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## ASX & Media Release

### Presentation to CEDA by Brett Redman, CFO

21 June 2016

Attached is a copy of a presentation that AGL Energy Limited's Chief Financial Officer, Brett Redman, will deliver at the Committee for Economic Development of Australia ('CEDA') NSW Energy Series: Financing future energy projects today.

The presentation will also be available on AGL's website.

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#### About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action to gradually reduce its greenhouse gas emissions while providing secure and affordable energy to its customers. Drawing on over 175 years of experience, AGL serves its customers throughout eastern Australia with their energy requirements, including gas, electricity, solar PV and related products and services. 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, solar, landfill gas and biomass.



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# CEDA

## NSW Energy Series

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**Brett Redman**  
Chief Financial Officer

**Date**  
21 June 2016

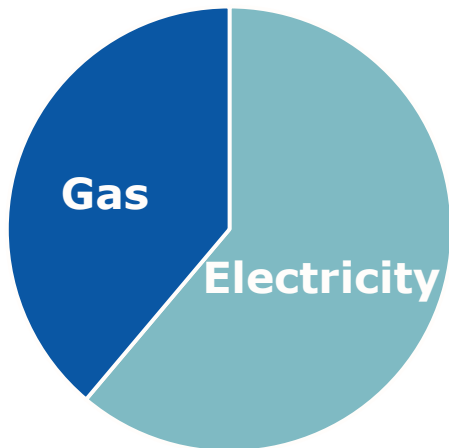
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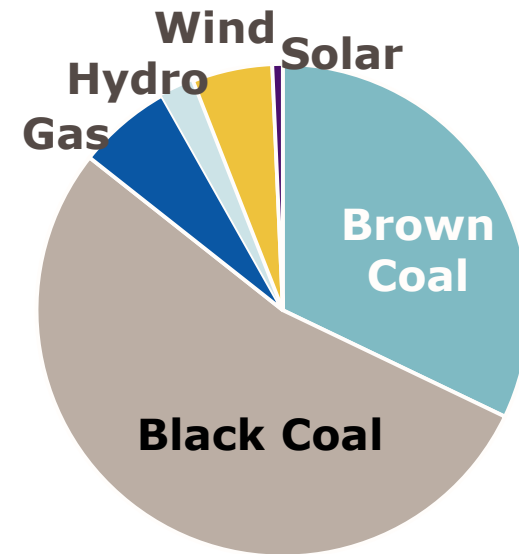
# Snapshot of AGL

Largest private generator. Largest carbon emitter. Largest private renewable investor.

## Customers



## Generation



- > ~3.7 million customers
- > Largest privately owned electricity generator
- > Largest privately owned investor in renewables

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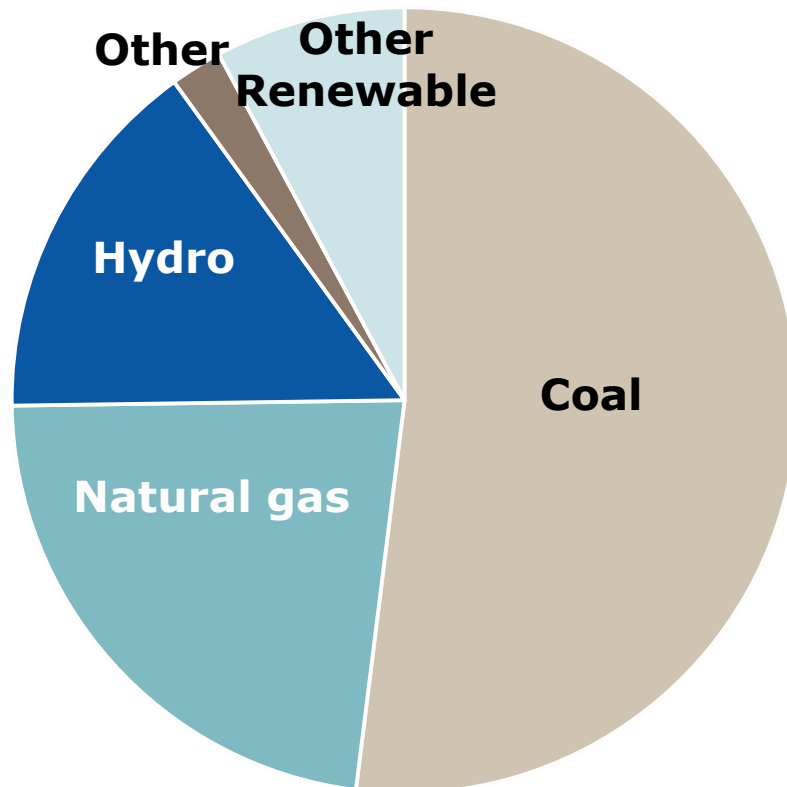
# The path to decarbonisation

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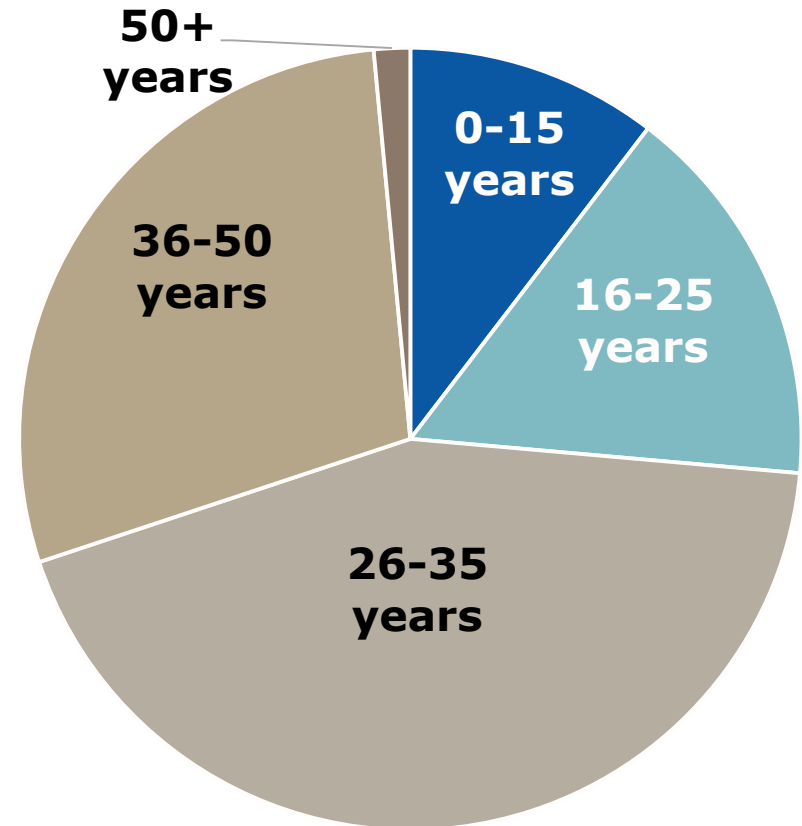
# Snapshot of generation

~75% of thermal plants are past their original design life.

## NEM installed capacity by type



## NEM installed capacity by age



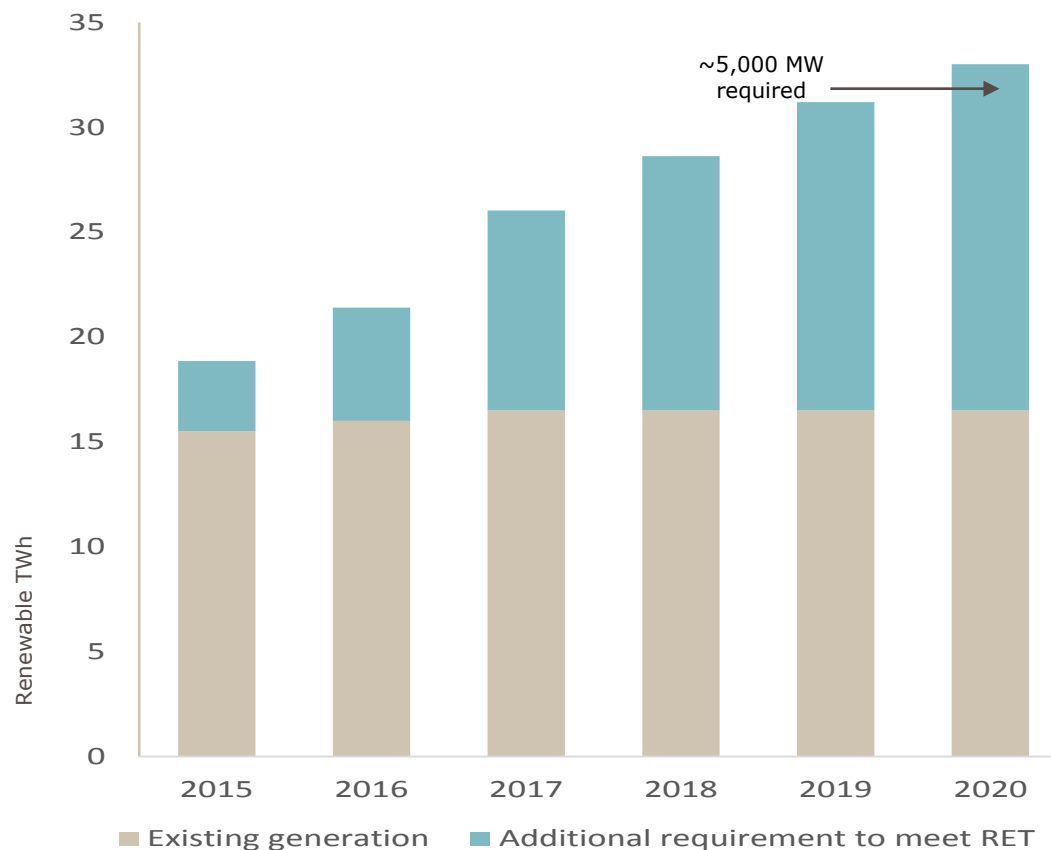
# Powering Australian Renewables Fund

AGL to lead new innovative renewable investment funding.

## New initiative to stimulate investment

- > Announced February 2016
- > \$2-3 billion Fund
  - » AGL to contribute ~\$200 million of cornerstone equity
  - » AGL to provide 5-10 year offtakes
  - » Targeting development of 1,000 MW+ of large-scale renewable generation
- > Strong interest received
  - » On track for Q3 launch

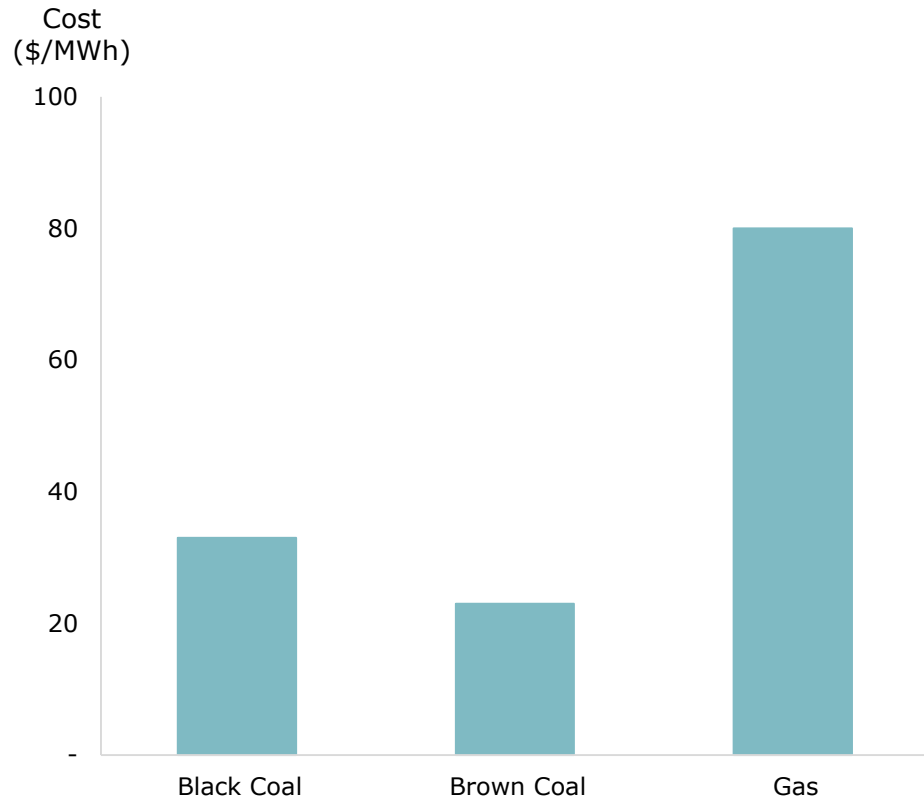
## Australia's Renewable Energy Target



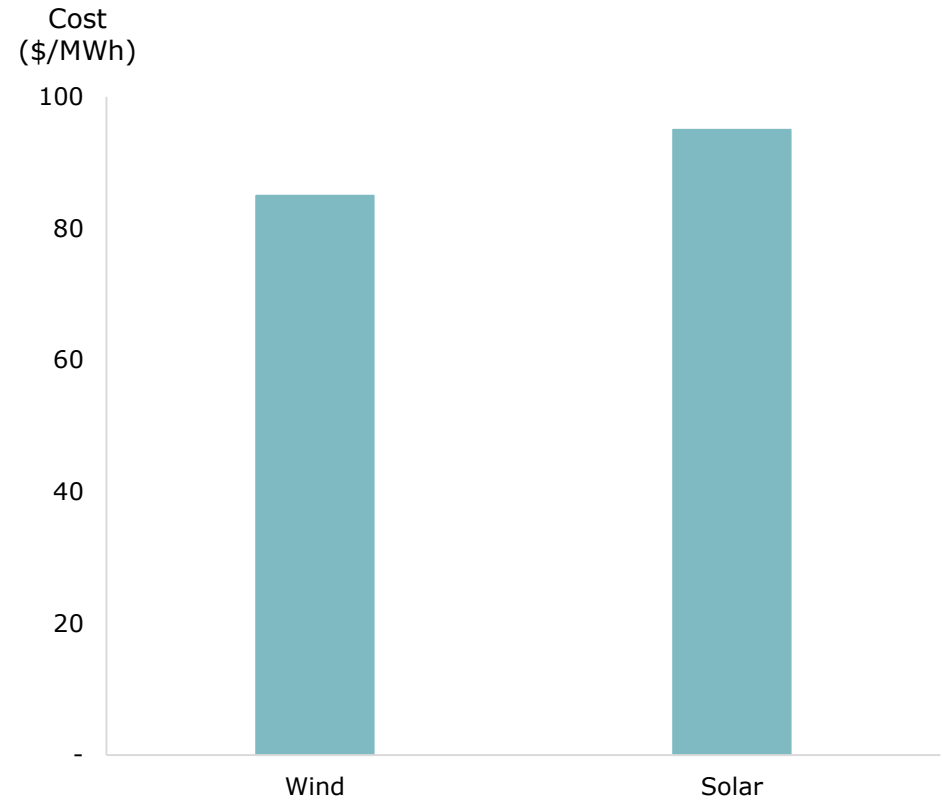
# Market over supply blocks new investment

New build cost must compete with cash only running cost of sunk investment.

## Thermal generation cash running costs



## Renewable generation long run cost



# Government policy needed to facilitate new renewables

Closing old generation is the final step to unlocking a wave of new investment.

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- > The national fleet needs to be refreshed
- > Funding is available
- > Market over supply blocks new investment
- > Permanent closure needed to provide long term investment certainty
  - » Investment cases can then rely more on market need over the long term
- > Could be facilitated by:
  - » Regulation by age or emissions
  - » “Jotzo” proposal to auction closure payment
  - » Other?
- > AGL will pragmatically support action for permanent change



# AGL and the next wave

Commitment to decarbonise. Innovative funding.

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## **AGL supports the path to decarbonisation and is ready to invest**

- > Largest private investor and developer of renewable energy in Australia
- > PARF designed to invest further \$2-3 billion

## **It's time to refresh the fleet**

- > 75% of thermal plant already past its original design life
- > Old thermal plant is typically high carbon emitting

## **Certainty of old plant closure is the final step needed to unlock a wave of investment**

- > Market over supply is making investing in new generation difficult
  - > Old thermal plant is cheaper to run than building new renewables
  - > We need government policy support to close old plant in an orderly fashion
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# Contact information

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### Corporate Information

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# Disclaimer and important information

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The information in this presentation:

- › Is not an offer or recommendation to purchase or subscribe for securities in AGL Energy Limited or to retain any securities currently held.
- › Does not take into account the potential and current individual investment objectives or the financial situation of investors.
- › Was prepared with due care and attention and is current at the date of the presentation.

Actual results may materially vary from any forecasts (where applicable) in this presentation.

Before making or varying any investment in securities in AGL Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

All references to prior period movements are to the corresponding period ended 31 December 2014.

## **Statutory Profit and Underlying Profit**

Statutory Profit is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with the International Financial Reporting Standards.

Underlying Profit is the Statutory Profit adjusted for significant items and changes in the fair value of financial instruments.

Underlying Profit has been presented with reference to the Australian Securities and Investments Commission Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of AGL.