

Some Observations on Australian & New Zealand Energy Markets

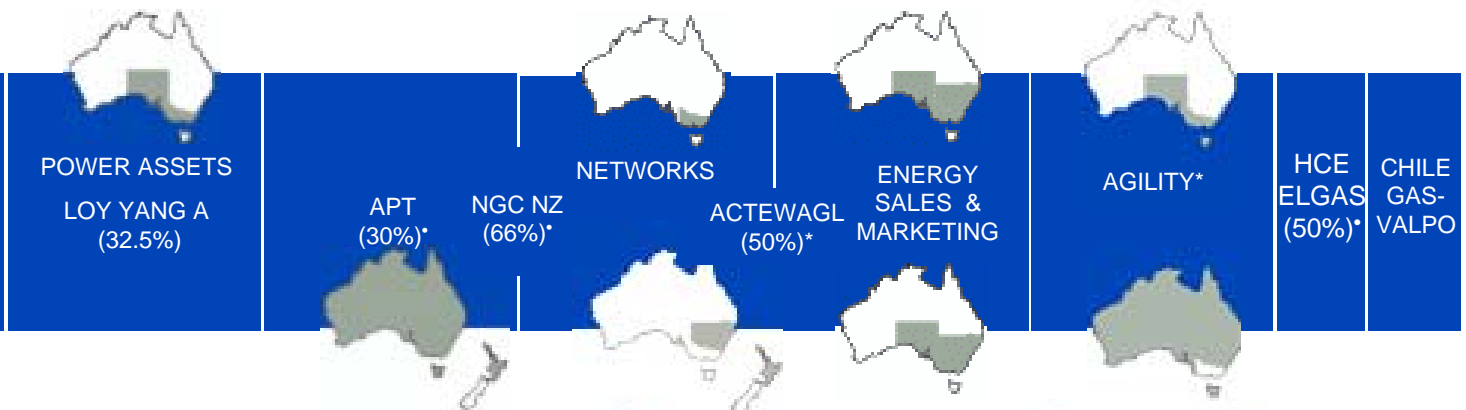
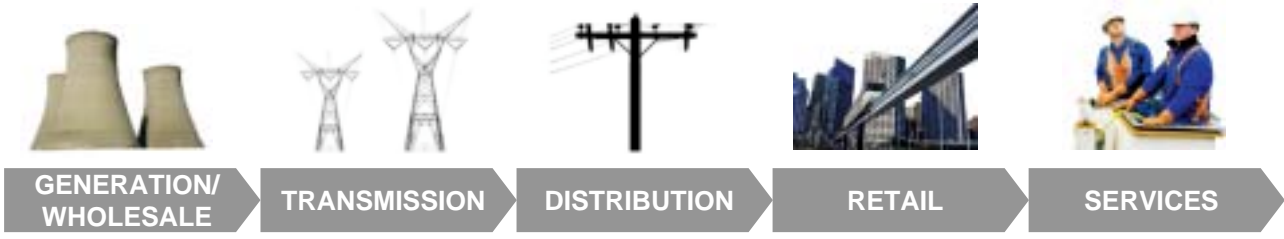
Trans Tasman Business Circle Presentation
Greg Martin, Managing Director
15 September 2004



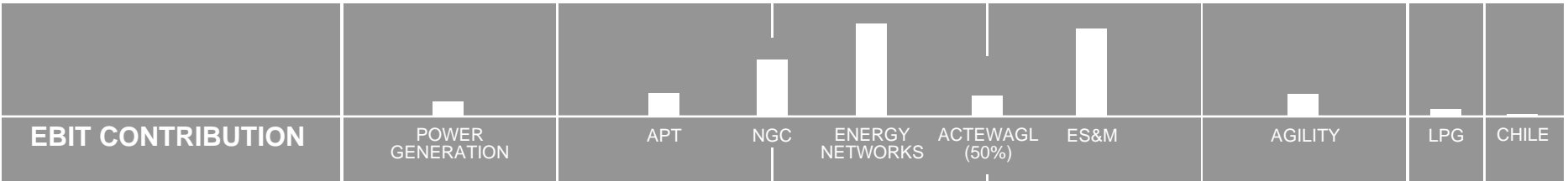
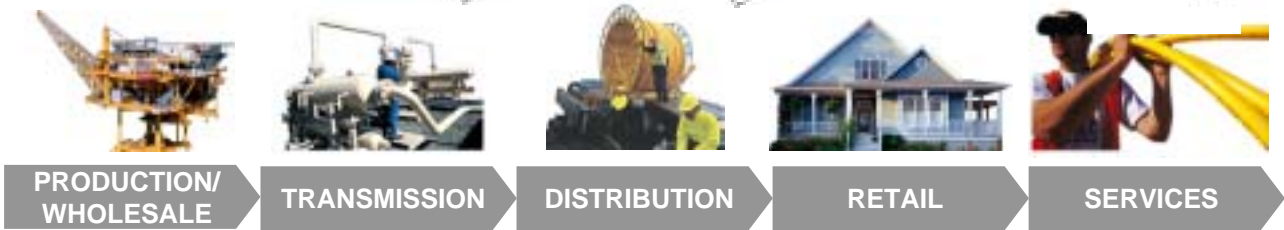


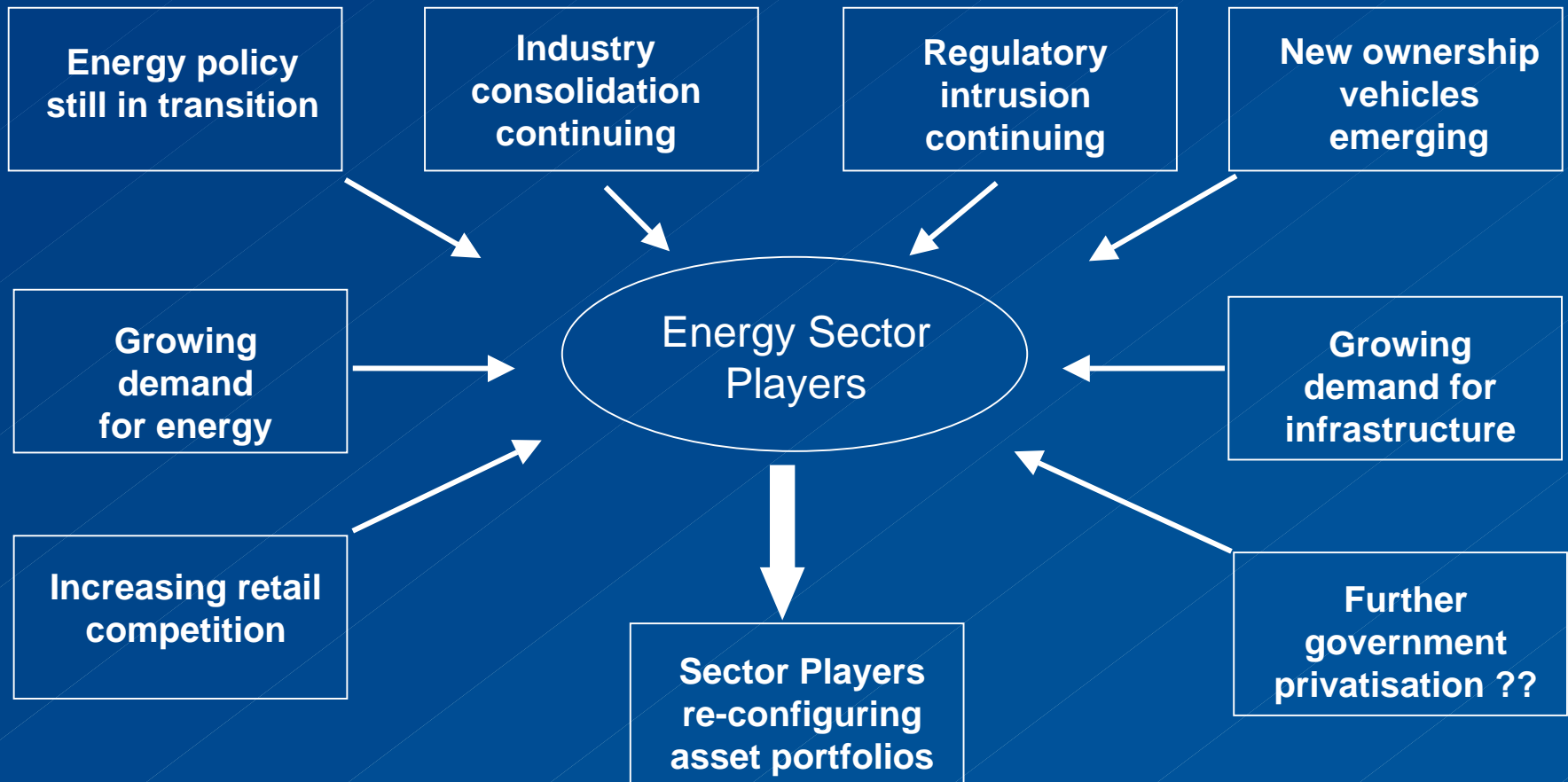
Key markets

ELECTRICITY MARKET

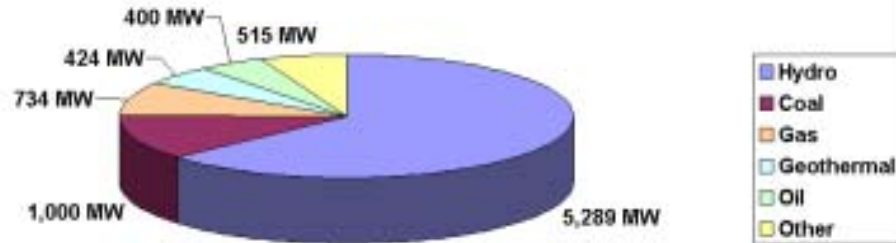


GAS MARKET



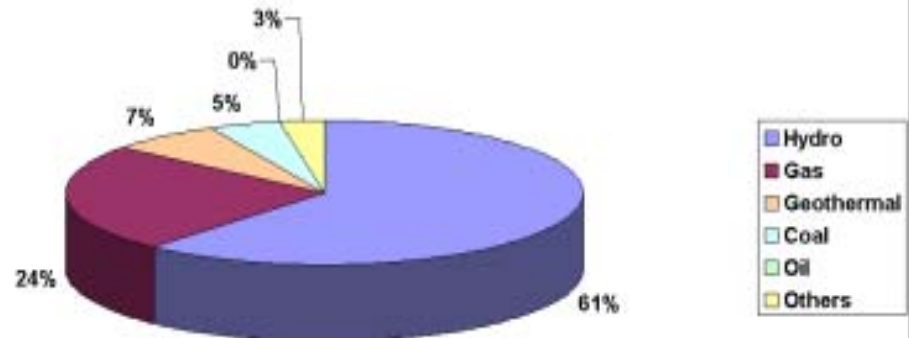


New Zealand Electricity Generation Capacity



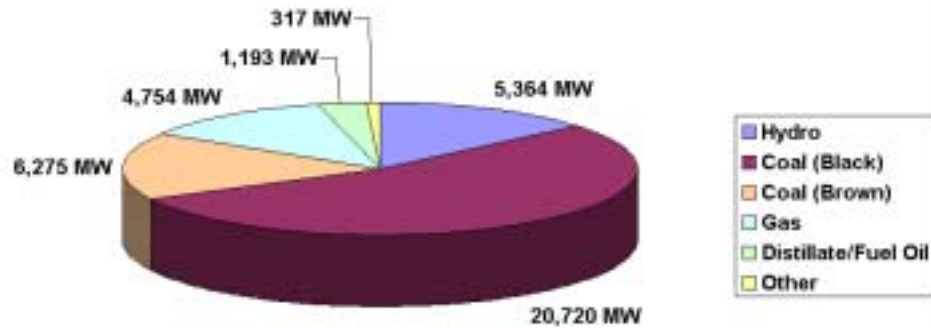
Total Capacity - 8362 MW

NZ Generation Breakdown



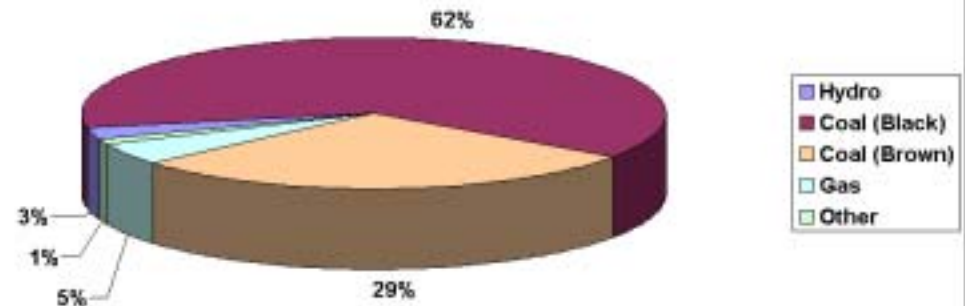
Hydro plays significant role

Generation Capacity



Total capacity - 38, 623 MW

Australian Generation Breakdown



Coal plays a significant role

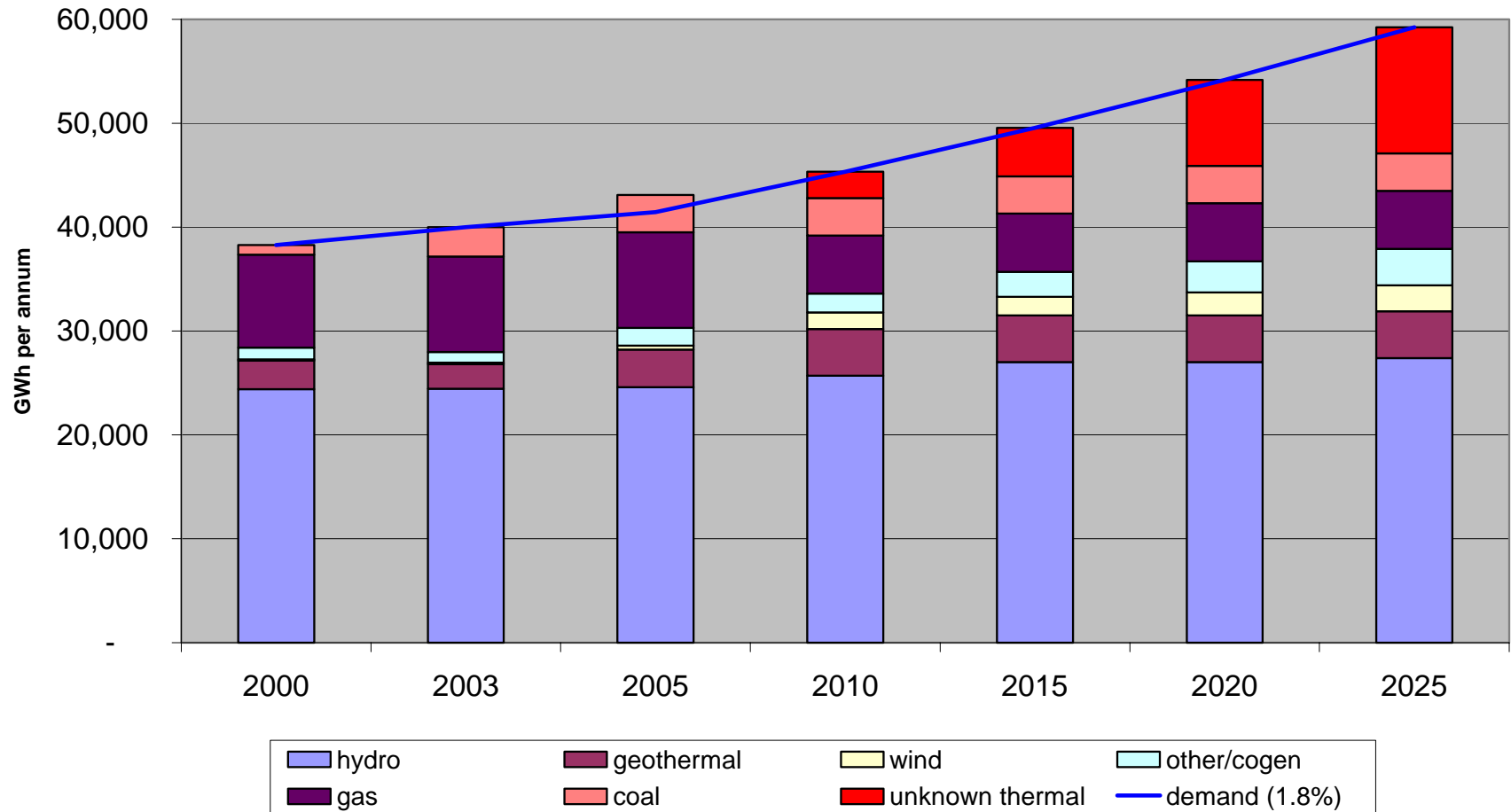
New Zealand

- 4m people - 8,400MW
- Vertically integrated
- Blend of government and private sector ownership
- Little cust. competition
- Energy constraint
- Growth rate 1.8% pa

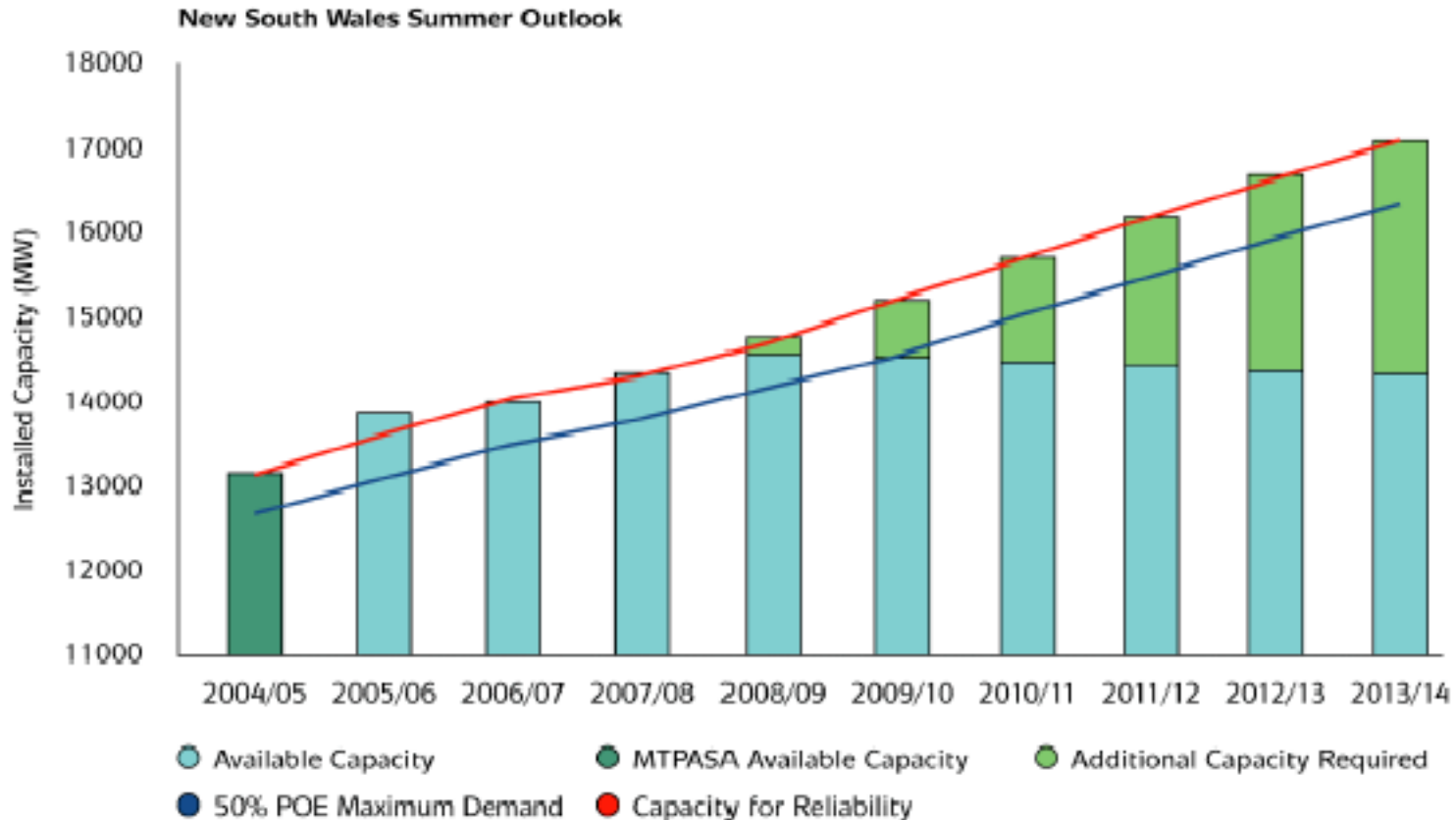
Australia (N.E.M.)

- 16m people - 38,700 MW
- Increasingly integrated
- Privatisation in Vic & SA; elsewhere gas private & elec. Govt. owned
- Active cust. competition
- Capacity constraint
- Growth rate 1.5 - 3.1% pa

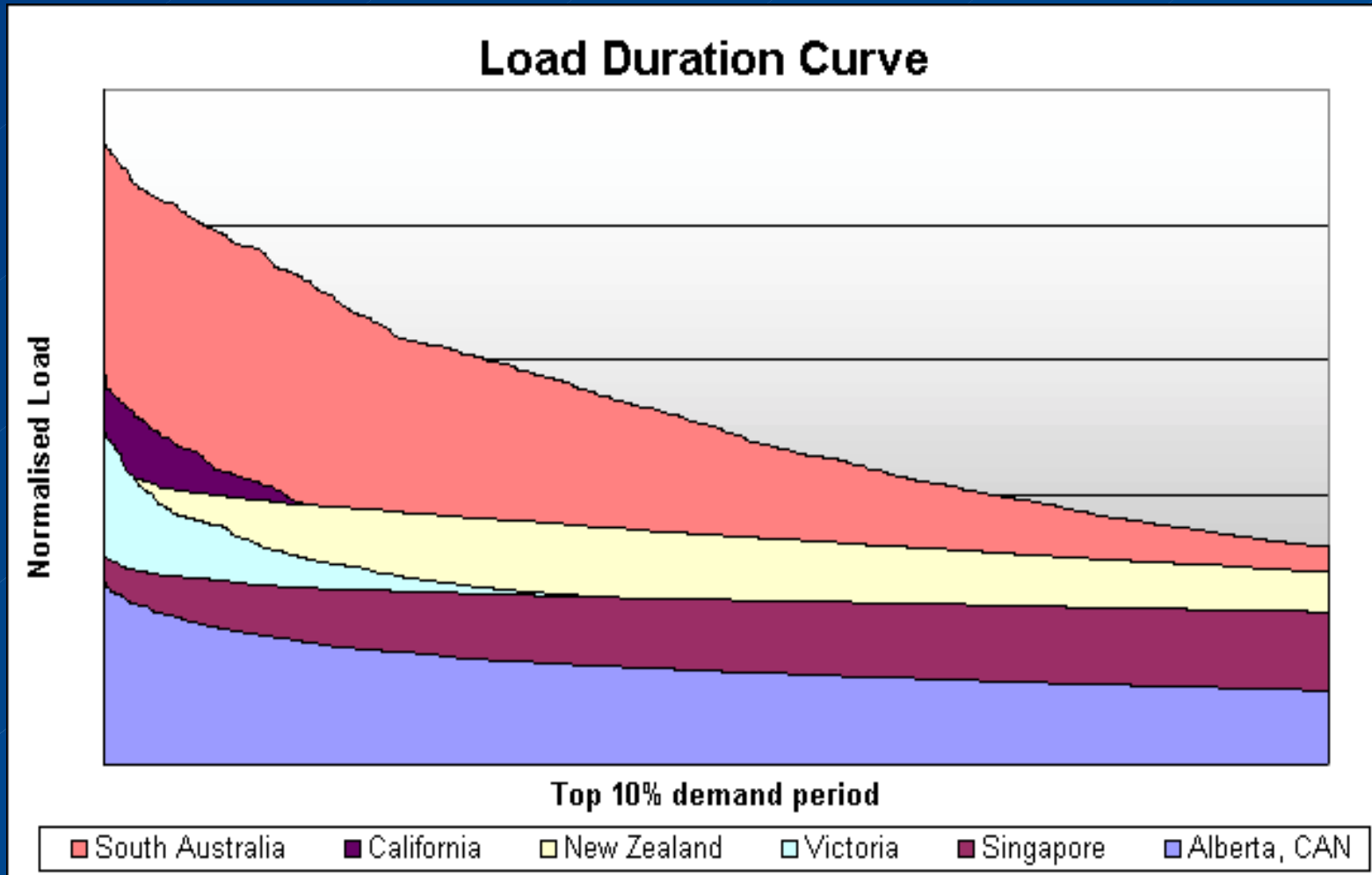
Electricity Growth



Establishing new sources of supply is critical.....

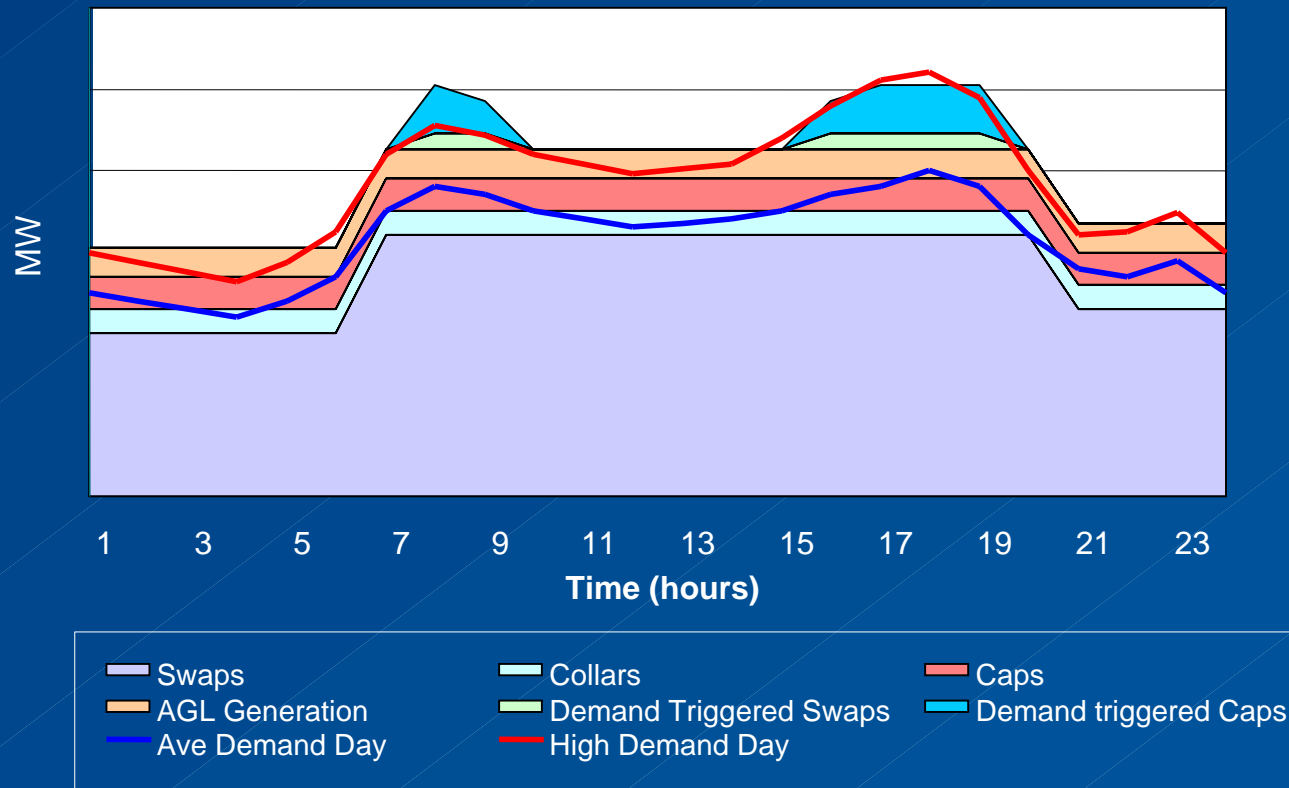


Efficiently bringing on new supply is critical



Peak load requirements affects type of investment required

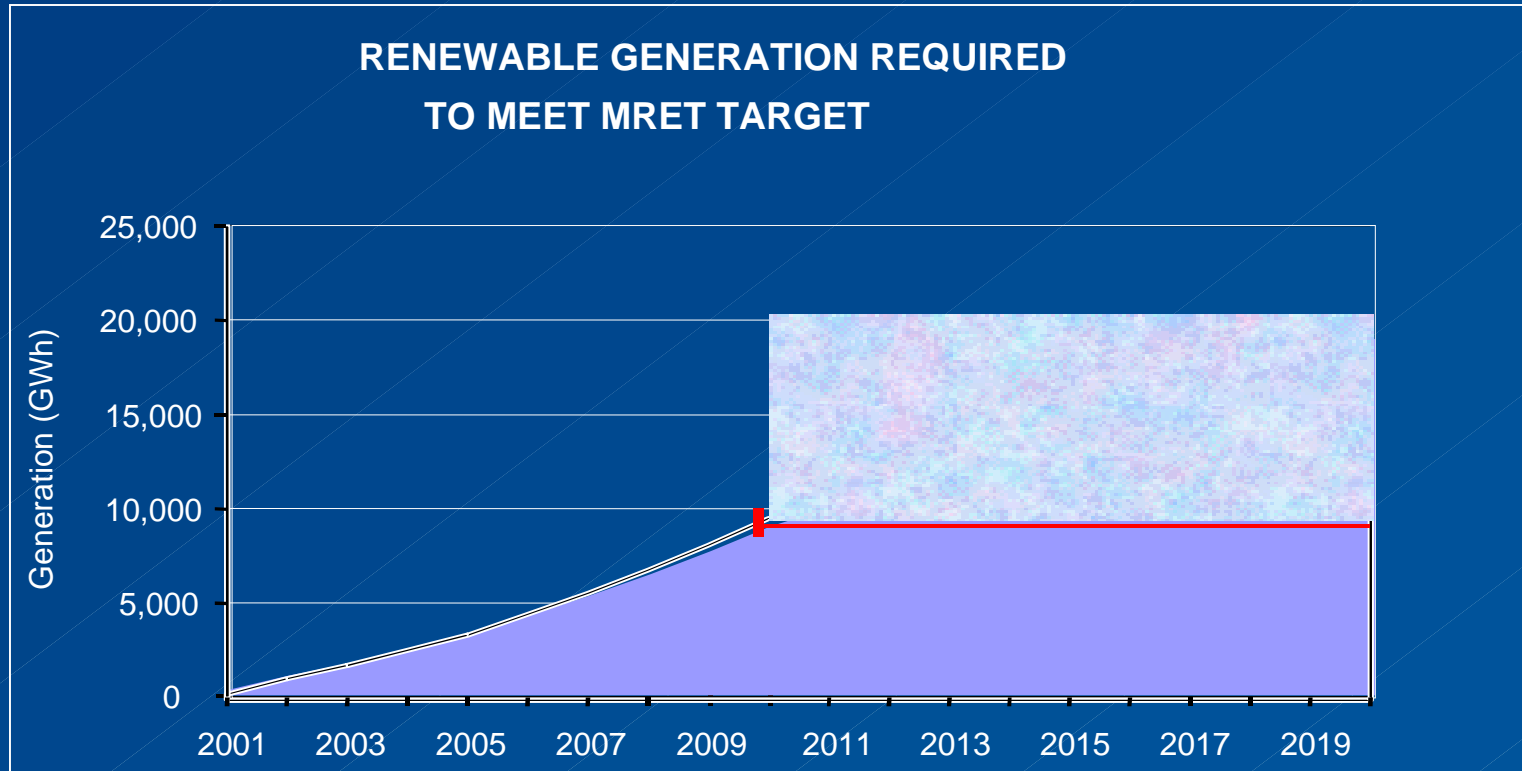
Typical Daily Demand Profile and Portfolio Structure



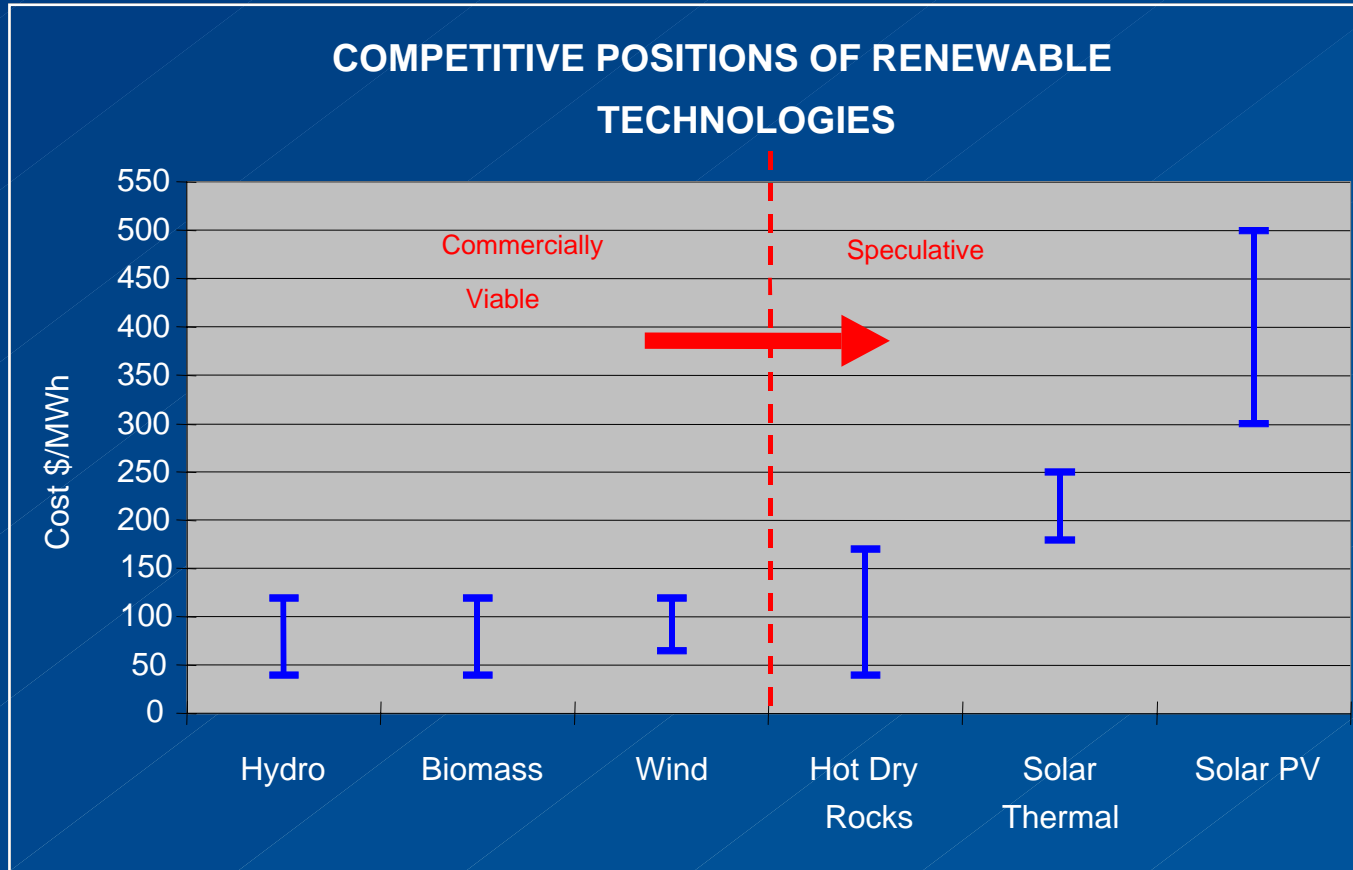
- ① **Positions of Vertical Integration where appropriate:**
 - Peaking Generation integrated with retail business
 - Somerton, Hallett
 - Acquisition /Expansion/ Greenfields

- ② **Power Generation Investments:**
 - Earnings & portfolio diversification
 - Loy Yang A Investment

- ③ **Renewable Generation:**
 - Current AGL interests -
 - Investments in landfill gas extraction, biomass
 - PPA for windfarms in SA & Vic
 - Future AGL opportunities -
 - Windfarm developments
 - Biomass



As largest electricity retailer AGL has largest obligations



Wind most popular source of renewable energy

- Supply demand balance
- Legislative and regulatory conditions
- National framework for greenhouse
- Investment signals



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