy transformation

Swanbank E remains one of the most efficient gas-fired generators in Australia. It can provide 24/7 reliable, low-emission energy. This firming capability enables us to use our portfolio to help stabilise the network and keep electricity affordable for Queenslanders during periods of high demand. The flexibility and fast ramping capabilities of Swanbank E enable CleanCo to continue to build a viable portfolio of new renewable energy assets while supplying reliable energy for customers and for Queensland.

Case Study

$17 million overhaul for Wivenhoe

Commencing in May 2023, Unit 2 at the Wivenhoe Power Station was taken out of service for a five-yearly maintenance overhaul.

Supported by specialised contractors, the team worked across three separate work fronts which included working at heights and in confined spaces to inspect and where needed, repair or refurbish the power station structure which is around 50 metres below Wivenhoe Dam level. Work was also completed in the pipe infrastructure that connects the upper reservoir to the power station which is 6.5 metres in diameter and over 400 metres in length.

Throughout the overhaul, Unit 1 continued to operate ensuring the power station continued to provide a reliable energy supply to meet peak demand periods.

The Wivenhoe Power Station is a unique asset not only in CleanCo's portfolio, but in the broader Queensland energy network. It plays an essential role in firming wind and solar energy to provide Queenslanders with reliable, low-emission energy during peak periods.

These major overhauls allow CleanCo to thoroughly inspect the asset and undertake significant maintenance activities to ensure it continues to operate efficiently and reliably as the dependence on energy storage technologies increases.

Our generation portfolio

(Continued)

Kogan North Joint Venture (Wari Djunben Project)

The Kogan North Joint Venture (JV) was created in 2003 to provide long-term gas supply for Swanbank E. As part of the JV, CleanCo holds a 50 per cent interest in Petroleum Lease 194. Arrow Energy CSG (Australia) Pty Ltd and Australian CBM Pty Ltd (together Arrow Energy) own the remaining 50 per cent share.

Gas sourced from the Kogan North gas field, which is located near Dalby in Queensland's Darling Downs Region, is transported to CleanCo's highly efficient, low-emission Swanbank E combined cycle gas generator via the Roma to Brisbane Pipeline.

This JV provides approximately 50 per cent of the gas required to operate Swanbank at a predictable price, which is essential to ensure CleanCo can commit to pricing for commercial and industrial customers in long-term supply contracts.

CleanCo and Arrow Energy have committed to a new five-year development plan under the Kogan North JV that will secure a reliable and affordable gas supply for Swanbank E. Five of the 39 wells under the plan have been drilled, with first gas achieved in March 2023. The remaining 34 wells are awaiting Environmental and Access Approval before proceeding. The development project is called the Wari Djunben Project, which reflects the name given to the black goanna by the First Nations People who are the Traditional Custodians of the land – the Barunggam People call it 'wari' and the Western Wakka Wakka People call it 'djunben.'

Asset management

CleanCo is continuing to develop asset management strategies for our portfolio. The current focus is on ensuring we have critical operating components and resources readily available to support increased asset utilisation and flexible operations, thereby improving the overall availability of our generating assets. This is essential for supporting network reliability.

Strategic partnerships

CleanCo is supporting new renewable energy projects across Queensland through Power Purchase Agreements and Capacity Purchase Agreements.

As at 30 June 2023, CleanCo has committed to more than 1,000MW of new renewable energy generation through purchase agreements. We use these projects, combined with our own assets, to provide our customers with firmed renewable energy solutions.

Dulacca Renewable Energy Project

Energy type: Wind

Location: Western Downs

Capacity: 180MW

Contracted energy: 126MW

Off-take commences: 1 July 2025

Jobs: 150 construction jobs, 5-10 operational jobs

Economic benefit: It is estimated that the construction of the project has generated around $400 million in economic activity for Queensland.

Community benefit: A $1.25 million community fund will be established to provide funding opportunities for local projects, community groups and organisations. The fund will be available upon the completion of the construction and will be established with the input of the local community.

Developer: RES / Octopus Australia

Kaban Green Power Hub

Energy type: Wind

Location: Far North Queensland

Capacity: 157MW

Contracted energy: 157MW

Off-take commences: 2023

Jobs: 350[1] construction jobs; 5 operational jobs

Economic benefit: The total cost of the project is $370 million, with construction generating significant economic activity for Queensland.

Community benefit: $50,000 per year over the operational life of the project will be provided through a community grants program to support local community initiatives and projects.

Developer: Neoen

1 Includes around 97 jobs relating to the transmission network

MacIntyre Wind Farm

Energy type: Wind

Location: Darling Downs

Capacity: 923MW

Contracted energy: 400MW

Off-take commences: 2025

Jobs: 640[1] construction jobs; 5-12 operational jobs

Economic benefit: Construction of the MacIntyre Wind Farm Precinct is expected to generate more than $500 million in economic activity for Queensland.

Community benefit: At least $2.5 million in financial contributions will be provided to local community programs, events and initiatives within the first 10 years of the project. Additional funds will continue to flow into the region for the lifetime of the project.

Developer: ACCIONA Energia

1 Includes around 240 jobs relating to the transmission network

Western Downs Green Power Hub

Energy type: Solar

Location: Western Downs

Capacity: 400MW

Contracted energy: 320MW

Off-take commences: 2023

Jobs: 400 construction jobs; 7-10 operational jobs

Economic benefit: Total project cost is $600 million, with construction generating an estimated $200 million in direct economic activity.

Community benefit: $100,000 per year over the operational life of the project will be provided through a community grants program to support local community initiatives and projects.

Developer: Neoen

Our generation portfolio (Continued)

Growth opportunities

Our goals for 2030 are for CleanCo to have 5GW of renewables and 5GW of firming or storage built or under construction. As at 30 June 2023, our portfolio includes around 1GW of each and we are determinedly pursuing opportunities to accelerate our growth.

Central Queensland Portfolio

Central Queensland, Queensland's industrial powerhouse, needs reliable, affordable, clean energy solutions now to drive future prosperity. That's why a cornerstone of CleanCo's renewable growth program is to support the decarbonisation of industry in Central Queensland, helping it to thrive in a net zero future.

Backed by $500 million in funding allocated through the Queensland Budget, our first step will be to accelerate the development phase of up to 2.3GW of new renewable energy projects in this resources-rich region.

Our Central Queensland Portfolio will deliver CleanCo's first build-own-operate renewable energy assets and will include wind and solar, with each project having the potential for additional battery storage projects.

A portfolio of this scale will support more than 4,000 jobs during construction and provide much needed renewable energy capacity to Queensland's energy network. It will enable CleanCo to provide customers with unique, sustainable retail product offerings to support them on their decarbonisation journeys.

Beyond delivering critical renewable energy capacity, the ability to combine these projects into a program of work creates a unique opportunity to support delivery of other vital objectives of the QEJP. This includes building local supply chains, supporting a pipeline of jobs and training for the regions, decarbonising Queensland's energy intensive industries, supporting regional economic development and securing public ownership of generation assets.

Big Battery

In FY23 CleanCo secured $330 million from the Queensland Renewable Energy and Hydrogen Jobs Fund to build our first big battery.

At 250MW/500MWh this battery will be one of the largest in Queensland and provide essential storage capacity to support the renewable energy transformation. It will be built on the footprint of the Swanbank B coal-fired power station demonstrating how existing infrastructure can be leveraged to support new technologies in the energy transformation.

A Final Investment Decision from the CleanCo Board is expected in August 2023 and, subject to shareholding Minister approval, site works for the battery are planned to commence in the first half of 2024 with the battery expected to be operational by mid-2025.

Swanbank Clean Energy Hub

The Swanbank power station precinct has a proud history of coal mining and coal generation, and it remains home to the highly efficient Swanbank E Combined-cycle Gas Power Station. In line with objectives of the energy transformation, CleanCo is now undertaking a master planning process to identify opportunities to redevelop the site into a clean energy hub.

CleanCo is undertaking an EOI process with industry to understand the suitability and commercial readiness of various energy technology options available to the Swanbank Clean Energy Hub, including potential hydrogen use and production opportunities. Other energy and non-energy uses are also being investigated, including research and development facilities and enhanced community amenity. These ideas are being cultivated through a community co-design process.

A draft masterplan is expected to be completed in the first half of FY24. Through this transformation, CleanCo will ensure that the Swanbank Clean Energy Hub remains a valuable energy asset for Queensland for decades to come.

Beyond these growth initiatives, we are proactively engaging with strategic partners to identify further opportunities for CleanCo to invest in and deliver renewable energy and storage projects across Queensland. We are also actively exploring options to further optimise and improve the flexibility of our firming assets, particularly Swanbank E and Wivenhoe power stations. The flexibility and fast-ramping capabilities of these generators is unique in the context of Queensland's publicly-owned fleet and allows them to effectively back our customer contracts and other commitments, and preserve or increase responsiveness to increasingly unpredictable market conditions.

In FY23 CleanCo made the decision to pause development of the 103MW Karara Wind Farm, which is part of the MacIntyre Wind Farm Precinct. This decision was a result of significant delays to the connection process for the Karara Wind Farm (not caused by any delays to the transmission system) and subsequent cost increases. We are continuing to explore alternate development options for the Karara Wind Farm. CleanCo remains an active partner with ACCIONA Energia in the development of the MacIntyre Wind Precinct through a 400MW off-take agreement, which is scheduled to commence in 2025. The $250 million equity provided by the Queensland Government to support the development of the Karara Wind Farm has been repurposed through the Queensland Government's budget process.

Our generation portfolio (Continued)

1 **Barron Gorge Hydro Power Station (66MW)**
Traditional Custodians: Djabugay People

2 **Kaban Green Power Hub capacity agreement (157MW)**
Traditional Custodians: Jirrbal People

3 **Kareeya Hydro Power Station (88MW)**
Traditional Custodians: Jirrbal People

4 **Koombooloomba Hydro Power Station (7MW)**
Traditional Custodians: Jirrbal People

5 **Dulacca Wind Farm (126MW)**
Traditional Custodians: Barunggam People

6 **Kogan North Joint Venture (4 PJ/year)**
Traditional Custodians: Wakka Wakka People and Barunggam People

7 **Western Downs Green Power Hub (320 MW)**
Traditional Custodians: Wakka Wakka People and Barunggam People

8 **Wivenhoe Pumped Storage Hydro Power Station**
Traditional Custodians: Jinibara People

9 **Swanbank E Gas-fired Power Station (385MW) / Swanbank Clean Energy Hub**
Traditional Custodians: Yugura, Ugarapul and Jagera People

10 **MacIntyre Wind Farm (400MW)**
Traditional Custodians: Githabul People and Kambuwal People

Battery
Hydro
Gas
Solar
Wind
Clean Energy Hub

CleanCO Owned
Off-take
Growth pipeline

Our operations

Net Zero emission profile

Trusted/exceptional operator delivering world-class customer service

Net Positive influence on host communities

Health and Safety

At CleanCo we are committed to fostering a safe environment for all employees, contractors and visitors. We support a culture where the safety and wellbeing of our people is a priority. We ensure that work is carefully planned to manage safety risks and protect the wellbeing of our people. We encourage courageous conversations and challenge ourselves to continually improve safety outcomes. By proactively managing risks and hazards we strive to maintain world-class safety outcomes.

In FY23 we formalised our health and safety commitment with all team members, including the Board, signing a pledge to prioritise the health, safety and wellbeing of our people.

Our Health, Safety and Environment (HSE) Fundamentals define our commitments to creating and maintaining a safe workplace and apply to all CleanCo team members, contractors and visitors to our sites.

We are fit and mentally ready for work

We are part of and protect our environment

We confirm isolations and electrical safety

We drive and operate safely

We control serious incident and fatality

Health, Safety and Environment Fundamentals

Table 3: HSE leading indicators

Leading indicators as at 30 June 2023	
Hazards identified	172
Critical control verifications	185
Total recordable injury frequency rates (TRIFER)*	0.00
Lost time injury frequency rate (LIFTR)^	0.00

* TRIFER measures the number of injuries (excluding fatalities) requiring medical treatment per million hours worked within an organisation

^ LIFTR measures the number of lost-time injuries per million hours worked during a single financial year

We are proud to report no recordable injuries sustained in FY23. This is a testament to the focus each and every CleanCo team member has on ensuring a safe working environment.

At CleanCo we are nurturing a culture that encourages our people to be curious about our surroundings, processes and ways of working, so that we can best identify hazards and risks that could potentially cause adverse outcomes for our people, our environment, our reputation, our business or our communities. We are committed to gaining a deeper understanding of why incidents occur and how we can collaborate to learn and grow as an organisation and industry to prevent similar occurrences or recurrences.

Throughout the year we have undertaken work to enhance CleanCo's HSE Management System and culture including:

- establishing integrated HSE procedures and processes to align all sites to one system. Activities focused on improving communication and consultation, fatigue management and alcohol and other drugs management
- reviewing procedures and processes to improve the management of risks associated with the movement of plant and equipment as well specific risks associated with team members working in remote locations
- developing a digital platform to enhance the safety of team members while travelling between sites.

Environment

In FY23 we formalised our environmental commitment with all team members, including the Board, signing a pledge to create a culture that delivers environmental sustainability.

In line with our commitment, we endeavour to minimise our environmental footprint by conserving the environment within which our assets are located. We manage our operations carefully to ensure compliance with our environmental approvals, while also actively investing in improved outcomes for the environments we operate in.

We do this by:

- being selective in the projects, partnerships, and agreements that we enter, seeking balance between decarbonisation and the protection of our natural estate
- minimising the adverse environmental impact of our operations by reducing waste and controlling emissions and discharges
- prioritising the environment and community in the design of our assets and operations and actively seeking to deliver a net positive impact to our host communities
- actively addressing climate change by improving energy efficiency and reducing greenhouse gas emissions
- adopting industry best practice principles and expecting the same of our partners, suppliers, and contractors
- providing environmental awareness and best practice training to our people
- continually improving our environmental management system to support our commitments and enhance our environmental performance.

Our operations (Continued)

Many initiatives in FY23 have been focussed on waste management and protecting waterways around our generating assets. Initiatives implemented in FY23 include:

- providing environmental support to major outages at Wivenhoe Hydro Power Station
- working in conjunction with Queensland Parks and Wildlife Services and the Traditional Custodians, Djabugay Nation, to manage the invasive Amazonian Frogbit weed species in the Barron River. A Frogbit Biosecurity Management Plan has been developed and CleanCo is a partner in the Frogbit Management Working Group
- providing environmental advice and assistance to on-site projects in environmentally sensitive regions of the Barron Gorge and Kareeya hydro power stations
- undertaking non-operational land management activities at CleanCo's King Ranch properties in Far North Queensland, including weed control and ecological condition assessments
- developing the Environmental Management Systems for CleanCo
- investing in detailed technical assessments to improve our understanding and management of site-specific environmental issues and opportunities, including soil, sediment, groundwater and bathymetric surveys
- continuing to monitor for potential impacts of our operations through comprehensive water quality monitoring programs, including the Swanbank Receiving Environment Monitoring Program.

Operating in the Wet Tropics

We are privileged to operate our Barron Gorge, Kareeya and Koombooloomba hydros in Queensland's precious Wet Tropics World Heritage Area and we commit to meeting the strict environmental standards which allow us to continue to sustainably exist within these protected areas and generate renewable energy.

We manage controlled water flows on the Barron and Tully rivers in line with the requirements of the *Water Act 2000* and ensure strict controls are in place to minimise, and where possible eliminate, disturbance to the natural environment surrounding these assets.

We maintain strong relationships with environmental agencies such as the Wet Tropics Management Authority and non-government organisations including the Cairns and Far North Environment Centre, and Terrain Natural Resource Management to ensure a coordinated and considered approach to working in this fragile and precious environment. Our working relationship with the Wet Tropics Management Authority has matured in FY23 with a program of quarterly updates to share information about our operations and seek feedback on our current and future projects.

Emissions and energy data

Actual emissions and energy data for FY22 are outlined in table 4. Data for FY23 will be reported to the Clean Energy Regulator by 31 October 2023.

Table 4: FY22 Emissions data

CleanCo Site	Electricity Production (MWH)	Scope 1 emissions (t CO_2-e)	Scope 2 emissions (t CO_2-e)	Total emissions (t CO_2-e)
Barron Gorge	226,582	239	486	725
Kareeya	472,410	78	1,249	1,327
Swanbank	217,820	89,348	3,391	92,739
Wivenhoe	397,019	23	452,492	452,515
Brisbane	0	0	54	54

Wivenhoe Power Station Scope 2 emissions account for the electricity required to pump water into the upper reservoir. As much as possible, we seek to pump during the day when there is typically an abundance of cheap, renewable solar energy available, ensuring sufficient water is stored ready to support generation in the evening peak. However, for the purposes of reporting our Scope 2 emissions data, we assume electricity used to pump water at Wivenhoe Power Station has the average emissions intensity for the Queensland grid.

CleanCo is also exploring opportunities to further optimise our firming assets, including ways to reduce and/or offset carbon emissions.

Nitrogen oxide emissions from Swanbank remained within an acceptable operating range and complied with regulatory requirements.

Cyber security

This year CleanCo's cyber security focus built on the foundational maturity achieved in FY22 in line with the Australian Energy Sector Cyber Security Framework (AESCSF). FY23 progress against the framework was driven through ten workstreams under the Cyber Protection and Resiliency Program. Through these workstreams we also pursued outcomes to reduce CleanCo's operational security risks through improved processes.

We introduced new policies, frameworks and operational management tools in FY23 to achieve greater visibility, timely awareness and increased business user acumen of security risks. This has resulted in a slight uplift of the overall rating against the AESCSF.

CleanCo will continue to work towards SP2 of the AESCSF over the next two to three years, with the intention to review and update CleanCo's cyber strategy in early FY24 to align CleanCo's 2030 corporate strategy.

Case Study

Reimagine Swanbank community co-design

For CleanCo the opportunity to develop the Swanbank Clean Energy Hub also presented a unique opportunity to demonstrate our commitment to genuine community engagement and investment.

With no more than a concept plan in mind, and a mandate to grow and enhance CleanCo's energy portfolio, CleanCo embarked on an authentic community co-design process to develop a draft masterplan for the site.

The project team undertook a wide-ranging engagement campaign to raise awareness across Ipswich about CleanCo's intentions to redevelop the precinct. Ipswich residents were invited to join a co-design panel, which was tasked with considering potential future uses of the site, excluding the ash dam rehabilitation and core business footprint, and creating a draft masterplan.

Over three sessions, the co-design panel, with the support of subject matter experts, ideated, debated and created. The end result is a draft masterplan that reflects the needs and aspirations of the community for the site, whilst ensuring it remains true to its core purpose to support the energy transformation with low and no emission energy technologies.

The draft masterplan will be released in FY24 for public consultation.

Our communities

We acknowledge that the impact of the energy transformation will be most felt by Queensland's regional communities.

With a geographically diverse generating portfolio, CleanCo's operations and developments reach many communities, all of which are unique in their characteristics and needs.

We are focused on ensuring our developments and operations have a net positive influence on host communities and in collaboration with stakeholders, we are seeking meaningful ways to engage with, support and create opportunity for these communities.

We are committed to supporting vibrant, sustainable, resilient communities and having a positive economic impact.

Engaging with Australia's First Nations People

CleanCo respectfully acknowledges the Traditional Custodians of the lands and waterways where our operational and corporate sites are located. We recognise and respect that Australia's First Nations Peoples have wide-ranging aspirations for their community and their Country.

Throughout FY23 CleanCo has continued to actively seek opportunities to meaningfully engage with both the Traditional Custodians of the land and waterways where our assets are located, and with First Nations People more broadly.

CleanCo continues to meet with the Djabugay Nation, the Traditional Custodians of Din Din Barron Gorge, to continue building the relationship and identify areas of mutual benefit to progress together. Activities in FY23 include:

- supporting Djabugay to apply for a community sustainability grant for solar panels on the Tjapukai Aboriginal Cultural Centre and the Ranger Office
- collaborating on the management of the invasive water weed (Amazonian frogbit) in the Kuranda Weir and upper reaches of the Barron River
- exploring how to support production of cultural interpretation materials for Din Din (Barron Gorge) at the picnic area adjacent to the Barron Gorge Hydro Power Station.

At the Kareeya Power Station in Tully, CleanCo is initiating a formative relationship with the Jirrbal Peoples through the North Queensland Land Council and Wabubudda Aboriginal Corporation, focusing on our cultural heritage obligations as a starting point for building a broader partnership.

CleanCo recognises that supporting Aboriginal land management activities can be a key revenue generator and capacity builder for groups. In March, CleanCo hosted the Girringun Aboriginal Corporation for a site visit, commencing discussions around a potential rehabilitation contract. Girringun Aboriginal Corporation represents the interests of traditional owners from nine tribal groups: Bandjin, Djiru, Girramay, Gugu Badhun, Gulnay, Jirrbal, Nywaigi, Warrgamay and Warungnu and undertakes a vast range of land and sea country management activities for cultural and environmental outcomes.

As part of the community engagement and investment for the Swanbank Clean Energy Hub Masterplan, CleanCo has engaged with First Nations community members, advisors, businesses and events in Ipswich. These include:

- attending the monthly Ipswich Black Coffee, and beginning to map First Nations businesses for future procurement opportunities such as the constructed wetlands on Swanbank Lake and other caring for country activities
- meeting regularly with Ipswich City Council's First Nations Community Development Officer and Cultural Heritage and Native Title specialist
- meeting regularly with advisors from the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
- celebrating Under 8s day with Goodna State School
- ensuring First Nations representation on the authentic co-design and inviting the Yuggera Dancers to perform the Welcome to Country to open the co-design.

CleanCo has also engaged an archaeologist to work with the Yuggera Ugurapul People and CleanCo to undertake a landscape values investigation of the Swanbank precinct to ensure that cultural heritage values are understood and accounted for from the early planning stages.

Our communities (Continued)

A key learning from our engagement to date is the need to respect the pace at which groups want to take initiatives forward. We are respectful of the vast range of responsibilities, interests and pressures on First Nations communities and the limits on the resourcing and capacity of the organisations and entities who carry this load, and will continue take our lead from them.

We acknowledge we are still in the early stages of developing our understanding of First Nations communities. We will be led by the aspirations of communities and take a flexible and adaptable approach to partnership development. In FY24 we commit to taking considered action, including starting on the journey to develop a Reflect Reconciliation Action Plan.

Community partnerships

Since mid-2022, CleanCo has been working closely with Ripley Valley State Secondary College's Year 7 and 8 'IGNITE' STEAM students. The curriculum link is '21st century skills, community building and real world engagement'. The students have focused on two key projects to date:

- Swanbank Clean Energy Hub Masterplan – students were given a challenge question to research which was in line with the remit of the co-design panel. Students prepared presentations which were delivered to CleanCo team members and at the co-design workshops. Four students from IGNITE also participated as panelists for all co-design workshops.
- 2032 Olympics Fusion initiative: 'Climate Positive Olympics' – students undertook a futures visioning exercise and presented their ideas back to the CleanCo team. Their ideas will be considered in the final proposal the CleanCo team is developing for Brisbane's Climate Positive Olympics.

Community sponsorships

As CleanCo has become more visible in our host communities, and with dedicated Community Engagement Specialists now part of the team, our program of sponsorships and donations increased substantially.

Our sponsorship and donations guidelines provide scope for CleanCo to support initiatives that have a positive impact on our host communities. In FY23 CleanCo provided $19,000 in community sponsorships and donations to support the following initiatives:

- Box Flat Commemoration Dinner – remembering 50 years since the Box Flat mining disaster at the Swanbank site
- Lockhart River Charity Gala (Brisbane)
- El Arish School Centenary Subcommittee commemorative statue
- Brisbane Valley Rail Trail Australia Day community cycling event
- Swanbank Fishing Competition – an initiative to help remove pest species from Swanbank Lake
- Ipswich Hospital Foundation – Mental Health Gala
- University of Queensland Hackathon – focused on sustainability innovations
- Ripley Valley State Secondary College Family Fun Day
- Cairns Regional Council Ecofiesta
- Far North Queensland Rugby League (juniors)
- Somerset Wivenhoe Fish Stocking Association
- Tully Little Athletics

We also seek to support industry events that align with CleanCo values and ambitions. In FY23 CleanCo provided corporate sponsorship for:

- Queensland Energy Conference
- First Nations Chamber of Commerce and Industry Summit (Gladstone)
- Queensland Futures Institute breakfast
- CIGRE (Conseil International de Grands Reseaux Electriques; Council on Large Electric Systems)
- Queensland Energy Club
- Rivercity Renewables
- Career Launcher Career Launcher
- Queensland Energy Council: The Importance of Long Duration Pumped Hydro Storage in Queensland
- Industrial Net Zero Conference
- Infrastructure Association of Queensland annual conference
- Wet Tropics Management Authority Cassowary Awards

In FY24 we will formalise our approach to community sponsorships and donations with the launch of the CleanCo community grants program. This will see a more structured approach to seeking, assessing and executing community sponsorship and donation activities.

Case Study

Ecofiesta unpacked

CleanCo was a proud supporter of Cairns Regional Council's annual Ecofiesta – Far North Queensland's premier sustainability festival.

This year's event saw 55 market stalls, 47 government and not for profit exhibitors and 9,000 attendees. We hosted a booth and participated a renewable energy panel discussion alongside the Cairns and Far North Environment Centre and Cairns Regional Council.

From our sponsorship, CleanCo gained considerable brand exposure through advertisements on the Cairns Regional Council website, flyers displayed throughout Cairns City as well as a host of branding materials displayed on the event day. Our booth was in a prime position, allowing for CleanCo team members to have great interactions with the community who were interested in learning about CleanCo, our role in the community and Queensland's energy transformation.

Our communities (Continued)

Sustainability

As a provider of renewable, low-carbon energy products, CleanCo has a solid foundation in sustainability. However, as the sustainability ambitions of our shareholders and customers continue to expand alongside advancing global sustainability policy and ESG reporting and transparency requirements, it is important that we continue to grow and maintain our sustainability credentials.

CleanCo has a foundational sustainability strategy with key focus areas around carbon, land and environment, community, diversity and inclusion, ethical sourcing, and integrity and governance. In FY23, good progress was made across these areas and a Sustainability Manager has been appointed to coordinate the deeper development of this strategy and implementation of associated initiatives.

CleanCo's approach to ESG is that it be embedded across all functions with a high degree of collaboration from many teams. An internal Sustainability Working Group has been established to oversee the strategy and progress on actions, as well as exploring sustainability opportunities across the business. The key aspects of sustainability (including ESG, health and safety, environment, people, financial control and climate change) are identified and addressed in CleanCo's Strategic Risk Register. Work has progressed in in FY23 to further evaluate and understand these risks and opportunities.

Queensland jobs and investment

We are creating jobs and supporting investment in regional Queensland communities.

As we seek opportunities to grow our energy supply and meet the needs of our customers, we actively look for ways to deliver and support growth in jobs for Queenslanders across not only the energy industry, but also our customers' industries.

The combined activities of the MacIntyre Wind Farm, Western Downs Green Power Hub, the Kaban Green Power Hub and the Dulacca Wind Farm have supported over 1,350 construction-related jobs and created more than $1.5 billion in economic activity in Queensland through employing local contractors and purchasing from local suppliers.

The construction of our 250MW/500MWh big battery at Swanbank will support around 60 construction jobs and up to 10 ongoing operational jobs, and our commitment to develop a portfolio of up to 2.3GW of renewable energy projects in Central Queensland will ultimately support around 4000 construction jobs and a further 100 operational jobs.

Beyond delivering new renewable energy capacity, we are focused on supporting other key objectives of the QEJP This includes building local supply chains, supporting a pipeline of jobs and training for the regions, decarbonising Queensland's energy intensive industries, supporting regional economic development and securing public ownership of generation assets.

On a broader scale, we aim to supply competitive, low-emission energy to commercial and industrial customers, to support their decarbonisation journeys, and protect or grow the jobs they offer across the state.

CleanCo applies and conforms with the Queensland Procurement Policy, Best Practice Principles and Buy Queensland Principles. The principles are embedded in our procurement processes and support us to achieve value for money for the State. In practice this means we endeavour to employ local people and procure local goods and services in the regions and host communities we operate in.

CleanCo's off-take agreements require that project owners agree to use reasonable endeavours to comply with the Queensland Procurement Policy, Best Practice Principles and Buy Queensland Principles to the extent possible through construction.

CleanCo is compliant with the *Commonwealth Modern Slavery Act 2018*, and through continuous improvement and collaboration with our internal and external stakeholders we are maturing our processes to address any ongoing risk in our supply chain. We actively seek and embed local content opportunities for existing operations. This includes engaging with local industry groups to better understand potential buying opportunities in the regions where our assets are located.

Our people

Diverse and inclusive culture that reflects our unique identity

Career accelerator for employees

We aim to be known as a purpose-led organisation where every member of our community can bring their authentic selves to work and be enabled to contribute the best of their skills and creativity to building a prosperous future for all Queenslanders.

In FY23 CleanCo continued to strengthen our foundations and deliver against our People Strategy. The People Strategy is closely aligned with CleanCo's growth and generation strategy and long-term commercial goals, our emerging approach to ESG, and our ongoing work to mature our people practices and systems.

We believe in the value brought to our work by diversity and we are committed to fostering an environment where everyone belongs, everyone is heard, and everyone can thrive. At CleanCo we strive to "make work work" for our people, with a range of avenues for team members to maximise flexibility in work and life in ways that genuinely fit for them.

Listening and responding to our people

We are focused on becoming the kind of organisation that draws in and develops people whose talents, aspirations, ideas and actions can help us deliver for our customers.

In FY23 we launched our TRACSS program (*thrive* + Rise + Amplify + Cultivate + Special Sauce). This is an integrated suite of employee engagement, development and recognition programs to support our employees to thrive in their roles and career at CleanCo. The program is designed to support our people to feel they belong and are recognised, and to create space and opportunity to listen to their valuable feedback, insights and ideas on their experience.

The TRACSS program has been enthusiastically embraced by our people, with excellent participation in 'Amplify' – our people leader program; 'Cultivate' – our employee development program; and the *thrive* Awards where we recognise achievement and contribution in our values, operational categories as well as recognising significant service milestones.

The TRACSS program also incorporates our annual cycle of *thrive* engagement surveys. We measure engagement and gather detailed feedback about our people's experience at work biannually, so we can align our action plans and ensure we are responding well to their observations and ideas.

In FY23 we also launched our *thrive* Onboarding model to support new starters and their leaders during the first six months at CleanCo. This includes additional employee and manager surveys, checklists and guides for the 'moments that matter' in this critical first phase, providing managers and new employees with support to create an exceptional onboarding experience.

Strengthening our foundations

We have continued to mature our people frameworks, practices and systems to enhance our foundations while delivering on strategic goals.

This has included embarking on an ambitious redesign of our core Human Resource Information System to deliver improved efficiency, increase functionality, accelerate our reporting and analytics capability, and expand access for people leaders and employees to better management processes and practices.

The enhanced platform will also improve the overall experience for both managers and employees across the employee lifecycle.

Significant progress was also achieved in refining and implementing core people frameworks and policy, including total reward and remuneration, and diversity and inclusion, to further enhance our people practices and employee value proposition.

Maturation of these core systems and processes helps us create the right conditions for resourcing CleanCo's ambition now and into the future. Our sourcing and recruitment practices evolved further in FY23 to better support the capability and capacity growth of the business, and there has been significant progress in attracting and securing high calibre talent in support of our growth agenda.

Our financial performance

Market leader in delivering innovative clean energy solutions

Trusted/exceptional operator delivering world-class customer service

CleanCo achieved a net profit after tax of $41.6 million for the financial year, from total sales revenue of $632.4 million.

Our financial performance was significantly improved on FY22, which was impacted by the failure of the AVR at Swanbank E on 20 December 2021. We successfully returned Swanbank E to service on 28 September 2022, and it generated 830.9GWh and total revenues of $149.6 million in the National Electricity Market.

Our financial performance was also boosted by the commencement of off-take agreements with Western Downs Green Power Hub solar farm and Kaban Green Power Hub wind farm in early 2023. Both renewable projects are still in the commissioning phase, and generated 309.6GWh of energy and LGCs.

Total sent-out generation in FY23 reached 2,413GWh, resulting in revenue of $441.3 million.

The moderation in wholesale electricity prices, including reduction in electricity futures prices, resulted in a significant improvement in the valuation of our electricity hedging contracts.

CleanCo enters into these contracts to manage our financial risk, by setting the price we will receive for future energy generation. These hedging contracts decrease in value as futures prices rise, and rise in value as prices fall. Under the Accounting Standard, we recognise unrealised gains or losses in our accounts based on the market value of those contracts.

In FY23, the reduction in forward electricity prices following announcements by the Commonwealth and State governments to effectively cap the cost of coal and gas used for electricity generation, resulted in an improvement in our mark-to-market position. Our net gain on fair-value accounted contracts was $197.9 million.

In the 2024 State Budget, the Queensland Treasurer announced a commitment of $500 million to support CleanCo to develop a number of wind and solar projects in Central Queensland, and the equity injection was provided on 30 June 2023.

Capital investment

Each year, CleanCo's capital program planning and forecasting process involves a review of each of the operational asset life plans and systems infrastructure looking ahead at the next five years' program of work. This informs CleanCo's SCI and Corporate Plan along with the organisation's operational budget forecasts.

Through our capital investment program we:

- maintain and enhance the operations of our existing sites, such as periodic minor and major overhauls
- invest in ICT systems and projects, including cyber security
- invest in projects that are being delivered by other parties, such as the Kogan North JV.

To manage project delivery, CleanCo undertakes monthly portfolio reviews of the asset and ICT projects to identify any risks and emerging issues, and allocate resources to ensure project delivery priorities are met. Supply chain issues, resource constraints and cost pressures are a common theme across the sector and both the domestic and global economy.

CleanCo actively manages its capital program to ensure asset reliability is maintained, projects are appropriately resourced and procurement activities are delivering value and meeting the objectives of the Queensland Procurement Policy.

In FY23, CleanCo's total capital expenditure was $68.8 million. This was an increase of $26.6 million on FY22, however it fell short of our SCI forecast primarily due to delays in the Karara Wind Farm project and Kogan North JV, as well as changes to the timing of projects at Wivenhoe Power Station, with some capital expenditure deferred to FY24 and later years.

CleanCo is forecasting a significant increase in its capital program in FY24 which will include funding construction of the Swanbank battery, developing Central Queensland renewable projects and overhauls at Wivenhoe, Swanbank, Barron Gorge, Kareeya and Koombooloomba power stations.

Corporate Governance

Corporate governance guidelines for Gocs – Queensland Government

The CleanCo Board is committed to the highest ethical and governance standards and to act in the best interests of its stakeholders. CleanCo's corporate governance approach is a critical foundation to success.

Our governance arrangements align with the Corporate Governance Guidelines for Government Owned Corporations ('the Guidelines'). We are committed to full implementation of the Guidelines and have incorporated recommendations appropriate to our organisational maturity.

Details of how CleanCo has adopted each of the principles outlined in the Guidelines in its corporate governance practices and policies is set out below.

More information about CleanCo's governance practices, including policies and copies of the Board Charter and other Board Committee Charters are available on CleanCo's website (www.cleancoqueensland.com.au/corporate-governance).

Principle 1: Foundations of management and oversight

The Board's ultimate responsibility is the provision of leadership to protect the current value of CleanCo and create longer-term value. The CleanCo Board Charter and Board Handbook define the roles and responsibilities of the Board and its Directors, and matters delegated to Management. These are covered under the following policies:

- Compliance Policy – covers business and operational activities, and facilitates compliance with applicable laws, regulations and standards.
- Delegations Policy – covers matters reserved for the Board and those delegated to the CEO and CleanCo Management, including trading delegations and risk limits as set out in the Energy Markets Risk Management Policy.

Committees of the Board

The Board has established two committees:

- People, Health, Safety and Environment Committee – the purpose of this Committee is to assist the Board in fulfilling its responsibilities in relation to our people, including their health and safety, and consideration of the environment.
- Audit and Risk Committee – the purpose of this Committee is to assist the Board in relation to its audit and risk responsibilities.

These committees assist in the execution of the Board's role and help the Board meet its responsibilities. The roles, responsibilities and delegated authorities of each committee are set out in their respective committee charters which are available on CleanCo's website (www.cleancoqueensland.com.au/corporate-governance).

Executive remuneration and performance review

The Chair holds annual performance and development conversations with the CEO, and the CEO holds annual performance and development conversations with each senior executive. These evaluations have been completed for FY23.

Executive performance plans are linked to the CleanCo corporate goals and KPIs, and these are considered as part of the assessment process, alongside other departmental targets and individual objectives.

The CEO is not present at the Board meeting or People, Health, Safety and Environment Committee meeting when the CEO's remuneration and performance is being discussed. The process for setting performance targets, determining performance outcomes, and any associated payments typically occurs in the first quarter of each financial year, and these targets, outcomes and payments have been determined for FY23.

Remuneration increases for the CEO and senior executives are determined based on market salary movements and individual performance.

At-risk performance payments for the CEO and senior executives are capped at 15 per cent of total fixed remuneration. The Board determines the performance targets for the CEO and senior executives, as well as the overall performance outcome and any performance payments.

In line with guidance from the Queensland Government, the CEO and senior executives were not awarded incentive payments for FY21. Further, the Board determined that, based on CleanCo's financial results in FY22, neither the CEO nor the senior executives would receive an incentive payment.

Principle 2: Appropriate board structure

Board Directors are appointed by the Governor-in-Council under the GOC Act and all are independent and non-executive. The independence of Directors is regularly assessed and all actual, potential or perceived conflicts of interest are assessed and managed in accordance with CleanCo's Conflicts of Interest Policy.

Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds. A copy of CleanCo's Conflicts of Interest Policy can be found on CleanCo's website (https://cleancoqueensland.com.au/corporate-governance/).

The Board is required to have an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively. The names, relevant skills, experience and expertise of the directors who held office during the financial year and up to the date of this report, along with their terms of appointment, are set out on page 105. The Board considers that, individually and collectively, the directors bring a level of skill, knowledge and experience that enables the Board to discharge its role and responsibilities effectively.

Directors may seek independent professional advice on matters before the Board at CleanCo's expense, with approval from the Chair.

The CleanCo Board Charter requires the Board to conduct an annual self-evaluation of its performance and independent assessments are undertaken every three years. An independent review of the Board effectiveness was conducted in FY23 with the final report due July 2023 and the outcomes to be reported to the shareholding Ministers. This evaluation comprised the following methodology:

- initial discussions with Chair and CEO
- desktop review of key governance and Board documentation
- one-on-one discussions with Directors
- observation at Board meeting
- facilitated workshop with Board and Executive team.

Prior to this independent review, the Board completed an internal self-evaluation of Board and Committee effectiveness in November 2022.

Corporate Governance (Continued)

Principle 3: Promotion of ethical and responsible decision making

CleanCo embodies the highest standards of conduct and ethical behaviour through our employee culture and through the following policies applying to all Directors, officers, employees and contractors:

- Compliance
- Securities Trading
- Anti-Bribery and Corruption
- Code of Conduct
- Conflicts of Interest
- Whistleblower and Public Interest Disclosure and Protection.

Principle 4: Integrity in financial reporting

CleanCo has formal and rigorous processes that independently verify and safeguard the integrity of our financial reporting. Appropriate systems and controls as required by the *GOC Act*, *Corporations Act*, *Financial Accountability Act 2009* and current best practice are in place. CleanCo's auditor is the Auditor-General of Queensland and we have an Audit and Risk Committee with a minimum of three Directors. The names, relevant skills, experience and expertise of the members of the Audit and Risk Committee, along with information on the number of Audit and Risk Committee meetings held and their attendees in FY23, are set out on page 51. CleanCo has also appointed internal auditors and has established an audit framework.

These audit functions operate under the terms of the Audit and Risk Committee Charter which can be found on CleanCo's website (www.cleancoqueensland.com.au/corporate-governance).

Principle 5: Make timely and balanced disclosures

Section 122 of the *GOC Act* requires the Board to:

- keep its shareholding Ministers reasonably informed of operations, financial performance and financial position of CleanCo and its subsidiaries
- immediately inform shareholding Ministers of the matters and its opinion in relation to them, if matters arise that in the Board's opinion may prevent, or significantly affect, achievement of CleanCo's objectives outlined in its SCI or targets under its Corporate Plan.

CleanCo does this through regular briefings to shareholding Ministers, including on any Code of Conduct or Securities Trading Policy breaches.

CleanCo is committed to providing the public with information about CleanCo in a timely and open manner. Information is routinely released into the public domain via CleanCo's Release Of Information Publication Scheme, which is available at www.cleancoqueensland.com.au/publication-scheme.

Principle 6: Respect the rights of shareholders

CleanCo is committed to ensuring effective communication with its shareholding Ministers through a number of forums. These include:

- SCI, Corporate Plan and Quarterly Reports. The SCI and Corporate Plan provide a transparent set of agreed performance criteria and strategic objectives on which CleanCo reports via the Quarterly Report. The SCI (with commercially sensitive information redacted) is tabled in Parliament and published on CleanCo's website

- an Annual Report (containing those matters outlined in section 120 of the *Government Owned Corporations Act 1993 (Qld)* is prepared and issued to shareholders and interested stakeholders and is published on CleanCo's website
- briefings to shareholding Ministers and their representatives are conducted on a regular basis for the purpose of disclosing business activities and performance against agreed targets.

Principle 7: Recognise and manage risk

CleanCo acknowledges that effective and appropriate risk management is a key element of building and protecting value, achieving CleanCo's long term goals and objectives, and supporting good corporate governance.

CleanCo's Risk Management Framework is aligned with ISO 31000:2018 and provides for the management of risk in a structured and consistent manner which integrates into all aspects of organisational activities. The Risk Management Framework is overseen by the Board Audit and Risk Committee, which is responsible for reviewing and monitoring CleanCo's management of risk in accordance with the Risk Management Framework. This includes quarterly reporting on risk performance, conformance with the Risk Appetite Statement and gaining assurance annually that the Risk Management Framework is implemented, effective and subject to review and continual improvement. As part of this process, CleanCo management reports to the Board around any identified risks, the effectiveness of the risk management measures, and recommendations for improvements.

The Board Audit and Risk Committee is also responsible for oversight of audit, compliance, financial management and reporting, internal controls and insurance. CleanCo undertakes an annual program of risk based internal audits in partnership with an external audit provider. In addition, CleanCo is subject to a program of external audits and reviews, including those conducted by the Queensland Auditors Office. CleanCo works diligently to implement actions in accordance with the findings and recommendation of all audits and reviews through the implementation of a formal audit action tracking process.

The People, Health, Safety and Environment Committee is responsible for supporting the Board in oversight of CleanCo's risk relating to our people, including their health and safety and management of the environment in which we operate.

CleanCo follows a program of work to refresh the Risk Management Framework and uplift risk maturity, including a revision of the Strategic Risk Register and Risk Appetite Statements by the Board. The program of works relating to our material risks include risk and control reviews in relation to Health and Safety, Environment, Security, Fraud and Corruption and Cyber Security. The organisation developed sub-frameworks for Security, Cyber Security, Asset Management, Market Trading, Projects, Fraud and Corruption, Natural Hazards and Climate Change.

The Fraud and Corruption Risk assessment forms the foundation of the Fraud and Corruption Control Framework. In addition, Fraud and Corruption is a standing item in the annual audit plan, along with cyber security.

CleanCo recognises the material risk presented by Climate Change and ESG, and CleanCo's role in the transition to sustainable energy, and has commenced a program of work to identify and assess the risk and opportunities associated with each of these risk dimensions.

Corporate Governance (Continued)

Principle 8: Remunerate fairly and responsibly

CleanCo meets requirements for public accountability while satisfying the need to attract and retain high quality employees from competitive labour markets. Directors receive set fees as determined by the Governor-in-Council and do not receive performance-based remuneration.

The People, Health, Safety and Environment Committee oversees and provides advice to the Board on employment strategies. The names, relevant skills, experience and expertise of the members of the People, Health, Safety and Environment Committee, along with information on the number of People, Health, Safety and Environment Committee meetings held and their attendees in FY23, are set out on page 51. The Committee makes recommendations on Enterprise Agreement frameworks as well as remuneration for non-Enterprise Agreement employees and senior executives. When increasing senior executive remuneration or awarding performance incentive payments, the Board complies with the *Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements Version 2*.

There is no equity-based remuneration for Directors or executives. Further detail on remuneration and details of Directors and executives is provided in the Financial Statements on page 107.

Government owned corporations act requirements

Government directions and notifications

Section 120(1) (e) of the *GOC Act* requires CleanCo to provide the particulars of any directions and notifications given to the CleanCo Board by shareholding Ministers for the financial year being reported.

On 10 March 2023 CleanCo received notification from shareholding Ministers that the Ethical Supplier Mandate, as amended from time to time, applies to CleanCo from 31 March 2023.

CleanCo did not receive any other directions or notifications from shareholding Ministers in FY23.

Dividend policy

The Board recommends whether CleanCo will pay a dividend for each financial year after considering the funding required for maintenance of CleanCo's approved capital structure and for ensuring the continuing financial viability of the business. This includes consideration of licensing requirements of an Australian Financial Services Licence (AFSL), Australian Securities Exchange (ASX) collateral trading requirements, CleanCo's mandate from the Queensland Government and other requirements as they may arise. The Board will also consider any current dividend policies of the Government.

The CleanCo Board recommended to shareholding Ministers that no dividend be paid for FY23.

Corporate entertainment and hospitality (individual events over $5,000)

CleanCo held no events costing over $5,000 in FY23.

Acronyms

Term	Explanation
AEMO	Australian Energy Market Operator
AESCSF	Australian Energy Sector Cyber Security Framework
AFSL	Australian Financial Services Licence
ASX	Australian Securities Exchange
AVR	Automatic Voltage Regulator
BESS	Battery Energy Storage System
CEO	Chief Executive Officer
EOI	Expression of Interest
ESG	Environment, Social and Governance
FVTPL	Fair value through profit or loss
FY	Financial Year
GW	Gigawatt
GWh	Gigawatt hour
HSE	Health, Safety and Environment
ICT	Information and Communication Technologies
JV	Joint Venture
LGC	Large-scale Generation Certificate
LIFTR	Lost Time Injury Frequency Rate
MW	Megawatt
MWh	Megawatt hour
NEM	National Electricity Market
QEJP	Queensland Energy and Jobs Plan
QTC	Queensland Treasury Corporation
SCI	Statement of Corporate Intent
TRACSS	*thrive* + Rise + Amplify + Cultivate + Special Sauce (CleanCo's integrated employee engagement, recognition and development program)
TRIFR	Total Recordable Injury Frequency Rate

Financial report
for the year ended 30 June 2023

Directors' report
30 June 2023

The Directors present their report on CleanCo Queensland Limited (hereafter referred to as the "Company" or "CleanCo") for the year ended 30 June 2023. CleanCo was established to improve competition in the wholesale electricity market and support the growth of Queensland's renewable energy industry through the management of a portfolio of low and no emission electricity generation assets.

Directors

JACQUELINE WALTERS
BOARD CHAIR
Audit and Risk Committee
People, Health, Safety and Environment Committee

An experienced Senior Executive and non-executive Director with a strategy, growth and innovation focus, Ms Walters has held leadership roles in the transport, infrastructure and professional services sectors. She is a non-executive Director and Chair of the Audit and Risk Committee of Slater & Gordon, a non-executive Director and Chair of the Audit and Risk Committee of Development Victoria, and a non-executive Director of SecondBite. Ms Walters has a Bachelor of Commerce, CPA and is an AICD graduate. She brings strong international experience in business establishment and performance to her role as CleanCo Queensland Chair.

IVOR FRISCHKNECHT
NON-EXECUTIVE DIRECTOR
People, Health, Safety and Environment Committee

Mr Frischknecht was inaugural CEO of the Australian Renewable Energy Agency (ARENA) overseeing a $2.1 billion portfolio and more than 350 new clean energy investments. He has international experience in the clean technology sector in Silicon Valley and led cleantech investing at Melbourne venture capital firm Starfish Ventures. Mr Frischknecht is an advisor to Kilara Capital and is on the Board of RACE for 2030 CRC. He has degrees in Economics and Law, an MBA and Public Management Certificate and is an AICD graduate.

Directors' report
30 June 2023 (Continued)

PAUL VENUS
NON-EXECUTIVE DIRECTOR
Chair, Audit and Risk Committee

Bringing expertise as a practising lawyer, Mr Venus has over 27 years' experience in governance and risk management, litigation and commercial law advice across different sectors. A former Director of Metro South Hospital and Health Service, Mr Venus has also served as a Director of the PA Hospital Research Foundation and the Chair of the City of Logan Mayor's Charity Trust. He has a Bachelor of Commerce and a Bachelor of Laws, a Masters of Laws, and a Certificate of Arbitration and Mediation. He is also a member of the AICD.

LAURENE HULL
NON-EXECUTIVE DIRECTOR
Chair, People, Health, Safety and Environment Committee

With a legal and policy background, Ms Hull holds extensive experience in industrial relations, workplace health and safety and environment, and employment, skills, and training. Ms Hull has notably worked for Telstra and as Executive Director and Electrical Safety Regulator of WorkSafe NT.
A long-term resident of North Australia and currently based in Far North Queensland, she brings a particular understanding of regional and remote communities and her commitment to the environment has seen her serve as a lawyer with the Environmental Defender's Office. She has acted on the Boards of Safe Work Australia, the Community and Public Service Union and the Working Women's Centre.
Ms Hull has a Bachelor of Laws (Hons), a Diploma in OHS and qualifications in Assessment and Training and Mediation.

ALLISON WARBURTON
NON-EXECUTIVE DIRECTOR
People, Health, Safety and Environment Committee

Ms Warburton is an experienced non-executive director and senior executive who brings 30 years' commercial, operational, policy and governance experience in the energy sector. Ms Warburton previously served as Commissioner at the Australian Energy Market Commission overseeing development of energy policy reforms and market rules. She was a director of Stanwell Corporation Limited and was appointed to the Queensland Government's independent Renewable Energy Expert Panel. Ms Warburton spent 18 years as a partner in the energy practice of professional services firm Minter Ellison and was national head of the firm's climate change practice for 10 years. She is currently also a director of the Scheme Financial Vehicle for the NSW Electricity Infrastructure Roadmap, director of North Harbour Clean Energy Pty Ltd, director of Lacuna Professional Solutions and sits as a member of the King's College Council, University of Queensland. Ms Warburton holds a Bachelor of Laws (Hons) and Bachelor of Arts and is an AICD graduate.

DR PETER WOOD
NON-EXECUTIVE DIRECTOR
Audit and Risk Committee

Dr Wood brings over 40 years' of Australian and international experience in complex infrastructure projects from the multiple perspectives of investors, owners, contractors, and operators. He is a former Board member of Infrastructure Australia with degrees in engineering and business (BE 1st Hons, MBA, and DBA) and an advanced diploma in corporate governance. Dr Wood is an alumnus of Monash University, Queensland University of Technology and Harvard Business School. Prior to establishing E3 Advisory with his other business partners, Dr Wood worked for over 25 years with major international contractors, followed by 10 years with an international infrastructure advisory firm where he was Principal and Global Managing Director responsible for operations in Australia, United Kingdom, China (PRC), Hong Kong, New Zealand, India, and the Middle East.

The following Officers were Officers of the Company during the financial year and up to the date of this report unless stated otherwise:

- Tom Metcalfe Chief Executive Officer
- Brian Carrick, Chief Financial Officer (interim appointment from 17 September 2021 and permanently appointed on 24 November 2022);
- Rimu Nelson, General Manager – Customer and Energy Markets (acting appointment from 30 August 2021 and permanently appointed on 24 November 2022);
- Tim Hogan, General Manager – Asset Operations;
- Julie Whitcombe, General Manager – Strategy and Development;
- Anna Eves, Chief People Officer
- Kate Wright, General Manager – Legal and Governance (appointed on 9 January 2023)
- Heidi Rodgers, Company Secretary (interim appointment from 30 September 2022 and permanently appointed on 24 April 2023);
- Sally Frazer General Manager – Legal and Governance and Company Secretary (until 30 September 2022).

TOM METCALFE
CHIEF EXECUTIVE OFFICER

Mr Metcalfe has more than 30 years' experience in the global energy sector. As President of both We Energies and Wisconsin Public Service in the United States, Mr Metcalfe oversaw the delivery of gas and electricity to approximately 3 million customers. In his prior role as Executive Vice President at We Energies and Wisconsin Public Service he had responsibility for almost 8000MW of generation. Mr Metcalfe's wide-ranging experience includes renewable and non-renewable generation where he has had responsibility for development, construction, operations and maintenance. He also led essential support organisations, including engineering, planning, training, safety and environmental sustainability. Mr Metcalfe has successfully delivered more than 5000MW of new generation in the United Kingdom, Asia, Australia and the United States. He holds a Bachelor of Engineering degree with honors from De Montfort University.

Directors' report
30 June 2023 (Continued)

BRIAN CARRICK
CHIEF FINANCIAL OFFICER

Mr Carrick has wide-ranging experience in senior finance roles, most recently as an Executive Director with the Queensland Treasury Corporation (QTC), where he provided advice to the Queensland Government and its Government Owned Corporations on funding, capital structuring, financial performance and structural reform. Prior to QTC, Brian worked in corporate finance and corporate taxation with PwC and KPMG, and he holds qualifications in Business and Law.

RIMU NELSON
GENERAL MANAGER – CUSTOMER AND ENERGY MARKETS

Mr Nelson is an experienced senior executive, joining CleanCo in 2019 to establish its regulatory affairs and market compliance functions. Prior to this, he spent six years leading Queensland Treasury's Energy and Rail team, with earlier energy roles at the Queensland Competition Authority. Transitioning to General Manager Customer and Energy Markets in August 2021, Mr Nelson is responsible for guiding CleanCo's customer and market-facing functions, including working with large energy users to develop bespoke long-term, low-emissions energy solutions that meet individual customers' pricing and sustainability requirements.

TIM HOGAN
GENERAL MANAGER – ASSET OPERATIONS

A senior Electrical Engineer, Mr Hogan has wide-ranging experience in both operations and asset management including in the renewable energy sector. He brings more than 20 years of expertise across different types of energy generation assets. Based in Cairns and from North Queensland, Mr Hogan previously led Engineering and Operations teams for Stanwell Corporation as their Manager for Hydros and Renewables. Starting his career as an electrical apprentice, Mr Hogan went on to earn a Bachelor of Engineering majoring in Electrical and Electronic Engineering (Hons).

JULIE WHITCOMBE
GENERAL MANAGER – STRATEGY AND DEVELOPMENT

Ms Whitcombe has a wealth of experience in strategy and operational leadership roles across a range of industries. Ms Whitcombe's experience includes eight years as an executive with Australian gas developer and producer Senex Energy, as well as two years as CEO of RDO Australia, the Australian arm of the world's largest John Deere and Vermeer dealership business. Ms Whitcombe studied engineering and is also a Chartered Accountant, having spent her early career working in strategy and advisory services with PwC and AT Kearney in Australia and the United Kingdom.

ANNA EVES
CHIEF PEOPLE OFFICER

Ms Eves has more than two decades' experience in strategic human resources and learning. She has broad-ranging experience in enterprise leadership roles across culture, capability, engagement, and organisational design, including from the health sector at Mater Health Services, the tertiary sector at University of Queensland, aged care at Bolton Clarke, and as a professional consultant specialising in human-centred business transformation. Ms Eves studied medicine at the University of Queensland before transferring and graduating with a Bachelor of Science. She also holds a Masters in Human Resources and Organisational Development.

KATE WRIGHT
GENERAL MANAGER – LEGAL AND GOVERNANCE AND COMPANY SECRETARY

Kate has more than 15 years of knowledge and experience in the legal field. She has expertise within numerous legal areas including litigation & disputes, projects, corporate law and governance and compliance. Previous to CleanCo, Kate was the General Counsel at Sunwater Limited where she also held various executive roles including Acting Chief Financial Officer, Acting EGM Operations and Company Secretary. Kate holds a Bachelor of Law (Honours) and Graduate Diploma of Legal Practice from the Queensland University of Technology and was admitted to practice as a solicitor in Queensland in 2006. Kate also holds a Graduate Diploma of Applied Corporate Governance and Risk Management.

Directors' report
30 June 2023 (Continued)

HEIDI RODGERS
COMPANY SECRETARY

Heidi is an experienced and qualified Company Secretary who has been in the Corporate Governance arena for over ten years. Prior to this, she held senior financial and administrative roles in the private training sector. She has been involved as a Governance professional for large corporate bodies such as RACQ and Careers Australia and has also been appointed as Company Secretary to several not-for-profit organisations over the last five years. Heidi is currently the Company Secretary for the Usman Khawaja Foundation whose purpose is to alleviate disadvantage experienced by youth through the provision of educational and cricketing opportunities. Heidi has a Graduate Diploma of Applied Corporate Governance, Certificate of Governance Practice, Diploma of Accounting among other qualifications and is an Associate of the Governance Institute of Australia.

Principal activities

CleanCo owns and operates five low-emission generation assets in Queensland, develops new assets and supports the development of new renewable energy supply to improve competition in the wholesale electricity market and support the Queensland Government's renewable energy and emissions targets. CleanCo optimises the use of its assets and agreements with renewable generators to deliver reliable low-emission energy to large scale commercial and industrial customers.

Dividends

No dividends were proposed or paid during the financial year.

Review of operations

The profit from ordinary activities after income tax amounted to $41.6 million (2022: $297.8 million loss).

Electricity prices declined from the record levels reached in June 2022 to average $144.97 per megawatt hour in the Queensland region of the National Electricity Market (compared with $162.55 per megawatt hour in FY22).

High prices for coal and gas used for power generation, which had contributed to high prices in FY22, declined over the course of the financial year. This was due to falls in international prices, and the effect of policies announced by the Commonwealth and State governments to reduce electricity prices by capping the cost of fuel for coal- and gas-fired generators. Availability of coal-fired generators improved in FY23 and combined with lower fuel costs and relatively mild conditions for most of the summer period, this substantially reduced price volatility in the NEM.

Swanbank E was successfully returned to service in September 2022, following the failure of the Automatic Voltage Regulator in December 2021, and from January 2022, CleanCo received early energy from offtakes with Western Downs Green Power Hub (solar) and Kaban Green Power Hub (wind). Both of these projects are in the commissioning phase, and not yet producing their full output. Western Downs is on track to achieve full operations in 2023, and CleanCo's Capacity Purchase Agreement with Kaban commences on 1 January 2024.

With the return to service of Swanbank E in September 2022 and addition of energy from Western Downs and Kaban, CleanCo's portfolio produced a record 2,413 GWh during FY23 (compared to 1,318GWh in FY22). This record was assisted by excellent levels of reliability at our sites, including Wivenhoe (69% availability), Kareeya (99% availability) and Barron Gorge (93% availability) over the summer peak period. Increased rainfall in Far North Queensland allowed Barron Gorge to increase output to 342 GWh (FY22: 232 GWh) and Kareeya generated 397 GWh (FY22: 465 GWh).

The decline in wholesale electricity prices in FY23 is also reflected in lower prices for electricity futures, which has reversed the mark-to-market losses incurred in FY22, and substantially reduced CleanCo's collateral obligations for contracts on the Australian Stock Exchange (ASX) Energy platform. This has allowed the business to reduce debt, with total QTC borrowings declining to $564.7 million at the end of the financial year (2022: $642.1 million).

In FY23, CleanCo commenced the process of evaluating a range of potential wind and solar farm projects for development and construction and received an equity injection of $500 million from the *Queensland Budget to facilitate the development of up to 2.3GW of new renewable energy projects in Central Queensland*. The locations of these projects will be selected over the next few years, and development will be undertaken in close consultation with local communities, First Nations people and other stakeholders to ensure these projects have a positive impact on the community, economy and environment in Central Queensland.

CleanCo has also made significant progress on the proposed Swanbank Battery Energy Storage System (BESS), including advancing procurement activities for the equipment and construction contracts. The Queensland Government has allocated $330 million equity funding from the Queensland Renewable Energy Hydrogen and Jobs Fund, subject to a final investment decision and shareholder approval processes.

The FY23 result includes insurance recoveries from the Swanbank AVR failure ($16.1 million) and a pre-tax non-cash impairment charge of $22.8 million for the Swanbank E power station. CleanCo also made a decision to pause development activities on the Karara Wind Farm, in light of ongoing delays associated with the development process, which have impacted the project's business case from a valuation and risk perspective. While we continue to investigate a range of options for Karara Wind Farm, the business has recognised an expense of $8.4 million for previously capitalised development costs.

Significant changes in the state of affairs

Other than already disclosed, there have been no significant changes in the state of affairs of the Company during the year.

Directors' report
30 June 2023 (Continued)

Matters subsequent to the end of financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Environmental regulation

CleanCo is responsible for complying with the *Wet Tropics World Heritage Protection and Management Act 1992 (Qld)* and a range of obligations under the *Environmental Protection Act 1994 (Qld)* and *Environmental Protection and Biodiversity Conservation Act 1999 (Cwth)*. The Company holds various approvals that authorise the carrying out of electricity generation activities on conditions that seek to avoid or minimise impacts on the environment. CleanCo has identified climate change as a strategic risk and will continue to evaluate the vulnerability of its assets and operating model to climate effects.

Sustainability

CleanCo is committed to incorporating Environmental, Social, and Governance (ESG) principles into its operations and financial reporting. CleanCo 's generation portfolio is made up of low emissions and clean energy sources, such as, hydro, solar and wind power, which contribute to the reduction of greenhouse gas emissions and addressing climate change. CleanCo continues to actively invest in projects to develop further renewable energy assets and increase generation capacity.

The key aspects of sustainability and their associated risks are identified in the Strategic Risk Register and span across the areas of health and safety, environment, ESG, climate change, people and financial control. CleanCo operates in accordance with Commonwealth and State legislative frameworks and has progressed foundation work in the ESG space around carbon, land and environment, community, diversity and inclusion, ethical sourcing and integrity and governance. CleanCo has a dedicated Sustainability Manager that is progressing and evolving the work programs, with reporting on progress and strategic sustainability matters undertaken on a quarterly basis to the People, Health, Safety and Environment Committee.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors held during FY23, and the numbers of meetings attended by each Director were:

	CleanCo Board		Audit and Risk Committee*		People, Health, Safety and Environment Committee*	
DIRECTORS	**Member**	**Attended**	**Member**	**Attended**	**Member**	**Attended**
Jacqui Walters	13	13	5	5	5	5
Ivor Frischknecht	13	13	5	5	5	5
Paul Venus	13	12	5	5	5	4
Laurene Hull	13	13	5	5	5	5
Allison Warburton	11	11	3	3	3	3
Peter Wood	11	8	3	2	3	1

* People, Health, Safety and Environment Committee has four appointed members, Audit and Risk Committee has three appointed members, but all Directors are entitled to attend both.

Directors' report
30 June 2023 (Continued)

Director shareholding

No Directors held any beneficial interest in the shares of the Company. All issued shares are held by the shareholding Ministers on behalf of the State of Queensland. CleanCo's shareholding Ministers are The Honourable Cameron Dick MP (Treasurer and Minister for Trade and Investment) and The Honourable Mick de Brenni MP (Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement).

Indemnity and insurance of officers

For FY23, CleanCo paid a premium of $146,500 (2022: $127,500) to insure the Directors and Officers of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of entities in the Company and any other payments arising from liabilities incurred by the Officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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.*

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 immediately after this Directors' report.

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

Jacqui Walters

Jacqueline Walters
Chair

25 August 2023

Queensland
Audit Office
Better public services

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CleanCo Queensland 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 CleanCo Queensland Limited for the financial year ended 30 June 2023, 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.

IAsim

25 August 2023

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Financial statements
for the year ended 30 June 2023

Going concern

The financial report has been prepared on a going concern basis that assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Compared to last financial year the company now has a positive net current asset position and retains ongoing access to the QTC borrowing facilities and the eligible undertaking of $750m.

General information

The financial statements cover CleanCo Queensland Limited as an individual entity. The financial statements are presented in Australian dollars, which is CleanCo Queensland Limited's functional and presentation currency.

CleanCo Queensland Limited is a public company limited by shares, incorporated and domiciled in Australia.

Level 18, 140 Creek Street
Brisbane
Queensland 4000

A description of the nature of the Company's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements. The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 August 2023. The Directors have the power to amend and reissue the financial statements.

Statement of comprehensive income
for the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Revenue			
Revenue from contracts with customers	2	612,479	421,969
Finance income/other income	3	19,884	3,278
		632,363	425,247
Expenses			
Electricity and energy services expenses	4	(454,157)	(264,620)
Fuel		(146,597)	(50,757)
Raw materials and consumables		(3,114)	(421)
Contractor expenses		(15,821)	(19,812)
Employee benefits expense	5	(39,628)	(31,450)
Lease expenses		(2,374)	(1,791)
Depreciation and amortisation	13, 14	(21,014)	(22,775)
Impairment of assets	13	(22,793)	(18,452)
Asset write down	13	(8,399)	–
Finance costs	6	(29,753)	(2,415)
Fair value (loss)/gain through profit and loss		1,127	(1,033)
Non hedge accounted change in fair value of derivative financial instruments	24	197,917	(417,636)
Other expenses	7	(28,845)	(19,020)
Profit/(loss) before income tax equivalent (expense)/benefit		58,912	(424,935)
Income tax equivalent (expense)/benefit	23	(17,338)	127,168
Profit/(loss) after income tax equivalent (expense)/benefit for the year		41,574	(297,767)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of cash flow hedges net of tax	24	94,707	(104,843)
Actuarial gain from defined benefit plan, net of tax		355	1,099
Other comprehensive income for the year, net of tax		95,062	(103,744)
Total comprehensive income for the year		136,636	(401,511)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
as at 30 June 2023

	Note	2023 $'000	Restated 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	8	14,638	8,677
Trade and other receivables	10	720,261	486,014
Inventories	11	25,072	24,833
Other assets	12	3,750	2,644
Derivative financial instruments	24	43,179	34,782
Current tax asset	23	–	14,815
Total current assets		**806,900**	**571,765**
Non-current assets			
Property, plant and equipment	13	140,985	138,775
Right-of-use assets	14	2,947	3,563
Intangible assets	15	34,962	19,458
Deferred tax assets	23	236,641	283,922
Derivative financial instruments	24	183,258	190,559
Employee benefit asset	16	3,075	2,672
Other assets	12	18,298	17,171
Total non-current assets		**620,166**	**656,120**
Total assets		**1,427,066**	**1,227,885**
Liabilities			
Current liabilities			
Trade and other payables	17	91,497	91,626
Borrowings	18	34,826	617,547
Lease liabilities	19	834	759
Provisions	20	16,155	9,593
Other liabilities	21	25,756	11,231
Derivative financial instruments	24	82,852	304,840
Total current liabilities		**251,920**	**1,035,596**
Non-current liabilities			
Borrowings	18	529,829	24,588
Deferred tax liabilities	23	62,624	70,283
Provisions	20	78,084	80,963
Lease liabilities	19	3,284	4,114
Derivative financial instruments	24	39,265	186,917
Total non-current liabilities		**713,086**	**366,865**
Total liabilities		**965,006**	**1,402,461**
Net assets/(liabilities)		**462,060**	**(174,576)**
Equity			
Contributed equity	22	807,412	307,412
Accumulated losses		(320,277)	(362,206)
Reserves		(25,075)	(119,782)
Total equity/(deficiency)		**462,060**	**(174,576)**

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

Statement of changes in equity
for the year ended 30 June 2023

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2021	**307,412**	**(14,939)**	**(65,538)**	**226,935**
Loss after income tax equivalent benefit for the year	–	–	(297,767)	(297,767)
Other comprehensive income for the year, net of tax	–	(104,843)	1,099	(103,744)
Total comprehensive income for the year	–	(104,843)	(296,668)	(401,511)
Balance at 30 June 2022	**307,412**	**(119,782)**	**(362,206)**	**(174,576)**

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2022	307,412	**(119,782)**	**(362,206)**	**(174,576)**
Profit after income tax equivalent expense for the year	–	–	41,574	41,574
Other comprehensive income for the year, net of tax	–	94,707	355	95,062
Total comprehensive income for the year	–	94,707	41,928	136,636
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	500,000	–	–	500,000
Balance at 30 June 2023	**807,412**	**(25,075)**	**(320,277)**	**462,060**

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

Statement of cash flows
for the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		839,699	542,404
Payments to suppliers and employees (inclusive of GST)		(759,013)	(390,044)
Receipt/(Payment) for derivative contracts		113,913	(801,087)
Interest received		295	30
Income tax equivalent (paid)/refunded		14,814	(14,815)
GST received/(paid)		(7,720)	–
Net cash generated from operating activities	9	201,988	(663,512)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(49,716)	(41,930)
Payments for intangibles	15	(19,395)	(896)
Proceeds from disposal of property, plant and equipment		–	23
Cash advances	10	(498,448)	65,972
Net cash from investing activities		(567,559)	23,169
Cash flows from financing activities			
Proceeds from borrowings	18	852,125	642,135
Repayment of borrowings		(979,789)	–
Equity injection	22	500,000	–
Repayment of lease liabilities	19	(804)	(827)
Net cash from financing activities		371,532	641,308
Net increase in cash and cash equivalents		5,961	965
Cash and cash equivalents at the beginning of the financial year		8,677	7,712
Cash and cash equivalents at end of the financial year	8	14,638	8,677

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

Notes to the financial statements
30 June 2023

1. Significant accounting policies

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Corporations Act 2001* and the *Government Owned Corporations Act 1993* (GOC Act). CleanCo is a for-profit entity for the purpose of preparing the financial statements.

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

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis except for, where applicable, defined benefits assets and financial assets and liabilities at fair value through profit and loss.

(ii) New and amended standards adopted by the Company

There are no other new standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(iii) Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) 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. Compared to last financial year the company now has a positive net current asset position and retains ongoing access to the QTC borrowing facilities and the eligible undertaking of $750m.

(c) Use of estimate and judgements

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes to the financial statements.

Notes to the financial statements (Continued)

2. Revenue from contracts with customers

	2023 $'000	2022 $'000
Sale of electricity to the National Electricity Market	416,351	368,158
Net loss on electricity contracts designated as cash flow hedges	(116,840)	(95,514)
Sales of electricity to retail customers	284,908	77,461
Gas sales	28,060	71,864
	612,479	421,969

The Company recognises revenue on the transfer to the customer of the goods or services promised in the contract in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue from contracts with customers is recognised using the five-step model in AASB 15 *Revenue from Contracts with Customers* and generally occurs when control of the goods or service is transferred to the customer.

Revenue stream	Revenue recognition
Sale of electricity to the National Electricity Market	Revenue recognised by the Company arises from the sale of electricity to the National Electricity Market (NEM). Revenue is recognised using the electricity spot price at the point in time when electricity is dispatched to the NEM.
Net gain on electricity contracts designated as cash flow hedges	To reduce the volatility of cash flow earnings, a portion of the Company's available energy is hedged using various electricity contracts (e.g., swaps). The settlement amount for effective cash flow hedges is recognised in trading revenue in the period to which the contract settlement relates. As a result of increased variability in electricity generation output, hedge accounting was discontinued from 1 July 2022. The amount recognised in Revenue represents amortisation of amounts accumulated in the Hedge Reserve in which the original hedged item transaction became realised.
Sale of electricity to retail customers	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 is also recognised in relation to the recharge of transmission, network charges and other operating costs directly attributable to delivery of electricity to retail customers. Revenue is recognised over time when performance obligations are satisfied when energy services are delivered.
Gas sales	The Company sells and makes available gas for delivery to the customer at the delivery point specified in the agreement. The Company has assessed these arrangements as the transfer of a series of goods that represent one performance obligation and recognises the gas sales revenue, at a point in time, when the performance obligation is met, i.e., the gas is successfully delivered to the customer.

3. Finance income/other income

	2023 $'000	2022 $'000
Interest income	2,713	351
Other income	17,171	2,927
	19,884	3,278

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income includes insurance received in relation to the Swanbank E Automatic Voltage Regulator insurance claim.

4. Electricity and energy services expenses

	2023 $'000	2022 $'000
Wholesale energy	73,192	77,686
Market and transmission fees	3,565	1,401
Ancillary services	3,096	8,703
Environmental charges	45,010	17,887
Transitional services agreement charges	–	148
Retail energy	328,590	157,986
Other electricity and energy services expenses	704	809
	454,157	264,620

Other electricity and energy services comprise of costs directly related to participation in the NEM as well as costs associated with supplying electricity to retail customers.

5. Employee benefits expense

	2023 $'000	2022 $'000
Wages and salaries expense	34,403	26,852
Defined contribution superannuation expense	3,573	2,440
Defined benefit plan expense	103	291
Employee performance expense/bonuses	1,549	1,867
	39,628	31,450

The Company recognises a liability and an expense for employee performance based on a range of performance indicators for the period to which the performance entitlement relates. The liability is recognised when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements (Continued)

6. Finance costs

	2023 $'000	2022 $'000
Finance costs	27,052	806
Rehabilitation provision/unwinding of discount	2,701	1,609
	29,753	2,415

Finance costs comprise interest on lease liabilities, interest on borrowing facilities, administration fees and the unwinding of the discount on the rehabilitation provision. Interest costs pertaining to the rehabilitation provision represents the change in the time value of money attributed to the carrying amount of expected future cash flows.

7. Other expenses

	2023 $'000	2022 $'000
Services and consultants	6,165	2,238
Insurance premiums	5,042	4,107
Legal fees	587	1,255
Human resources and recruitment costs	455	993
Audit costs	532	313
Other IT costs	6,047	1,495
Other administration costs	*2,962*	3,409
IT licenses and subscriptions	7,056	5,210
	28,846	19,020

During the financial year the audit fee of $372,015 (2022: $312,955) was incurred for auditing of the financial statements completed by Queensland Audit Office (QAO). QAO have outsourced the audit to Deloitte, and Deloitte have provided CleanCo with non-audit services valued at $112,055 for the year ended 30 June 2023.

Other IT costs relate to low-value IT assets which have been expensed, maintenance of IT systems and IT software costs which have not been capitalised.

Administration costs relate to general operational expenses including advertising and marketing, training, stationery and telecommunication, which are not directly related to participation in the NEM. All administration costs are expensed when incurred.

8. Cash and cash equivalents

	2023 $'000	2022 $'000
Current assets		
Cash at bank and in hand	13,540	8,210
Other cash and cash equivalents	1,098	467
	14,638	8,677

Cash and cash equivalents comprise cash balances held with financial institutions. Other cash and cash equivalents also includes CleanCo's 50% share of cash and cash equivalents related to the joint operation of Kogan North Joint Venture (note 30). They are highly liquid, subject to an insignificant risk of change in value and have a maturity of three months or less.

Cash at bank is bearing an interest rate of 4.6% (2022: 1.35%). The carrying amount for cash and cash equivalents reasonably equates to their fair value. The Company's exposure to interest rate risk is discussed in note 25. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements (Continued)

9. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash (outflow) from operating activities

	2023 $'000	2022 $'000
Profit/(loss) after income tax equivalent (expense)/benefit for the year	41,574	(297,767)
Adjustments for:		
Depreciation and amortisation	21,014	22,775
Impairment of non-current assets	22,793	18,452
Asset write down	8,399	
Net loss on disposal of property, plant and equipment	–	161
Unwinding of the discount on provisions	2,701	1,609
Interest expense	27,041	60
Interest income	(2,409)	(322)
Non-cash retirement benefit obligations	103	291
Fair value adjustment to derivatives	(347,715)	160,599
Fair value loss/(gain) on financial assets at fair value through profit and loss	(1,127)	1,033
Amortisation of hedge accounted derivatives in reserve at date of discontinuation	116,840	–
Non-cash rehabilitation expense	453	(2,605)
Other non-cash movement	–	(685)
Non-cash stock obsolescence	252	235
Change in operating assets and liabilities:		
Decrease in trade and other receivables	289,802	(368,327)
(Increase) in inventories	(491)	(10,737)
Decrease in deferred tax assets	24,996	(204,809)
(Increase) in derivative assets	(1,095)	(224,006)
(Increase) in prepayments		(1,479)
Decrease in current tax equivalent assets	14,815	(14,815)
(Decrease) in trade and other payables	(129)	43,737
(Decrease) in derivative liabilities	(21,925)	154,200
(Decrease) in provision for income tax	–	(12,624)
(Decrease) in deferred tax liabilities	(7,659)	67,786
(Decrease) in employee benefits	999	(427)
(Decrease) in other provisions	(471)	(161)
Increase in other operating liabilities	14,362	4,314
Net cash (outflow) generated by from operating activities	201,988	(663,512)

10. Trade and other receivables

	2023 $'000	2022 $'000
Current assets		
Trade receivables	15,370	37,670
Advance facility	544,177	21,610
Other receivables	160,709	426,729
Restricted cash	5	5
	720,261	486,014

Under the Queensland Government's cash management regime, Government Owned Corporations (GOCs) advance surplus cash to Queensland Treasury. Access to the advances is generally subject to notification periods of 24 to 48 hours. The advances facility yielded floating interest rates between 1.95% to 4.17% during the year ended 30 June 2023 (2022: 0.29% to 0.92%).

Receivables are recognised on the date that they originated and when the Company has the legal right to receive the economic benefit. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Receivables that are classified and measured at amortised cost include trade receivables, collateral, advances facility and other receivables. They are initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method, less impairment allowance. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

Other Receivables include cash collateral provided to support the margin requirements for electricity futures contracts traded on the ASX. The receivable has been reduced for any cash required to cover expired contracts at reporting date that has not yet been settled. As at 30 June 2023, this amount was $7.1 million (2022: $73.8 million).

Application of accounting estimates and judgements

The allowance for expected credit losses is based on management's estimate of the prospect of recovering the debt. The expected credit loss for the year end 30 June 2023 is nil (FY22 nil)

Financial risk management

Credit Risk

Impairment allowance for expected credit losses on all receivables at amortised cost is assessed and measured at each reporting date. The Company has no material receivables that are past due and not impaired (2022: nil).

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for expected credit losses.

A bank guarantee was provided by one of the customers. No credit enhancements relate to receivables held by the Company.

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

Wholesale operations

CleanCo transacts spot electricity and ancillary services with AEMO, which is a company limited by guarantee. Wholesale receivables are assessed for impairment using the simplified approach.

Credit risk with AEMO is not considered significant. The lifetime expected credit loss on wholesale receivables is $nil as at 30 June 2023 (2022: $nil).

10. Trade and other receivables (Continued)

Commercial and industrial (C&I) retail

The Company 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. C&I retail receivables are assessed for impairment using the simplified approach. The lifetime expected credit loss on C&I retail receivables is $nil as at 30 June 2023 (2022: $nil).

QTC advances facility

The Advance Facility is held with QTC rated as AA to AA+. Credit risk of the Advance Facility is considered low due to low risk of default and the counterparty's strong capacity to meet contractual cashflow obligations. An impairment assessment was performed on 30 June 2023 and no allowance for expected credit loss has been recognised as the amount was not material.

See note 25 for further information on the Company's financial risk management.

11. Inventories

	2023 $'000	2022 $'000
Current assets		
Spare parts and consumables at cost	8,590	8,564
Less: Provision for obsolescence	(2,721)	(2,643)
	5,869	5,921
Fuel at cost	12,932	13,107
Environmental certificates at cost	6,271	5,805
	25,072	24,833

Inventories expensed during the year ended 30 June 2023 were $190.5 million (2022: $68.6 million).

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

Cost comprises the cost of purchase, which is assigned to individual items of inventory based on the weighted average cost. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the associated revenue is recognised.

Environmental certificates

The Company is subject to various regulatory environmental schemes and as such accrues environmental liabilities as part of its normal business operations. To meet these liabilities, the Company acquires environmental certificates on the wholesale market and surrenders these to the scheme administrators periodically. A number of the Company's operating assets are also accredited to create environmental certificates, and the Company receives environmental certificates under offtake agreements with other renewable energy generation assets. These are used to either acquit the mandatory renewable energy liability of the Company or sold to customers through long term retail contracts.

Provision for obsolescence

The Company provides for inventory obsolescence based on the ageing of stock items held.

12. Other assets

	2023 $'000	2022 $'000
Current assets		
Prepayments	3,750	2,644
Non-current assets		
*Investments – Financial assets at fair value through profit and loss	18,298	17,171
	22,048	19,815

* CleanCo is party to an option deed in relation to the Mahalo Gas Project. This option deed allows for CleanCo at the Final Investment Decision to either enter into a long-term gas sale agreement with Comet Ridge Mahalo Pty Ltd or receive an exit payment of $23.9 million ($20.0 million, indexed for CPI).

A fair value assessment was performed during the year using a discounted cashflow technique and a discount rate of 4.42% was implied. A fair value increase of $1,127,046 (2022: a decrease of $1,033,374) has been recognised in the statement of comprehensive income.

Application of accounting estimates and judgements

Investments are tested for impairment annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

13. Property, plant and equipment

	2023 $'000	Restated 2022 $'000
Non-current assets		
Generation assets – cost or recoverable amount	162,356	137,090
Less: Accumulated depreciation	(55,258)	(45,112)
Less: Accumulated impairment	(24,971)	(12,063)
	82,127	79,915
Land and buildings – at cost	27,053	23,955
Less: Accumulated depreciation	(5,214)	(3,860)
Less: Accumulated impairment	(344)	(313)
	21,495	19,782
Capital works in progress – cost or recoverable amount*	84,739	82,683
Less: Accumulated impairment	(63,897)	(53,408)
	20,842	29,275
Other plant and equipment – at cost	10,329	9,829
Less: Accumulated depreciation	(3,862)	(1,962)
Less: Accumulated impairment	(1,320)	(1,218)
	5,147	6,649
Exploration assets – cost or recoverable amount	17,571	8,184
Less: Accumulated amortisation	(6,197)	(5,030)
	11,374	3,154
	140,985	**138,775**

* In the prior period, property, plant and equipment capital works in progress was understated due to transfers out from property, plant and equipment capital works in progress being allocated to transfers in of intangible assets software instead of being transferred out of intangible assets capital works in progress.

A correction has been made in the current year financial statements to increase the property, plant and equipment capital work in progress balance as at 30 June 2022 by $14,607 thousand and decrease the intangible assets capital work in progress as at 30 June 2022 by $14,607 thousand (note 15).

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Generation assets $'000	Land and buildings $'000	Restated Capital work in progress $'000	Other plant and equipment $'000	Exploration assets $'000	Restated Total $'000
Balance at 1 July 2021	**92,809**	**19,533**	**16,849**	**3,870**	**3,388**	**136,449**
Additions	–	–	40,146	–	1,784	41,930
Disposals	(149)	(3)	(478)	(23)	–	(653)
Rehabilitation assets adjustment	702	–	–	–	–	702
Impairment of assets	(2,339)	(104)	(15,779)	(231)	–	(18,453)
Transfers in/(out)	4,938	1,626	(11,463)*	4,601	–	(298)
Depreciation expense	(16,046)	(1,270)	–	(1,568)	(2,018)	(20,902)
Balance at 30 June 2022	**79,915**	**19,782**	**29,275***	**6,649**	**3,154**	**138,775**
Additions	–	–	40,007	–	9,387	49,394
Disposals	–	(18)	–	(1)	–	(19)
Rehabilitation assets adjustment	534	–	–	–	–	534
Asset write down	–	–	(8,399)	–	–	(8,399)
Impairment of assets	(12,190)	(12)	(10,489)	(102)	–	(22,793)
Transfers in/(out)	25,905	3,097	(29,552)	537	–	(13)
Depreciation expense	(12,037)	(1,354)	–	(1,936)	(1,167)	(16,494)
Balance at 30 June 2023	**82,127**	**21,495**	**20,842**	**5,147**	**11,374**	**140,985**

* In the prior period, property, plant and equipment capital works in progress was understated due to transfers out from property, plant and equipment capital works in progress being allocated to transfers in of intangible assets software instead of being transferred out of intangible assets capital works in progress.

A correction has been made in the current year financial statements by decreasing the prior period transfers out by $14,607 thousand and restating the closing balance of capital work in progress as at 30 June 2022 to $29,275 thousand. Similarly, a correction to intangible assets capital work in progress has been made as disclosed in note 15.

Property, plant and equipment are stated at historical cost less accumulated depreciation/amortisation and accumulated impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Notes to the financial statements (Continued)

13. Property, plant and equipment (Continued)

Subsequent costs of replacing part of an item of property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced asset is de-recognised. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Capital work in progress is recorded as property, plant and equipment and depreciated from the point at which the asset is installed and ready for use. At 30 June 2023, the capitalised work in progress is not yet available for use.

The Company has established a program of major overhauls providing cyclical maintenance works on the generation and operating assets. Capitalised overhaul expenditure is depreciated over the period in which the Company expects to derive the benefits of the overhaul.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

Depreciation

Depreciation is recorded over the useful life of the asset, or over the remaining life of the power station if shorter. Assets are depreciated from the date they become available for use. Land is not depreciated.

Straight-line basis

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

The estimated useful lives for each class of depreciable assets are:

Buildings	4 – 40 years
Generation assets (including overhauls)	3 – 63 years
Motor vehicles	5 – 14 years
Other plant and equipment	3 – 20 years

Exploration assets include CleanCo's 50% share of exploration assets related to the joint operation of Kogan North Joint Venture (note 30). These assets are depreciated under the units of production method.

The depreciation charge per unit is calculated based on a forecasted gas supply output from the Kogan North Joint venture. This charge per unit is applied to actual gas supply output to calculate depreciation expense each month.

Estimates of residual values and remaining useful lives are assessed annually, and any change in estimate is considered in the determination of future depreciation charges. The estimation of the useful lives of assets has been based on historical experience as well as the manufacturers' design life.

Impairment

Assets are reviewed and tested at each reporting date for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money.

The Company assesses impairment annually by evaluating conditions that might indicate an impairment of assets exists. The recoverable amounts of assets, or Cash Generating Units (CGUs), have been determined on a value in use basis for all assets. The value in use calculations are based on financial forecasts covering the lives of the assets up to 63 years.

Impairment – Swanbank Power Station

In 2023 the impairment loss of $22,793,000 (2022: $18,453,000) represents a write down of Swanbank Power Station (Swanbank) to its estimated recoverable amount. Swanbank is a 385MW combined cycle gas fired plant in Southeast Queensland.

The carrying amount of Swanbank Power Station (excluding the carrying value of land) was reduced to nil reflecting a negative value in use and fair value less costs of disposal as a standalone generating asset. In determining the value in use of Swanbank, the cashflows included the following considerations:

- Updated revenue and generator costs based on updated market forecasts for the electricity market;
- Operating and capital expenditure commitments associated with the gas field development project;
- Major overhauls required for the continuation of the asset until the end of asset's useful life.

The following table outlines the key inputs and assumptions and their relationships to value in use considered in the discounted cash flow methodology to determine recoverable amounts under the value in use approach:

Unobservable inputs	**Nature and range of inputs**	**Relationship of unobservable inputs in value in use**
Revenue cash flows	The cash flow projections have been performed to consider the prevailing supply and demand conditions and physical dispatch of electricity and spot price outcomes. Scenarios are also modelled to take account of future expected clean energy projects and their impact on supply and demand outcomes.	A higher expected electricity generation or an increase in the electricity prices through increased demand would increase the value in use.
Operating expenditure	Operating expenditures for electricity generation have been determined based on the most recent management forecasts available at the time of valuation.	A lower operating expenditure increases the value in use.
Life of plant	Cash flows have been projected to the life of plants.	Any increases in the projections of the life of the generating plant under certain scenarios increases the value in use.
Weighted Average Cost of Capital (WACC) discount rate	A nominal WACC of 8% (FY22 6.9%) post-tax has been employed in the valuation. The WACC discount rate has been determined in consultation with independent experts based on a long-term view of the market cost of capital.	The higher the nominal WACC, the lower the value in use.
Fuel cost	Fuel cost has been determined based on existing supply contracts and projected average gas prices.	A lower fuel cost expenditure increases the value in use.
Capital expenditures	Capital expenditures has been determined based on current life cycle plans and current overhaul and maintenance schedules.	A lower capital expenditure increases the value in use.

Application of accounting estimates and judgements

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

14. Right-of-use assets

	2023 $'000	2022 $'000
Non-current assets		
Land and buildings – right-of-use	4,378	4,378
Less: Accumulated depreciation	(1,431)	(815)
	2,947	3,563
Motor vehicles – right-of-use	–	26
Less: Accumulated depreciation	–	(13)
Less: Accumulated impairment	–	(13)
	–	–
	2,947	**3,563**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings $'000	Total $'000
Balance at 1 July 2021	3,498	3,498
Additions	687	687
Depreciation expense	(622)	(622)
	3,563	3,563
Balance at 30 June 2022	3,563	3,563
Additions	–	–
Disposals	–	–
Depreciation expense	(616)	(616)
Balance at 30 June 2023	**2,947**	**2,947**

Right-of-use assets are measured initially at cost comprising the following:

- The amount of initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

Depreciation

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.

Assets are depreciated from the date they become available for use. Land is not depreciated.

Straight-line basis

Depreciation is calculated on a straight-line basis to write off the net cost of each right-of-use asset (excluding land) over their expected useful lives as follows:

The estimated useful lives for right-of-use assets are:

Right of use assets	3 – 18 years

15. Intangible assets

	2023 $'000	Restated 2022 $'000
Non-current assets		
Software – at cost	15,410	14,960
Less: Accumulated amortisation	(5,155)	(1,251)
	10,255	13,709
Intangibles Capital Work in Progress*	24,707	5,749
	34,962	**19,458**

* In the prior period, intangible assets capital works in progress was overstated due to transfers out from property, plant and equipment capital works in progress (note 13) being allocated to transfers in of intangible assets software instead of being transferred out of intangible assets capital works in progress.

A correction has been made in the current year financial statements to decrease the intangible asset capital work in progress balance as at 30 June 2022 by $14,607 thousand and increase the property, plant and equipment capital work in progress as at 30 June 2022 by $14,607 thousand (note 13).

Notes to the financial statements (Continued)

15. Intangible assets (Continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software $'000	Restated Capital works in progress $'000	Restated Total $'000
Balance at 1 July 2021	**–**	**19,515**	**19,515**
Additions	–	896	896
Transfers in/(out)	14,960	(14,662)*	298
Amortisation expense	(1,251)	–	(1,251)
Balance at 30 June 2022	**13,709**	**5,749***	**19,458**
Additions	–	19,395	19,395
Transfers in/(out)	450	(437)	13
Amortisation expense	(3,904)	–	(3,904)
Balance at 30 June 2023	**10,255**	**24,707**	**34,962**

* In the prior period, intangible assets capital works in progress was overstated due to transfers out from property, plant and equipment capital works in progress (note 13) being allocated to transfers in of intangible assets software instead of being transferred out of intangible assets capital works in progress.

A correction has been made in the current year financial statements by increasing the prior period transfers out by $14,607 thousand and restating the closing balance of capital work in progress as at 30 June 2022 to $5,749 thousand. Similarly, a correction to property, plant and equipment capital work in progress has been made as disclosed in note 13.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services as well as direct payroll and payroll related costs of employees' time spent on the project.

In addition, CleanCo has various software-as-a-service cloud computing arrangements in place. The Company does not have possession of the underlying software, rather, the company has non-exclusive access and use of the software, over the contract period.

The accounting treatment of costs incurred in relation to these arrangements is to recognise contract fees for use of the application and customisation costs as an operating expense over the term of the service contract. Configuration costs, data conversion and migration costs, testing costs and training costs are recognised as an operating expense as the service is received.

Costs incurred for the development of generation projects and software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*.

After initial recognition, any intangible assets are carried at their cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives for intangible assets are:

Software	2 – 5 years

Intangible capital work in progress

Intangible capital work in progress represents accumulated costs incurred for rights to potential generation projects and the development of software. When rights are exercised or software projects are completed, ready for use, the value of the asset is transferred to the appropriate asset category and amortised or depreciated over its estimated useful life. At 30 June 2023, the capitalised intangible work in progress is not yet available for use.

Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The useful lives of intangible assets are reviewed annually and adjusted if appropriate.

Impairment

Impairment of intangible assets is considered along with property, plant and equipment. Refer to note 13.

Application of accounting estimates and judgements

Any change in estimation of useful lives is considered in the determination of future amortisation charges. Adjustments to useful life are made when considered necessary.

Notes to the financial statements (Continued)

16. Employee benefit asset

Some employees of the Company are entitled to benefits from the industry superannuation plan, the Energy Super Fund (ESF), on retirement, disability, or death. The Company has a defined benefit plan and a defined contribution plan. Due to a higher-than-expected return on the actual investment plan assets the total fair value of the plan assets was more than the present value of the future obligations in 2023 resulting in a defined benefit asset being recognised at 30 June 2023 (30 June 2022: Defined benefit asset recognised).

Statement of financial position amounts

The amounts recognised in the statement of financial position are determined as follows:

	2023 $'000	2022 $'000
Non-current assets		
Fair value of defined benefit plan assets	10,899	10,134
Present value of the defined benefit obligation	(7,824)	(7,462)
Net asset in the statement of financial position	3,075	2,672

Categories of plan assets

The major categories of plan assets are as follows:

	2023 $'000	2022 $'000
Cash and cash equivalents	545	405
Australian equities	981	912
International equities	2,180	1,824
Fixed income	3,705	3,446
Property	1,635	1,622
Other assets	1,853	1,925
	10,899	10,134

Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. Actuarial assessments are made at no more than three yearly intervals, with the most recent actuarial assessment undertaken as at 30 June 2021.

Based on projected levels of cashflows and assets in the plan, the actuary has recommended that CleanCo enter a contribution holiday, contributing at the rate of 0.0% of salaries for employees who are members of the defined benefit plan.

Reconciliations

	2023 $'000	2022 $'000
Reconciliation of the present value of the defined benefit obligation, which is fully funded:		
Balance at the beginning of the year	7,462	9,406
Current service cost	221	317
Interest cost	376	227
Benefits paid	–	(674)
Taxes, premiums and expenses paid	(43)	(76)
Actuarial (gains) recognised in equity	(63)	(1,812)
Actuarial losses from liability experience	(242)	(44)
Contributions by plan participants	113	118
Balance at the end of the year	7,824	7,462
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	10,134	10,486
Interest income	494	253
Actual return of Fund assets less interest income	201	(250)
Employer contributions	–	277
Taxes, premiums and expenses paid	(43)	(76)
Contributions by plan participants	113	118
Benefits paid	–	(674)
Balance at the end of the year	10,899	10,134

Significant actuarial assumptions

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

	2023 %	2022 %
Discount rate	5.5%	5.1%
Future salary increases	3.0%	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.

Notes to the financial statements (Continued)

16. Employee benefit asset (Continued)

	Base Case	-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa salary increase rate	+0.5% pa salary increase rate
Discount rate	5.5%	5.0%	6.0%	5.5%	5.5%
Salary increase rate	3.0%	3.0%	3.0%	2.5%	3.5%
Defined benefit obligation ($'000)	7,824	8,113	7,550	7,545	8,117

Employee retirement benefits

The Company's defined contribution plan chosen by the employee receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution plans are recognised as an expense in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company's defined benefit plan provides lump sum benefits based on years of service and final average salary. A liability or asset in respect of the Company's defined benefit superannuation plan is recognised in the statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the plan's assets at that date and any unrecognised past service cost. 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. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised post service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

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. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

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

17. Trade and other payables

	2023 $'000	2022 $'000
Current liabilities		
Trade payables	25,529	15,224
Accrued expenses	30,594	22,288
Other payables	1,602	4,069
Initial margins	33,772	50,045
	91,497	91,626

Initial margins are amounts payable for derivative contracts on the Australian Stock Exchange.

Refer to note 25 for further information on financial risk management.

Trade payables are unsecured and are usually paid within 30 days of recognition. Accrued expenses are recognised for expenses incurred but not yet invoiced.

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period, are measured at the amounts expected to be paid when the liabilities are settled.

They are measured at undiscounted amounts based on remuneration rates at reporting date including related on-costs. The liabilities for wages and salaries are presented as other payables in the statement of financial position.

Due to the nature of over-the-counter electricity contracts (OTC), the settlement is performed on a net basis with the respective counterparty. The net amount payable is included in trade payables.

18. Borrowings

	2023 $'000	2022 $'000
Current liabilities		
QTC working capital facility	34,826	617,547
Non-current liabilities		
Loans- QTC	529,829	24,588
	564,655	642,135

Refer to note 25 for further information on financial instruments.

Working Capital Facility

The working capital facility is short-term in nature with the outstanding balance to be paid down regularly.

As at 30 June 2023, CleanCo had access to $150 million (2022: $850 million) in QTC facilities. The total drawdown of the facility was $34.8 million (2022: $617.5 million) with $115.0 million undrawn (2022: $232.5 million undrawn).

Loans – QTC

The fair value of QTC loans at 30 June 2023 was $529.8 million.

The fair value of QTC loans is the price that the notional underlying bonds and instruments funding the loan could be bought for at balance date. This is classified as level 2 in the fair value measurements hierarchy.

Notes to the financial statements (Continued)

19. Lease liabilities

	2023 $'000	2022 $'000
Current liabilities		
Lease liability	834	759
Non-current liabilities		
Lease liability	3,284	4,114
	4,118	4,873

	2023 $'000	2022 $'000
Amounts recognised in the Statement of Profit and Loss		
Interest on lease liabilities	49	60
Balance as at 30 June	49	60
Amounts recognised in the Statement of Cashflows		
Principal payments	831	827
Total cash outflows for leases	831	827

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 Company. The right-of-use assets for land and buildings and motor vehicles are disclosed in Right-of-use assets.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable and
- variable lease payments that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or the Company's incremental borrowing rate. Lease interest for the current year included in finance costs in note 6 is $48,701 (2022: $59,533).

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

All commitments are shown exclusive of Goods and Services Tax (GST).

20. Provisions

	2023 $'000	2022 $'000
Current liabilities		
Employee benefits	6,591	7,500
Restoration, rehabilitation and decommissioning	9,564	2,093
	16,155	9,593
Non-current liabilities		
Employee benefits	2,322	414
Restoration, rehabilitation and decommissioning	75,762	80,549
	78,084	80,963
	94,239	90,556

Restoration, rehabilitation and decommissioning

	2023 $'000	2022 $'000
Balance at the start of the year	**82,642**	**83,312**
Movements in estimates	333	308
Unwinding of discount	2,701	1,622
Amounts used / unused amounts reversed	(350)	(2,600)
Balance at the end of the year	**85,326**	**82,642**

Provisions are recognised when the company has a present (legal or constructive) obligation arising as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Short-term employee benefits

The leave obligations cover the Company's liabilities for long service leave and annual leave which are classified as either long-term benefits or short-term benefits.

The entire amount of the annual leave provision is presented as current since the Company does not have an unconditional right to defer settlement for any of this obligation. However, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and where employees are entitled to prorate payments in certain circumstances.

Notes to the financial statements (Continued)

20. Provisions (Continued)

Restoration, rehabilitation and decommissioning

Future costs associated with the rehabilitation of power station sites are estimated and provided for. Provisions for restoration and rehabilitation costs do not include additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments and are subject to formal review at regular intervals.

As at 30 June 2023, the balance of provisions for restoration and rehabilitation includes $7.8 million (2022: $7.8 million) for the Company's share of provisions in the joint operation of Kogan North Joint Venture.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost is amortised over the estimated economic life of the operation. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense which is recognised as a finance cost. The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the profit or loss in each accounting period. The amortisation of the discount is shown as a financing cost, rather than as an operating cost.

Application of accounting estimates and judgements

Employee Benefits

Non-current provision for employee benefits are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Restoration, rehabilitation and decommissioning

Provisions for restoration, rehabilitation and decommissioning obligations are based on risk-adjusted cash flows. These estimates have been discounted to their present value at a pre-tax risk-free rate, based on an estimate of the long term, risk-free, pre-tax cost of borrowing. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

21. Other liabilities

	2023 $'000	2022 $'000
Current liabilities		
Environmental certificates	15,867	4,873
Joint Venture Liabilities	1,682	1,535
Gas swap liability	8,207	4,823
	25,756	11,231

22. Contributed equity

	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares – fully paid	20,000,002	20,000,002	807,412	307,412

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2021	20,000,002	307,412,433
Balance	30 June 2022	20,000,002	307,412,433
Equity Contribution from the State of Queensland		–	500,000,000
Balance	30 June 2023	20,000,002	807,412,433

Shares issued

The shares are held by the Hon. Mr Cameron Dick MP, Treasurer and Minister for Investment and the Hon. Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

Ordinary shares have no par value, and the Company does not have authorised capital.

Equity contribution from/ (distribution to) State of Queensland

The State of Queensland made an equity contribution to assist with the operations of the Company. The amount is treated as a contribution by owners and accounted for as an adjustment to equity in accordance with *Interpretation 1038: Contributions by Owners made to Wholly Owned Public Sector Entities*.

23. Income tax

	2023 $'000	2022 $'000
Income tax equivalent benefit		
Current tax equivalent expense	–	(10,173)
Deferred tax equivalent benefit	17,338	(116,995)
Adjustment for deferred tax equivalent of prior period	–	2,450
Adjustments for current tax equivalent of prior period	–	(2,450)
Aggregate income tax equivalent benefit	17,338	(127,168)
Income tax equivalent expense/(benefit) is attributable to:		
Profit/(loss) from continuing operations	17,338	(127,168)
Aggregate income tax equivalent expense/(benefit)	17,338	(127,168)
Deferred tax included in income tax equivalent expense/(benefit) comprises:		
Increase in deferred tax assets	25,149	(184,299)
Increase in deferred tax liabilities	(7,811)	67,304
Deferred tax equivalent benefit	17,338	(116,995)
Numerical reconciliation of income tax equivalent expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax equivalent (expense)/benefit	58,912	(424,935)
Tax at the statutory tax rate of 30%	17,674	(127,481)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	2	2
De-recognition of temporary differences	(338)	310
Other	–	1
	17,338	(127,168)
Adjustment for deferred tax equivalent of prior period	–	2,450
Adjustment for current tax equivalent of prior period	–	(2,450)
Income tax equivalent expense/(benefit)	17,338	(127,168)

	2023 $'000	2022 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets	22,132	(22,961)
Deferred tax liabilities	152	482
	22,284	(22,479)

Net deferred tax equivalent asset/(liability) comprises temporary differences	**2023 $'000**	**2022 $'000**
Derivative financial instruments	(32,441)	65,110
Rehabilitation provision	25,598	24,793
Employee Entitlements	2,777	2,478
Fixed assets	31,281	27,273
Tax losses	147,889	94,646
Sundry items	(1,088)	(662)
Deferred tax equivalent asset/(liability)	174,016	213,638

Deferred tax equivalent asset/(liability)	**2023 $'000**	**2022 $'000**
Deferred tax asset	236,640	283,921
Deferred tax liability	(62,624)	(70,283)
Total deferred tax asset	**174,016**	**213,638**

23. Income tax (Continued)

	2023 $'000	2022 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	31,281	27,273
Financial assets at fair value through profit and loss	14,993	98,950
Employee entitlements	2,777	2,478
Provision for rehabilitation	25,598	24,793
Accrued expenses	49	754
Tax losses	147,889	94,646
Other	3,113	1,955
	225,700	250,849
Amounts recognised in equity:		
Revaluation of financial assets at fair value through other comprehensive income	10,941	33,073
Deferred tax asset	236,641	283,922
Movements:		
Opening balance	283,922	79,112
Credited to profit or loss	(25,149)	184,299
Credited to equity	(22,132)	22,961
Under provision in prior period	–	(2,450)
Closing balance	236,641	283,922

Deferred tax assets not recognised	2023 $'000	2022 $'000
Deferred tax assets not recognised comprises temporary differences attributable to:		
Land	(340)	(340)
Investments	(511)	(849)
Total deferred tax assets not recognised	(851)	(1,189)

	2023 $'000	2022 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Derivative financial instruments	58,374	66,912
Inventories	2,577	2,569
Defined Benefit Fund	(169)	(138)
Other	750	–
	61,532	69,343
Amounts recognised in equity:		
Defined Benefit Fund	1,092	940
Deferred tax liability	62,624	70,283
Movements:		
Opening balance	70,283	2,497
Charged to profit or loss	(7,811)	67,304
Charged to equity	152	482
Closing balance	62,624	70,283

Notes to the financial statements (Continued)

23. Income tax (Continued)

As a Government Owned Corporation, the Company is subject to the National Tax Equivalents Regime (NTER). Under this scheme, the Company must make income tax payments to the State Government and is not liable to pay Commonwealth Tax that would be payable if it were not a Government Owned Corporation.

These payments are made pursuant to section 129(4) of the *Government Owned Corporations Act 1993* (Qld). The NTER gives rise to obligations which reflect in all material aspect those obligations for taxation which would be imposed by the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*.

Income tax equivalent expense is made up of current tax equivalent expenses and deferred tax equivalent expenses. Current tax equivalent expenses represent the expected tax payable on the taxable income for the year, using current tax rates substantially enacted by the end of the reporting period. Deferred tax equivalent expense represents change in temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

The Company adopts the balance sheet approach to accounting for income tax equivalent payments.

Deferred tax equivalent balances arise when there are temporary differences between carrying amounts and the tax bases of assets and liabilities, other than where the difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit or loss.

Deferred tax equivalent assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax equivalent assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and the tax laws that have been enacted or substantially enacted at the reporting date.

Tax equivalent assets and liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and liability simultaneously.

Current and deferred tax equivalent balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

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 CleanCo indicate taxable profits in the foreseeable future, with the tax losses expected to be fully utilised in this time.

	2023 $'000	2022 $'000
Income tax refund due		
Income tax refund due	–	14,815

24. Derivative financial instruments

	2023 $'000	2022 $'000
Current assets		
Electricity contracts – held for trading	16,304	17,167
PPA derivative	24,376	17,615
Foreign currency contracts – held for trading	2,499	–
Total current derivative financial instrument assets	**43,179**	**34,782**
Non-current assets		
Electricity contracts – held for trading	14,266	34,515
PPA derivative	168,992	156,044
Total non-current derivative financial instrument assets	**183,258**	**190,559**
Current liabilities		
Electricity contracts – cash flow hedges	–	(178,870)
Electricity contracts – held for trading	(77,751)	(125,970)
PPA derivative	(5,101)	–
Total current derivative financial instrument liabilities	**(82,852)**	**(304,840)**
Non-current liabilities		
Electricity contracts – cash flow hedges	–	(66,104)
Electricity contracts – held for trading	(39,265)	(120,813)
Total non-current derivative financial instrument liabilities	**(39,265)**	**(186,917)**
Net derivative financial instrument liabilities	**104,320**	**(266,416)**

Refer to note 25 for further information on financial risk management.

Refer to note 26 for further information on fair value measurement.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The accounting for subsequent changes in fair value depends on whether the derivative is classified as held for trading or is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as held for trading unless they are designated as hedges of a particular risk associated with highly probable forecast transactions (cash flow hedges).

Certain derivatives do not qualify for hedge accounting but have been entered into for the risk management objective of economically hedging a risk. These derivatives are classified as held for trading and recognised through profit or loss.

Derivative financial instruments spanning both current and non-current periods are split into their current and non-current components prior to valuation. The fair value of these components is then classified as a current asset or liability when the maturity profile is less than 12 months, including realised but not settled components, and classified as a non-current asset or liability when the maturity profile is greater than 12 months.

24. Derivative financial instruments (Continued)

Change in fair value recognised in the profit and loss

Gains and losses that are recognised in the statements of profit or loss and other comprehensive income from remeasuring the fair value of derivatives that do not qualify as effective hedging instruments are classified as "non-hedge accounted change in fair value of derivative instruments".

Discontinuance of Hedge Accounting

CleanCo has applied judgement in assessing whether hedged forecast transactions are still expected to occur. With the increased variability in spot generation volumes, hedge accounting was discontinued from 1 July 2022 onwards as it was unlikely any prospective hedges would meet the highly probable requirement. Prospective changes in the fair value of discontinued hedges will be accounted for through the Statement of Comprehensive Income.

Where the hedge relationship has been discontinued, any gains or losses remaining in the cash flow hedge reserve to the extent that the hedged cash flows are still expected to take place, will be subsequently recognised in the Statement of Comprehensive Income at the time at which the hedged item affects the income statement for the hedged risk. As at 30 June 2023, the cash flow hedge reserve held a balance of $33.1 million of hedge losses originating from swaps with maturities to June 2024 which will be recognised in the Statement of Comprehensive Income as the hedged item is subsequently realised.

Hedge Accounting

The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items, there is an economic relationship between the hedged items and the hedging instruments, and the terms of the contracts match the terms of the expected highly probable forecast (i.e., nominal amount, expected settlement date and no additional accounting for credit risk). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the contracts are identical to the hedged risk components (electricity price or exchange rate).

To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge accounted change in fair value of derivatives instruments

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity reserves. An ineffective portion is recognised immediately in profit or loss within "non-hedge accounted change in fair value of derivative instruments".

The hedge ineffectiveness can arise from:

- Differences in the periodic volumes of the hedging instruments and hedged items;
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments;
- Changes to forecast timing of the cash flows of the hedged items and the hedging instruments.

Amounts accumulated in equity are reclassified to profit or loss within "Net realised gain on electricity contracts designated as cash flow hedges" in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

The gain or loss is recognised in profit or loss as other income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, plant and equipment) the gain or loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset. This transfer does not affect other comprehensive income. The deferred amounts are ultimately recognised in profit or loss as depreciation or impairment in the case of non-financial assets.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria. This includes when a hedging instrument expires, is sold, or is terminated. The discontinuance is accounted for prospectively.

Any gain or loss accumulated in equity reserves at that time remains in equity and is reclassified to profit or loss as other income when the forecast transaction occurs. However, when a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity reserves is immediately reclassified to profit or loss within "non-hedge accounted change in fair value of derivative instruments".

The impact of the hedging instruments (electricity swaps) on the balance sheet is, as follows:

Derivatives – highly probable movements	Nominal amount MWH	Carrying amount $'000
30 June 2023		
Highly probable forecast electricity sales		
Current assets	–	–
Non-current assets	–	–
Current liabilities	–	–
Non-current liabilities	–	–
Total		
Highly probable forecast electricity purchases		
Current assets	–	–
Non-current assets	–	–
Current liabilities	–	–
Non-current liabilities	–	–
Total	–	–
30 June 2022		
Highly probable forecast electricity sales		
Current assets	–	–
Non-current assets	–	–
Current liabilities	380,554	(178,870)
Non-current liabilities	245,994	(66,104)
Total	**626,548**	**(244,974)**
Highly probable forecast electricity purchases		
Current assets	–	–
Non-current assets	–	–
Current liabilities	–	–
Total	–	–

Derivates designated as hedging instruments:

	Asset carrying value 2023 $'000	2022 $'000	Liabilities carrying value 2023 $'000	2022 $'000	Nominal hedge volume 2023 MWH	2022 MWH
12 month or less	–	–	–	(178,870)	–	380,554
1 – 5 years	–	–	–	(66,104)	–	245,994
Total	**–**	**–**	**–**	**(244,974)**	**–**	**626,548**

24. Derivative financial instruments (Continued)

Derivatives – highly probable forecast transactions:

	Change in fair value during the year of the hedged items used for recognising hedge ineffectiveness $'000	Balances in the cash flow hedge reserve at year end for continuing hedges $'000	Balances remaining in the cash flow hedge reserve at year end for which hedge accounting is no longer applied to the hedge relationship $'000	Change in fair value of hedging instrument used for measuring hedge ineffectiveness for the period $'000
30 June 2023				
Highly probable forecast electricity sales	–	–	33,212	–
Highly probable forecast electricity purchases	–	–	(98)	–
Hedging reserve – cashflow hedges (before tax)	–	–	**33,114**	–
30 June 2022				
Highly probable forecast electricity sales	97,891	100,572	49,833	242,400
Highly probable forecast electricity purchases	–	–	(451)	–
Hedging reserve – cashflow hedges (before tax)	**97,891**	**100,572**	**49,382**	**242,400**

The effect of the cashflow hedge in the statement of profit and loss and other comprehensive income is as follows:

Cash flow hedge reserve – movement	Total hedging gain/loss recognised in OCI $'000	Ineffectiveness gains/losses recognised in profit or loss $'000	Gain/loss reclassified from OCI to profit or loss $'000
Year ended 30 June 2023			
Highly probable forecast electricity sales	–	–	(117,193)
Highly probable forecast electricity purchases	–	–	353
Hedging reserve – cash flow hedges	–	–	**(116,840)**
Year ended 30 June 2022			
Highly probable forecast electricity sales	(229,457)	(144,397)	(102,655)
Highly probable forecast electricity purchases	6,459	27	7,461
Hedging reserve – cash flow hedges	**(222,998)**	**(144,370)**	**(95,194)**

The reserve is used to recognise the effective portion of the gains and losses on derivatives designated as cash flow hedges:

Cash flow hedge reserve – reconciliation	2023 $'000	2022 $'000
Balance at the beginning of the year	119,782	14,939
Effective portion of changes in fair value of cash flow hedges of electricity swaps	–	222,998
Net changes in fair value of cash flow hedges of electricity swaps transferred to other revenue	(116,839)	(95,194)
Income tax equivalent relating to these items	22,132	(22,961)
Current year change in cashflow hedge reserve	**(94,709)**	**104,843**
Balance at the end of the year	**25,075**	**119,782**

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 CleanCo 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 Statement of Comprehensive Income as follows:

Line item of Statements of Profit or Loss		2023 $'000	2022 $'000
Net realised profit/(losses)	Fair value through profit/(loss)	(172,819)	(192,786)
Net unrealised profit/(losses)	Fair value through profit/(loss)	370,736	32,077
Total changes in fair value of non-hedged accounted derivatives recognised in profit/(loss)		**197,917**	**(160,709)**

24. Derivative financial instruments (Continued)

Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an International Swaps and Derivatives Association (ISDA) Master Agreement and similar agreements. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet but have been presented separately in the following tables. The net amount of financial assets summarised in the following tables best represent the Company's current exposure to credit risk on those derivatives at the reporting date.

Master netting arrangements	Amounts presented in the balance sheet $'000	Amounts subject to master netting arrangements $'000	Financial instrument collateral $'000	Net amount $'000
30 June 2023				
Financial Assets				
Derivative financial assets	226,436	(11,280)	–	215,156
Cash collateral	89,993	–	(33,772)	56,221
Total assets	**316,429**	**(11,280)**	**(33,772)**	**271,377**
Financial liabilities				
Derivative financial liabilities	(122,116)	11,280	–	(110,836)
Cash collateral	(33,772)	–	33,772	–
Total liabilities	**(155,888)**	11,280	**33,772**	**(110,836)**
30 June 2022				
Financial Assets				
Derivative financial assets	225,341	(470)	–	224,871
Cash collateral	357,468	–	(50,045)	307,423
Total assets	**582,809**	**(470)**	**(50,045)**	**532,294**
Financial Liabilities				
Derivative financial assets	(491,757)	470	–	(491,287)
Cash collateral	(50,045)	–	50,045	–
Total liabilities	**(541,802)**	**470**	**50,045**	**(491,287)**

Application of accounting estimates and judgements

The fair value of derivative financial instruments must be estimated for recognition, measurement, and disclosure purposes. Valuation policies and procedures are developed by Trading Risk, approved by the Energy Risk Management Committee and subject to internal and external audit review. The changes in fair value of Level 1 and Level 2 financial instruments are reported daily to management and level 3 monthly. All changes in fair value are reported to the Board monthly.

Fair value hedges

Fair value hedges are used to cover the company's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion thereof, that is attributable to a particular risk and could affect profit or loss. The hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

Fair value hedge accounting is discontinued if the hedging instrument is sold, terminated, expires, exercised, it no longer meets the criteria for hedge accounting or designation is revoked. Any adjustment to the carrying amount of a hedged financial instrument is amortised to profit or loss using the effective interest rate method. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Notes to the financial statements (Continued)

25. Financial risk management

The Company has the following categories of financial assets and financial liabilities:

	2023 $'000	2022 $'000
Financial Assets		
Cash and cash equivalents	14,637	8,677
Receivables	718,648	486,014
Derivative financial instrument assets	226,436	225,341
Other non-current assets	18,298	17,171
Total financial assets	**978,019**	**737,203**
Financial Liabilities		
Trade and other payables	93,567	91,626
Derivative financial instrument liabilities	122,116	491,757
Borrowings	564,655	642,135
Lease liabilities	4,118	4,873
Other liabilities	24,957	11,231
Total financial liabilities	**809,413**	**1,241,622**

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including commodity price risks, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management program focuses mainly on the unpredictability of the energy and financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

These methods include earnings at risk and sensitivity analyses in the case of energy price risks and interest rates, cash flow at risk for liquidity risk and counterparty credit exposure at risk modelling with individual counterparty credit analysis and credit ratings assigned for credit risk.

Energy market and financial risk management is governed by Board approved risk polices and delegations. The Customer and Energy Markets team are responsible for the direct management of exposures to energy market risks with adherence to these policies. The Chief Financial Officer's team are responsible for the development of the risk policies and the subsequent risk measurement, monitoring, control and reporting of energy market and financial risks to the Energy Risk Management Committee, CEO, Audit & Risk Committee and Board.

Market risk

Instruments used by the Company

The Company uses derivative financial instruments to hedge certain risk exposures, primarily exposure to fluctuations in the spot and forward price of electricity.

Commodity price risk

Electricity contracts

The Company is exposed to electricity price movements in the NEM. To manage its electricity price risk, the Company has entered into electricity sales contracts and several electricity derivatives (including OTC and exchange traded swaps, caps and option contracts) in accordance with the Board-approved Energy Market Risk Management Policy. For most of these derivatives, the Company receives from counterparties a fixed price per megawatt hour and in return pays the actual observed pool price. These contracts and derivatives assist the Company to provide certainty in relation to revenue received and are required to manage risk within Board approved levels.

Electricity price risk exposures are measured daily through the use of at-risk measures and the process of marking to market the Company's exposure of the net derivative asset and liability position.

Swaps currently in place are timed to settle as each cash flow is received from the NEM. For electricity contracts designated as hedging instruments, the cash flows of the hedged electricity sales and purchases are expected to occur as described in the table under Liquidity Risk, with the hedge reserve reclassifications to the profit or loss within the same financial years as the cash flows.

The electricity swap contracts remaining designated as cash flow hedges of CleanCo's electricity sales are to receive fixed cash flows for prices between $98 and $122 (245,783 MWh). Hedge accounting was discontinued from 1 July 2022 as it is unlikely any prospective hedges will meet the highly probable requirement.

Environmental contracts

The Company is exposed to environmental certificate price movements through its requirement to comply with various regulatory environmental schemes as part of its normal business operations. The Company also creates environmental certificates which are used to either acquit the mandatory renewable energy liability of the Company or sold to customers through long-term retail contracts.

To manage its environmental certificate price risk, the Company buys and sells these certificates in the spot and forward markets as and when required to manage CleanCo obligations. These certificates are classified as inventory. The Company is exposed to environmental certificate price movements through its requirement to comply with various regulatory environmental schemes as part of their normal business operations.

Sensitivity analysis

The following commentary and table summarises the sensitivity of the Company's derivative financial instruments to electricity price risk. Analysis is performed on a pre-tax basis using similar information to that which would be provided to management and reflects the impact on the Company's financial position should certain price movements occur.

The sensitivity in the mark-to-market of the Company's derivative financial instruments portfolio to movements in the forward prices of electricity at balance date were investigated. The analysis assumes upward and downward movements of electricity prices of 20%, which reflects a reasonably possible scenario in the economic environment over the next period.

Notes to the financial statements (Continued)

25. Financial risk management (Continued)

2023	Average price increase % change	Average price increase Effect on profit before tax $'000	Average price increase Effect on equity $'000	Average price decrease % change	Average price decrease Effect on profit before tax $'000	Average price decrease Effect on equity $'000
Electricity price – 2023	20%	162,982	–	(20%)	(169,403)	–
Foreign currency (USD/ AUD) – 2023	10%	(2,932)	–	(10%)	3,583	–
		160,050	–		(165,820)	–

2022	Average price increase % change	Average price increase Effect on profit before tax $'000	Average price increase Effect on equity $'000	Average price decrease % change	Average price decrease Effect on profit before tax $'000	Average price decrease Effect on equity $'000
Electricity price – 2022	20%	85,301	28,868	(20%)	(85,277)	(28,868)
Foreign currency (USD/ AUD) – 2022	10%	(2,710)	–	(10%)	3,312	–
		82,591	28,868		(81,965)	(28,868)

Interest rate risk

The Company is exposed to changes in interest rates via its borrowings, cash and cash equivalents and the Advances Facility. Variable and fixed interest rate borrowings expose the Company to interest rate cash flow risk.

	Basis points increase			Basis points decrease		
2023	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
Cash and cash equivalents	100	146	146	(100)	(146)	(146)
Advances facility	100	5,442	5,442	(100)	(5,442)	(5,442)
Borrowings	100	(5,647)	(5,647)	(100)	5,647	5,647
		(59)	(59)		59	59

	Basis points increase			Basis points decrease		
2022	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
Cash and cash equivalents	100	87	87	(100)	(87)	(87)
Advances facility	100	216	216	(100)	(216)	(216)
Borrowings	100	(6,421)	(6,421)	(100)	6,421	6,421
		(6,118)	(6,118)		6,118	6,118

25. Financial risk management (Continued)

Credit risk

Credit risk exposure refers to the situation where the Company may incur financial loss as a result of another party to a financial instrument failing to fulfil their contractual obligation. Concentrations of credit risk exist for counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Derivative counterparty credit risk exposures are predominantly to financial institutions and energy market participants.

The Company manages counterparty credit risk through the credit risk policy and associated framework, and the policy defines credit risk limits as well as operational controls and procedures to mitigate credit exposure. The Company utilises industry practice credit review processes and security instruments to manage its credit risks.

The Company's credit risk exposure for derivatives is managed by trading with energy industry counterparties under ISDA agreements where possible or contracts with credit risk mitigation clauses. The credit exposure of derivatives is calculated utilising a value at risk methodology which takes into account the current market value, duration of exposure, likelihood of default of the counterparty, the expected loss given default, credit collateral and the volatility of market prices. The Company manages its exposure to credit risk for certain derivatives on a net position basis for each of the counterparties.

Please refer to note 10 Receivables for credit risk assessment of outstanding receivables.

A summary of the credit quality of derivative financial assets that are neither past due nor impaired is assess by external credit ratings as reflected in the following table:

	2023 $'000	2022 $'000
AA+ to AA-	8,321	17,310
A+ to A-	6,426	17,035
BBB+ to BBB-	41,796	46,933
BB+ to BB-	158,410	144,884
Total	**214,953**	**226,162**

Liquidity risk

The Company is subject to cash flow volatility and manages a substantial portion of that risk by entering into OTC hedges. The Company measures liquidity exposures daily using a cash flow at risk methodology.

Remaining contractual maturities

The following table analyses the Company's remaining contractual maturity for its non-derivative financial instrument liabilities and derivative financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows and the earliest date on which they are required to be paid.

2023	1 year or less $'000	Between 1 and 5 years $'000	Remaining contractual maturities $'000	Discounting $'000	Total $'000
Non-derivatives					
Trade and other payables	(93,567)	–	–	–	(93,567)
Lease liabilities	(834)	(3,319)	(86)	122	(4,118)
Other liabilities	(24,957)	–	–	–	(24,957)
Total non-derivatives	**(119,358)**	**(3,319)**	**(86)**	**122**	**(122,643)**
Derivatives					
Derivative financial instrument liabilities	(84,151)	(40,045)	–	2,080	(122,116)
Total derivatives	**(84,151)**	**(40,045)**	**–**	**2,080**	**(122,116)**

2022	1 year or less $'000	Between 1 and 5 years $'000	Remaining contractual maturities $'000	Discounting $'000	Total $'000
Non-derivatives					
Trade and other payables	(91,626)	–	–	–	(91,626)
Lease Liabilities	(805)	(3,518)	(720)	170	(4,873)
Other liabilities	(11,231)	–	–	–	(11,231)
Total non-derivatives	**(103,662)**	**(3,518)**	**(720)**	**170**	**(107,730)**
Derivatives					
Derivative financial instrument liabilities	(307,129)	(188,990)	–	4,362	(491,757)
Total derivatives	**(307,129)**	**(188,990)**	**–**	**4,362**	**(491,757)**

Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to maintain the required credit rating for a Government Owned Corporation generator operating in a deregulated electricity market, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of its gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total interest-bearing liabilities and total lease liabilities. Total capital is calculated as 'equity' as shown in the statement of financial position plus debt.

At 30 June 2023 the Company has a total debt of $565 million (2022: $647 million) and its gearing ratio is 55% (2022: 137%).

26. Fair value measurement

The fair value of derivative financial instruments must be estimated for recognition and measurement or for disclosure purposes.

Fair value hierarchy

The following fair value hierarchy is based on the degree to which fair value is observable:

Level 1: The fair value of derivative financial instruments traded in active markets (publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for these derivatives is the last settled price.

Level 2: The fair value of derivative financial instruments that are not traded in an active market (for example, OTC derivatives) is determined using valuation techniques which maximise the use of observable market data and either directly (i.e., as prices) or indirectly (i.e., derived from prices). All significant inputs required to fair value an instrument is observable.

Level 3: One or more of the significant inputs is unobservable.

The following tables present the fair value category of the Company's financial asset and liabilities into the three levels:

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurement				
Assets – fair value through profit and loss				
Current derivative financial assets	4,126	2,057	36,996	43,179
Non-current derivative financial assets	1,196	3	182,059	183,258
Non-current financial assets	–	–	18,298	18,298
Total assets	**5,322**	**2,060**	**237,353**	**244,735**
Liabilities				
Current derivative financial liabilities	(26,274)	–	(56,577)	(82,851)
Non-current derivative financial liabilities	(26,060)	(167)	(13,038)	(39,265)
Total liabilities	**(52,334)**	**(167)**	**(69,615)**	**(122,116)**

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurement				
Assets – fair value through profit and loss				
Current derivative financial assets	–	–	34,782	34,782
Non-current derivative financial assets	316	–	190,243	190,559
Non-current financial assets	–	–	17,171	17,171
Total assets	**316**	**–**	**242,196**	**242,512**
Liabilities				
Current derivative financial liabilities	(125,203)	(767)	(178,870)	(304,840)
Non-current derivative financial liabilities	(119,937)	(310)	(66,670)	(186,917)
Total liabilities	**(245,140)**	**(1,077)**	**(245,540)**	**(491,757)**

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for derivative financial instruments for year ended 30 June 2023.

Level 3 assets and liabilities

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

	$'000
Balance at 1 July 2021	**(55,478)**
Gains recognised in profit or loss	134,653
Gains recognised in other comprehensive income	(77,049)
Purchases	–
Sales	–
Settlements	(5,471)
Transfers out of level 3 into level 2	–
	–
Balance at 30 June 2022	**(3,344)**
Gains recognised in profit or loss	15,623
Gains recognised in other comprehensive income	155,346
Purchases	–
Sales	–
Settlements	112
Transfers out of level 3 into level 2	–
Balance at 30 June 2023	**167,737**

26. Fair value measurement (Continued)

Total unrealised gain for the current year included in profit or loss that relate to level 3 assets held at the end of the current year are $15,623,000 (2022: $134,653,000 gain). The significant valuation techniques and processes used to value derivative financial instruments categorised within level 2 and level 3 are:

Description	Valuation Method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs, fair value measurement and sensitivities
Derivative financial instruments	Forward curve decomposition methodology using historic settled electricity prices to interpolate OTC forward prices to a greater level of granularity.	• Long-term Electricity Prices • Forecast Generation	The estimated value of the derivative instruments would: • Increase by $186.42m (2022: $158.45m) if the forward curve including cap prices was increased by 20% • Decrease by $192.84m (2022: $158.42m) if the forward curve including cap prices was decreased by 20% • Increase by $15.13m (2022: $2.16m) if forecast generation was increased by 10% • Decrease by $15.13m (2022: $2.16m) if forecast generation was decreased by 10%
Investments at fair value through profit and loss	Discounted cash flow model was used to value the investment.	• Discount rate	The estimated fair value would increase/(decrease) if the discount rate was lower/(higher).

The significant inputs used in these valuation techniques are:

- Published OTC forward prices;
- Exchange traded market prices;
- Extrapolation rates;
- Scalar and translation factors;
- Market volatilities;
- Forecast generation;
- Electricity settled prices; and
- Discount rates.

27. Key management personnel disclosures

Key management personnel (KMP) include both Directors and general managers who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company's shareholding Ministers are identified as part of the Company's KMP, consistent with AASB 124 Related Party disclosures.

For the 2023 reporting year, these Ministers are:

- the Honourable Cameron Dick MP, Treasurer and Minister for Investment; and
- the Honourable Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

(a) Directors

The following persons were Directors of CleanCo Queensland Limited during the financial year:

Directors	Position	Date of appointment	Appointment expiry date
Jacqueline Walters	Chair – Non-Executive Director	17 December 2018	30 September 2025
Ivor Frischknecht	Non-Executive Director	17 December 2018	30 September 2025
Paul Venus	Non-Executive Director	12 December 2019	17 December 2026
Laurene Hull	Non-Executive Director	12 December 2019	30 September 2026
Allison Warburton	Non-Executive Director	1 October 2022	30 September 2025
Dr Peter Wood	Non-Executive Director	1 October 2022	30 September 2025

(b) Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the company, directly or indirectly, during the financial year:

Senior Executives	Position	Date of Acting/ Interim appointment	Date of Permanent appointment	Date of Termination
Darryl Rowell	Interim Chief Executive Officer	15 November 2021	–	8 July 2022
Tom Metcalfe	Chief Executive Officer		11 July 2022	
Brian Carrick	Chief Financial Officer	17 September 2021	24 November 2022	–
Anna Eves	Chief People Officer	1 September 2021	16 April 2022	
Rimu Nelson	General Manager – Customer and Energy Markets	30 August 2021	24 November 2022	–
Sally Frazer	General Manager – Legal and Governance and Company Secretary	–	30 September 2019	30 September 2022
Tim Hogan	General Manager – Asset Operations	–	28 February 2020	–
Julie Whitcombe	General Manager – Strategy and Development	–	1 June 2021	–
Kate Wright	General Manager – Legal and Governance and Company Secretary	–	16 January 2023	–

27. Key management personnel disclosures (Continued)

In the prior year, the following persons were Senior Executives with the authority and responsibility for planning, directing and controlling activities of the Company:

Senior Executives	Position	Date of Appointment	Date of Termination
Maia Schweizer	Chief Executive Officer	30 September 2019	5 November 2021
Darryl Rowell	Interim Chief Executive Officer	15 November 2021	8 Jul 2022
Graham Yerbury	Chief Finance Officer	30 September 2019	25 September 2021
Brian Carrick	Interim Chief Financial Officer	17 September 2021	–
Anna Eves	Chief People Officer	16 April 2022	–
Tanya Mills	General Manager – Customer and Energy Market	12 August 2019	1 December 2021
Rimu Nelson	Acting General Manager – Customer and Energy Markets	30 August 2021	–
Sally Frazer	General Manager – Legal and Governance and Company Secretary	30 September 2019	–
Tim Hogan	General Manager – Asset Operations	28 February 2020	–
Natasha Patterson	General Manager – Reputation	19 October 2020	16 April 2022
Julie Whitcombe	General Manager – Strategy and Development	1 June 2021	–

(c) Key management personnel compensation

Shareholding Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Company 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 as reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are 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.

Directors

Directors' remuneration is determined by the Governor in Council under the Government Owned Corporations Act 1993. Directors' remuneration comprises Directors' fees and statutory superannuation contributions.
All Directors are reimbursed for reasonable expenses incurred whilst conducting business on behalf of the Company. Directors' compensation does not include insurance premiums paid by the Company in respect of Director's and officer's liabilities and legal expenses, as the insurance policies do not specify premiums paid in respect of individual Directors. The Directors do not receive any performance related compensation.

Other key management personnel

Remuneration policy

The Company provides that:

- the recruitment and appointment of Senior Executives will be based on the principles of merit and equity;
- the remuneration of Senior Executives will be aligned to the Company's Corporate Plan and organisation objectives and reviewed regularly to ensure that strategic business requirements are supported; and
- the remuneration arrangements are consistent with the Queensland Government's Policy for Government Owned Corporations Chief and Senior Executive Arrangements Version 2.

The Chief Executive Officer and all other Senior Executives are appointed by the Board. Executives receive a total fixed remuneration comprising a base salary and superannuation contributions. Executives are entitled to a short-term incentive at CleanCo's discretion.

There were no performance-related conditions entered into between the Company and the Senior Executives.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits.

No performance payments were made or are payable to the key management of the Company.

30 June 2023

	Short-term employee benefits	Post-employment benefits	Long-term benefits			
	Cash salary	Super annuation	Long service leave	Termination benefits	Non-monetary benefits	Total
Name	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Directors						
Jacqueline Walters	129	17	–	–	–	146
Ivor Frischknecht	75	10	–	–	–	85
Paul Venus	75	10	–	–	–	85
Laurene Hull	75	10	–	–	–	85
Allison Warburton*	56	7	–	–	–	63
Dr Peter Wood*	54	6	–	–	–	60
Other key management personnel						
Brian Carrick	398	25	10	–	5	438
Rimu Nelson	311	40	8	–	5	364
Sally Frazer****	87	–	–	177	–	264
Tim Hogan	329	–	8	–	–	337
Julie Whitcombe	388	25	10	–	–	423
Anna Eves	318	25	8	–	8	359
Tom Metcalfe**	671	25	17	–	8	721
Kate Wright***	163	20	4	–	5	192
Darryl Rowell*****	49	2	–	–	–	51
Total key management personnel compensation	**3,178**	**222**	**65**	**177**	**31**	**3,673**

* Appointed 1 October 2022
** Appointed 11 July 2022
*** Appointed 16/01/2023 16 January 2023
**** Resigned effective 30 September 2022
***** Cessation of secondment 8 July 2022

27. Key management personnel disclosures (Continued)

30 June 2022

	Short-term employee benefits	Post-employment benefits	Long-term benefits			
	Cash salary	Super annuation	Long service leave	Termination benefits	Non-monetary benefits	Total
Name	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Directors						
Jacqueline Walters	129	13	–	–	–	142
Tracy Dare*	35	3	–	–	–	38
Ivor Frischknecht	75	8	–	–	–	83
Paul Venus	75	8	–	–	–	83
Laurene Hull	75	8	–	–	–	83
Other key management personnel						
Maia Schweizer**	215	15	–	31	–	261
Darryl Rowell	395	20	7	–	–	422
Graham Yerbury***	116	6	–	132	–	254
Brian Carrick	324	25	6	–	–	355
Tanya Mills****	116	11	–	29	–	156
Rimu Nelson	259	33	6	–	–	298
Sally Frazer	336	42	7	–	–	385
Tim Hogan	306	47	8	–	–	361
Natasha Patterson*****	234	19	–	19	–	272
Julie Whitcombe	374	24	10	–	–	408
Anna Eves******	68	5	3	–	–	76
Total key management personnel compensation	**3,132**	**287**	**47**	**211**	**–**	**3,677**

* Appointment expiry effective 17 December 2021
** Resigned effective 5 November 2021
*** Resigned effective 25 September 2021
**** Resigned effective 1 December 2021
***** Resigned effective 16 April 2022
****** Chief People Officer effective 16 April 2022

28. Commitments

(a) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Commitments – capital	2023 $'000	2022 $'000
Property, plant and equipment		
Within one year	17,588	77,998
Later than one year but no later than five years	49,282	21,554
Greater than five years	–	–
Total – Property, plant and equipment	**66,870**	**99,552**

Capital commitments include contractual commitments which include the ongoing commitment to the overhauls and the Kogan North Development Gas Program.

In 2022, capital commitments included commitments to build, own and operate CleanCo's own 103 MW wind farm of 18 turbines. This project has been put on hold and is currently under review.

29. Related party transactions

Transactions with related parties

	2023 $'000	2022 $'000
Revenue		
Interest received on advance facility from QTC	1,034	322
Electricity trading with State of Queensland controlled entities	(11,078)	(26,801)
Other income from State of Queensland controlled entities	5,819	132
Expenses		
Finance expenses paid to QTC	(26,396)	(472)
Costs paid to State of Queensland controlled entities	(62,265)	(6,038)
NTER received/(paid) to Queensland Treasury	14,815	(14,815)

Notes to the financial statements (Continued)

29. Related party transactions (Continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $'000	2022 $'000
Assets		
Advances facility held with QTC	544,177	21,610
Electricity trading with State of Queensland controlled entities	9,821	16,019
Other receivables from State of Queensland controlled entities	–	28
Liabilities		
Trade and other payables to State of Queensland controlled entities	796	1,597
Electricity Trading with State of Queensland controlled entities	28,516	72,120
Borrowings from QTC	564,655	642,135
Equity		
Capital contribution	500,000	–

Parent entities

The ultimate controlling entity is the State of Queensland which owns 100% of the shares of the Company.

Transactions with shareholding Ministers

There were no transactions with the shareholding Ministers.

Transactions with key management personnel

Transactions with entities related to key management personnel occur on terms and conditions which are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

There were no transactions with key management personnel other than the compensation disclosed in note 27.

Transactions with other related parties

All State of Queensland controlled entities meet the definition of a related party in accordance with AASB 124 *Related Party Disclosures*. The Company transacts with other State of Queensland controlled entities as part of its normal operations on terms equivalent to those that prevail in arm's length transactions.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. The advance facility with QTC had an average interest during the period of 1.95% to 4.17%.

30. Joint arrangements

The Company has a joint operating agreement in the Kogan North Joint Venture, operating in Australia. The principal activities of the joint operation are the exploration and production of gas. The Company has an interest of 50% as at 30 June 2023 (30 June 2022: 50%) which is equal to the proportion of voting power held.

31. Contingent assets and liabilities

CleanCo has been investigating and preparing for the development of a build own and operate project which consists of a 103 MW wind farm of 18 turbines. This project has been put on hold and is currently under review. The amounts that CleanCo may be liable to pay to finalise all contractual obligations cannot be reliably estimated at the time of the report.

The Company had no contingent assets at 30 June 2023.

32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Directors' declaration
30 June 2023

In the Directors' opinion:

(a) the financial statements and notes set out on pages 55 to 111 are in accordance with the *Corporations Act 2001* and *Government Owned Corporations Act 1993 (GOC Act)* including:

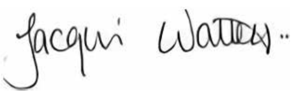
(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Directors



Jacqueline Walters
Chair

25 August 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of CleanCo Queensland Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of CleanCo Queensland Limited (the Company).

In my opinion, the financial report:

a) gives a true and fair view of the Company's financial position as at 30 June 2023, and its financial performance and cash flows for the year then ended

b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the directors' declaration.

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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 Company 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.

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Measurement of derivative financial instruments and designation of hedging instruments

Refer to notes 24 and 25 in the financial report.

Key audit matter	How my audit addressed the key audit matter

Accounting for derivative financial instruments is inherently complex. Key factors contributing to this complexity include:
• Use of internal valuation models in the company's estimation of the fair value of the following financial instruments:
  – Power Purchasing Agreements (PPA's)
  – Over-the-counter derivatives
  – Environmental certificates
  These models are complex and use key inputs such as:
  – Long term forward prices
  – Generation forecasts
  – Discount rates
  They often involve significant judgement due to the absence of observable market data for some assumptions.
• The company's application of hedge accounting involves judgements about the company's forecast generation and retail profile to monitor on-going hedge effectiveness for compliance with the specific requirements of AAS9 *Financial Instruments*, in respect of legacy hedge accounted instruments.
	My procedures included but were not limited to:
	• use of a derivative valuation expert to assist me in:
	  – obtaining an understanding of the process flows and key controls associated with the measurement of derivative financial instruments and designation of hedging instruments
	  – testing the design and implementation of identified manual controls associated with the measurement of derivative financial instruments and designation of hedging instruments
	  – obtaining an understanding of the valuation models, and assessing their design, integrity, and appropriateness with reference to common industry practices
	  – challenging management assumptions used in the valuation process and assessing the reasonableness of long-term electricity prices, forecast generation and discount rates, by comparison to independently sourced external market data, and market conditions at year end, the company's generation activities and energy trading policy
	  – obtaining an understanding of and assessing the appropriateness of amounts deferred in the hedge reserve post the cessation of hedge accounting by the company
	  – for a sample of derivatives, agreeing key terms to supporting documents (including contracts) and counter-party confirmations and recalculating the fair values for comparison to those calculated by the company based on our understanding of generally accepted derivative valuation practices
	  – in respect of the company's legacy hedge accounted instruments, assessing its hedge accounting process for compliance with accounting standards, including reviewing hedge accounting documentation and testing the methodology for calculating hedge effectiveness
	  – for cash flow hedges, assessing the reasonableness of forecast information used to support that hedged transactions are considered highly probable of occurring with reference to forecast generation and to externally published data
	• assessing the appropriateness of the disclosures included in notes 24 and 25 to the financial statements.

Recoverability of deferred tax assets

Refer to note 23 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The company has recognised $174.0 million of net deferred tax assets as at 30 June 2023, which includes the recognition of available tax losses of $147.9 million as disclosed in note 23. AASB 112 *Income taxes* requires deferred tax assets resulting from deductible temporary differences and unused tax losses to be recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Significant judgement is required to: • evaluate the availability of tax losses; and • evaluate projections of future taxable profit	My procedures included, but were not limited to: • obtaining an understanding of the process flows and key controls associated with the recoverability of deferred tax assets • testing the design and implementation of identified manual controls associated with the recoverability of deferred tax assets • evaluating the availability of tax losses with reference to relevant tax legislation • evaluating the scope of work undertaken by management's expert and the ability to use it as audit evidence • challenging the appropriateness of management's estimation of future taxable profit and assessing whether these estimates were consistent with the forecasts used as part of the impairment assessment, and • assessing the appropriateness and mathematical accuracy of the deferred tax calculation prepared by management in terms of relevant accounting standards and tax legislation. I also assessed the appropriateness of the disclosure in note 23 to the financial report.

Carrying value of generation assets

Refer to note 13 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The company held Property, plant and equipment totalling $141.0 million and is principally comprised of power generation assets. As outlined in note 13 the recoverable amount of these assets is estimated using a discounted cash flow model that requires 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, the most significant of which included: • allocating assets to cash generating units	My procedures included, but were not limited to: • obtaining an understanding of the process flows and key controls associated with the carrying value of generation assets • testing the design and implementation of identified manual controls associated with the carrying value of generation assets • evaluating whether the cash generating units used by management are consistent with the company's internal reporting and our understanding of the business • obtaining an understanding of the key controls associated with the preparation of discounted cash flow models used to assess the recoverable amount of the company's generation assets

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Key audit matter	How my audit addressed the key audit matter
• estimating future cash inflows and outflows based on: − electricity demand and available generation − wholesale electricity prices − capital and operating expenses − planned plant retirements • determining the rate used to discount the forecast cashflows to their present value.	• evaluating the scope, competency, capability and objectivity of management's external expert used to provide the key assumptions adopted by management. These assumptions included forecast electricity price, demand and generation as well as assumptions in relation pricing mechanisms • in conjunction with my electricity market experts, I challenged management's adopted assumptions by making comparison against my own independent key assumptions with reference to externally published data: − forecast electricity demand, price and generation; − discount rate • performing sensitivity analysis around the forecasted electricity demand, price and generation • testing the mathematical accuracy of the discounted cash flow models and its appropriateness with reference to the requirements of the accounting standards • assessing the reasonableness of the cash flow forecasts relative to Board approved corporate plans and other relevant supporting information • comparing the forecast timing and cost of capital expenditure against the approved Corporate Plan • comparing the timing of planned plant retirement with the expected operational lives of the plants • assessing the accuracy of management's forecasts by comparing 2023 budgets to actual results • assessing the appropriateness of the disclosures included in note 13 to the financial statements.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in the Company's annual report. At the date of this auditor's report, the available information in CleanCo Queensland Limited's annual report for the year ended 30 June 2023 was the directors' report.

Those charged with governance are responsible for the other information.

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 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.

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 Company's directors for the financial report

The Company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the Company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Company's directors are also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 my 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the Company.
- Conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Company's directors, I determine those matter that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

IAsim

25 August 2023

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Notes

Notes

cleanco
queensland

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