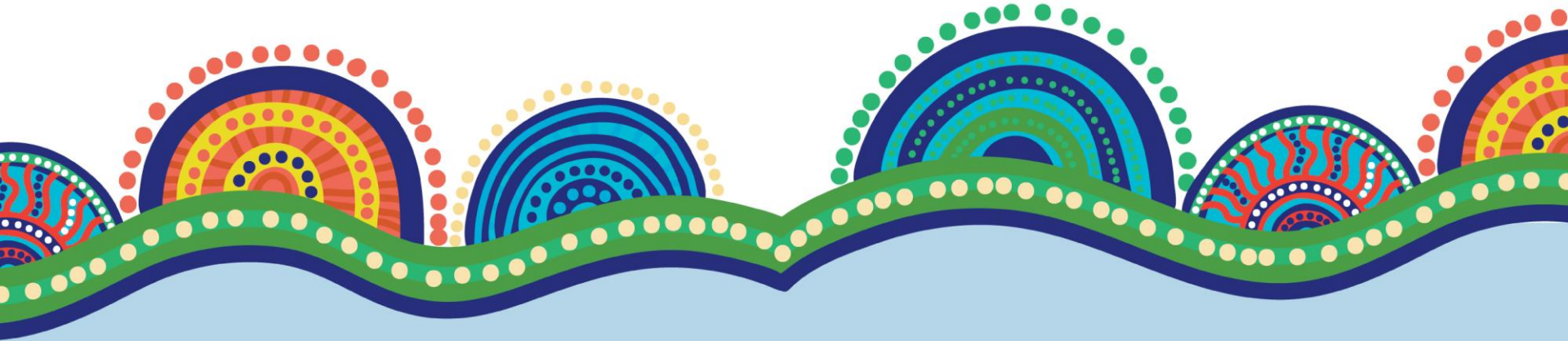




Newcastle Community Dialogue Group

Thursday, 3 March 2022

AGL recognises the Traditional Owners of the lands on which we work and we pay our respect to their Elders past, present and emerging.



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



- Several plant critical improvements completed
- Liquefaction commenced
- Several plant critical improvements completed
- Some major power dips tripped the plant
- Ausgrid contacted – investigation in progress
- COVID restrictions relaxed



Newcastle Gas Storage Facility – Environment



- The 2020-2021 Annual Return Report was submitted to the NSW EPA in September with no non-conformances recorded during the reporting period.
- Nationally Pollution Inventory (NPI) and Sustainability Data was submitted in September to all relevant stakeholders and made publicly available. FY22 Data is progressively being compiled ready for review in July and submission in September.
- 6-monthly groundwater and surface water monitoring was completed in September, with no exceedances reported. Next round of monitoring will be conducted in March.
- The 2021 Annual Environment Protection and Biodiversity Conservation (EPBC) Compliance Report was submitted in November with the Department of Agriculture, Water and Environment confirming compliance in February.
- FY22 Annual Air Emissions testing for H101 Heater planned for completion in March.
- FY22 Annual Air Emissions testing on Heaters H501A, B and C is planned for June.



Newcastle Gas Storage Facility – Community



Local Community Investment Program
Round 2 closes Thursday 24 March 2022



HUNTER REGION BOTANIC
GARDENS





AGL Update



2022 Half-Year Result

10 February 2022



Cost discipline and capital management priorities will ensure new entities are well positioned from day one



Underlying profit
after tax:

\$194m ↓ down 41%

Excluding 1H21 insurance
proceeds, down 23%

Operating
costs:

\$761m ↓ down 7%

Underlying EBITDA:

\$723m ↓ down 21%

Excluding 1H21 insurance
proceeds, down 11%

AGL Australia EBITDA

\$295m

Accel Energy EBITDA

\$570m

CME EBITDA

\$(142)m

Net cash provided by
operating activities:

\$661m ↑ up 9%



On track to deliver **\$150 million**
in operating cost savings by the
end of FY22



Sustaining capital expenditure to
reduce by **\$100 million** by FY23



Sale of EIP funds and Ecobee;
Newcastle Gas Storage facility and
other non-core asset sales ongoing



Further cash preservation initiatives
including under-writing of FY21 final
and FY22 interim dividends



Expecting investment grade credit
ratings for both new entities

Operational and trading performance remained strong in the first half



Increasing flexibility of fleet,
available when needed

COMMERCIAL AVAILABILITY

73.7% ↑ **4%** vs HY21

- Positive performance of Liddell and Loy Yang, supported by adjusted Liddell sweet spot running
- Enabled improved future Bayswater performance through testing minimum generation across multiple units and completed turbine and control system upgrades



Trading captured upside,
minimised risk

VOLATILITY CAPTURED*

65% ↑ **13%** vs HY21

- Majority of coal portfolio is hedged and/or production-price linked, minimising exposure to rise in prices
- Adjusted generation hedging strategy to match risk tolerance and availability of plants
- Adjusted planned outages to meet higher demand in the NEM due to critical failures of other plants (e.g. Yallourn in July 2021)
- Expanded Portland contract



Strong generation
performance

GENERATION VOLUME

20.6 TWh ↓ **1%** vs HY21

- Reduction in Loy Yang volumes due to major planned outage
- Growth in Liddell volumes due to fewer unplanned outages
- Some impact from NSW COVID lockdown
- Half on half drop in wholesale customer loads

* Value of volatility captured by generation divided by value if all capacity of dispatchable assets were generating

Demerger update



Jan

Feb

Mar

Apr

May

Jun

Jul

Creating two industry leading energy companies

Well positioned to implement the proposed demerger on 30 June 2022, subject to relevant approvals

PROGRESS FIRST HALF	NEW UPDATES 10 February 2022	NEXT STEPS
<ul style="list-style-type: none"> ✓ Asset allocation finalised ✓ Chair-elect and CEO-elect appointments announced for each proposed entity ✓ Organisational structures finalised and confirmed for both proposed entities ✓ Additional Key Management Personnel and Non-Executive Director appointments made: <ul style="list-style-type: none"> - Graham Cockroft Non-Executive Director, AGL Energy - Gary Brown Chief Financial Officer, Accel Energy 	<ul style="list-style-type: none"> ✓ Purpose and strategies in place for both entities, together with revised climate commitments ✓ Capital structures confirmed, debt financing arrangements completed, with investment grade credit ratings expected for both entities ✓ Dividend policies confirmed for both proposed entities ✓ Confirmation of Accel Energy to hold a 15% minority interest AGL Australia, strengthening balance sheet and financial flexibility. No Board representation ^ ✓ Board composition – AGL Australia: <ul style="list-style-type: none"> - Patricia McKenzie – Chair - Jacqueline Hey – NED - Mark Bloom – NED ✓ Board composition – Accel Energy: <ul style="list-style-type: none"> - Peter Botten – Chair - Diane Smith-Gander – NED - Graham Cockroft – NED ✓ Total cash costs to execute the demerger expected between \$220 and \$260 million, including \$40 million debt refinance costs* 	<ul style="list-style-type: none"> ⇒ Offtake and transitional services agreements to be finalised – well progressed ⇒ Taxation and regulation processes to be finalised – well progressed ⇒ Additional Non-Executive Director appointments to be confirmed for both proposed entities ⇒ Continue market engagement in the lead up to the release of the scheme booklet ⇒ Mid-May: Scheme booklet containing detailed information on the demerger expected to be released ⇒ Mid-June: Shareholder meeting to vote on the proposed demerger ⇒ 30 June: Demerger implementation, subject to relevant approvals

Creating a strong future for both parts of our business; Supporting Australia's decarbonisation



Through our proposed demerger, we are transforming our business in order to take a leadership role in enabling Australia's energy transition, creating long-term value and sustainable investment opportunities as we do it

- **AGL Australia** will be Australia's leading multi-service energy retailer with renewables, firming and storage assets.
- **Accel Energy** will provide secure, low cost energy while developing a renewables pipeline and supporting the energy transition.



- **AGL Australia** will lead in decentralised energy products and drive new renewable capacity. Carbon neutral for all Scope 1 and 2 emissions upon listing and net zero by 2040.
- **Accel Energy** will support the grid with low cost energy while reducing Scope 1 and 2 emissions, achieving net zero for its electricity generation portfolio by no later than FY47.








- **AGL Australia** to meet growing customer demand for distributed and low carbon or carbon neutral products and services.
- **Accel Energy** to repurpose thermal sites to low emission industrial Energy Hubs.

- Distinct value propositions, including ESG weightings, to attract investors and capital.
- Clear dividend policies tailored to each organisation.

Our Purpose:





Connecting every Australian to a sustainable future



<p>STRATEGIC PILLARS</p>	 <p>Customer Obsessed</p>	 <p>Accelerating Decarbonisation</p>	 <p>Expanding the Flexible and Green Portfolio</p>	 <p>Simplifying, Digitising and Engaging</p>
<p>OUR ASPIRATIONS</p>	<p>Powering the way we live, work and move</p>	<p>Leading in net zero customer solutions, creating a low carbon future</p>	<p>Curating an optimal portfolio to create value and manage risk</p>	<p>Growth mindset driven by data, digital and partnerships to enable innovation</p>
<p>OUR FOCUS</p>	<p>Retail energy leadership at scale - a trusted Australian brand, that builds and retains valuable relationships, with a broad, convenient offering</p> <p>The partner of choice for business - deep customer relationships leveraging a large, diversified portfolio as a platform for growth</p> <p>Product simplification - dramatically simplify and improve customer experience and time to value, driven through people and technology innovation</p>	<p>Innovative integrated solutions - end-to-end energy solutions to seamlessly capture value pools behind and in front of the meter</p> <p>Partnering to achieve Net Zero - commercial models to access new growth areas and create a clear pathway to achieve sustainability ambitions</p> <p>Accelerating decarbonisation - delivering value through orchestration, electrification, e-mobility and associated green financing at scale</p>	<p>Advancing our trading capability - grow value and manage risk within the integrated portfolio</p> <p>Expanding the green and flexible portfolio - build, contract or underwrite significant additional renewable or flexible energy assets</p> <p>Optimising our portfolio - harness technology to manage increasing complexity and volatility</p>	<p>New ways of working - improve customer outcomes by empowering employees and increasing speed to market</p> <p>Simplifying, digitising and automating - a focus on process simplification and automation, cloud hosted technology and reduced application footprint</p> <p>Strategic Partnerships to access emerging growth - utilise partners to build new capabilities in a capital light manner</p>
<p>OUR GOALS</p>	 <p>#1 Market Share</p>  <p>Net Zero by 2040</p>  <p>Market Leading Cost to Serve</p>			

Accel Energy - Advancing a new energy future, together

In a changing energy future...

 <p>DECARBONISATION ESG pressure in debt, equity and insurance Opportunities for low carbon energy</p>	 <p>DECENTRALISATION Smaller assets New forms of capacity</p>	 <p>DIGITISATION Ability to optimise Aggregate and orchestrate</p>	 <p>GOVERNMENTS Increasing direct involvement Opportunities to partner</p>
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... Accel Energy will deliver:

 <p>PROMISE</p>	Supply competitive energy	Protect and enhance value	Deliver new opportunities
 <p>PRECONDITIONS</p>	<p>Maintain investment grade rating and protect balance sheet</p> <hr/> <p>Transition to a lower carbon, flexible portfolio</p> <hr/> <p>Diversify sources of revenue</p>		
 <p>PILLARS</p>	<p>Operating with care for our people and environment</p> <p>Operational excellence</p>	<p>Creating value</p> <p>Trading excellence</p>	<p>Innovating and transitioning</p> <p>Portfolio excellence</p>
 <p>PEOPLE</p>	<p>Talented workforce, qualified and committed to driving a new role for Accel Energy</p>		
 <p>PARTNERS</p>	 <p>Embed alliance with local communities and First Nations</p>	 <p>Enter cross-industry partnerships to broaden opportunities</p>	 <p>Partner with Government to reduce risk in accelerating the energy future</p>



Climate Commitments

Enabling the future of energy

Our climate commitments demonstrate decisive action to accelerate our pathway to decarbonisation



AGL AUSTRALIA WILL BE A NET ZERO ENERGY BUSINESS BY 2040

1. Carbon Neutral for all Scope 1 and 2 emissions from the day of listing
2. Net zero by 2040 for all emissions (Scope 1, 2 and 3) with a 50% reduction on FY19 levels by 2030
3. Underwrite 3 GW renewable and flexible capacity by 2030
4. Drive the evolution and transparency of voluntary carbon markets, alongside industry partners and government agencies
5. Implement an internal carbon pricing mechanism to support investment decisions



ACCEL ENERGY WILL CLOSE ALL COAL GENERATION ASSETS NO LATER THAN 2045

1. Responsibly transition our operations to reduce our environmental footprint, closing our coal operations in the following timeframes:
 - Liddell Power Station: **April 2023**
 - Bayswater Power Station: **2030-2033***
 - Loy Yang A Power Station: **2040-2045***
2. Support our people and communities through the transition
3. Advocate for responsible change driven by government, industry and the community
4. Repurpose thermal sites for low carbon industrial Energy Hubs
5. Invest in renewable and new generation technology
6. Annual reporting and review of progress

Together these commitments will mean:



50% reduction by 2030

In all emissions (Scope 1, 2 and 3) on FY19 levels by AGL Australia



Underwrite 3 GW

Renewable and flexible capacity by 2030 by AGL Australia



90 MtCO₂e reduction in expected emissions

From Accel Energy's electricity generation assets between FY23 and FY50 compared to modelled outcomes of previous commitments**



55 - 60% reduction in annual Scope 1 and 2 emissions

From Accel Energy's electricity generation portfolio from FY35 compared to FY19 baseline***

These commitments set a new baseline for both AGL Australia and Accel Energy against which they will measure their success and strive to improve as the energy market evolves

* Accel Energy asset management plans will be structured to support closure of Bayswater Power Station, which will be no later than 2033, and Loy Yang A Power Station, which will be no later than 2045

** Trajectory referenced in AGL Energy's 30 June 2021 Announcement including previously announced coal closure dates, as outlined in Slide 45

*** Emissions comprise Scope 1 and 2 greenhouse gas emissions for all electricity generation assets that will be operated by Accel Energy following demerger, as reported under the National Greenhouse and Energy Reporting Act 2007



General business,
next meeting and
close

Contact



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