



# Andrew Constance MP

## NSW Treasurer

### Minister for Industrial Relations

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## MEDIA RELEASE

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Monday 29 December 2014

### SALE OF COLONGRA POWER STATION

Treasurer Andrew Constance today announced the NSW Government has agreed to sell Delta Electricity's gas-fired Colongra power station to Snowy Hydro for \$234 million.

As a result of the transaction, the \$90 million liability associated with the Colongra gas lateral pipeline lease is also removed from Delta's balance sheet.

Mr Constance said Delta Electricity's coal-fired Vales Point power station was not included in the agreement and will remain in government hands.

"Colongra power station is the largest gas-fired generation plant in NSW, and as a peaking plant, Colongra is well suited to Snowy Hydro's portfolio of assets," Mr Constance said.

The sale of Colongra adds to the earlier successful sales of:

- Mt Piper and Wallerawang coal-fired power stations (to Energy Australia);
- Bayswater and Liddell coal-fired power stations (to AGL);
- Eraring coal-fired power station (to Origin Energy);
- Shoalhaven hydro power station (to Origin Energy); and
- Green State Power mini hydros and wind farms (to Trustpower)

"Together these transactions have raised \$2.1 billion in sale proceeds and have removed more than \$2 billion in liabilities from the balance sheet of the State," Mr Constance said.

"These transactions have also provided funds to build much-needed infrastructure across NSW and deliver ongoing economic benefits to the State."

The NSW Government has now exited the electricity generator business in NSW with the exception of its ongoing ownership of Vales Point.

Mr Constance said it was important to note that all of these sales have been conducted in a wholesale electricity market of declining prices.

"While declining demand and prices have made the sale processes difficult, the lower prices have benefited consumers," Mr Constance said.

Proceeds from the sale of the Colongra power station would retire Delta Electricity's debt, strengthening the State's financial position.

"We came into government in 2011 with a commitment to clean up the monumental mess left by Labor's botched energy sales. These left taxpayers on the hook for billions in liabilities," Mr Constance said.

“The NSW Liberals & Nationals Government has worked hard to reverse this financial mess and the debt it inherited.

“Not only has the State retained its triple-A credit rating, we have been upgraded from negative to stable outlook.”

The sale of the Colongra power station is expected to be completed by the end of February 2015.

Mr Constance said despite weak electricity demand, Vales Point would continue to play an important role in the National Electricity Market and would continue to be operated by the NSW Government.

“It is business as usual for Vales Point and the employees who operate the power station while the Government considers future sale options for this asset.”

The NSW Government was advised by Goldman Sachs, Baker & McKenzie and KPMG for the sale of Colongra power station.

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