

6 April 2011

**Proposed Newcastle Gas Storage Facility at Tomago
with connecting infrastructure to Hexham**

AGL is Australia's leading renewable energy company and is Australia's largest private owner, operator and developer of renewable generation assets. We are writing to you about our proposal to develop the Newcastle Gas Storage Facility at Tomago.

When finished, the Facility will provide the Newcastle region with an additional supply of gas during winter peak periods and supply disruptions.

The Facility is expected to be operating in 2014. A fact sheet is attached for your information.

Our proposal includes building:

- A gas plant, including a natural gas liquefaction plant and storage tank, and access road on part of Lot 105 Old Punt Road, Tomago.
- A pipeline connecting the gas plant to the receiving station near Hexham.
- A natural gas receiving station at 235 Old Maitland Road, Hexham.

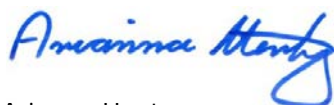
As part of the approval process we will submit an Environmental Assessment to the Department of Planning. The project will be assessed to ensure it meets strict NSW Government standards and that it will not have significant environmental impacts. If you have any views or would like to discuss the items that will be covered in the Environmental Assessment, please contact me.

As part of our application we will be inviting you to attend information sessions in your local area so you can learn more about the Project. This will also be an excellent opportunity for you to ask questions and provide comments. These sessions are expected to be held in May when the application is on public exhibition. We will update you with dates and venues closer to the time.

If you would like to know more about the Newcastle Gas Storage Facility, please call me on **1300 473 660**.

Alternatively you can visit www.agl.com.au/NewcastleGSF or email me at GSF@agl.com.au.

Yours sincerely,



Arianna Henty
Land & Approvals Manager



Energy in
action®



Newcastle Gas Storage Facility Fact Sheet

Energy for Newcastle, the Central Coast and the Greater Hunter region.

We need to know that our energy supply will be secure and capable of meeting our demands. AGL's Newcastle Gas Storage Facility (GSF) will address this need.

The GSF will provide a safe and effective way to store natural gas, which is transported to Newcastle through existing gas pipelines between Sydney and Hexham.

The Facility will have the capacity to store about two weeks' supply of gas for the Greater Newcastle region. It will play a critical role in ensuring security of supply during periods of peak energy demand or supply disruptions. It will allow AGL to ensure customers are not affected by supply constraints, particularly on cold winter days. Facilities like this are commonly used around the world. A similar facility is located in Dandenong, Victoria, providing a strategic gas reserve for Melbourne.

Installation of the GSF and associated infrastructure is estimated to cost about \$300 million. The construction phase will provide employment opportunities in the region, as it will need a workforce of up to 300 people. Operation of the GSF will create an estimated 15 permanent full-time jobs.

Newcastle GSF.

The GSF will comprise a refrigeration plant which cools natural gas to a liquid (LNG) at about minus 161 °C, an LNG storage tank and re-gasification units that convert LNG back to pipeline quality gas. The GSF also requires a new gas pipeline connecting it to the existing network at Hexham.

The stored LNG can be re-gasified and re-injected into the gas distribution network for supply into the Newcastle, Central Coast and Greater Hunter region gas market.

The stored LNG can also be transferred by road tanker for use as an alternative, lower carbon intensity fuel, for heavy duty transport vehicles or for remote power generation.

The Tomago industrial area is AGL's preferred site for the GSF as it is appropriately zoned for this type of development and is near Newcastle, a major gas demand centre. Refer to the map on the next page.



▲ An AGL employee monitors gas flows.

About us

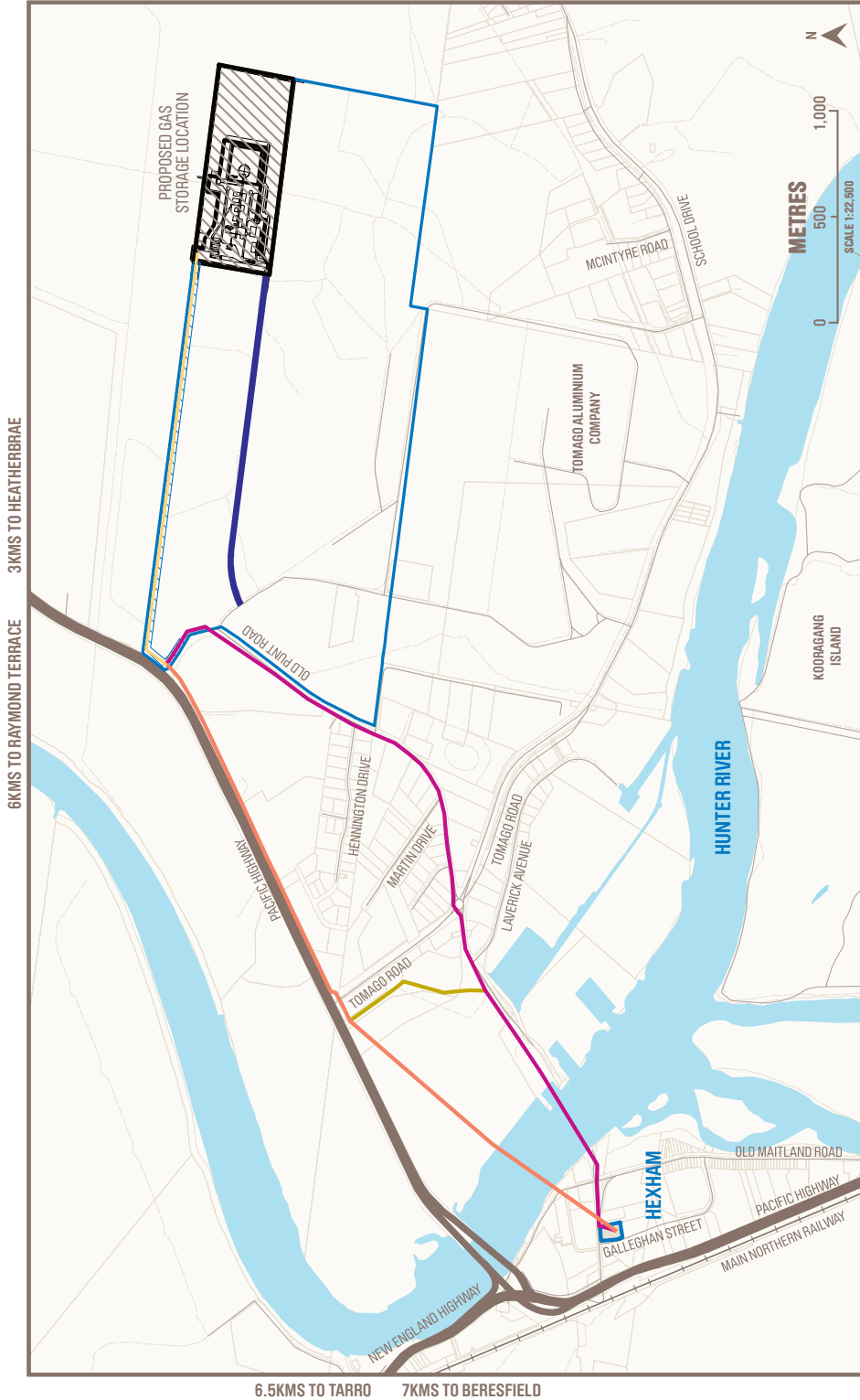
AGL has been operating in Australia for over 170 years and was one of its first listed companies.

AGL is Australia's leading renewable energy company and is Australia's largest private owner, operator and developer of renewable generation assets. AGL also operates retail, merchant energy and upstream gas businesses and has over three million customer accounts.

AGL is taking action towards creating a sustainable energy future for our investors, communities and customers.

Newcastle GSF Project Layout.

10KMS TO WILLIAMSTOWN 10KMS TO FULLERTON COVE



AERIAL DISTANCES

Disclaimer: While AGL has taken great care and attention to ensure the accuracy of the data represented on this map, no liability shall be accepted for any errors or omissions. No part of this map may be reproduced without prior permission of AGL.

LEGEND

Pipeline Corridor	Highway
Hexam Receiving Station Site	Roads
Option 1 & 2	Vehicular Track
Option 1	Railways
Option 2	Coastline
Hybrid Option	Waterbody
Gas Pipeline Access Corridor	

Primary Project Area

Access Road	Proposed Gas Plant Site
Lot 105	

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For further information:
 Visit agl.com.au/NewcastleGSF
 Or contact:
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 Land & Approvals Manager
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