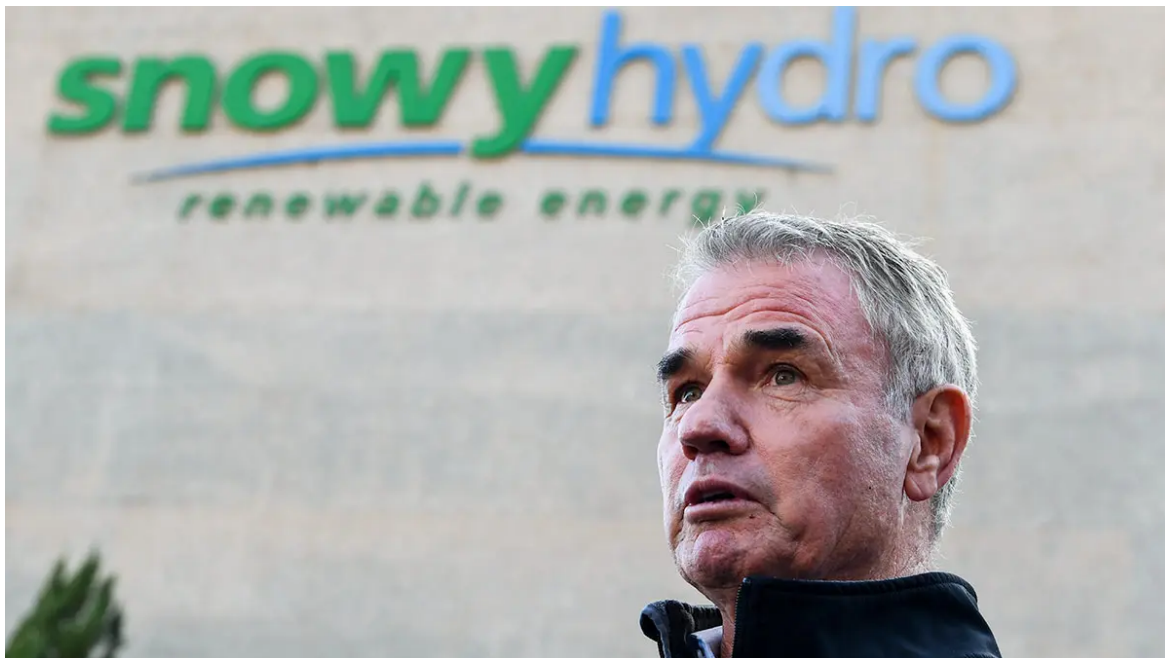


# Bowen pushed Snowy to show “market leadership” on prices through energy crisis



Giles Parkinson (<https://reneweconomy.com.au/author/giles/>) 24 January 2023

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Snowy Hydro CEO Paul Broad. (AAP Image/Lukas Coch).

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The federal labor government pushed its wholly owned energy generator and retailer Snowy Hydro to show “market leadership” in the midst of the energy crisis that gripped the country last winter and sent wholesale and customers prices soaring.

In a letter published as part of a package of documents released under the Freedom of Information Act, federal energy minister Chris Bowen and finance minister Katy Gallagher told Snowy chair David Knox the company had a key role to play in the market.

“The government expects that (Snowy Hydro) is engaging in good faith with market bodies to take necessary actions to maximise its available resources, in energy level and capacity in this period,” the letter, sent it June, said. It asked for generation and bidding data to prove that this was the case.

The [FOI documents \(https://www.dcceew.gov.au/sites/default/files/documents/28238.pdf\)](https://www.dcceew.gov.au/sites/default/files/documents/28238.pdf) note a response was sent by Knox on June 22, but it does not reveal the contents of that letter.

The government’s intervention is significant because the role of the government-owned Snowy Hydro in the market is important: As the owner of many of the “peaking” plants – pumped hydro, peaking gas and diesel – and as the dominant player in the contract positions, Snowy Hydro is one of the major price setters in the National Electricity Market.

The crisis that led to soaring prices and an unprecedented market suspension sparked huge criticism of the actions of major generation companies – including from regulators – and government entities came under intense scrutiny because they are owned and funded by

taxpayers and consumers.

The series of documents released in the FOI bundle also point to some of the tensions between Bowen's office and Snowy Hydro in the lead up to the abrupt resignation of CEO Paul Broad in late August.

That resignation came after publication or reports that the budget for the controversial Snowy 2.0 pumped hydro project had blown out by \$2.2 billion. Broad had told Bowen that he was confident that the reports would not be published. "I believe the story will not go ahead," he advised Bowen on August 15.

But less than a week later they were, and just days later Broad handed in his resignation. Before that, late in the evening on Monday, August 22, Broad had sent an email to Bowen's office decrying the "unsubstantiated" and "spurious" claims, and also referring to the company's update hydrogen strategy.

That strategy was based on a response to Bowen's insistence that the equally controversial Kurri Kurri gas plant in the Hunter Valley funded by the previous Coalition government aimed to have at least 30 per cent hydrogen component.

There were apparent delays in finalising that report, and the correspondence also reveals that Snowy Hydro is, or at least was, planning to build its own solar farm at the site to provide renewable power to create green hydrogen.

Broad finished the letter by pointing to various company newsletters that highlighted “plenty of great updates” from the region, and promised to “be in touch” in any significant matters arose in that week.

The next day, Knox met with state and federal energy ministers on August 23, where he was warned that Snowy’s board needed to lift its game on communication.

“The minister [Bowen] was very clear that he needed to see those communications improve that they were unsatisfactory,” Knox told a Senate Estimates hearing.

“And that was one of the core bits of feedback we had from that meeting. And I took that away and, obviously, fed that back to my chief executive.”

Broad was gone by Friday and several weeks later revealed that one of the major points of disagreement with Bowen was about Labor’s insistence that the gas plant be converted to hydrogen, and the costs involved.

Broad is currently serving as a “special advisor” to NSW state premier Dominic Perrottet. Has been named Dennis Barnes as the new CEO of Snowy Hydro.

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Giles Parkinson is founder and editor of [Renew Economy](https://reneweconomy.com.au)

(<https://reneweconomy.com.au>), and is also the founder of [One Step Off The Grid](https://reneweconomy.com.au) (<http://onestepoffthegrid.com.au/>), and founder/editor of the EV focused [The Driven](https://thedriven.io/)

(<https://thedriven.io/>). Giles has been a journalist for 40 years and is a former business and deputy editor of the Australian Financial Review.

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### Career Up

 13 hours ago

It does look, from the perspective of an outsider, that Mr Broad was presiding over a company (with its associated major project) that was in deep, deep trouble. It would be an employment episode difficult to represent harmlessly on the CV, you'd think.

To see him snaffled by the NSW government so quickly after events that looked (again from the perspective of an outsider) to have the potential to have been a career ending slapdown & sacking is therefore a source of great amazement.

It's clear Snowy Hydro looked (and still looks) to be in existential trouble.

One bit we cannot see is the instructions passed to him by the previous "environment" Minister, Angus Taylor.

Perhaps Mr Broad was playing the exact role he'd been appointed to by the previous government.

BTW, loved the analysis recently on Reneweconomy positing that the bastardy enacted towards renewable energy by the previous government is exactly the reason why citizens, local and state governments stepped in to create the successes with ousting fossil fuels achieved thus far.



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Report

R

RobertO

🕒 18 hours ago

Hi All

About RenewEconomy (<https://reneweconomy.com.au/about/>)  
In the Piper Alderman Federal Court Case (PFC), Snowy Hydro Limited is simply a dominate company (largest single owner at 5500 MW, and about to be increased to 8160 MW).

Contact Us (<https://reneweconomy.com.au/contact/>)  
From this article, "The government's intervention is significant because the role of the government-owned Snowy Hydro in the market is important: As the owner of many of the "peaking" plants – pumped hydro, peaking gas and diesel – and as the dominant player in the contract positions, Snowy Hydro is one of the major price setters in the National Electricity Market".

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If the PFC decides to reduce the market dominance (I rate that as a 99% chance) how could they do this (and this will be totally the Judges decision)

1 Control the bidding of this company (this is a very poor option and the Federal Courts have shown a Donater (<https://reneweconomy.com.au/donate/>)

2 Remove non Hydro parts of the company (order the sell off, and it could contain orders to move Glossary (<https://reneweconomy.com.au/986872/>) no sites, even into two States (I rate this as a 99% chance).

Advertise (<https://reneweconomy.com.au/advertise/>)  
I cancelled the project called Snowy 2.0. Yes the Federal Government might appeal this decision), but I think the politics will appeal to the Federal Labor Government. and look at who they are appealing too  
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DD

David D gm

➔ RobertO

🕒 17 hours ago edited

Wld the states have to buy the feds out of SH if it was split up?

I can't see them willing to do this.

I'm sure NSW has already spent or committed what they got for their share of SH.

The piggy bank is empty!

"separated by river systems" ??

The Snowy Mtns Scheme is 100% located in NSW and all the Snowy Mtns water in the scheme comes from NSW.

There are of course substantial flows of Vic water into the Murray which is used for irrigation.

Murray 1&2 PSs feed into Victoria mostly, I think, and Tumut 1,2&3 PSs feed into NSW but there is a connection between the two.

There are smaller hydro PSs too.

WaterNSW operates Blowering Dam but SH operates the hydro PS.



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R

**RobertO**

➔ David D gm

🕒 15 hours ago

Hi David  
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The Federal Court has no interest in money side of it orders (if the PFC)