

Media Release

29 October 2007

Tarong Energy Releases 2006/07 Annual Report

Tarong Energy's 2006/07 Annual Report was tabled in Parliament today by the Minister for Mines and Energy, Geoff Wilson.

Tarong Energy's Chair Graham Carpenter said the report outlined a range of initiatives undertaken by the Corporation as it rose to the challenge of responding to the worst drought in South East Queensland's history.

"Like everyone else in South East Queensland, we have been doing our bit in the face of the ongoing drought gripping South East Queensland," Mr Carpenter said today.

"While the drought has had a significant effect on our financial returns, we have not taken our eye off our main responsibility, which is to safely provide a secure and reliable supply of electricity."

Mr Carpenter said Tarong Energy reduced generation at Tarong Power Station in January and March 2007 to conserve its dwindling water supplies and ensure that the Corporation could continue to contribute to secure electricity supply until the delivery of the Western Corridor Recycled Water Scheme or significant rainfall.

"While generating at 30% of capacity has been challenging, I am proud of the way we are using this period to undertake major maintenance tasks and other activities to ensure we are well positioned to remain one of Australia's most reliable base load generators," he said.

Some of Tarong Energy's major achievements during 2006/07 included:

- The commissioning of a reverse osmosis plant, capable of producing up to 500 ML of high quality water per annum;
- Excellent availability of all operating assets;
- The successful replacement of the Unit 2 generator at Tarong Power Station; and
- Committing to a control systems upgrade at Tarong Power Station — an investment that reinforces both Tarong Energy's position as a critical generator for south-east Queensland, and the Corporation's long-term future.

Tarong Chief Executive Helen Gluer said: "While it has been a productive year for Tarong Energy on many levels, the Corporation reported the first loss in its history of \$68.6M (after tax), in part due to reduced generation, a change to the Australian International Financial Reporting Standards (AIFRS) and write down of its investment in Tarong North Power Station.

"While this result is disappointing, it is encouraging to see the business recorded an operational profit of \$38.9M (after tax) despite the impact of reduced generation," she said.

"This is a temporary situation and I have great confidence for the future because of the way in which our employees have responded to the challenges faced during the past year to ensure that we continue to underpin bulk electricity supplies in south-east Queensland for many years to come."

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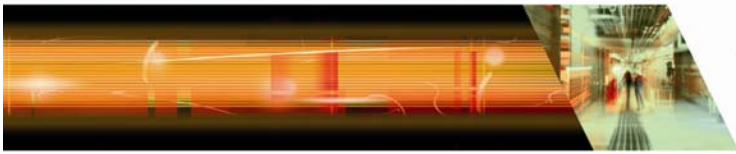
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Tarong Energy's Annual Report is available on its website, www.tarongenergy.com.au

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Background

Tarong Energy is one of Queensland's most significant power generators, with the capacity to deliver up to 25 per cent of the State's power needs.

Established in July 1997 and owned by the Queensland Government, Tarong Energy is the owner and operator of Tarong Power Station (coal fired) and Wivenhoe Power Station (pumped storage hydro), and is part owner of the Tarong North Power Station (coal fired).

The Corporation is an active competitor in the National Electricity Market (NEM). The Corporation sells electricity into the NEM spot market pool and provides ancillary services to the National Electricity Market Management Company (NEMMCO) through Tarong and Wivenhoe Power Stations to ensure the secure and reliable supply of electricity throughout Queensland.

Tarong Energy employs more than 400 people at its generating sites at Nanango and Wivenhoe Dam and in its Brisbane office.

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