AGL Energy Limited
Review of Strategic Direction outcomes and FY23 earnings guidance
Conference call – 29 September 2022

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Mr Thompson: Welcome to AGL Energy's market update. All participants are in listen only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Chair, Patricia McKenzie.

Ms McKenzie: Welcome to everyone on the call. I'm Patricia McKenzie, Chair of AGL's Board. With me today is Damien Nicks, who will be Interim CEO of AGL from the 1st of October. I am also joined by our Executive Team. We are all joining this meeting from different locations. I would like to acknowledge the Traditional Owners of the land in Melbourne where I am today, the Wurundjeri Woi Wurrung people of the Kulin Nation, and pay my respects to Elders past and present. I also extend the same acknowledgement and respect to the Traditional Owners of the lands you are joining this meeting from, and any Aboriginal and Torres Strait Islander people who are with us today.

This is the first update I am making to you all as the Chair of AGL Energy. I am very proud to do so at this milestone moment in our company's 185-year history, as we present the outcomes of AGL's review of strategic direction, and we set out the way forward for the company.

Earlier this morning, we released a comprehensive pack to the market, which I hope you've had the opportunity to review. This included a detailed investor presentation, and an ASX release with an overview of the review, as well as FY23 financial guidance, and details of our inaugural Climate Action Transition Plan.

The focus of this call will be to answer your questions. But before we do so, I would like to highlight a few of the key outcomes of the review, and I will also ask Damien to make some introductory comments.

Today, we announce a new direction for AGL as we reshape its future energy portfolio. It represents one of the most significant decarbonisation initiatives in Australia. It accelerates the pace of AGL's transition to a low carbon energy leader, and demonstrates our commitment to decarbonisation, in line with shareholder and community expectations.

A lot has changed in the past 12 months for AGL, and for Australia. The war in Ukraine, global supply chain issues, and the rising cost of living, including rising electricity prices, have put pressure on households and businesses. Around the world, there has been sustained political and social momentum, and in Australia, we have seen various State and Federal Government initiatives focused on climate change action, which for the first time in many years, has provided a clear market signal for investors.

In the energy sector itself, the pace of decarbonisation is also rapidly accelerating, and AGL, as Australia's largest emitter and largest private investor in renewables, has a significant role to play in materially reducing the nation's carbon footprint. It is within this context that the Board of AGL undertook to renew its Board and management. During the past 12 months, Graham Cockcroft, Vanessa Sullivan, and Miles George joined the Board, which means the AGL Board is now comprised of Directors with significant experience in energy transition, renewables, sustainability, and international energy markets.

It is our intention to appoint further Non-Executive Directors to the Board with skills and experiences that are aligned with our strategy, having regard to our skills matrix. In particular, we will prioritise Directors with skills in digital and customer areas, and those who brought ASX and M&A experience.

Vanessa Sullivan and Graham Cockcroft were co-Chairs of the Board's subcommittee that oversaw the review. Gary Brown, AGL's Interim CFO from the 1st of October, led the review internally for AGL. The committee undertook a comprehensive analysis and review to define a path forward for AGL, that considered AGL's decarbonisation objectives, our existing strategies, the optimal energy mix for AGL, and our options in relation to capital structure. The Board adopted the recommendations of the committee and the key priorities for AGL as we move forward, which I will outline shortly.

The committee has now completed this review, and management, with the oversight of the Board, will be responsible for delivering this strategy going forward. We are confident that the management team can deliver on the findings of the review in a way which delivers long term value for all shareholders.

Turning now to key outcomes of the review. Firstly, AGL is fast tracking its exit from coal, targeting the closure of Loy Yang A Power Station by the end of financial year '35. This is up to a decade earlier than previously announced. This earlier closure will reduce AGL's overall annual greenhouse gas emissions from around 14 million tons to net zero for operated Scope 1 and 2 emissions, supporting the transition to a lower carbon world aligned with the Paris Agreement goals. We will remain on track to close the Liddell Power Station in April 2023, and the Bayswater Power Station is on track for closure between 2030 and 2033.

To do this, and ensure a reliable energy supply, AGL will aim to significantly grow its investment in renewable and firming capacity from the $4.8 billion already invested. Two decades ago, AGL began building what is now the largest renewables and firming portfolio of any ASX listed company. We have an ambition to supply up to 12 gigawatts of renewable and firming capacity by 2036 to meet our customer demand, estimated to require up to a $20 billion investment. And Damien will talk more about this shortly. Our interim target is to have up to 5 gigawatts of new renewables and firming in place by 2030, funded from a combination of assets on AGL's balance sheet, offtakes, and via partnerships, with battery, wind and solar priority investments at this stage.

We will continue to invest in these projects, as well as continuing to invest in innovation and research and development that has the potential to change the game in energy generation and storage. AGL currently has 3.2 gigawatts in the pipeline and under construction. This includes the 250-megawatt Torrens Island grid-scale battery, due for completion in mid-2023; the 50 megawatt Broken Hill battery and the 500 megawatt Liddell battery; the 200 megawatt Loy Yang battery; and the 250 megawatt Muswellbrook pumped hydro project. The pipeline also includes wind farms, the largest being planned in Victoria. We are also committed to redeveloping our thermal sites in the Hunter, Torrens Island, and the Latrobe Valley, into industrial energy hubs.

Importantly, this new strategic direction will enable AGL to achieve net zero for operated Scope 1 and Scope 2 emissions following the closure of all AGL's coal fired power stations, with the ambition to be net zero for Scope 3 by 2050.

This strategic direction we're sharing today, for the faster decarbonisation of our business, is what we consider to be in the best interests of the company, having listened to our stakeholders, and in particular our shareholders, and it is what our community expects of us. And it is, above all, the right thing to do.

We are excited by what is before us, and we believe our shareholders will benefit from a stronger and more sustainable business, that will be uniquely positioned in the transitioning energy markets. Today's announcement recognises the increasing ESG pressure from investors and consumers that has been affecting our business, and we expect to be able to access a wider pool of capital and attract new investors, which will ultimately result in a lower cost of capital and a more sustainable business. AGL is uniquely positioned as the largest emitter and the largest private investor in renewables in Australia to impact the pace of Australia's decarbonisation.

I want to emphasise that AGL takes our responsibility in powering Australia seriously. We have continued to supply more than 4.2 million customer services each and every day, and will continue to do so. And that we will work with communities and all stakeholders to explore opportunities for career transition, and support customers and communities through these transitions. This includes working with States and Federal Government on development of a National Energy Workforce Strategy to identify current and future skill gaps in the energy sector, and working to support a plan to ensure Australia has the skilled workforce it needs.

AGL has long acknowledged the size of our decarbonisation challenge, and what we have laid out here today is a clear pathway. As Australia's largest electricity generator, and the largest carbon emitter, we have the opportunity to make a very significant impact to reduce Australia's carbon emissions. Together with my fellow Directors and management, we know we have a big task ahead. But we are committed to getting the right outcomes for the company for our shareholders, customers and the community. There is further detail of our decarbonisation pathway in our Climate Transition Action Plan published today on our website. Shareholders will also be given the opportunity to vote on this at our AGM in November. Thank you for your attention, and I'll now hand over to Damien.

Mr Nicks: Thank you, Patricia, and good morning, everyone. It's a pleasure to join you this morning. I'm proud to start my appointment as the Interim Chief Executive Officer of AGL on the 1st of October, an organisation I've worked at over the past nine years, most recently as its CFO. I'm excited to lead this organisation as we reset as a company and refocus our strategy in line with shareholder and community expectations. The management team has the full support of the Board to get on with the job of delivering this strategy.

As Patricia said, this is one of the most significant decarbonisation initiatives in Australia. It represents a major step forward in Australia's decarbonisation journey and supports the transition to a lower carbon world aligned with the Paris Agreement goals. The accelerated closure of Loy Yang A, together with our ambition to supply up to 12 gigawatts of new generation and firming capacity before 2036, reshapes AGL's generation portfolio and the Australian energy market.

As we drive forward with this change, our unwavering focus on our customers, and 4.2 million energy and telecommunication services we supply for them, remains. AGL will continue to supply affordable energy, as well as supporting electrification and the transition to a low carbon future. I'll now talk you through the key components of today's announcement with you on slide 5.

First up, our carbon commitments and Paris alignment. Slide 7 demonstrates the significance or targeting closure of Loy Yang A by up to a decade earlier than we previously announced, and avoiding up to 200 million tons of greenhouse gases being emitted. AGL is also committing to be net zero for operated Scope 1 and 2 emissions after all our coal fired closures, with a continued ambition to be net zero by 2050 for Scope 1, 2 and 3 emissions.

As Patricia mentioned, Liddell remains on track for closure in April 2023, and Bayswater remains on track for closure by the end of 2033. With 12 years to the target retirement of our coal fleet, we continue to work with our people, Federal and State Governments, and our stakeholders, to make sure this change is responsible, and our customers are not left without power, and workers and communities are supported.

But closure timelines are just part of the story. On slide 10 of the investor pack we've outlined the second key component of today's announcement; our ambition for the AGL portfolio of the future. With our targeted exit from coal generation by the end of FY35, our ambition is to supply future customer demand with approximately 12 gigawatts of new renewable and firming assets, with the majority of new supply anticipated to be from wind and batteries. And as part of this ambition, we have set an interim target of 5 gigawatts of new renewables and firming capacity by 2030. And pleasingly, with our existing 3.2-gigawatt pipeline of high quality projects already in place, we are well placed to meet these growth ambitions.

Slide 11 provides good context of the sheer magnitude of this build. Up to 6.5 gigawatts of new renewables build requires the equivalent of 12 wind farms the size of Coopers Gap, and eight solar farms the size of the Nyngan solar plant. Additionally, up to 5.5 gigawatts of new firming requires the equivalent of eight long duration storage and hydrogen or biofuel firming projects the size of our Muswellbrook pumped hydro project.

Slide 12 outlines the timeframe to deliver on our 12-megawatt ambition, building on our existing 3.2 gigawatts of assets in the pipeline and under construction.

The third component of our go forward strategic direction is financing the future AGL. Delivering on AGL's growth ambition will require significant capital investment, which we estimate at approximately $20 billion over a 12-year period, through to Loy Yang A's targeted closure. We have a number of channels to source this volume of energy, be it through our existing or future project pipeline; by partnerships, like Tilt Renewables or others; through off taking from decentralised energy sources, or even in traded energy markets. When making decisions around sourcing, we'll look to the channel that drives the best economic outcome for our AGL shareholders.

For example, firming assets deliver attractive returns, and are often best developed directly and on balance sheet utilising the value of our sites and infrastructure. This is clearly an attractive long term investment opportunity for AGL and its shareholders, and one that will require a mix of funding sources to deliver over time, including operating cash flows from existing generation; debt and equity financing at the corporate level, including bank and capital market and potential transition lending; debt financing at the project levels; entering into offtake or contracting agreements; through partnerships utilising third party and AGL capital, including through our interest in Tilt; and through capital recycling. We are confident of our ability to access a wide variety of funding sources, which is evidenced by AGL's very long experience in sourcing capital for clean energy projects, having raised over 3.5 billion of capital into renewable assets over the last two decades.

A key point I'd like to address is the commercial rationale for closing Loy Yang by up to 10 years earlier than previously announced. Firstly, participation in the energy transition will be a key source of value for our shareholders. Our strategic asset base, renewable development capability, and our large customer base uniquely positions AGL to generate strong shareholder returns from the transition of our generation portfolio.

Secondly, the cost of capital impost on carbon intensive industries is well understood. We see some of our international peers who are successfully transitioning to a low cost of capital and evaluation premium, in part because of their green credentials. By accelerating our exit from coal and investing in the transition of our energy portfolio, this strengthens AGL's ESG credentials, and in doing so, addresses mounting pressure from banking institutions and equity investors for AGL to decarbonise, which we expect will open access to a wider pool of capital who want to participate in the energy transition.

We believe investors will value and recognise the significant opportunity ahead of us and participate in AGL's transition to renewables and storage. We've heard it from our customers, communities, Governments, capital providers, and our shareholders. The time is now for AGL to show leadership in the energy transition.

On slide 17, we highlight additional areas of strategic emphasis, and ongoing commitment we make to deliver for our customers. These capture the many exciting initiatives spoken to you about in the past, and that we will continue to discuss with the market, which are centred around delivering on customer's needs today and in the future, shaping a diverse, flexible and low carbon energy portfolio, creating new value through data, digital and advanced analytics, and strengthening and business performance to maximise value. Our customer markets and integrated energy businesses are well positioned to execute on these areas of strategic emphasis.

On slide 18, you'll see that being a leading multi-service energy retailer is at the core of our strategy. And on slide 19, for integrated energy, we continue to transform the three pillars of portfolio excellence, trading excellence, and operational excellence.

It is certainly an important time in the company's 185-year history. Today, we also announced our inaugural Climate Transition Action Plan, further demonstrating our track record of market leading climate disclosures, and our commitment to communicating transparently with our stakeholders. Today AGL has announced a clear path forward that we consider to be in the best interests of the company, having listened to our stakeholders, in particular our shareholders, and we will ensure AGL remains a strong and sustainable company. On that note, I thank you again for your time, and I'll now open the line to questions.

Mr Thompson: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. We request that you keep to one question at a time. If you wish to ask another, please re-join the queue. Our first question comes from Tom Allen at UBS. Go ahead, Tom.

Mr Allen: Thanks, James. Good morning, Patricia, Damien, and the rest of the team. Your presentation refers to this new understanding of ESG related cost pressures that are impacting the firming going forward. Can you share some takeaways from the review that quantify those impacts? And obviously recognising the capital demands on the business going forward are going to be really significant, can you share a range, just a range, on how committing to a Paris aligned decarbonisation pathway might impact the cost of capital going forward?

Mr Nicks: Thanks, Tom, good morning. Look, when we referred to ESG in that space, it was the fact that we are bringing forward the closure of Loy Yang by 10 years, and therefore, we are also bringing forward the rehabilitation requirements by 10 years, and therefore the cash flows of those requirements have been brought forward. So that's our key reference there.

When we've thought about clearly the ESG pressures on organisations such as ours, we've looked at this from the perspective of what can we deliver into the future, and what does our portfolio need to look like, with the asset base we have? So that's the way we've thought about that. And we've brought that into our thinking and our modelling of that portfolio update.

Mr Allen: Okay, Damien, and in that regard then, just on that plan to exit by 2035, in more detail, do you see scope to accelerate the retirement of say Bayswater even further than your 2030 to '33 target, just because recognising that the low-cost coal supply contract expires about the same time as your offtake contract with the Tomago smelter in about 2027. I think the owners of the smelter have publicly said they wish to pursue a renewable offtake contract going forward. So, considering all that, and what you've just mentioned, couldn't say Bayswater be planned to retire when Snowy 2.0 comes online?

Mr Nicks: What we've done through our modelling is assessed our broader customer demand, including smelters, and when I say broader customer demand, where we think electrification will go through the customer base. And that has really told us that therefore we need Bayswater in the market out to 2023 – sorry, 2033, should I say. We will continue to assess as the market evolves, and that's why we've kept the range there on Bayswater from 2030 to 2033. But at this point, our modelling would suggest we need Bayswater in the market up until 2033.

Mr Allen: Okay, that's clear. Thanks, Damien. I'll jump back in the queue again. Thanks again.

Mr Thompson: Thanks, Tom. Next up, we have Pete Wilson from Credit Suisse.

Mr Wilson: Thanks; morning. To follow that up, could you maybe address that assertion that the capital commitments could be significant in a couple of years? And basically, what I'm looking for is some comments on the uses of free cash flow in the next few years, both any intended debt paid down, and the expected contributions to growth capex in the next few years, whether they're going to be greater than the approximate $200 million that you're spending in FY23.

Mr Nicks: I'll come back to the question on the 200 in '23. But the way we're thinking about this is, we have a portfolio today of 3.2 gigawatts that's either in process or being planned for. That will happen over the next seven years. We've also set ourselves a target, which is included in the 3.2 of 5 gigawatts in totality. So we are committing to 5 gigawatts over the next seven years.

Some of that will be on our balance sheet. And what I mean by that is, assets such as firming assets, such as batteries, where we can utilise the benefit of our sites and the industrial energy hubs, they're the type of assets we will put on our balance sheet, as opposed to – we will therefore assess those renewables and so forth, whether we do that through offtakes, through our partnerships, and so forth, there's a whole range of sources. But what we believe is by setting this direction from an ESG perspective, we're going to have much greater access to capital, both debt and equity, into the future.

Now we've all seen the impacts on ESG on this organisation over the last three to five years. We believe this strategic direction will open up those access to capital, because we're all aware the billions of dollars that are out there, and the billions of dollars that need to be spent as well.

Mr Wilson: Okay, and just a follow up. The intention, if any, to direct some cash flows toward debt pay down? And could you also remind us, has the energy transition – forget the acronym – the ETIP, with global investment partners, has that partnership been dissolved, or is it still on foot?

Mr Nicks: Yes, so in the announcement, it is a small footnote, but that dissolves as a result of the demerger not going ahead. But importantly, partners such as Tilt, which have an incredible pipeline, we will continue to work closely with, and we will continue to work with others out there as well as we think about the sheer size and scale of this. But yes, that one has fallen away.

Mr Wilson: Okay, and debt pay down intention?

Mr Nicks: Sorry. So from it from a debt perspective, what we haven't come out with today, from a capital management perspective, is any update around the dividend policy in capital management. We will continue to articulate that, as we look at these projects as they come online, looking at where the sources of funding is going to come from, sources of energy, but also importantly, what will be on balance sheet and what won't. So that will be further articulated into the future as we continue to define what that portfolio is going to look like.

Mr Wilson: Perfect, thank you.

Mr Thompson: Thanks, Pete. Next up, we've got Ian Myles from Macquarie.

Mr Myles: Yeah, hi, guys. Just can you give us a bit more colour on the $700 million write down? How much is actually maybe an increase or reconsideration of the remediation provision, versus how much is just you having to accelerate the depreciation of the assets?

Mr Nicks: Thanks Ian. So, the pre-tax number is about $1 billion of bringing forward the cash flows. So, if you imagine bringing 10 years of cash flows forward, and also bring forward the cash flows on a rehab perspective, that's the combination of those two. There is more that sits within the bringing forward of the asset life than there is in the rehabilitation bringing forward. We will be providing that sort of detail when we come to the half year in terms of that split.

Mr Myles: Okay, so we'll get that detail then.

Mr Nicks: Yes.

Mr Myles: And the other thing is, with the closing of Loy Yang A, does the mine also close in 2035, so you've actually committed to Loy Yang B also closing, even though they haven't made that decision?

Mr Nicks: What I would say there is we have a very complex commercial legal arrangement between ourselves and Alinta, which I won't go into detail on this call. Those conversations and discussions will go forward between now and '35, in terms of what will happen to that mine and how it will operate.

Mr Myles: Will that be on your books, will you have to pay for operating that mine on a continuing basis?

Mr Nicks: I'm not going to go into the commercials of that right now as part of this. Clearly we are competitors in the marketplace, and therefore those discussions need to go on under the contractual arrangements that exist between the parties.

Mr Myles: Okay. Thanks.

Mr Thompson: Thanks, Ian. Next up, we've got Alistair Rankin from RBC.

Mr Rankin: Oh, good morning, guys. Thanks for taking my question. Just firstly, I just wanted to understand just how the strategic review is addressing the growth margin with these new assets. So, I understand that you're able to reduce your cost of capital, which is an important part of actually building the assets, but I just want to understand how you're viewing gross margin; is it going to be expanding with these new types of assets? Or do you think it's going to be staying around the same? Just wanted to understand that.

Mr Nicks: Just so I understand, do you mean around the customer, or do you mean more broadly across the whole organisation? Because I think the thing is, we will continue to build out this portfolio over the next 12 years. So, our portfolio will shift, and our portfolio will shift very significantly over the next 12 years. But we've built the portfolio around what we believe will be the demand of our customers through additional electrification, and therefore having the most – both renewable and firming energy required to meet those customer needs.

Obviously, over time, depending on where energy markets go, I mean, that's a big forward looking position to be in, in terms of where energy markets goes, we will obviously derive really what those margins are going to look like into the future. So not something I'm going to put to paper right here. There's a long way to play out over the next 12 years.

Mr Rankin: Yeah, yeah. Okay. Understand that. And then I guess, just on the actual investment decisions for the assets, do you have a feel for some of the [hurdle] rates, or you can't really say on the SID for these projects?

Mr Nicks: Look, I think the way to think about it is, as I was saying earlier, is more than likely the assets that will most likely be on our balance sheet are those assets that are firming in nature that we can trade, can utilise the benefit of our customer portfolio, can use the benefit of the infrastructure on the sites, and also the technologies that we've been developing over a number of years. Those are the assets that will drive higher returns and will obviously carry higher risk as well. The renewable assets which are just providing the energy, will likely be off our balance sheet in some cases, and they will therefore be of lower returns.

Mr Rankin: Yeah, I understand that. Okay, I'll jump back in the queue, thanks.

Mr Thompson: Thanks, Alistair. Next up, we've got Jock Traveerungroj from Barrenjoey.

Mr Traveerungroj: Hi all. Thanks for taking my questions. Firstly, I guess you touched on it before, but how much of the $20 billion investment into renewable firming assets do you think will be found on the balance sheet? And I guess following off that, what kind of conversations have you had with your credit providers, given a few banks have recently become more strict in lending beyond 2030?

Mr Nicks: So, let me start on the lending side first. What we are putting out today, in terms of our strategic direction, we believe through the discussions with the lenders in the market, this strategic direction will provide us better access to lending in the markets. And importantly, having that really clear direction of decarbonisation, and having an approach to be able to deliver on the generation that we'll need, that's going to be really important and give us access to that capital, both locally and internationally. So that's the first part of the question, and that's a big part of the reason why we are doing what we're doing today.

In terms of exactly what will be on that balance sheet of the $20 billion versus not on our balance sheet, we haven't articulated that in detail here today, because we'll be making both energy sourcing decisions, and we'll be making capital decisions in terms of where we get the capital from, on a project-by-project basis. And particularly it will be ensuring that it's in the best interests of our shareholders, and it's most economic in terms of how the returns will come through. So that's probably the way to think about that. And from a go forward perspective, we'll continue to provide updates to the market as we are looking to deliver on the targets being set, and how those targets are going to be achieved, and what will be on and off-balance sheet as we move forward.

Mr Traveerungroj: Thank you. I'll leave it there.

Mr Thompson: Thanks, Jock. Next up we've got Rob Koh from Morgan Stanley.

Mr Koh: Good morning. Thanks very much for the presentation and the Climate Transition Action Plan. So, I guess I just wanted to understand some of the comments you made earlier, Mr Nicks, about reviewing dividend policy. I guess with the demerger, that there was a fairly clear proposal for Accel and also for AGL A, and very good finance people running those businesses, as you know. So, I guess are we to take the there's been a change as a result of this strategic review to those kinds of broad settings?

Mr Nicks: No, the way to think about it Rob, is we are now an integrated business. Those policies were created on the back of two separate organisations with different structures, different outlooks. As a reintegrated business, we are looking at this as an overall portfolio about what are those right assets that will sit in our portfolio for the future? And as we continue to define that, and as we continue to define what will be on and off our balance sheet, we will obviously come back to the market at the right time, in terms of what those policies will look like into the future. And having my new CFO sitting across the desk from me, I'm sure will articulate that very, very clearly.

Mr Koh: Yes, I'm sure he will. I look forward to it. Thank you so much.

Mr Thompson: Thanks, Rob. Next up, we've got Mark Samter from MST Marquee.

Mr Samter: Thanks James. Morning, everyone. A bit of a follow on I think to Jock's question, I know you guys talk about the 3.2 gigawatts of pipeline, and the $4.8 billion you've already invested. But obviously, to a large extent it's not your capital, and therefore, you're not getting the economic interests back from the assets. We're talking about retiring the assets where you get 100% of economic interests from those assets. How do you think about it? Is it partly a limitation of access to capital to make the investments just set up, and is there perhaps an amount of earnings that you feel the business needs to retain, to stay relevant?

And maybe you can answer that question in the context – I think it would be unfair to ignore the elephant in the room – that you spent most of the last 18 months telling us that you needed to demerge to be able to achieve these things. Has the world changed where now it is easier as a non-demerged entity, or are the challenges of achieving this probably still greater given you've had to pursue a path that you didn't think was the right path, perhaps, thanks to others?

Mr Nicks: Alright, that's a big one, Mark.

Mr Samter: I was told one question.

Mr Nicks: From a demerger perspective, a lot has changed in the last six to 12 months. Policy has changed. Reg has changed. Energy markets have significantly changed. It is not something that is available to us. What is available to us right now, is an integrated business with a pathway around decarbonisation to get us, to your point, access to capital, which we have, and we have been saying has been an issue for us, access to capital on both a debt and equity perspective. We believe this direction will give us that access to capital.

In terms of exactly what will be on and off our balance sheet, I think we've been demonstrating that over time. I mean, I know you said not much of that 4.8 is on our balance sheet; bearing in mind, a number of that was on our balance sheet for a period of time, we pushed some of that back into Tilt, our batteries are on our balance sheet. And by default, to some degree having offtakes, we're utilising the value of our customer base to underwrite that development as well. So that's where the benefit and the value is going to come from, our customer base, our infrastructure, our sites, and also the technology we've been building over time.

So I think you're right. I mean, our business will look different over time. The future portfolio of our assets will absolutely look different. The market is changing dramatically and significantly. But what we're doing is setting this business up for that future, with those ESG constraints that have been across this business.

Mr Samter: Perfect, thanks Damien, I'll jump back in the queue again.

Mr Thompson: Thanks, Mark. Next up, we've got Rob Koh again from Morgan Stanley.

Mr Koh: Oh, back so soon. Thank you. Look, I apologise, I haven't fully been able to read all of the Climate Transition Action Plan, but I can't see any reference in there to just transition. I know you've thought about it. So I just wonder if you could comment on any of the implications from the early closure on your work on just transition, please?

Mr Nicks: Yes, thanks, Rob. I mean, that's a very, very good point. Just transition is front of mind for all of us. The decision that we have made today and announced today has a very significant impact on our people and the communities. Now, we are working very, very closely with State and Federal Governments, and you may have seen Vic Government's come out this morning in support, and in support of working with us on the transitioning of our workforce, transitioning of the skill sets.

I think what we've seen over the last four or five months has been starting to see a bit of alignment of ambition, alignment of ambition about directionally, where we're all heading. And so we're going to have to work very, very closely with State and Federal Governments over the coming years to transition our workforce, to reskill our workforce, and hopefully as we transition the sites, we can utilise as much of that workforce as we possibly can in with those new technologies.

So just transition is a big part of it. We've got a template for Liddell at the moment; Liddell is the first site that we're rehabilitating, that finally comes out at the end of April next year. And that template will then be rolled out through the rest of our sites, and working closely with communities through that process as well.

Mr Koh: Okay, cool. And I guess there's some reference in there to TIPS as well, and circumstances there being very dynamic. Can you maybe just provide us a bit more colour on that? I hope I'm not drawing two threads together there.

Mr Nicks: No, quite deliberately in the ASX, we do have reference to Torrens Island. What we've said is it is economically challenging for us at the moment in terms of running a gas fired power station, which is, effectively, thermal generator in this market is challenging economically. So we are working closely with the SA Government around that site, obviously, with the Interconnect coming into '26, again, continuing to talk to them about what is the right position for that plant. Deliberately we are building the TIPS battery there. We've got the BIPS gas fired peaker as well. Again, it's just making sure we get the right assets and portfolio around our customer base, because that's the portfolio we're going to need for the future.

Mr Koh: Okay, great. Thank you so much.

Mr Thompson: Thanks, Rob. If there's no more questions, then that's all we have time for today. Thank you everyone for dialling in.

Mr Nicks: Thank you all for dialling in, appreciate it.