

AGL CTAP 2025 Briefing Transcript

Thursday, 21 August 2025

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Mr Thompson: Good afternoon everyone and thank you for joining us today for a briefing on AGL's 2025 Climate Transition Action Plan. My name is James Thompson and I'm AGL's Head of Investor Relations. In terms of format for today, I will shortly hand over to Damien Nicks, AGL's Chief Executive Officer to present and then there will be time for questions at the end of the presentation. To ask a question, please press star/one followed by the hash key. Over to you, Damien.

Mr Nicks: Good afternoon and welcome to everyone on the call. For those of you who don't know me, I'm Damien Nicks, MD and CEO of AGL. Today I'm joined by Gary Brown, AGL's Chief Financial Officer and Suzanne Falvi, AGL's Executive General Manager of Corporate Affairs. I'd like to begin by acknowledging the Traditional Owners of the land on which we meet today, the Wurundjeri people of the Kulin Nation and pay my respects to their Elders past and present. I'd also like to acknowledge the Traditional Owners of the various lands from which you're all joining.

It's a pleasure to speak to you about AGL's second Climate Transition Action Plan, our 2025 CTAP. Hopefully you've had a chance to read it. Our CTAP builds on our ambitious decarbonisation commitments and is a reaffirmation of our strategy and our unwavering commitment to decarbonisation. As I reflected in our investor presentation last week, we are undertaking a multi-decade decarbonisation of our business to allow AGL to continue to deliver shareholder value into the future and to support our customers through the energy transition.

Three years ago, in September 2022, we released our inaugural CTAP. It was a bold step forward, committing to exit of coal-fired generation by FY35, up to a decade earlier than previously planned. We set targets for new renewable and firming capacity and we laid out a pathway to net zero for our Scope 1 and 2 emissions. With our 2025 CTAP, we're building on those foundations. We're enhancing our targets, deepening our commitments and demonstrating that we're not just planning for the transition, we're getting on with delivering it.

Let me take a moment to reflect on what we've achieved since 2022. We've deployed or committed over \$3 billion to support our decarbonisation strategy. We safely and respectfully closed Liddell Power Station, marking the beginning of our exit from coal. We've exceeded our target to reduce Scope 1 and 2 emissions by 17% compared to FY19 levels each year since FY23. In FY25, we achieved a reduction of over 29%.

We've grown a significant pipeline of renewable and firming projects, increasing it threefold since September 2022 to 9.6 gigawatts. We commenced construction of the Liddell Battery and brought the Torrens Battery online and in late July, we made a final investment decision on the 500-megawatt four-hour Tomago Battery, which we expect to be operational in late 2027. We completed our exit from AGL-operated upstream gas production, more closely aligning our portfolio with our transition goals.

On the customer side, we've been focused on delivery of our strategy of connecting every customer to a sustainable future. We launched Electrify Now, a digital platform helping customers to electrify their households with over 500,000 visits since May last year. We've expanded our VPP and now we're orchestrating the hot water loads of nearly 100,000 customers, demonstrating how smart technology can reduce emissions and can save customers money. We've expanded our EV ecosystem, including partnerships with BP Pulse, PLUS ES and Everyt and launched an EV plan and subscription service. These aren't just milestones, they're evidence that AGL is getting on with it and taking decisive action on decarbonisation.

As you can see on this slide, our 2025 CTAP sets out the next phase for the decarbonisation of our business. We've charted a pathway to be net at zero for Scope 1 and 2 emissions following the closure of our coal-fired power stations and to be net zero for Scope 1, 2 and 3 emissions by 2050. We've strengthened our interim Scope 1 and 2 targets, prioritising direct emissions and reductions. We're increasing our current target to reduce annual Scope 1 and 2 emissions by 17% compared to FY19 levels, to a 19% gross reduction from 2027 on an ongoing basis. We've also added a 90% gross annual emissions reduction target following the coal closure to ensure our net zero Scope 1 and 2 target is met primarily via direct emissions reductions.

Post closure of our coal-fired power stations, we may offset up to 10% of our residual Scope 1 and 2 emissions. Importantly, we're not planning to use offsets to meet our interim emissions reduction targets, that is, the targets that apply before the closure of Loy Yang A power stations. These targets are gross targets, meaning we plan to achieve them via direct emissions reductions.

You'll also see that the CTAP refers to some discussion we have underway with the South Australian Government. Recognising the importance of having sufficient long duration firming capacity to ensure secure, reliable and resilient electricity supply in South Australia, the South Australian

Government has requested that AGL consider extending the operation of the Torrens Island B power station for two years. While the discussions have not yet resulted in a legally binding agreement, AGL has agreed in principle to the request and continues to engage constructively with the South Australian Government. We consider that this extension, if agreed, would not impact our delivery of the commitments outlined in the CTAP in relation to our emissions reductions targets or the approach to responsible transition.

We've also set an ambition to reduce our Scope 3 emissions by 60% from FY19 levels, following the closure of our coal-fired power stations and exit of associated mining operations and a long-term ambition to reduce Scope 1, 2 and 3 emissions by 90% and be net zero for Scope 1, 2 and 3 emissions by 2050. We recognise that achieving Australia's goal to be net zero by 2050 will take a whole-of-economy decarbonisation approach.

Looking more closely at our Scope 3 emissions reduction pathway on this slide, we are committed to helping our customers decarbonise the way they live, move and work to deliver on our Scope 3 ambitions. The majority of our Scope 3 emissions arrived from three activities: the supply of natural gas to our customers; the supply of electricity to our customers; and the supply of brown coal to Loy Yang B power station.

Looking first at our gas supply to our customers, as I noted earlier, AGL is actively investing to support customers to transition away from natural gas, particularly through electrification of our customers' homes and businesses. Turning to electricity, increasing uptake of consumer energy resources such as rooftop solar and behind-the-meter batteries by our customers and effective orchestration of that CER can help to drive down our customer's grid electricity demand, as well as playing a role in supporting the decarbonisation of the grid.

As our customers electrify their homes, businesses and transport, we may expect to see an increase in grid electricity demand to power more electrified appliances and vehicles. This may drive an increase in Scope 3 emissions in the short term, but is key to unlocking deep emissions reductions in the longer term across the economy. The key driver of reduction in our Scope 3 emissions from the electricity we supply to our customers will be the decarbonisation of the grid. Delivery of our new renewables and firming commitments and the closure of our coal-fired power stations will help drive down the emissions intensity of the grid.

Our largest stream of Scope 3 emissions come from the sale of brown coal from the Loy Yang mine to Loy Yang B power station. We are planning to cease AGL's operations of the Loy Yang mine following the closure of the Loy Yang A power station, targeted by the end of FY35 and in line with the Victorian Government's 95% renewable energy target. This will be a key driver of delivering our 60% Scope 3 reduction ambition.

As a leader in Australia's energy transition, we are building on our decarbonisation commitments with set clear targets to drive performance. We've just talked about our net zero emissions pathway. This slide shows how we plan to deliver this by supporting our customers on their decarbonisation journeys. Recognising the importance of increasing CER uptake by our customers and effectively orchestrating it, we are driving our performance through a short-term target to deliver 300 megawatts of cumulative customer assets installed by FY27.

We also have a strong focus on accelerating CER adoption and coordination and have set a new ambition to have 2.5 gigawatts of demand-side flexibility by FY27. We are also committed to being our customers' partner of choice for e-mobility services. We have products and services that are designed to encourage customers to switch to EVs. We forecast that we will power over one million EVs by 2035.

Turning to our development pipeline, we're on track to deliver on our ambition of adding 12 gigawatts of new renewable and firming capacity by the end of 2035, powering our customers' demand and will continue to look for opportunities to accelerate the transition of our energy portfolio. We've increased our interim target from five gigawatts by 2030 to six gigawatts by FY30 and set a new target to have at least three gigawatts of grid-scale batteries by FY30.

We have and we will continue to evolve our capital allocation over time to support our strategic priorities. Over the next decade we expect to now allocate 67% of capital towards climate solutions. We will continue to optimise our balance sheet based on capital availability, risk allocation and our future energy portfolio needs. We plan to invest approximately \$10 billion on balance sheet to support the transition of our energy portfolio, guided by robust capital allocation and ESG frameworks. This investment will be weighted towards a mix of short and long duration firming assets and has been the case for the last three years. We expect renewable generation will be mostly sourced via offtakes and partnerships.

As we decarbonise, we know that how we transition matters, just as much as how fast we do it. AGL is investing in a responsible transition, one that supports our people, our customers and the communities we serve. Starting on the left-hand side of the slide, to support our people, we've developed clear principles to guide how we support employees impacted by site closures. For example, there will be early and ongoing consultation with employees through transition working groups and individual transition plans will be created for impacted employees to help them prepare for success following asset closure. We'll also offer dedicated resource hubs at major sites, offering job placement services, retirement advice and wellbeing support. We've already put these principles into action at Torrens Island B Power Station.

Turning to the communities, we're committed to engaging with community stakeholders respectfully and inclusively. We have best practice community engagement plans for our operating assets and proposed projects and we keep the community informed of how their feedback is considered in decision-making. We also offer communities the opportunity to share the benefits of projects. A key aspect will be supporting the specific needs and aspirations of First Nations communities where our projects are located.

We're also transforming our existing large thermal sites into integrated energy hubs, repurposing land and infrastructure to support new industries, jobs and regional development. Our vision for these hubs is to catalyse investment in low-carbon manufacturing, recycling, sustainable fuels and more. We look forward to working closely with government on policies that incentivise and derisk the creation of new industries and supply chains that will be integral to the success of this vision.

Our customers are front of mind as the energy system evolves and we recognise energy affordability and accessibility are key to a successful transition. Through AGL Community Power, we're sharing the benefits of the energy transition, including with those who cannot purchase solar and batteries or who may be locked out due to barriers related to home ownership. We're integrating customer support into our operations with tailored programs for those experiencing vulnerability and we're advocating for affordable electrification, simplified tariffs and stronger consumer protections.

As we transition, we are not just building assets, we're helping shape the policy and market settings that will define Australia's energy future. AGL is advocating for a responsible energy transition that balances reliability and affordability with the need to decarbonise. We strongly support Australia's commitment to the Paris Agreement. Decarbonising Australia's energy system requires collaboration and a collective effort from all participants.

To lead this, we are clear on what we stand for and our plan sets out five key advocacy areas. We recognise that we have an important role to play in the energy sector's achievement of a nationwide energy transition at pace and at scale to contribute to Australia achieving its climate goals and we think this is best achieved through long-term policy certainty, effective market settings, improved infrastructure delivery and a supportive investment environment. This is about more than AGL. It's about helping Australia decarbonise with confidence, with clarity and care. We're advocating for the frameworks, reforms and partnerships that will unlock the next wave of investment, innovation and impact. We stand for a future that's reliable, affordable and sustainable and we're proud to be helping lead the way.

Our 2025 CTAP is a plan for action. It's a plan that reflects our delivery to date, our strategic ambition and our commitment to lead responsibly. We're focused on execution. We're building the assets, delivering the products and

the solutions and shaping the policy environment so that AGL remains a leader in Australia's energy transition. I want to thank you all for dialling in to hear about our CTAP today and we encourage you to support the commitments outlined in this plan at our upcoming Annual General Meeting. Together, we can shape a more sustainable future for AGL, for our customers and communities.

Thank you for your time and we'll now open to any questions.

Mr Thompson: We will now open for questions. To ask a question, please press star/one followed by the hash key. We kindly request that you ask one question at a time and please mute all other devices. Our first question comes from Rob Koh at Morgan Stanley. Please go ahead, Rob.

Mr Koh: (Morgan Stanley, Analyst) Good afternoon. Thank you very much for the presentation. Can I just firstly ask a clarification type question, just to make sure that I understand the targets properly, so amongst the commitments or the targets, there's a \$10 billion investment, is that a 2035 timeframe please?

Mr Nicks: Yes, Rob, good to talk to you again, that's correct. So that reflects what we've been saying to the market for a period of time now, of which I think you're going to see us spending \$3 billion to \$4 billion between now and 2030 and the balance between '30 and '35.

Mr Koh: (Morgan Stanley, Analyst) Okay, thank you. That's great. Then my second question, I guess, is a little bit more specific in relation to the potential extension of Torrens Island B. I just wonder if you can give us your thoughts on if there's some kind of agreement there, what your approach will be to transparency about that agreement and if it may come with obligations to provide the replacement capacity as well.

Mr Nicks: Yes, thanks Rob. Look, we have been asked by the SA Government to stay open for a further two years on a reliability basis. We are currently in discussions with the South Australian Government. We haven't yet reached any in-principle agreement, so it's too early for me to comment there as to where we get to. But importantly, when you think about that power station it is a peaker – well it's not a peaker, but it's a gas-fired power station. It operates roughly 10% to 15% of the time. There are three units still in operation and typically one to two operate at any point in time for the reliability of the system. So if you put that in context of our emissions, it's roughly 2% of our total emissions between – in the current emissions profile. So importantly, we'll continue to work with the SA Government on the reliability front.

Mr Koh: (Morgan Stanley, Analyst) Okay, many thanks.

Mr Thompson: Thanks Rob. Next up we have Angela Macdonald-Smith from the AFR. Go ahead Angela.

Ms Macdonald-Smith: (AFR, Journalist) Thanks for taking my question. Look, I think there's still some criticism that the 2025 plan doesn't fully align with Paris climate commitments. That was, I think, one of the criticisms of the 2022 one. I'm just wondering to what extent that's a concern as you look to get investor support for this ahead of the AGM, particularly from your biggest shareholder.

Mr Nicks: Hi, Angela. Good to hear from you again. Look, I think importantly, when I sit back and reflect on AGL's strategy. AGL's strategy is all about, obviously, as we reshape our generation portfolio and we connect our customers to that sustainable future. Our CTAP, if we deliver our overarching strategy, which is absolutely critical, we will deliver on our Climate Transition Action Plan.

I think your question is in terms of being Paris aligned, so our analysis would indicate that our targeted closures, as they're set out, is aligned to limiting warming to below two degrees. However, achieving this will clearly require a coordinated approach and delivery across the whole sector. The energy sector cannot do this all on its own. We're going to need sectoral input across the board for us all to be able to deliver this. But our analysis would suggest we are below two degrees.

Ms Macdonald-Smith: (AFR, Journalist) Okay, thanks. Could I squeeze in another one and ask about the Bayswater closure date 2033? Obviously you had a range earlier, 2030 to '33, can you just talk through how that decision came about to make it 2033? Did you rule out being able to close it any earlier? Is there any flexibility or any circumstances you could see where that could be brought forward?

Mr Nicks: Look I think, Angela, our closure plans for Bayswater remain the same. We're simply changing the way in which we communicate to remove ambiguity, both from our employees out at Bayswater and the local community. Back in the 2022 CTAP, we did make it really clear that our asset management plans are structured to support the closure into 2033. I think the other thing we say in the CTAP and I think this is an important part, is as we get towards closure, like what we did with the Liddell Power Station, we will commence to run those stations differently, whether you're mothball one, whether you run them differently over shoulder periods, there's a whole range of options in front of us as we think about that. So we'll continue to evolve the asset management plans as we head towards 2033.

Ms Macdonald-Smith: (AFR, Journalist) Okay, thank you.

Mr Thompson: Thank you, Angela. The next question comes from Lydia Brunton at UBS. Go ahead, Lydia.

Ms Brunton: (UBS, Analyst) Hi, Damien, Gary and Suzanne. Congratulations on the release of the second CTAP for AGL. I just have a couple of questions on the development pipeline. So the 2030 target is the now increase to six gigawatts of renewable and firming capacity. From your perspective, what

are the biggest execution risks to delivering this, particularly around grid access and maybe following on from that, what percentage of the pipeline utilises AGL's existing connection assets?

Mr Nicks: Great, thanks, Lydia. So let me just step back a little bit on that one. When I think about our pipeline, I think AGL has one of the best development pipelines in the market, currently at about 9.6 gigawatts and we've got another seven gigawatts, which is much more longer term and we're still working our way through it. For us, it's about that pipeline having great optionality. When I talk about optionality, it means not all of that pipeline will get delivered. Some will come, some will go, we'll be adding to it and so forth. It's about finding the best, whether it be the connection into the grid at a point in time, the best constraints that might be out there and separately then, what are the best economics, so what projects can we bring on the fastest.

What you saw us do over the last 12 months, we bought an organisation called Firm Power that had a number of footprints from batteries. So what you're seeing executed on right now is getting batteries into the system as quickly as we can. We recently took FID on a 500-megawatt four-hour battery and will continue to look to bring another 900 megawatts of batteries to FID over the next 12 to 18 months.

I think your question around what is potentially slowing things down, I think it is largely, right now, the planning and the connection process that we keep advocating for. We need to see that speed up through the system. At the same time, really working closely with the local communities from a social licence perspective to make sure we get that right. What the transition can't afford to have right now is planning a connection that's seven or eight years. Some of the wind assets have taken that long. I want to see that cut right back so we can actually get on and do this as efficiently as you can.

But then that gets back to exactly my point on having a great development pipeline. We continue to progress these as we go and then we'll find the one that is best placed to execute on and to bring to FID. So that's what you'll continue to see us doing and importantly we'll continue to build out that development pipeline because there's still a huge amount for us to deliver over for the next 10 years.

Ms Brunton: (UBS, Analyst) Okay, thank you. Then maybe if I can just squeeze in one more, I was keen to understand, given your comments around how the use of off-takes and partnerships in terms of getting some of these renewable projects off the ground, so could you provide a little bit more colour on what the types of counterparties you're engaging with? Are you seeing similar trends to what we're seeing in other overseas markets where the likes of big tech firms and the demand from data centres essentially underwriting new renewable capacity? Are you seeing that here as well?

Mr Nicks: Look, I wouldn't say – if I go back on the data centre, we're not seeing that directly here just yet. You're seeing a bit of that in the US. I think that will evolve absolutely and that's why, again, having that development pipeline where we could package up a wind and a battery project together for a data centre or some other form of industry, I think that's what will come into play. Your question on PPAs, wind is being developed by a whole range of investors right now and we look for partners that can ultimately provide capital into those projects. We will often take those off our balance sheet so we won't put them all on our balance sheet but we will certainly look to write the off takes so those projects can get stood up in the market and can, importantly, get financed.

So we work with a whole range of partners, including our investment in Tilt. We've got a JV with Someva at the moment on the Pottinger windfarm and we also have some direct windfarms ourselves in the pipeline and we'll continue to progress them through the pipeline.

Ms Brunton: (UBS, Analyst) Okay, thank you.

Mr Thompson: Thank you, Lydia. As there are no further questions, this concludes today's briefing. Thank you for your time.

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