



AGL Energy Limited  
ABN 74 115 061 375

Tel: +61 2 9921 2999  
Fax: +61 2 9921 2552

72 Christie Street  
St Leonards, 2065 NSW  
AUSTRALIA

Locked Bag 1837  
St Leonards, 2065 NSW AUSTRALIA  
www.agl.com.au

# asx & media release

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## AGL to develop the Berwyndale to Wallumbilla gas pipeline

AGL Energy Limited ("AGL") announced today that it has entered in to an agreement with Queensland Gas Company Limited ("QGC") to acquire the rights to develop and, subject to gaining the necessary approvals, construct the Berwyndale to Wallumbilla gas pipeline ("BWP") in south-east Queensland.

Announcing the transaction, AGL Managing Director Mr Michael Fraser said, "AGL considers the BWP will provide the optimum long-term commercial outcome for AGL to transport gas from QGC to access western Queensland and southern markets."

"The BWP will provide a long term gas transportation solution for AGL to support the QGC contract over the period 2009 to 2027, and will also provide AGL with significant flexibility and options over future capacity, including access to gas parking and gas lending services," Mr Fraser said.

The 115km, 400mm high pressure pipeline will be constructed to run from a point approximately 8.5km east of the township of Miles adjacent to the Condamine Power Station, which QGC is constructing, to the Wallumbilla gas hub. The BWP is planned to be operational by January 2009. The BWP is expected to cost around \$70 million. AGL will fund the investment through existing cash reserves and debt facilities.

Under the terms of the agreement, QGC have an option to take a 50 per cent share in the pipeline project. If QGC exercises its option an unincorporated joint venture will be formed between AGL and QGC to own and operate the BWP.

"The structure of this transaction delivers value for both AGL and our strategic partner, QGC", Mr Fraser said.

While AGL considers that its participation in the development and construction of the BWP is the optimum commercial solution, it does not consider the asset as core to its long term strategy and intends to sell its share of the pipeline following construction and commissioning of the project. AGL will enter into a long term gas transportation agreement on appropriate terms prior to sale of the pipeline.

### Further enquiries:

#### Media

Andrew Scannell  
Media Manager  
Direct: +61 3 8633 6167  
Mobile: +61 (0) 407 290 658  
e-mail: ascannell@agl.com.au

#### Analysts & Investors

Graeme Thompson, Head of Investor Relations  
Direct: +61 2 9921 2789  
Mobile: +61 (0) 412 020 711  
e-mail: gthompson@agl.com.au

## **About AGL**

AGL is one of Australia's leading integrated energy companies. Drawing on 170 years of experience, it includes retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has Australia's largest retail energy and dual fuel customer base. This includes customers supplied with gas and electricity through AGL's joint venture partnership with ActewAGL. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. One of Australia's largest renewable energy producers, AGL is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.

## **Background**

On 12 October 2006 QGC announced that it had applied to build a gas pipeline from its acreage near Columboola to the Wallumbilla hub.

On 4 December 2006 AGL entered in to a 20-year gas sales agreement with QGC for the purchase of up to 740 petajoules.

On 5 December 2006 AGL announced it had secured a cornerstone investment of 27.5 per cent in QGC.

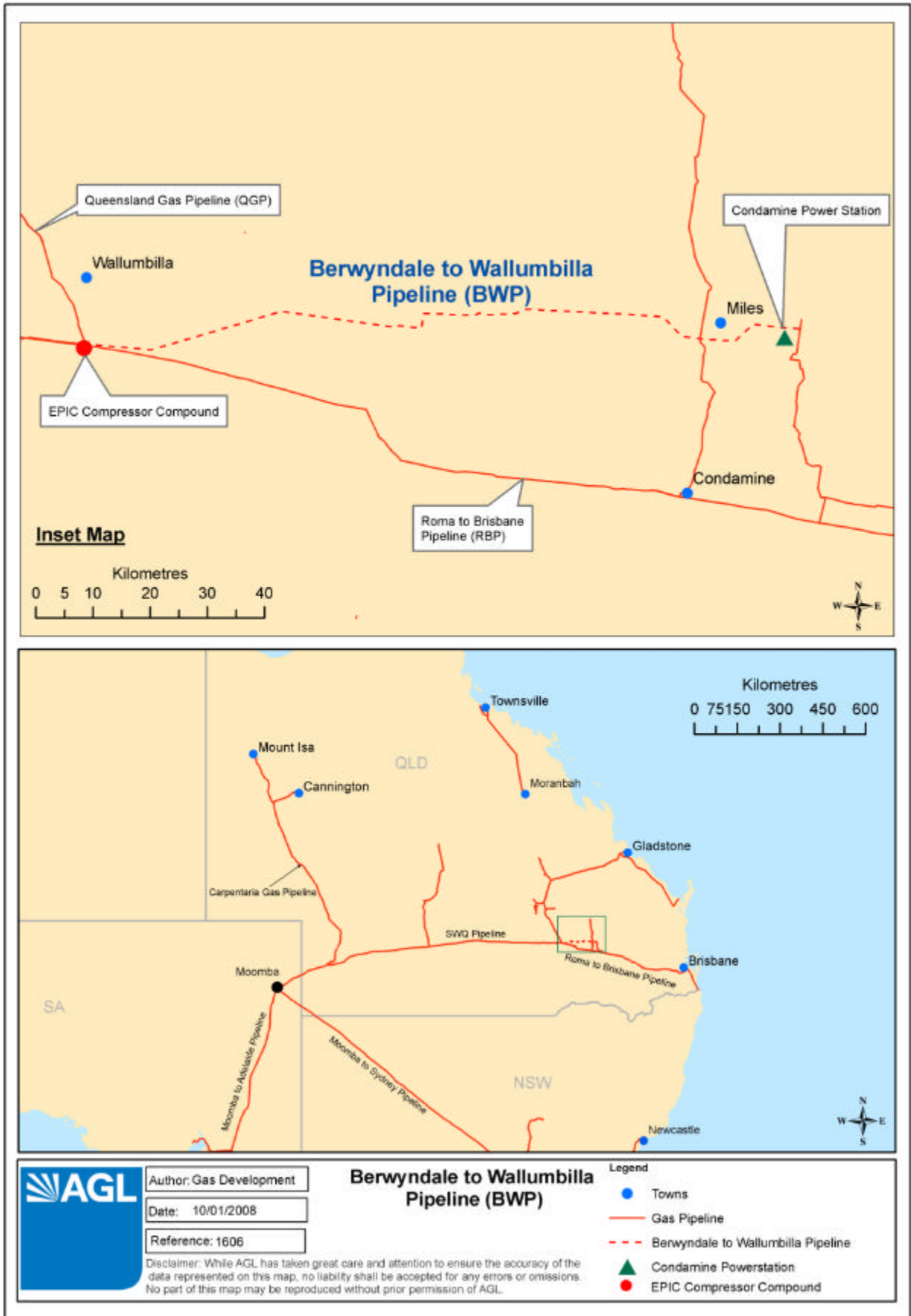
On 13 July 2007 AGL announced it had signed a foundation gas transportation agreement with Epic Energy enabling construction of a \$140 million gas pipeline (QSN Link) to complete the final link between the Queensland, South Australia and New South Wales gas markets.

On 19 October 2007 QGC commenced construction of the Condamine Power Station.

On 14 November 2007 AGL agreed to purchase output from QGC's Condamine Power Station.



FIGURE 1 – Location of the Berwyndale to Wallumbilla Pipeline (BWP)



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