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# CEDA

## NSW Energy Series

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**Brett Redman**  
Chief Financial Officer

**Date**  
21 June 2016

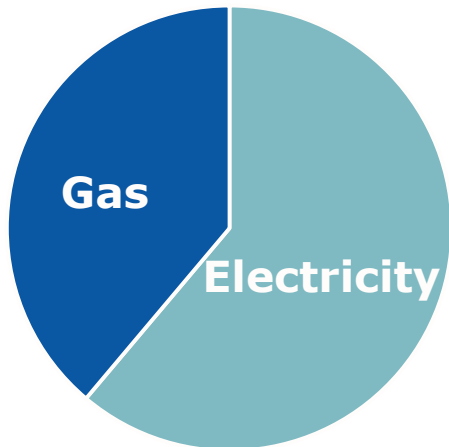
Energy in  
action.®



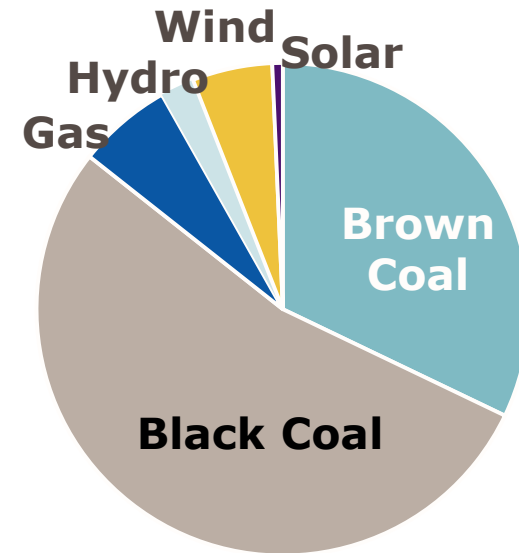
# Snapshot of AGL

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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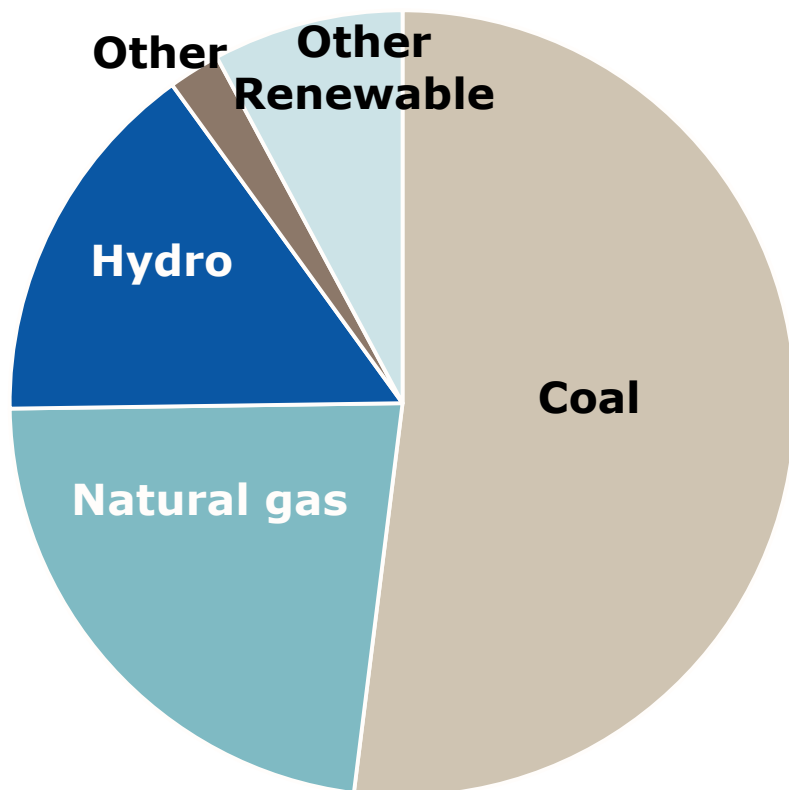
# The path to decarbonisation

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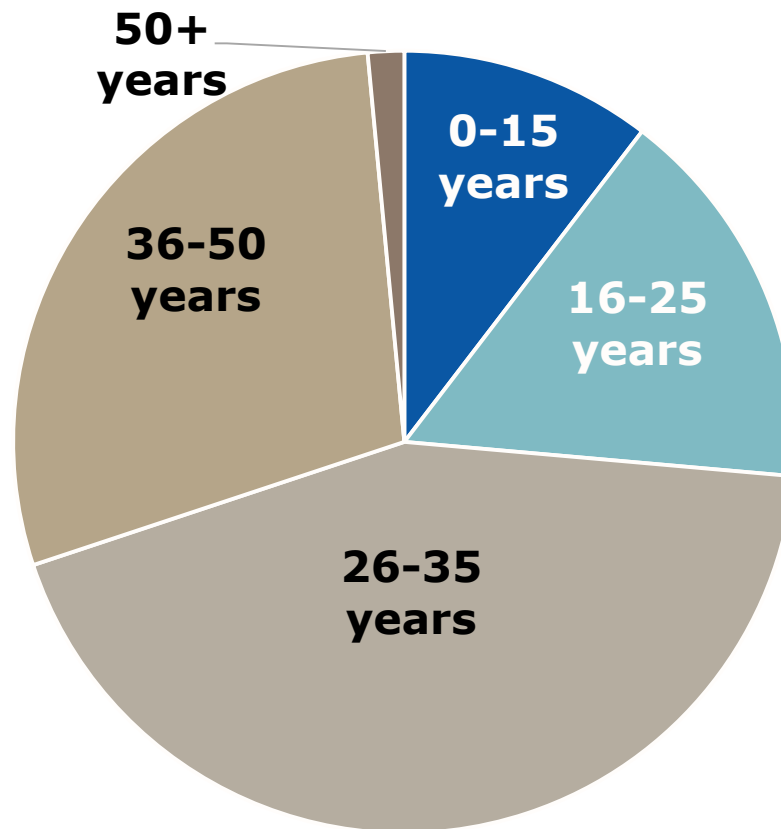
# Snapshot of generation

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

## NEM installed capacity by type



## NEM installed capacity by age



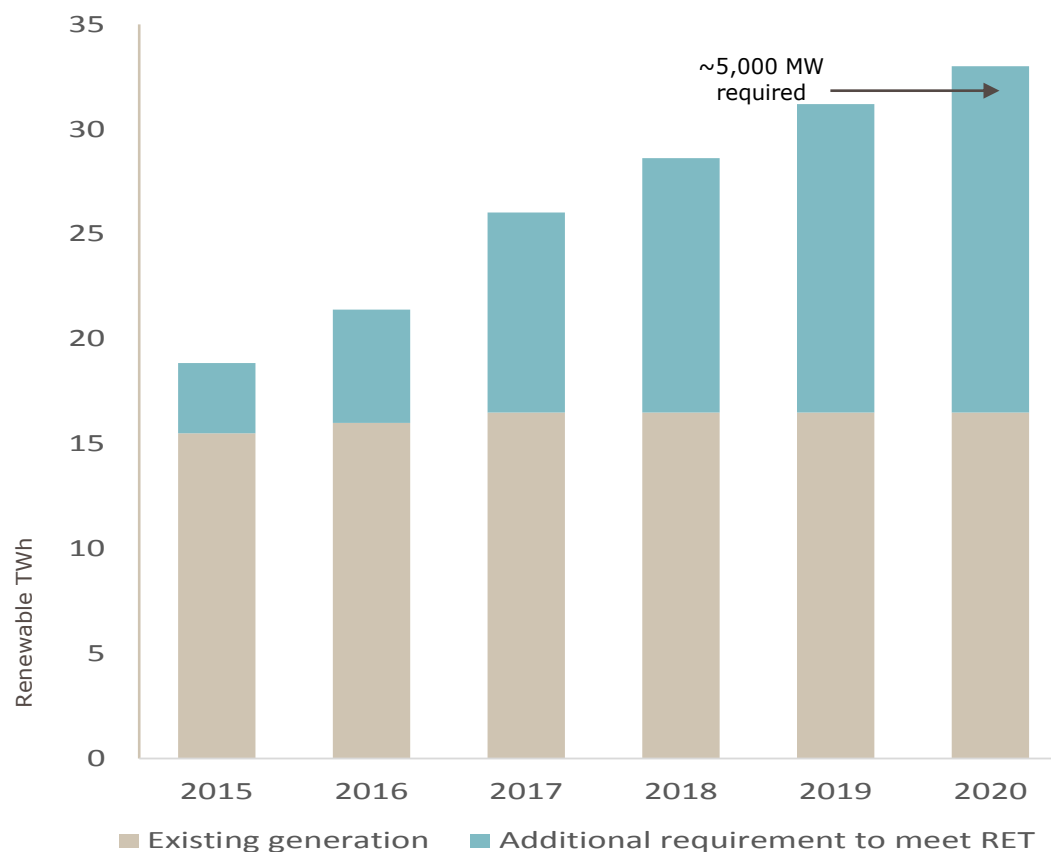
# Powering Australian Renewables Fund

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

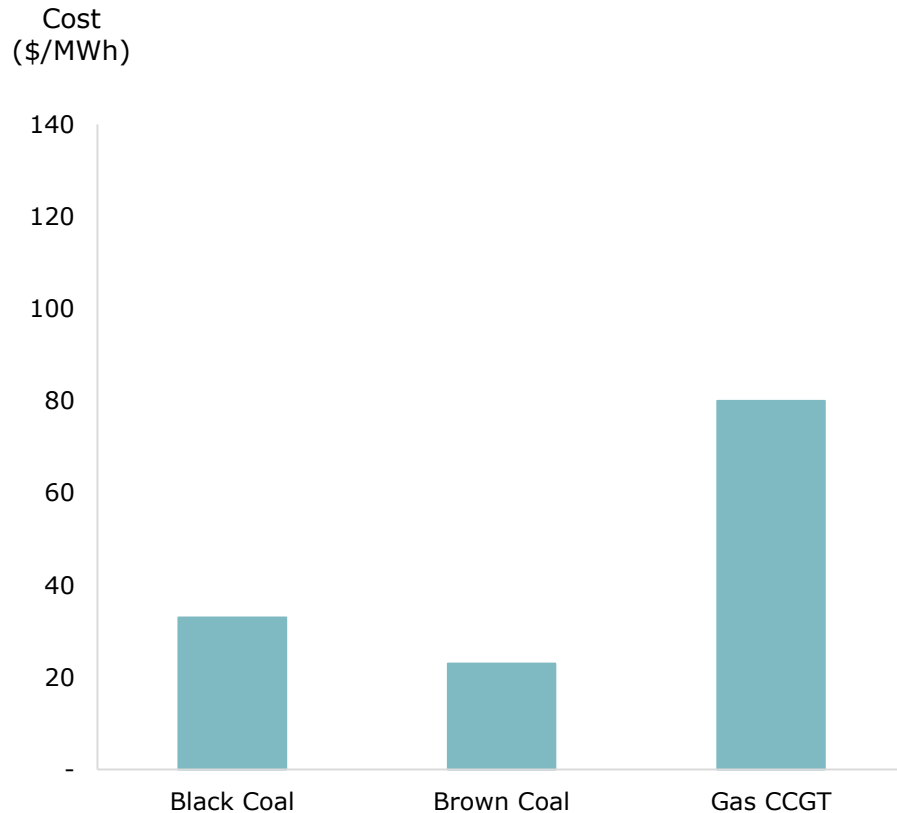
## Australia's Renewable Energy Target



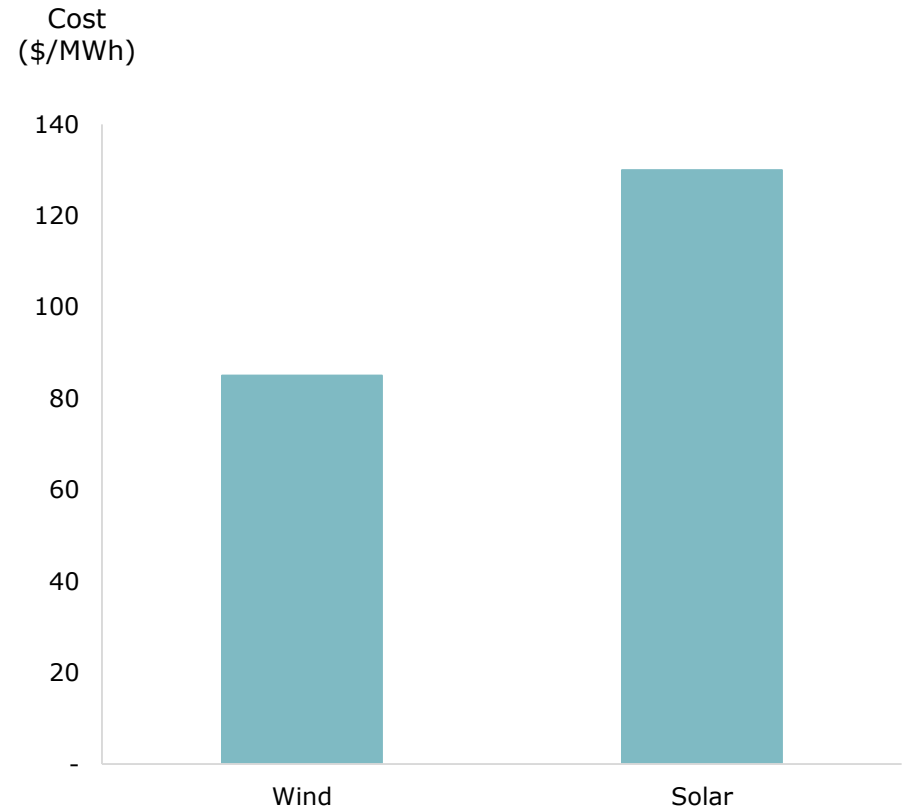
# Market over supply blocks new investment

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 it's 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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