Wholesale Market Update

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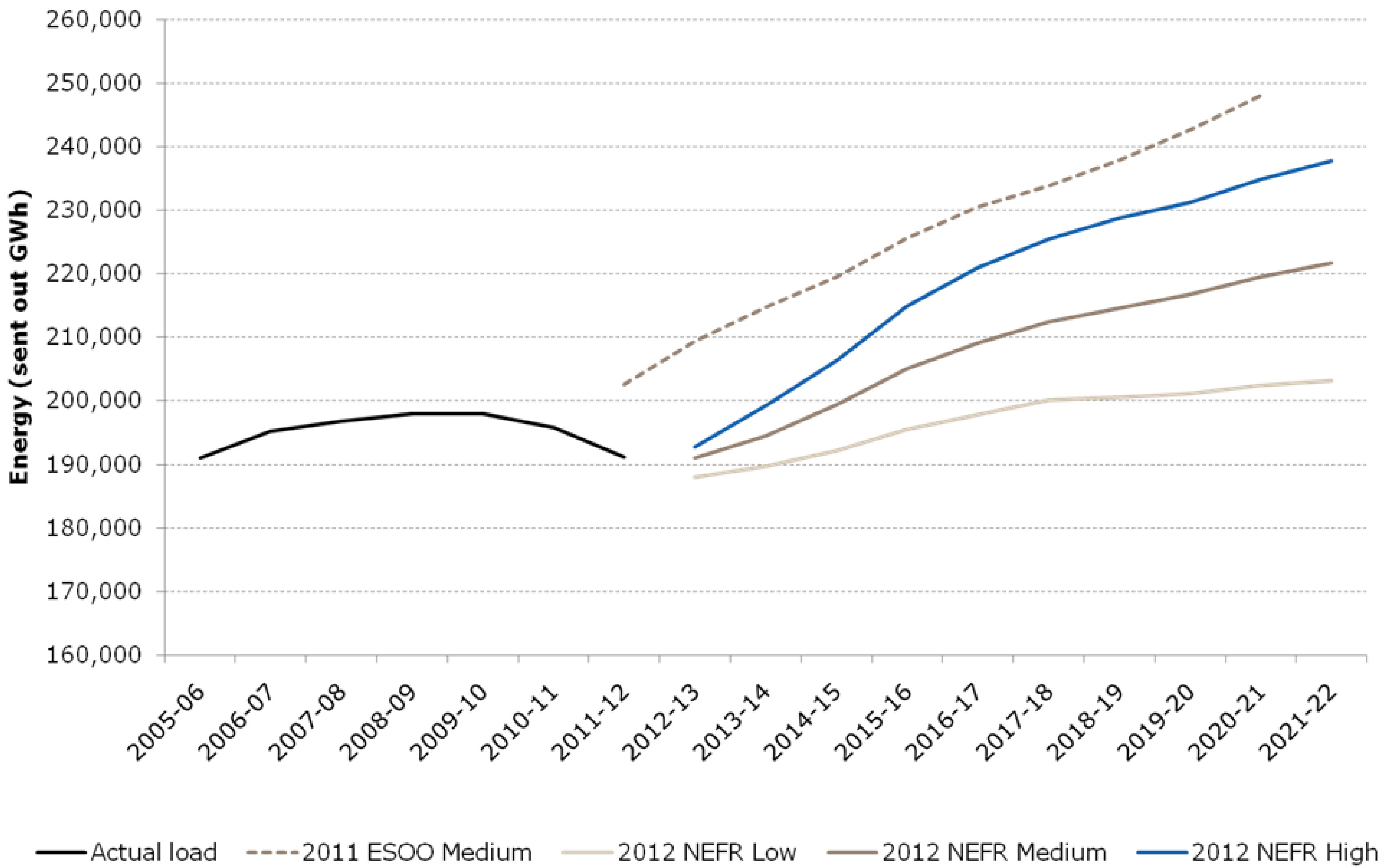
State of the Energy Market

The East coast energy markets are currently experiencing significant changes, from previously being dominated by coal generation and steady demand growth towards:

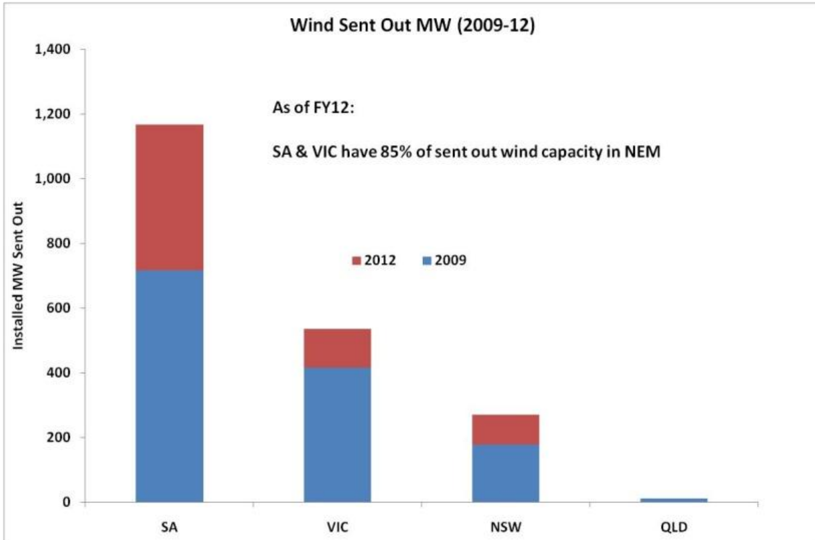
- Increased gas and renewable generation.
- Uncertain future demand growth
- Renewable schemes & carbon impacting generation and customer pricing.
- Future gas demand driven by QLD LNG projects.
- Impact of Carbon

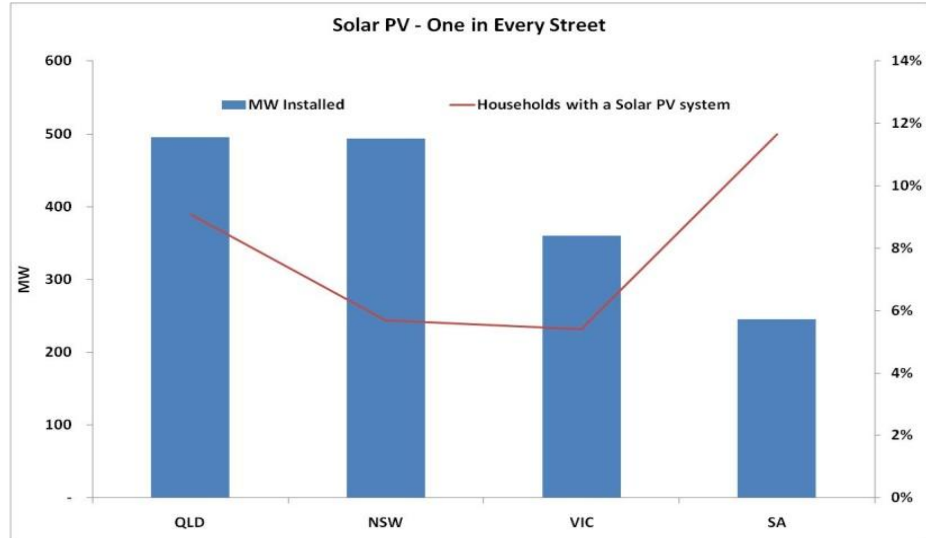
DEMAND, GENERATION & RENEWABLES

AEMO Demand Forecasts



Renewable Generation





- VIC & SA has 85% of all installed wind capacity
- At times, up to 50% of SA generation is from wind
- Number of households with a Solar PV system is now ~8-10%.
- First signs of a turnaround in industrial load in VIC & NSW.
- Electrification of LNG Projects

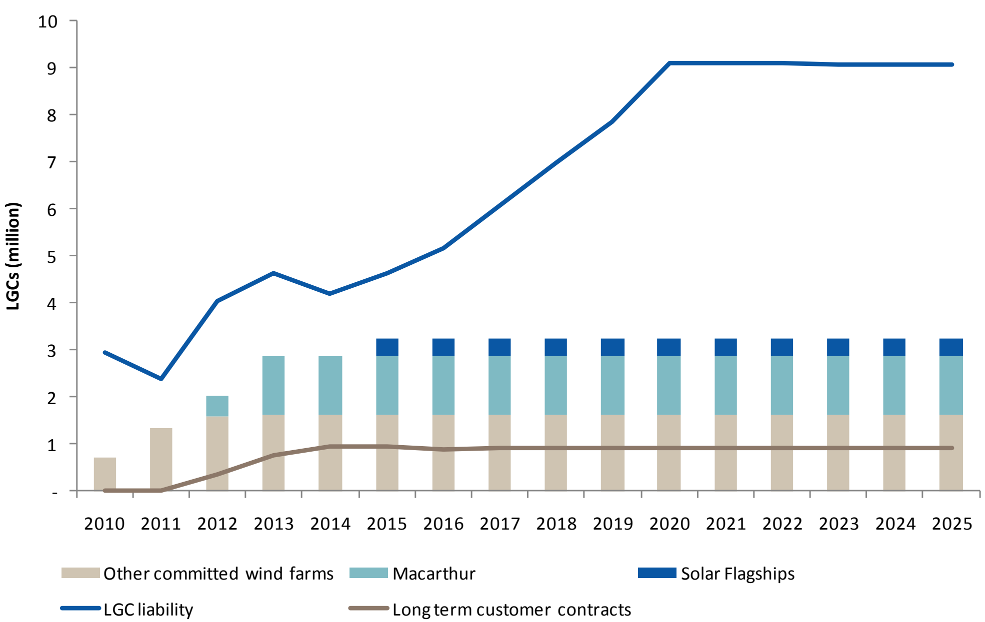
- Northern power station closure for Q2 & Q3 (520 MW)
- Playford power station providing summer capacity only (120 MW)
- Energy Brix reduced capacity by 100 MW
- Project for closure on hold but direct action is still on the agenda

Renewable Generation

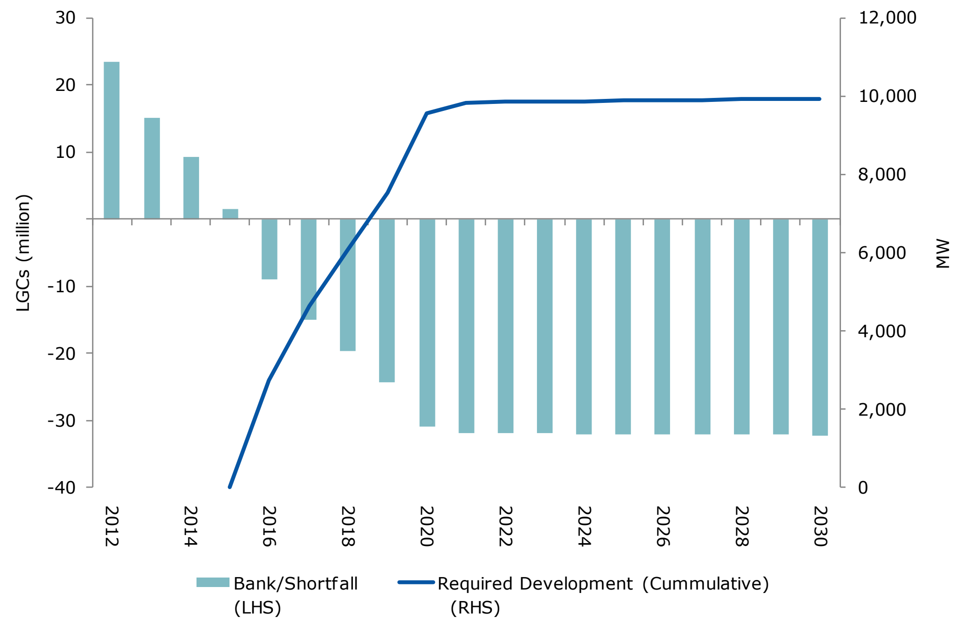
Mandated target to drive market and investment.

- 10,000 MW of generation to be built prior to 2020
- Shortfall in project will provide trigger for substantial investment

AGL LGC Liability



LREC Market Forecast by Year



GAS

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Gas – LNG & Market Discontinuity

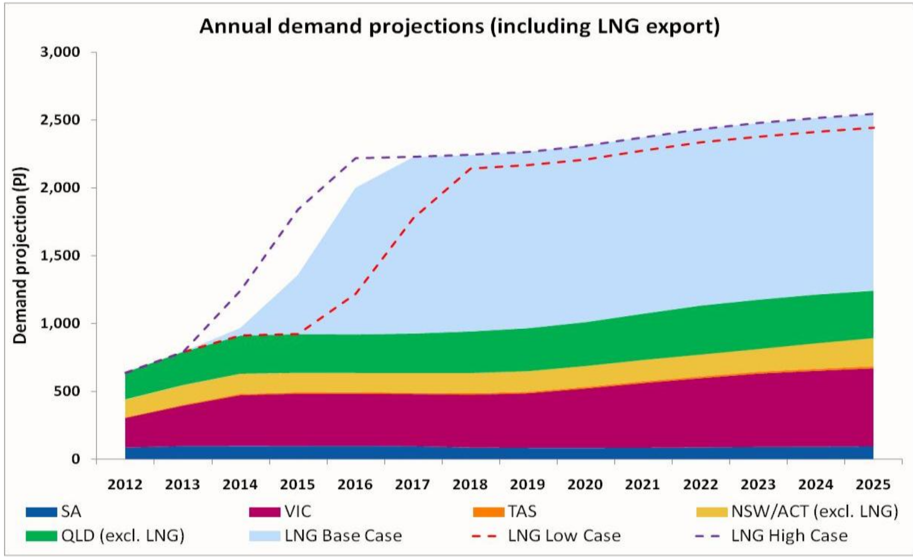
Gas going from a long (domestic) market, with declining production capacity…

Source	12 months to Sept 2011 Production (PJ/a)	Year 2012 Capability (PJ/a)	2P Reserves at Nov 2011 (PJ)	2C Reserves at Nov 2011 (PJ)
Cooper JV	96	100	1,323	8,454
GBJV	230	340	4,110	2,744
Longtom	21	20	346	71
Bass Gas	17	20	258	230
Thylacine & G	48	60	504	155
Casino & Henry	35	40	262	144
Minerva	22	25	164	not available
QLD	230	230+	36,312	17,999
NSW	6	6	2,910	7,613
Total	**705**	**840+**		

< 10 years production left assuming full 2P Reserves
Production increasing for LNG from 2015 onwards

…from 2015, to a short ('LNG pull') market…

Annual demand projections (including LNG export).



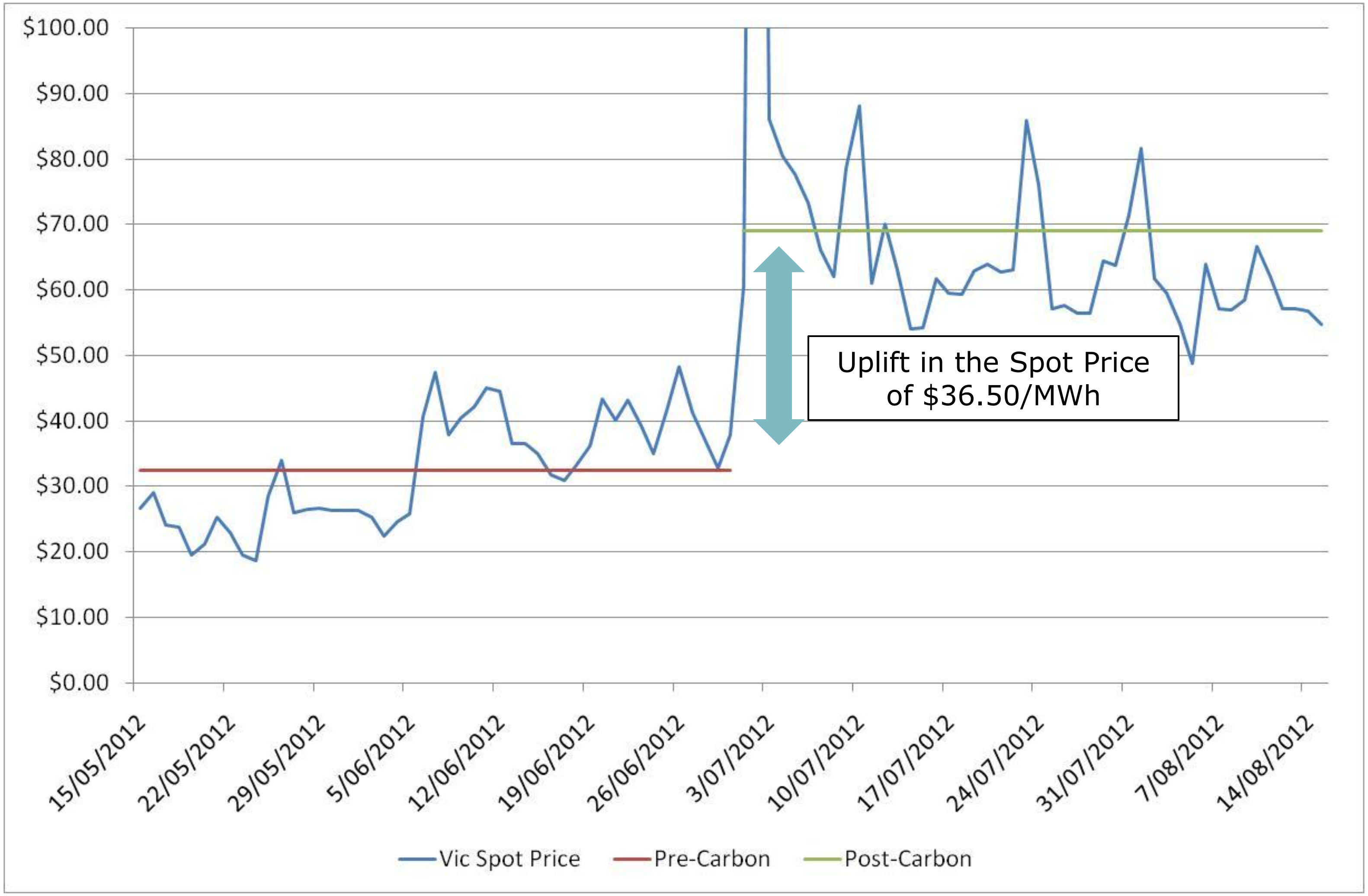
…and Cooper and QLD gas increasingly directed to LNG…

…with a significant price uplift expected.

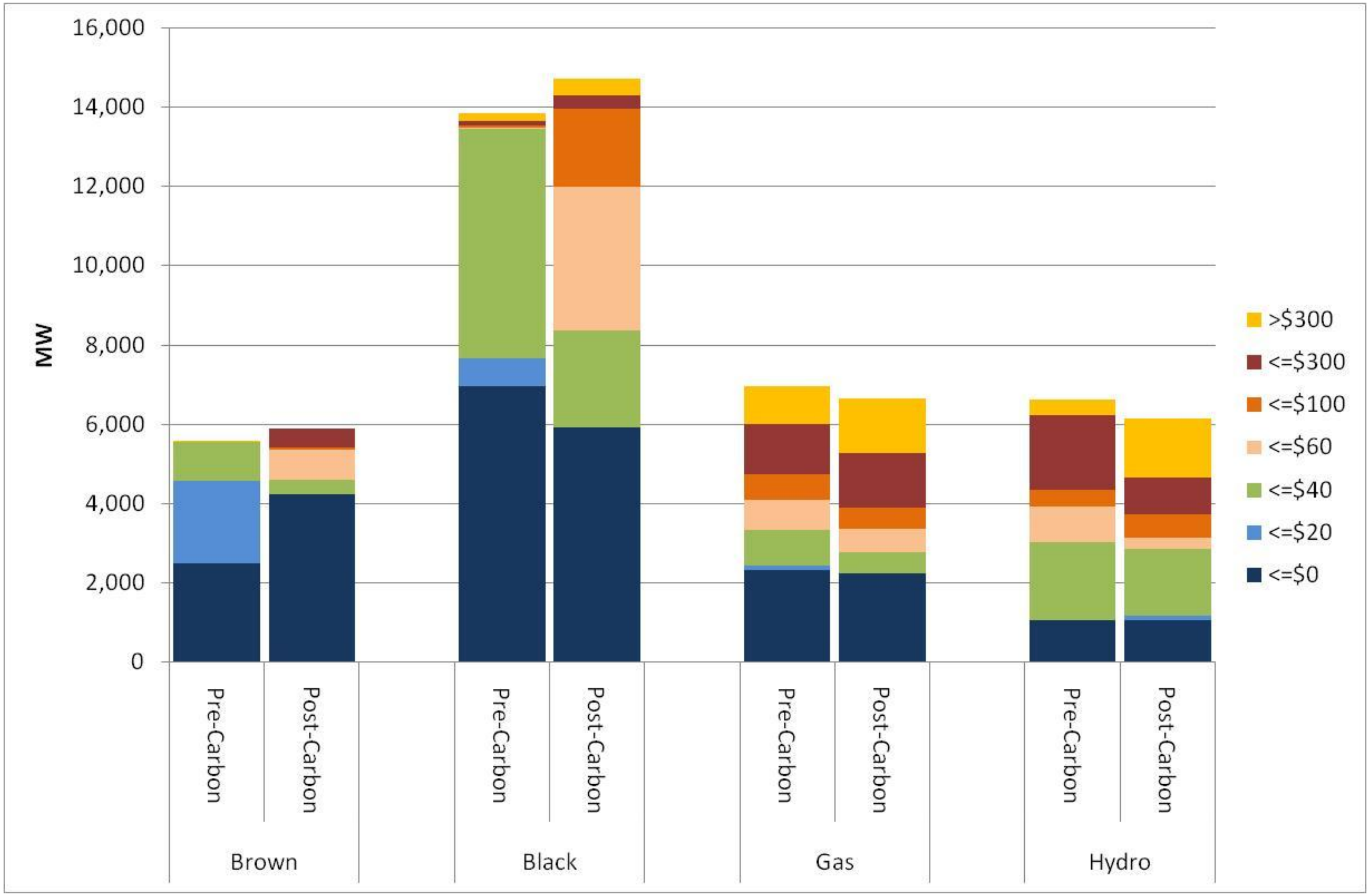
Source:
AEMO 'Gas Statement Of Opportunities 2011'
Energy Quest Quarterly November 2011 and AGL Analysis

CARBON

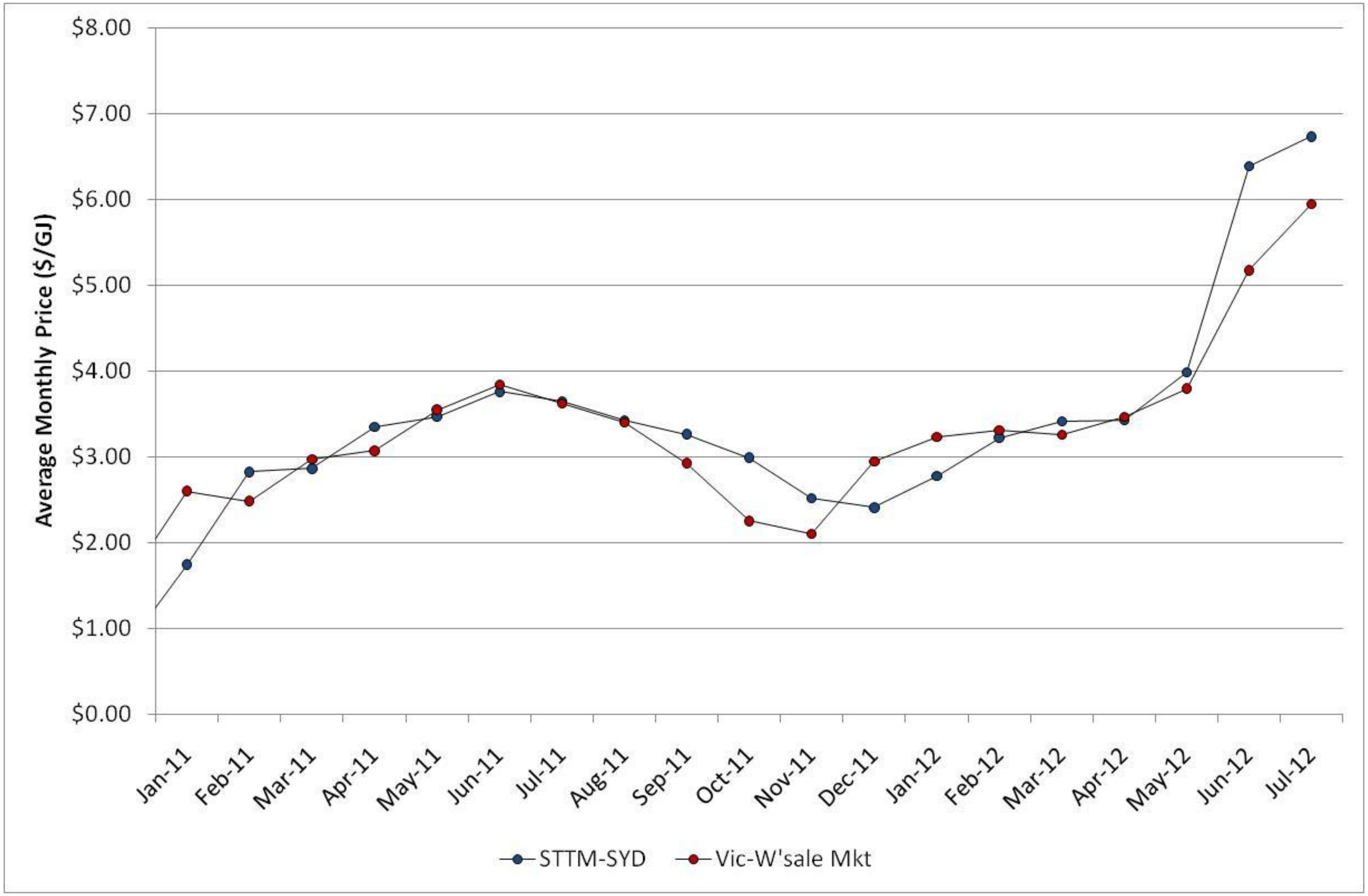
Impact of Carbon on the Spot Price



Station Bidding post Carbon

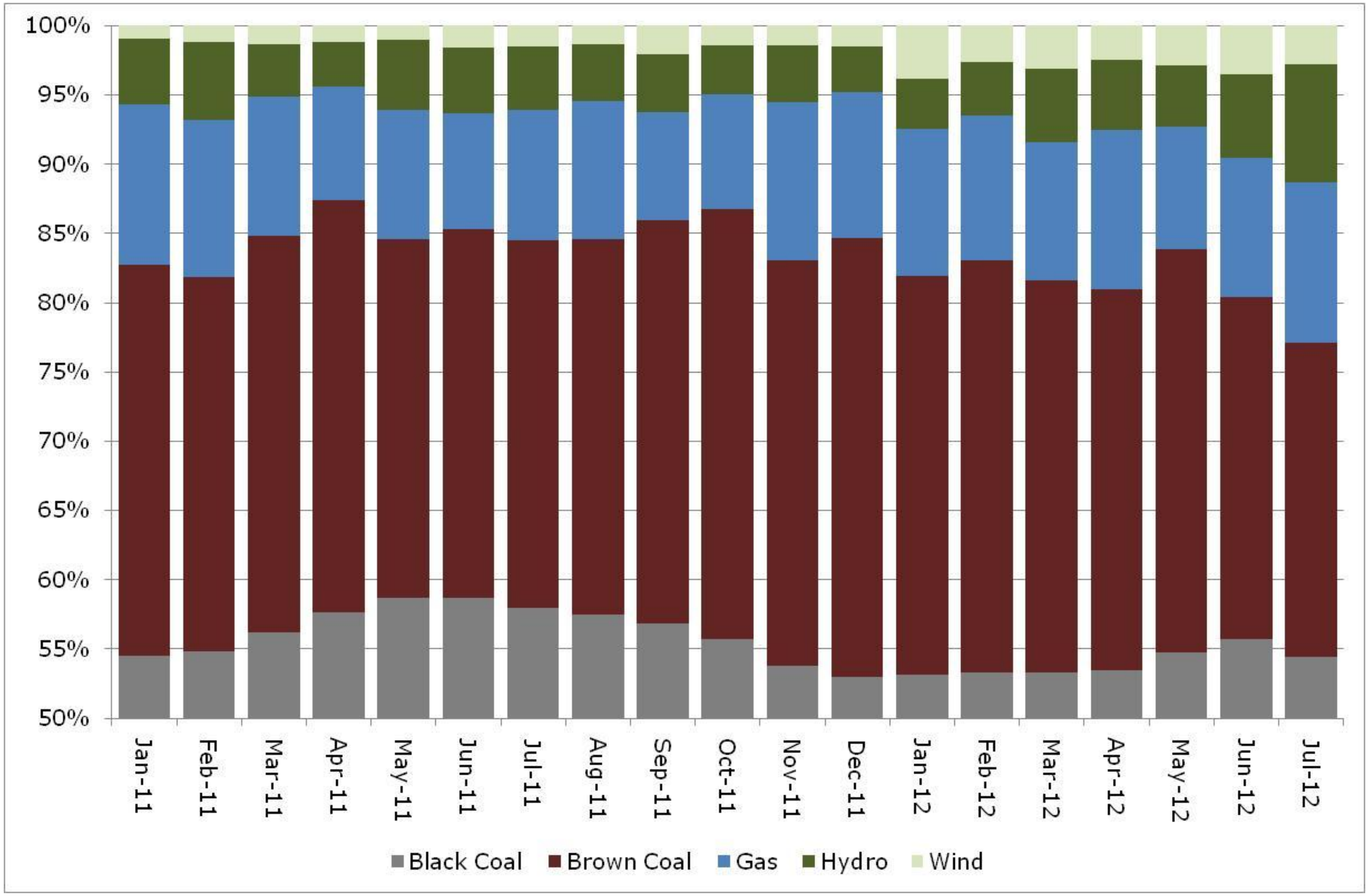


Gas Spot Prices



Yallourn Floods

Electricity – Market Share by Fuel Type



The market remains dominated by coal generation but we are seeing an increased penetration of renewables.

AGL & LOY YANG

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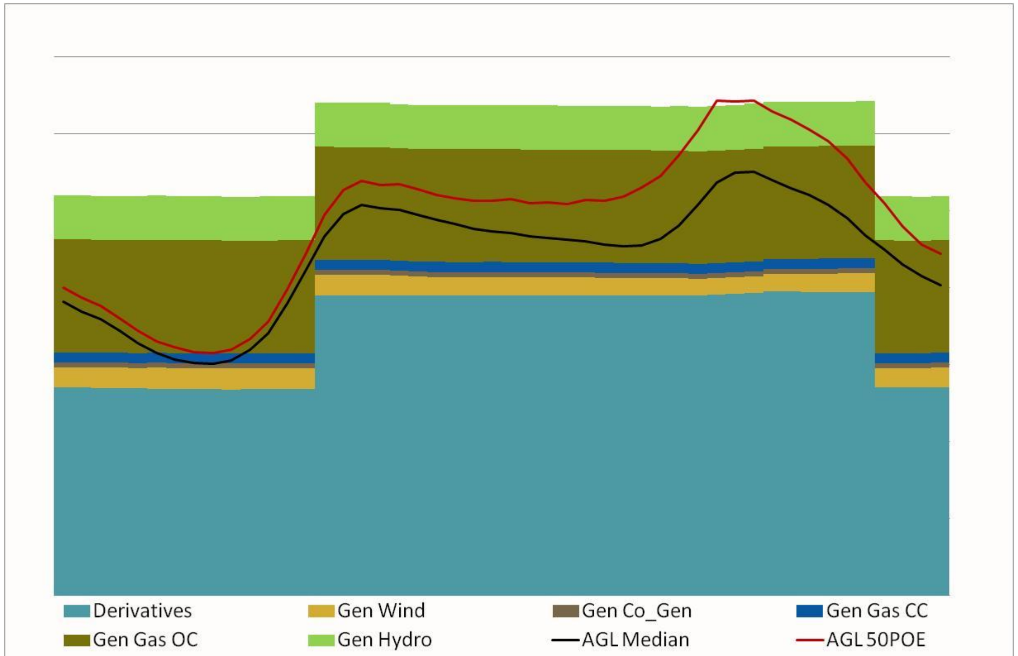
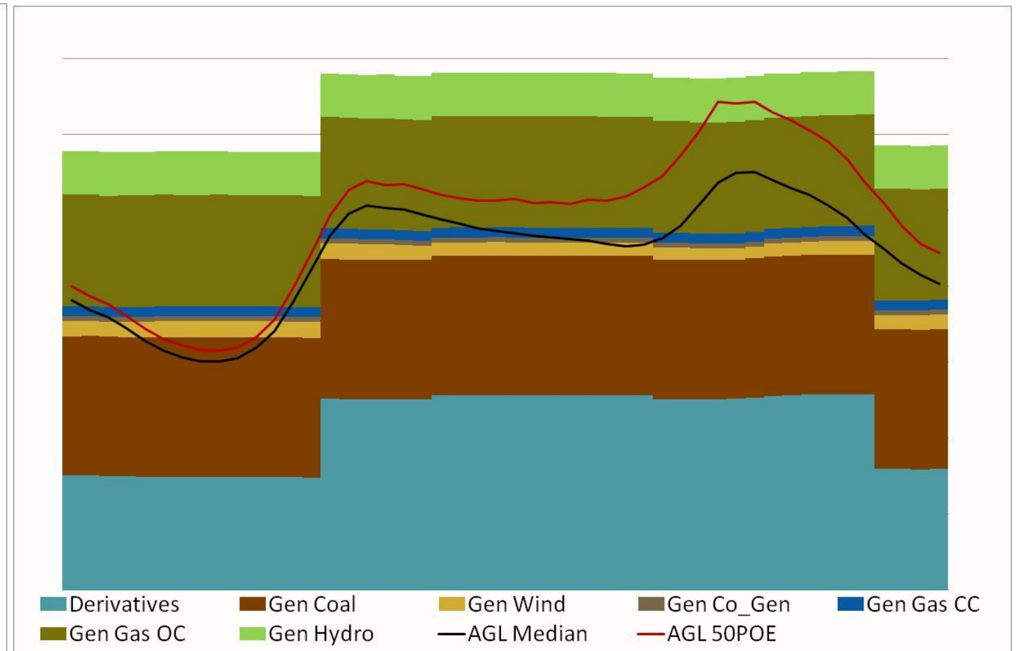
AGL Hedging

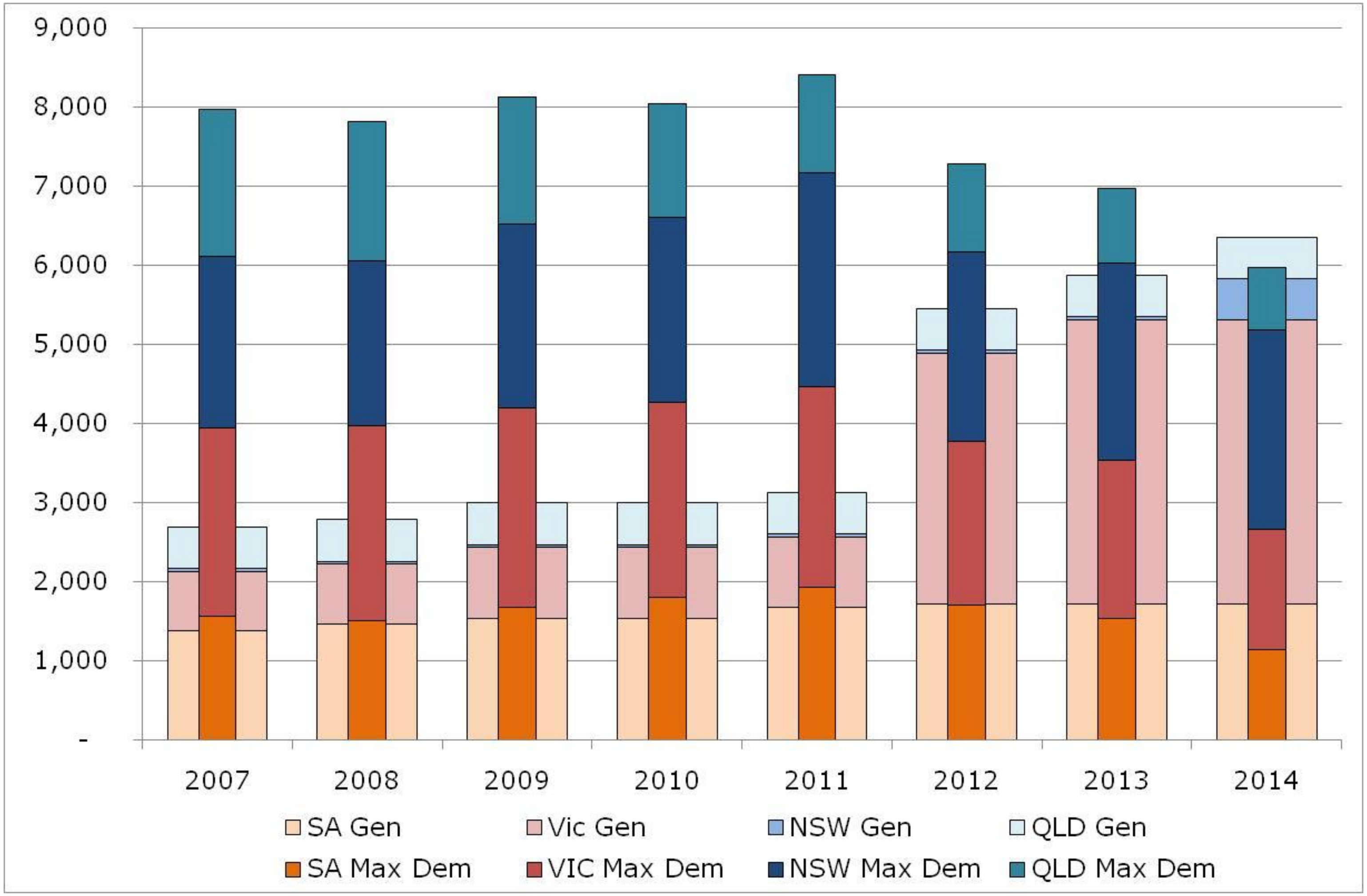
Pre Loy Yang Acquisition



Post Loy Yang Acquisition

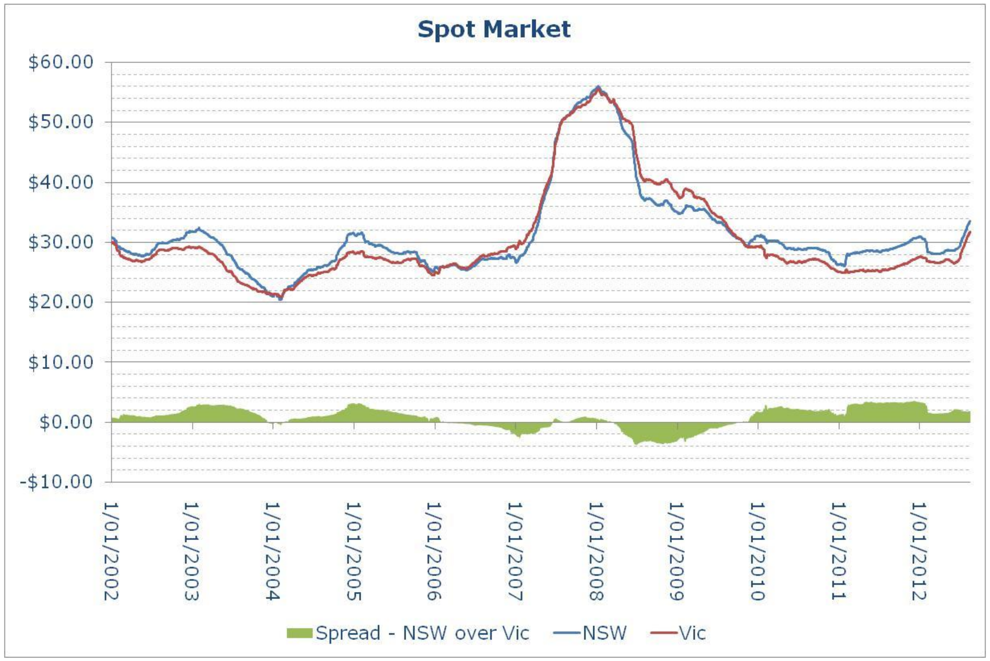


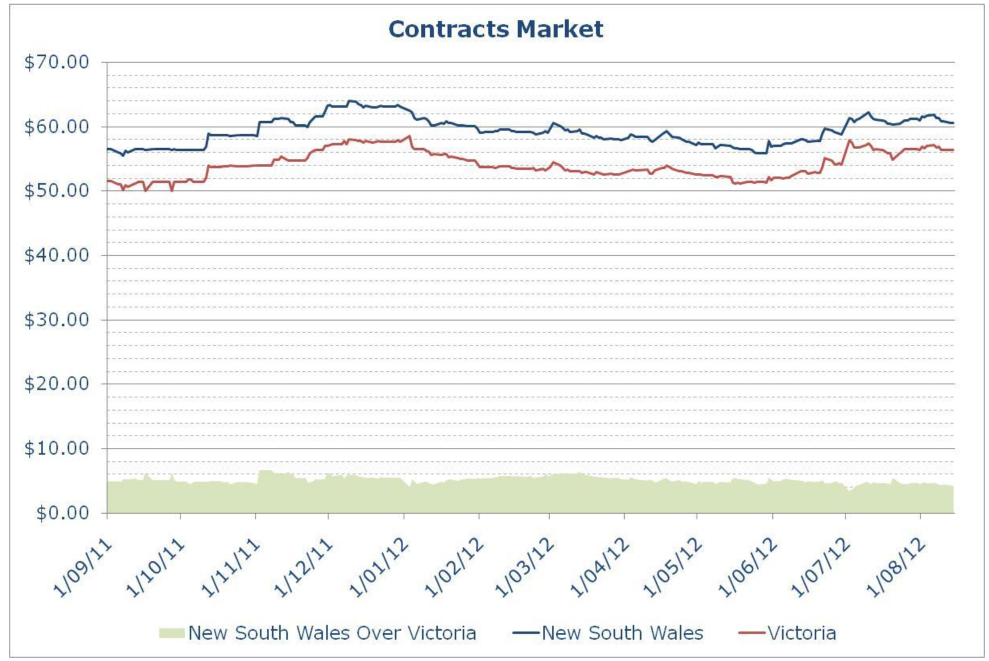
AGL Generation vs. Customer Demand



Actual demand up to 2012. Forecast demand on committed customer load post 2012

Portfolio Balancing





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