

Energy in
action.™



10 January 2011

Dear Resident/Tenant,

Proposed Newcastle Gas Storage Facility

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 Project at Tomago, NSW.

The Facility is expected to be in operation by 2014. A fact sheet and conceptual Project layout is attached for your information.

When constructed, the Facility will provide additional security of supply during winter peak demand periods and during supply disruptions, providing Newcastle and the surrounding area up to two weeks additional supply.

The proposed Project is comprised of:

- A gas plant site – located to the north of the Tomago Aluminium Smelter
- An access road and utility corridor to the gas plant site
- A natural gas pipeline connecting the gas plant site to the receiving station near Hexham for which alternative routes are being considered (options are shown on the attached fact sheet map)
- A receiving station in Hexham - to link the Project into the NSW gas network via the existing Sydney to Newcastle pipeline.

In February 2011, we plan to lodge our comprehensive environmental assessment study for submission to the NSW Department of Planning under Part 3A of the Environmental Planning & Assessment Act, 1979. If you have any views or would like to discuss the items that need to be covered in the Environmental Assessment, please contact me.

As part of our application we will be inviting you to attend information sessions 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 April when the application is expected to be on public exhibition. We will update you with dates and venues closer to the time.

If you would like to know more about this Project, 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,

A handwritten signature in blue ink that reads 'Arianna Henty'.

Arianna Henty
Land & Approvals Manager - Upstream Gas

Newcastle Gas Storage Facility Fact Sheet

Energy in
action.®



About us

AGL has been operating in Australia for 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.

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.

How to find out more

For further information:

Visit www.agl.com.au/NewcastleGSF

Or contact:

Arianna Henty
Land & Approvals Manager

Phone 1300 473 660

Email GSF@agl.com.au