

7 December 2015

By Email: bolger.rose@abc.net.au

Ms R Bolger
ABC News
GPO Box 9994
Hobart Tasmania 7001

Dear Ms Bolger

Right to Information Request 11 November 2015

I refer to your request pursuant to the Right to Information Act 2009 (RTI Act) received by Hydro Tasmania on 11 November 2015 and subsequent clarification of the requested information. I am authorised to make decisions on behalf of Hydro Tasmania in respect of applications for information under the RTI Act.

1. Your Request

Your request was for all information about

1. Board meeting agendas and minutes relating to any proposed joint ventures with Entura during 2014-15 and 2015-16 to-date.
2. Correspondence, including emails, letters and briefing notes, between Hydro Tasmania members or executive to shareholder ministers on any proposed JV.
3. The amount of electricity imported from Victoria for each month in 2014 and 2015 to-date.

The amount of money paid for this electricity per month in 2014 and 2015 to-date.

(Collectively the Request)

2. Determination and Reasons for Determination of Request

I have undertaken a search of the information held by Hydro Tasmania to locate information that may be relevant to the Request and have determined as follows:-

2.1 Information relevant to the Request

The information I have determined which can be released to you that is responsive to item 1 is attached at annexure A, item 2 is attached at annexure B and item 3 is attached at annexure C.

You will note that the Board meeting agendas have not been provided as they are considered by me to be irrelevant to the requested information under item 1 and would only provide you with the line item name and the date of the meeting, which is clearly stated on the Board meeting minutes in annexure A. You will further note that the only JV considered by Entura in the period of the request is that proposed with PowerChina through its subsidiaries HydroChina and Huadong.

The project name of the proposed JV has changed from 'Project ESK' to 'Entura JV with PowerChina', since the matter first went to the Board in June 2015.

The only information relevant to the request under item 2 is a number of briefings to the Portfolio Minister as provided in annexure B.

Item 3 is covered by information readily available to the public from the Australian Energy Market Operator (AEMO) website. This is provided to you as a matter of courtesy in annexure C. It is not Hydro Tasmania's information and therefore does form part of the official response to your request. Hydro Tasmania itself does not import electricity over Basslink. The figures provided to you are the import quantity at Victorian prices of electricity brought into the State by Basslink Pty Ltd to meet the retailers' sales/demand in Tasmania; the difference between what Tasmania generates and the demand. The prices per megawatt hour are indicative of the prices over the period but are not necessarily the prices paid by market customers for this electricity. Hydro Tasmania is not an electricity retailer in Tasmania.

As required under section 33 of the RTI Act, I considered the Public Interest Test assessment criteria under Schedule 1 to the RTI Act and determined that it was not in the Tasmanian public's interest as a whole to disclose the excised/redacted information. The reasons for the determination are:

- that the release of the information would not contribute to the debate on the matter
- the information would not inform the request about the decision

- the disclosure would not inform the public about the rules and practices of government or Hydro Tasmania in dealing with the public
- the disclosure of the information would harm the interests of an individual or individuals
- the disclosure would have a substantial effect on the management or performance assessment of Hydro Tasmania personnel
- the disclosure would have a substantial effect on the industrial relations of Hydro Tasmania/Entura
- that the disclosure would harm the financial interests of Hydro Tasmania and specific personnel

3. Review of Rights

You are entitled under Section 43 of the RTI Act to apply for a review of the decision made at this date.

Any request for a review of the decisions should be made in writing within twenty (20) working days of receiving this letter and addressed to:

Mr Stephen Davy
Chief Executive Officer
Hydro Tasmania
4 Elizabeth Street
HOBART TASMANIA 7000

Should you have any questions on the information provided please contact the undersigned.

Yours sincerely



Alan W. Evans

Right to Information Officer & Corporation Secretary
Hydro Tasmania

p 03 6230 5300
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f 03 6231 4217

Annexures	
A	Board minutes – provided in part – redaction due to: Privacy Act – names and/or positions of staff members Information not relevant to the request Information exempt under section 35 of the RTI Act – Internal deliberative information Information exempt under section 38 of the RTI Act – Information relating to the business affairs of public authority
B	Ministerial Briefings - provided in part – redaction due to: Privacy Act – names and positions of staff members
C	Import volumes and pricing – provided in full

ANNEXURE A of seven pages

STRICTLY CONFIDENTIAL

HEC BOARD MEETING

24 June 2015

5

5.2

[REDACTED]

6. STRATEGIC ISSUES

6.1 Project Esk Options Update

[REDACTED]

[REDACTED] It was noted that [REDACTED] addressed the broad range of strategic objectives previously considered by the Board.

There was discussion on:

[REDACTED]

[REDACTED]

- communications
- the proposed discussions with HydroChina in early July, and
- the transaction timeframe.

[REDACTED]

[REDACTED]

Following further discussion, the Board:

- noted [REDACTED];
- noted [REDACTED]
- endorsed the proposed approach to progress discussions with HydroChina as a potential strategic [REDACTED] partner.

6.2

[REDACTED]

7.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6.2 Project Esk Update

[REDACTED] The Board was advised on the strategic alignment and shared cooperation with HydroChina's and PowerChina's consulting arm, Huadong. [REDACTED]

There was discussion on the timing of Heads of Agreement negotiations, the consultation with Entura employees and on-going due diligence by both parties.

Following questions the Board:

- noted the approach to assessing the strategic alignment and partner fit of the HydroChina opportunity
- noted the understanding on the form that cooperation with HydroChina and Huadong may take
- authorised further discussions with HydroChina and Huadong to define a proposed Joint Venture business plan and a Heads of Agreement to be brought for approval at the August Board meeting
- noted the intention of Management to carry out consultation with Entura employees during August, subject to discussions continuing in a positive manner with HydroChina, and
- noted progress on the matter would be communicated to the Shareholder [REDACTED].

6.3

[REDACTED]

[REDACTED]

7.

[REDACTED]

STRICTLY CONFIDENTIAL

HEC SPECIAL BOARD MEETING
13 August 2015

Project Esk

The Board was provided an update on discussions with HydroChina, which were noted.

There being no further business, declare the meeting closed at 11:49 AM.

HEC BOARD MEETING
26 AUGUST 2015

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6. STRATEGIC ISSUES

6.1 Project Esk Update

[REDACTED]

answered questions from the directors on the progress of the discussions with Hydro China and Huadong.

[REDACTED]

[REDACTED] the consultation process to-date and the feedback received from employees and clients.

[REDACTED]

The negotiation process and strategic issues leading to the proposed signing of a non-binding Heads of Agreement between the parties were discussed.

[REDACTED]

[REDACTED] the Board endorsed continuing negotiations with HydroChina and Huadong with the intent to sign a non-binding Heads of Agreement in early September.

7.

[REDACTED]

[REDACTED]

6. STRATEGIC ISSUES

6.1 Entura JV with PowerChina

[REDACTED] advised on the negotiation and process to-date. It was noted that PowerChina had not completed their internal processes and no formal contact had been made during the month. The next formal discussions were expected in mid-November.

Employee consultation had continued [REDACTED]

In answer to a question it was subsequently advised that there were no "land and buildings" which would form any part of a JV transaction.

The Board:

- noted the update provided on the progress of the potential joint venture for Entura;
- [REDACTED]
- [REDACTED]; and
- [REDACTED].

6.2

[REDACTED]

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6. STRATEGIC ISSUES

6.1 Entura JV with PowerChina

There were questions and discussion on the transaction timeline of activities, and the JV proposition. It was noted there had been considerable consultation with the Entura staff in Australia and India on the strategy and position of discussions on the proposed JV.

The Board requested an update at the October meeting [REDACTED]
[REDACTED] Presentations on HydroChina and PowerChina Huadong would be sent to the Directors out-of-session – **Action**.

The Board noted the update provided on the project and the activity underway to negotiate and document formal agreements with HydroChina and PowerChina Huadong for a joint venture for Entura.

ANNEXURE B of seven pages

Hydro Tasmania

Question Time Briefing
Minister for Energy



Subject: Entura and HydroChina Proposed Joint Venture

Date prepared: 11 November 2015

Speaking points

- Madam Speaker, Hydro Tasmania is progressing discussions for a potential joint venture with leading Chinese energy companies to build a stronger future for its professional services business Entura.
- A non-binding Heads of Agreement for the proposed joint venture was signed in Beijing on the eleventh of September this year, by Hydro Tasmania and its potential partners, Power China Huadong and Hydro China (both subsidiaries of Power China), as part of the Tasmanian Government's trade mission to China.
- Hydro Tasmania and its potential partners are now undertaking further assessment and due diligence with the view to reaching formal agreement early in the new year. The details of the proposed structure are yet to be finalised, but Hydro Tasmania has been clear that it intends remaining a substantial participant in Entura.
- Hydro Tasmania and Entura have proactively consulted with Entura's employees in relation to the opportunity. This consultation will continue, to ensure employees views are considered in reaching the final form of agreement and a decision to proceed.
- Pursuing this joint venture is about maximising opportunities for Entura and its people. The market opportunities that will be available to the proposed joint venture will be substantial, and we would anticipate that this would see Entura grow in terms of its revenue and profitability and in terms of employment and career opportunities for its people, including those based in Tasmania.
- Entura will continue to maintain a Tasmanian office, where the majority of Entura's employees are located, as well as having an ongoing presence in other parts of Australia and in India.
- A final decision to establish the joint venture will require approval by the Hydro Tasmania Board and the Tasmanian Government, and PowerChina Huadong and HydroChina will require approvals in China and Australia.

Background

- Entura and PowerChina subsidiary HydroChina signed a Memorandum of Understanding (MOU) last November during the Chinese President's visit to Tasmania. The MOU focused on co-operation on the development of opportunities in the energy and water sectors, including hydropower and renewable energy, sustainability and environmental management and power transmission.
- In September 2015, Hydro Tasmania has signed a non-binding Heads of Agreement to explore the potential of a joint venture with PowerChina subsidiaries, PowerChina Huadong and HydroChina to expand the market access of its power and water consulting business Entura.
- Hydro Tasmania and its co-signatories, PowerChina Huadong and HydroChina, are now undertaking further assessment and due diligence with the intent of reaching a formal agreement around the end of the year.
- Power China ranks 253 among the Fortune Global 500.
- This relationship has already delivered real benefits for Tasmania, with Entura and HydroChina partnering to win a multi-million dollar contract on the Kidston Pumped Storage Hydropower Project in North Queensland earlier this month.

Prepared by: _____

Position:

Document reference:

Cleared by: _____

Position:

Telephone:

Subject: Entura and HydroChina Heads of Agreement

Date prepared: 14 September 2015

Speaking points

- Madam Speaker, The Hodgman Liberal Government is building on the success of our relationship with China through the recent Trade Mission to drive investment and create jobs for Tasmania.
- Hydro Tasmania has signed an in-principle agreement with the potential partners in a joint venture aimed at creating growth opportunities for its specialist power and water consulting business Entura.
- The Heads of Agreement was signed in Beijing on Friday evening, as part of the Tasmanian Government's trade mission to China.
- Hydro Tasmania and its co-signatories, PowerChina Huadong and HydroChina (both subsidiaries of PowerChina), will now undertake further assessment and due diligence with the intent of reaching a formal agreement later in the year.
- The Heads of Agreement is a non-binding, in-principle agreement that reflects the desire of the three parties to reach a formal agreement in due course on a joint venture to take Entura forward.
- The parties' vision for the joint venture is to be a leading specialist power and water consultant, delivering services across the project lifecycle to customers across Australia and the Pacific, South and South-east Asia and Africa.
- The agreement describes the objectives and proposed nature of the joint venture, and some of the steps that will need to occur to finalise the proposed joint venture.
- Entura is already one of the world's most experienced specialist power and water consulting firms with clients, and a strong reputation, in both the Australian and global markets. It offers services that are highly valued by clients.
- The potential joint venture would accelerate Entura's growth by providing access to project workload for the joint venture partners, and access to expanded markets through the broader international presence of the HydroChina/PowerChina group.

- A final decision to establish the joint venture will require approval by the Hydro Tasmania Board and the Tasmanian Government, and PowerChina Huadong and HydroChina will require approvals in China and Australia.

Subject: Entura and HydroChina

Date prepared: 11 Aug 2015

Speaking points

- Madam Speaker, last November Hydro Tasmania's consulting business Entura signed a Memorandum of Understanding (MOU) with HydroChina during the Chinese President's visit to Tasmania.
- The MOU focused on co-operation on the development of opportunities in the energy and water sectors, including hydropower and renewable energy, sustainability and environmental management and power transmission.
- HydroChina is a large corporation with comprehensive technical expertise, construction and investment capability in hydropower, water and renewable energy development. Entura brings to the relationship 100 years of experience and credibility across a range of renewable technologies and projects, international capability, and niche expertise.
- I'm delighted to advise that this relationship has now borne its first fruit. Entura has been engaged by Genex Power to undertake work on the Kidston Pumped Storage Hydro Electricity Project in North Queensland supported by HydroChina.
- The contract was won based on the combined capability of the two businesses. In particular, Entura will ensure Australian standards and processes are applied to the project and opportunities for project optimisation are identified, while HydroChina brings a wealth of experience in the development and construction of pumped storage projects.
- Furthermore, from 17 to 22 July Entura hosted a delegation from HydroChina and related company PowerChina Huadong to continue to explore collaborative opportunities between the businesses within Australia and the Asia Pacific region. These discussions were continued when a small group from Hydro Tasmania, including Entura's Managing Director, Tammy Chu travelled to China from 10 to 14 August.
- These discussions have focussed on the potential to build on the complementary skills and the reputation of both businesses to mutual advantage. Specifically, HydroChina and PowerChina Huadong have expressed an interest in establishing a joint venture with Hydro Tasmania to take the Entura business forward.

- The proposed joint venture has significant potential to enhance the sustainability of the Entura business through increased certainty of workload and expanded market access, providing ongoing employment and career development opportunities for Entura's people.
- Discussions are at an early stage with no firm decisions being made by either party. This week Hydro Tasmania and Entura are engaging with Entura's employees to understand their views on the joint venture opportunity and future options for the sustainability of the business.

Background

- Entura has been engaged by client Genex Power to undertake the following work on the Kidston Pumped Storage Hydro Electricity Project in North Queensland:
 - Bankable Feasibility Study
 - Oversight of subcontracted investigations, including geotechnical investigations and bathymetric survey
 - Environmental and Planning approvals for the project site, including specialist reports and community consultation
- The project win follows a recent visit to Tasmania by HYDROCHINA, which involved both field visits and discussions about how the two businesses might work together into the future.
- The Kidston Pumped Storage project is located in Northern Queensland on the site of the historic Kidston Gold Mine. The site is situated some 270km north west of Townsville near the township of Georgetown.
- The Kidston scheme has been designed to support 1650 MWh of continuous power generation in a single generation cycle. Power generated will be sold directly into Australia's National Electricity Market.
- The Kidston Scheme will have an installed generation capacity of 330 MW.
- PowerChina Huadong are a subsidiary of HydroChina's parent, Power Construction Corporation of China (PowerChina). PowerChina Huadong's business encompasses engineering and technical consulting, construction and investment in the renewable energy and water sectors, both in China and internationally.

Prepared by: [REDACTED]

Position:

Document reference:

Cleared by: [REDACTED]

Position:

Telephone:

Annexure C of one page

	Sum of Import (MWh)	Victorian Price During Import (Weighted \$/MWh)
Jan 2014	900	\$ 59.67
Feb 2014	-	\$ -
Mar 2014	10,069	\$ 43.66
Apr 2014	-	\$ -
May 2014	-	\$ -
Jun 2014	4,474	\$ 45.38
Jul 2014	32,611	\$ 25.63
Aug 2014	75,211	\$ 27.65
Sep 2014	168,250	\$ 30.13
Oct 2014	189,968	\$ 24.83
Nov 2014	260,064	\$ 26.35
Dec 2014	307,346	\$ 25.98
Jan 2015	231,901	\$ 22.81
Feb 2015	242,116	\$ 25.63
Mar 2015	304,153	\$ 24.39
Apr 2015	234,276	\$ 24.28
May 2015	52,188	\$ 22.02
Jun 2015	42,766	\$ 21.41
Jul 2015	84,609	\$ 22.96
Aug 2015	23,639	\$ 24.05
Sep 2015	119,296	\$ 35.25
Oct 2015	321,404	\$ 34.41
Nov 2015	87,849	\$ 22.62