



Newcastle Community Dialogue Group

Wednesday, 5 October 2022



Before we begin, I would like to acknowledge the Traditional Owners of the lands on which we meet today and pay my respects to their Elders past and present.

Agenda



1 Open and welcome, apologies, declarations, previous minutes, business arising and correspondence

2 Newcastle Gas Storage Facility latest news

3 AGL Update

4 General business, next meeting and close



Open and Welcome

Apologies, declarations, previous minutes, business arising and
correspondence



Newcastle Gas Storage Facility

Latest news

Newcastle Gas Storage Facility – General



- No major incident, MTIs or LTIs
- Short period of injection completed
- Remained in Holding mode
- Liquefaction shutdown complete
- Major maintenance activities completed as planned
- MHF license renewed by SafeWork NSW
- Environmental regulator visit (EPA) completed



Newcastle Gas Storage Facility – Community



Local Community Investment Program – Round 1 FY23

- Round opened on Tuesday 23 August 2022
- Round closes on Friday 21 October 2022
- Applications have come in for Newcastle Fringe Festival and Newcastle Show.

Sponsorship of Jenny's Place – Women's Domestic Violence and Homelessness Support.

- Gold Sponsorship for Simpson Desert Trek
- 22 days, 440km, 1100 sand dunes to raise funds and awareness for Jenny's Place
- \$115,000 was raised which will enable them to continue crucial services





AGL Update



Review of strategic direction




Shaping a stronger and sustainable future for AGL

29 September 2022



AGL's review of strategic direction

Overview of the process to date:

| LEADERSHIP TRANSITION | STRATEGIC FRAMEWORK SET | REVIEW UNDERTAKEN | OUTCOMES |
|---|--|---|--|
|  <ul style="list-style-type: none"> • Solid progress made to date with the following appointments: <ul style="list-style-type: none"> – Chair: Patricia McKenzie – NED: Miles George – Interim CEO: Damien Nicks – Interim CFO: Gary Brown • Further non-executive director appointments being considered • Permanent CEO search ongoing |  <ul style="list-style-type: none"> • Framework designed to develop “... a robust strategy for an integrated AGL that creates value for Shareholders while ensuring AGL takes a responsible and leading role in helping Australia meet its future energy requirements in the energy transition.” • Review committee led by non-executive directors Vanessa Sullivan and Graham Cockroft • Review co-ordinated by current Interim CFO, Gary Brown with the assistance of external advisers |  <ul style="list-style-type: none"> • Comprehensive analysis undertaken over the last three months across four key areas (as announced on 23 June 2022): <ul style="list-style-type: none"> – AGL's decarbonisation objectives – Optimal energy mix – Capital structure – Review existing strategies |  <ul style="list-style-type: none"> • The outcomes announced today reflect the important leadership role that AGL must play in Australia's energy transition while ensuring energy system security and affordability: <ul style="list-style-type: none"> – Targeted early closure of Loy Yang A by end of FY35 – Ambition to add ~12 GW of new renewable and firming capacity before 2036 • The ability of AGL to execute on this target and ambition is subject to the uncertainties and risks described on pages 25 and 26 |

Outcomes and next steps

The outcomes of the review of strategic direction provides the foundation on which AGL will build an integrated low carbon energy leader



Decarbonisation objectives

“Review of decarbonisation pathways for AGL and determining how best to participate in and lead the energy transition”

Plan to accelerate decarbonisation

- Targeted closure of Loy Yang A by end of FY35; supports transition to a lower carbon world aligned with the Paris Agreement goals¹
- Net Zero for operated Scope 1 and 2 emissions following closure of all coal plants²
- Committed to working constructively with all our stakeholders to lead a responsible and orderly transition



Optimal energy mix

“Determining the asset portfolio that will be required to meet these decarbonisation objectives and allow AGL to provide the energy and capacity required for the future”

Plan to progressively re-shape AGL’s generation portfolio

- Ambition to add ~12 GW of new renewable and firming capacity before 2036, requiring a total investment of up to \$20 billion³
- Expansion of existing development pipeline, targeting delivery of 5 GW by 2030 (and ~12 GW ambition before 2036), Generation portfolio to be demand-driven; responding to the needs of AGL’s customer base



Capital Structure

“Review of options to fund AGL’s existing business and its future energy transition ambitions as an integrated entity”

Plan to maintain flexibility in how AGL funds its transition journey

- Clear opportunity for investors to participate in the energy transition
- Track record of leveraging different development funding options (partnerships, offtakes, balance sheet investment)
- Investment decisions to be made on a case-by-case basis, seeking to maximise shareholder returns and maintain investment grade credit rating



Review of existing strategies

“Adaptation of the strategic initiatives developed for the proposed demerger process for an integrated business”

Plan to optimise existing operational strategies

- Refining strategies to maintain our leadership as a multi-service energy retailer
- Continued transformation of AGL’s energy supply, trading and operations
- Maintaining focus on safety and operational excellence: generation performance, trading and risk management

1) Based on scenario modelling of the National Electricity Market (NEM) undertaken by ACIL utilising a carbon budget for the NEM which is consistent with limiting global temperature increases to well below two degrees Celsius above pre-industrial levels. The ability for AGL to execute on this target is subject to the risks and uncertainties described on pages 25 and 26, including ongoing market and structural developments within Australia’s energy markets. AGL will continue to work with key stakeholders, including State and Federal governments, with a view to ensuring a balanced and responsible transition. For the reasons set out on pages 10 and 11 of AGL’s Climate Transition Action Plan, this is not aligned with the Paris Agreement’s higher ambition of limiting global warming to 1.5 degrees above pre-industrial levels.

2) Operated Scope 1 and Scope 2 greenhouse gas emissions as reported under the National Greenhouse and Energy Reporting Act 2007.

3) Based on capital cost estimates from AEMO Inputs, Assumptions and Scenarios Workbook, June 2022, adjusted for AGL views where considered appropriate.

AGL will target the early closure of Loy Yang A and accelerate its transition to an integrated low carbon energy leader

Targeted earlier closure of Loy Yang A to support the transition to a lower carbon world aligned with the Paris Agreement goals¹



- **Loy Yang A Power Station targeted for closure by end of FY35 – up to 10 years earlier than previously announced**
 - Major step forward in Australia’s decarbonisation journey - AGL’s targeted earlier exit from coal-fired generation to support the transition to a lower carbon world **aligned with the Paris Agreement goals**,¹ and will reduce its annual greenhouse gas emissions² from around 40 million tCO₂e annually to **Net Zero** for operated **Scope 1 and 2 emissions** after **coal closures**



- With the closures of Bayswater and Loy Yang A power stations, AGL has an ambition to supply its customer demand with an incremental **12 GW of renewable and firming assets** before 2036, requiring a total investment of up to **\$20 billion**³
 - AGL’s interim target is to have up to **5 GW of new renewables and firming in place by 2030** funded from a combination of **assets on AGL’s balance sheet, offtakes and via partnerships**
 - AGL currently has a 3.2 GW pipeline of energy projects (existing 2.9 GW pipeline as well as 300 MW under construction), and intends to expand upon this to support its growth ambitions



- **Unwavering focus on our customers** - a continued **leading retailer of essential services**, supplying **affordable energy, supporting electrification and customers’ transition to a low carbon future**



- AGL’s inaugural **Climate Transition Action Plan** has been published today



- Shareholders will have the opportunity to vote on the Climate Transition Action Plan through the **‘Say on Climate’** resolution at the 2022 Annual General Meeting on 15 November 2022

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Shaping a stronger and sustainable future for AGL



CARBON COMMITMENTS AND PARIS ALIGNMENT

Targeted earlier closure of Loy Yang A Power Station by end of FY35 supports the transition to a lower carbon world aligned with the Paris Agreement goals¹

Net Zero for operated Scope 1 and 2 emissions following the closure of all AGL's coal-fired power stations²

Committed to a responsible and accelerated exit from coal-fired generation that takes account of all stakeholders



RESHAPING AGL'S FUTURE PORTFOLIO

AGL will continue to progressively decarbonise its generation portfolio, focusing on new renewable and firming capacity

AGL has an ambition to supply its customer demand with an incremental ~12 GW of new renewable and firming assets, requiring a total investment of up to \$20 billion³

AGL will continue to expand its existing pipeline with the aim to deliver on its 5 GW 2030 target and its ~12 GW ambition before 2036



FINANCING THE FUTURE AGL

Reshape of AGL's energy portfolio provides a clear opportunity for investors and lenders to participate in the energy transition

Targeted future portfolio to be funded from a combination of assets on AGL's balance sheet, offtakes and via partnerships

Committed to maintaining Baa2 investment grade rating



AREAS OF STRATEGIC EMPHASIS

Continuing to be a leading multi-service energy retailer; aiming to make the energy transition simple, accessible and affordable for our customers

Progressing the transformation of our energy supply and operations

Maintaining an acute focus on operational excellence, including generation performance, safety, trading and robust risk management capabilities

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Committed to a responsible and accelerated exit from coal-fired generation that takes account of all stakeholders

AGL's contribution to Australia's decarbonisation journey will be significant, bringing change not just to AGL but to many of its partners and stakeholders



Our plans recognise growing demand for an accelerated transition from coal from many parts of the community as it:

- ✔ Supports the delivery of the **Federal, NSW, Victorian, Queensland** and **SA Government's** emissions reduction ambitions
- ✔ Provides >10 years to support the **economic transition in our regions**
- ✔ Continues the progress already underway across our thermal sites to **transition to low-carbon Energy Hubs**
- ✔ Supports our **customers' transition to low and no carbon energy supply** in a responsible and planned way

We will continue working with all stakeholders to ensure the way we transition delivers a balanced and responsible outcome



...with all GOVERNMENTS,
we will continue to work collaboratively on climate targets supporting affordability, jobs, regional development and customers



...with our PEOPLE,
we will consult with our employees and will work closely with them to understand their needs as we explore opportunities for career transition (including retraining, transition to retirement, reskilling and alternative career pathways)



...with our COMMUNITIES,
in which we live, work and operate, we will work in a transparent and constructive manner, managing best practice operation and rehabilitation of our sites. We will cultivate respectful, trusted and meaningful connections with Traditional Owners of the lands on which we operate. We will continue to work with local business, industry, community and educational institutions to identify new investment prospects, encourage economic diversification and create new employment opportunities.



...with our CUSTOMERS,
we will work side by side to provide simple and affordable ways to decarbonise at home, at work and on the road, as part of a shared transition to Net Zero

AGL will aim to progressively decarbonise its generation portfolio, focusing on new renewable and firming capacity



AGL will be **demand-driven**, responding to the needs of its customer base



AGL aims to replace the firming element of the Bayswater and Loy Yang A plants with ~5.5 GW of new firming assets

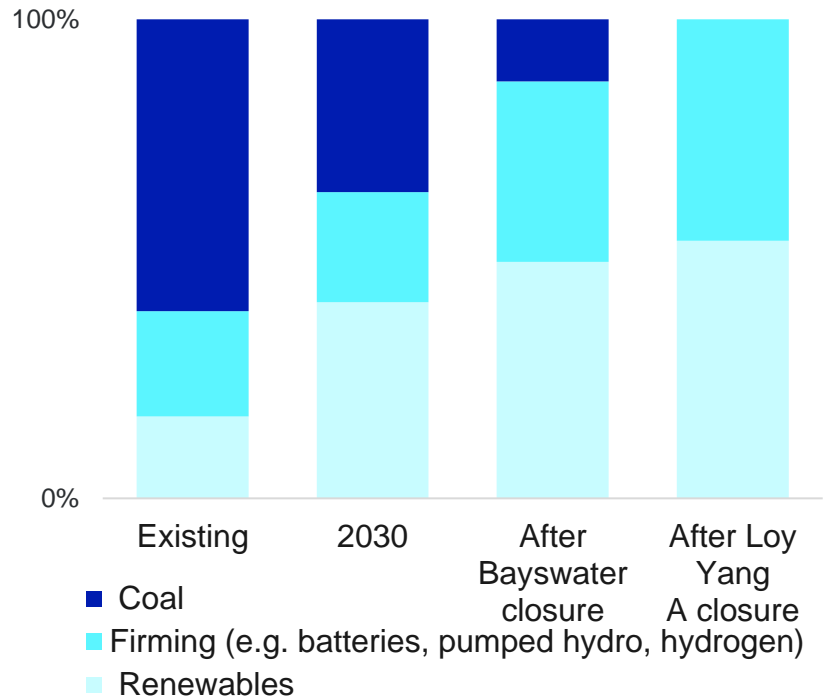


AGL will seek the additional renewable generation as required by its customer base – from both its own assets and from the market (including offtakes)



AGL aims to build a high value portfolio and give the market certainty necessary to attract new development capital and additional capability

Existing and targeted future portfolio generation mix (% of nameplate capacity)



The ~12 GW ambition of new renewables and firming before 2036 provides AGL with a large growth opportunity



AGL'S GROWTH OPPORTUNITY



Renewables: +6.5 GW

As coal phases out, new **renewables will supply AGL's customers** with low-carbon electricity...

...however, **renewables need a back-up** for when homes and businesses require energy but the wind isn't blowing, or sun isn't shining – this is **"firming"**



Firming: +5.5 GW

Capacity that is "firming" can respond immediately to demand and contribute to grid stability and is critical for supply during the peaks

INDICATIVE SCALE OF THE GROWTH*

12 new wind farms the size of Coopers Gap Wind Farm



8 new solar farms the size of Nyngan Solar Plant



14 new batteries the size of Torrens Island Battery



8 new long-duration storage, hydrogen or bio-fuelled firming projects the size of Muswellbrook Pumped Hydro

AGL aims to expand its existing pipeline to deliver on its ~12 GW ambition before 2036, including an interim target of 5 GW by end of 2030



AGL'S PORTFOLIO GROWTH AMBITION

Turning today's 3.2 GW of assets in pipeline and under construction...

... into an additional 5 GW of new assets online by end of 2030

... and ~12 GW online before 2036



~2 GW of wind already in AGL's pipeline

- > AGL has ~2 GW of wind projects in development
- > Total accessible pipeline of ~6.5 GW, including ~3.5 GW TILT partnership

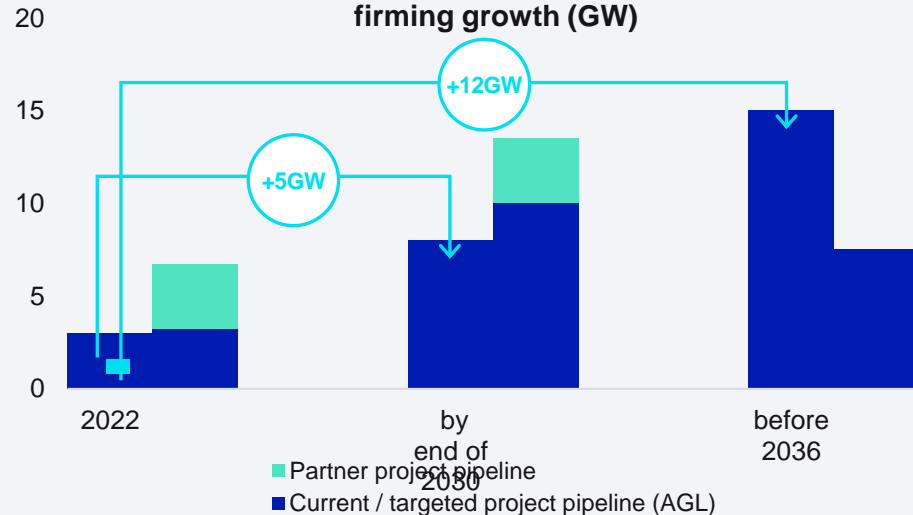


Over 1 GW of firming in pipeline and construction

- > 300 MW in construction (Torrens and Broken Hill batteries)
- > 900 MW in development (Muswellbrook Pumped Hydro awarded government feasibility grant, Liddell and Loy Yang batteries have planning approval)
- > On track for existing target of 850 MW of operating batteries by FY24

AGL's ambitions are to grow its pipeline and execute shovel-ready projects

Illustrative incremental targets for renewables and firming growth (GW)



AGL has an ambitious strategy which aims to deliver a responsible and accelerated low carbon future



AGL's DECARBONISATION ROADMAP

By end of 2025

2023

Liddell Power Station closed

8 MtCO₂e

Annual emissions reduction¹

850 MW

Grid scale batteries in place

Target by end of 2030

Up to 5 GW

Renewable generation and firming targeted to be in place



Continued ambition to be **net zero by 2050** for Scope 1, 2 and 3 emissions



Relentless focus on our performance as a **leading Australian retailer of essential services**

Target by end of 2036

2030-2033

Bayswater Power Station closure

By end FY35

Loy Yang A Power Station targeted closure

40 MtCO₂e

Annual emissions reduction²

Net Zero

for operated Scope 1 and 2 emissions after coal closures³

Ambition to add up to 12 GW

of renewable generation and firming



Ongoing commitment to the supply of **affordable and reliable energy**, and **supporting our customers' transition** to a low **carbon future**



Strong focus on **working with our people** to explore opportunities for **career transition** including retraining, reskilling, transition to retirement and alternative career pathways

1) Liddell Power Station accounts for around 8 MtCO₂e of Scope 1 and 2 greenhouse gas emissions annually on average. Upon its closure, scheduled to occur in 2023, these emissions will cease.

2) AGL's operated Scope 1 and 2 greenhouse gas emissions, as reported under the National Greenhouse and Energy Reporting Act 2007, are around 40 MtCO₂e annually on average and will reduce to net zero with AGL's net zero commitment after coal closures.

3) AGL will be net zero for operated Scope 1 and 2 emissions following the closure of all AGL's coal-fired power stations, targeted by end FY35.



General business,
next meeting and
close

Contact



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