

Liddell Innovation Project

Frequently asked Questions

What is Liddell?

Liddell Power Station is a 2000 MW black coal fired thermal power station, commissioned between 1971-73. The site also includes associated infrastructure required for power generation, including water, coal and transmission plant. Much of the additional infrastructure is shared with the neighbouring Bayswater Power Station, collectively known as AGL Macquarie.

Where is the Liddell Power Station?

Liddell power station is located on the New England Highway between Singleton and Muswellbrook, in the NSW Hunter Valley.

Why close Liddell?

In April 2015 AGL released a revised Greenhouse Gas Policy. The Policy outlined AGL's commitment to the decarbonisation of our electricity generation portfolio, confirming closure dates for our coal-fired power stations. The announced closure date for Liddell is the end of 2022.

AGL believes that the installed capacity and energy output from Liddell is best replaced with lower emissions and more reliable generation, with a longer lifespan.

Why couldn't we extend Liddell?

Selling Liddell is not a practical option because we need to use the Liddell site to deliver our customer needs until 2022 and for storage, inertia, and energy assets after Liddell's closure. We also have shared services and assets across Liddell and Bayswater that are operationally difficult to separate and costly to duplicate.

Less than 1.1 percent of large thermal plants around the world are run beyond 50 years (Liddell turns 50 in 2022) and the median age for plant retirement is between 36-40 years old. Plants approaching 50 years old are reaching the outer range of what can be technically sustained.

Extending Liddell's life by five years would have required significant investment for a shorter lifespan than replacing it. Reliability would decrease as the plant approached its end of life and it would have been a less affordable solution for customers. Replacing it is a more affordable solution that will provide reliable supply for longer.

Why didn't AGL accept Alinta's offer to purchase Liddell?

On 21 May AGL's Board decided on the offer received from Chow Tai Fook Enterprises and Alinta Energy to buy Liddell Power Station for a cash payment of \$250 million.

After careful consideration of the offer, the Board determined it is not in the best interests of AGL or our shareholders as it undervalues our need for Liddell to supply our customers until 2022, and for repurposing post 2022.

In making the decision to reject the offer, AGL sought external expert engineering advice on running Liddell post 2022, looking closely at the reliability and safety profile as the plant ages. Liddell reaches the end of its

operating life when it turns 50 in 2022 and to run the plant safely and reliably past that point would not be economic.

What type of initiatives is AGL looking for?

The Liddell Innovation Project will be an outcome orientated process designed to determine the best and most innovative use of the site and existing infrastructure.

While the projects will be assessed against a set of sustainable criteria, AGL will minimise any preconception of possible development opportunities, encouraging proposals from across the industrial, agricultural and environmental spectrum. The assessment criteria are available for review and comment.

Will AGL invest directly in the projects?

Our aim is to provide a focal point for the development of individual, consortiums, partnerships and cooperative approaches to potential development opportunities.

Given the potential diversity of projects, the possibility of direct AGL investment compared to other potential finance structures is difficult to assess at this early stage.

As we work through the stages of this process we will constantly review and assess our approach to investment. Our investment appetite is dependent on a range of factors including alignment to AGL's core strategy and business, proponent proposed structure and delivery against the criteria. It is likely that this decision will be made on a case by case basis.

How will AGL assess projects against each other?

AGL has developed a sustainable set of criteria against which to compare potential development opportunities.

It is important to note that opportunities submitted will be assessed individually and collectively. That is, their potential will be assessed at the project level and the cumulative impact of a range of like, interdependent, or complementary projects that together may provide greater outcomes than the sum of individual projects.

When will AGL release the "Liddell Innovation Project Tender"?

AGL is currently engaging with a range of businesses, community and other stakeholders prior to the release the final RFI. We anticipate releasing the RFI the week ending 31 August 2018.

We will provide further details when available. To ensure you receive updates and new information, please register your interest in the program at agl.com.au/transition.

How much water will AGL make available to potential projects?

Water is an essential part of the thermal power generation process. Water allocation used at Liddell is under licence from the NSW Government. The amount of water available will be dependent on requirements of AGL Macquarie to ensure energy security for NSW.

In principle AGL will look to provide the resources required for sustainable development opportunities. The volume of water available to projects will be assessed on a case by case basis and in close consultation with the appropriate regulatory and community bodies to ensure effective stewardship of a valuable resource to AGL and the community.

When is the “Liddell Open Day”?

The Liddell Open Day will be held in the week commencing the 10 September. To register your attendance and get more information go to agl.com.au/transition.

What on site resources are available for potential developments?

AGL has developed a range of information packs for organisations interested in submitting a proposal for consideration. The information packs are available online.

What power and communication infrastructure is available?

AGL has developed a range of information packs for organisations interested in submitting a proposal for consideration, including details of power and communication infrastructure available.

How long after Liddell’s closure can a business start construction and operations on site?

Subject to nature of the proposal and its characteristics (e.g. specific location) development could commence independent of the Liddell closure and remediation. Project schedules will be negotiated on a case by case basis.

Will Lake Liddell be available to the public again?

In the interests of public health, Lake Liddell was permanently closed for public recreational use in August, due to the presences of an amoeba called naegleria fowleri. As part of the Liddell Innovation Project, we will review any requests and possible projects that require Lake Liddell against our operational requirements, as part of Bayswater’s operations, and of other factors.

Is the site contaminated or hazardous?

When Liddell closes in 2022, the site will have been in operation for over 50 years, as a coal fired power station. There are therefore, specific areas of Liddell and associated sites that require remediation or rehabilitation upon closure.

Throughout the innovation tender process AGL will be reviewing the areas of the site sought for proposals and will ensure appropriate disclosure and transparency regarding any remediation or legacy issues that require addressing as part of the feasibility and development stages.

AGL has developed a range of information packs for organisations interested in submitting a proposal for consideration, including details about site condition. Information packs are available online.

What plots of land could be made available?

Throughout the innovation tender process AGL will be reviewing the areas of the site sought for proposals. This will enable an effective and efficient assessment of the areas of the Liddell site (and surrounding areas) that can be made available for development opportunities.

Is AGL willing to sell land?

As part of the innovation tender process AGL will be seeking an understanding of the needs and support being sought for development opportunities.

Should the sale of land be required, it will be considered subject to the details and nature of the proposal (e.g. location and proximity to AGL operational assets).

What financial support is AGL will to offer a business venture?

Due to the potential diversity of projects, the nature of support required is also likely to be diverse. It may be in the form of direct investment, in kind support, access to land or resources or use of operational by-products.

As part of the innovation tender process AGL will be seeking an understanding of the needs and support being sought for development opportunities. This will provide AGL the opportunity to assess the extent, nature and structure of support required on a case by case basis as well as collectively.

Are the Liddell Power Station generation units available for repurposing?

In our 2017 Rehabilitation Report, we outlined our commitment to exploring options for the repurposing, reuse or rehabilitation of our large power stations sites, after their closure.

As part of our NSW Generation Plan we are investigating the use of one Liddell generating unit as a synchronous condenser. This is a generator that's been converted to a motor and left connected to the network. It provides spinning inertia and local voltage support to help optimise efficiency and provides network stability.

Is AGL willing to joint venture with a start-up business?

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What access to roads and highways is available?

Liddell Power Station is located on the NSW New England Highway, and has a number of sealed and unsealed roads to access all parts of the site.

What access to rail facilities is available?

Liddell Power Station is located adjacent to transport and haulage infrastructure, heading to Western NSW and to the Port of Newcastle. AGL Macquarie also owns two rail coal unloading facilities.

What options are available at the site for waste disposal?

AGL has developed a range of information packs for organisations interested in submitting a proposal for consideration, including details of waste disposal options.