



AGL to build second Hallett wind farm in South Australia

05 November 2007

AGL Energy Limited (AGL) today announced it would build another wind farm in the Hallett area in South Australia. The 71MW wind farm will be located at Hallett Hill and will have a total development cost of approximately \$166m creating 150 jobs during the construction phase of the project.

Hallett Hill is located 170km north of Adelaide and 2km from the township of Mount Bryan. AGL Managing Director, Michael Fraser, said "this project reinforces the leadership position we are taking in Australia's renewable energy sector". On completion, Hallett Hill will extend AGL's renewable generation portfolio to approximately 1,000MW¹, Australia's largest privately owned and operated renewable portfolio.

Hallett Hill would be the third wind farm under AGL management and operation in South Australia and is expected to be operating commercially around November 2009.

"We are also proceeding, on time and on budget, with the 140MW Bogong hydro power project in Victoria and the existing 95MW Brown Hill (Hallett) wind farm," Mr Fraser said.

"The Hallett Hill wind farm will be built approximately 20km from AGL's Brown Hill project. These two projects, combined with Wattle Point, will bring the total number of wind turbines under AGL's management in South Australia to 134 with a total capacity of 257MW," Mr Fraser said.

"The Hallett Hill wind farm will significantly add to AGL's capability to self-supply its renewable generation needs and the operation of all three wind farms will supply a substantial component of AGL's obligations under the Federal Government's Mandatory Renewable Energy Target scheme (MRET).

"Hallett Hill would also be eligible to supply renewable energy under the NSW government's proposed scheme (NRET) or proposed new Federal schemes. When commissioned in 2009, the wind farm will provide enough renewable energy to power 40,000 average Australian households and abate approximately 250,000 tonnes of CO₂.

"AGL has put considerable work into building a renewable generation portfolio that will deliver substantial environmental and financial benefits in a future carbon constrained world," Mr Fraser said.

Hallett Hill is a superior location for wind generation. In addition to one of the best wind resources on mainland Australia, its proximity to the Brown Hill wind farm will provide significant opportunities for operating efficiencies and synergies.

Hallett Hill is forecast to have a total development cost of approximately \$166 million over 24 months of which \$40 million is forecast to be incurred over the remainder of the AGL 2008 financial year. The project will be earnings accretive from its first year of operation (2009 financial year).

The project will be structured so all development agreements can be delivered via an initial on balance sheet, special purpose vehicle which will create the opportunity to pursue either a structured sale similar to that undertaken for AGL's Brown Hill wind farm or another appropriate funding structure.

¹ Includes installed Hydro 645.5MW, CoGen/Biomass/Landfill etc 55MW, Wattle Point 22.5MW (off take & O&M) and plant under construction: 150MW hydro, Brown Hill (Hallett) 94.5MW (off take and O&M) and Hallett Hill 71MW.

AGL will contract all electricity output and green credits and will maintain the operations and management contract. A decision is anticipated on the future ownership structure towards the end of the 2008 AGL financial year.

"The ultimate ownership and associated funding outcome will be very much driven by the renewed focus and discipline I intend to deploy across the entire business to ensure we maximise the return on capital employed for our shareholders," Mr Fraser said.

A turnkey engineering, procurement and construction contract has been awarded to Suzlon Energy Australia Pty Ltd for the construction of the wind farm. Suzlon is currently constructing AGL's Brown Hill wind farm.

The Hallett Hill wind farm will comply with all generation licence requirements as determined by the Essential Services Commission of South Australia (ESCOSA). Construction activities for the wind farm are scheduled to commence in January 2008.

Further enquiries:

Media

Emily Kucukalic, Head of External Relations
Direct: + 61 2 9921 2375
Mobile: + 61 (0) 403 931 360
e-mail: ekucukalic@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.