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ASX statement

29 April 2010

Attached is a presentation to be made today by Jeff Dimery, Group General Manager Mechant Energy at the UBS Australian Utilities conference.

Paul McWilliams
Company Secretary

AGL Energy Limited

Regulatory reform:
Blowing in the right direction

Jeff Dimery
Group General Manager Merchant Energy

UBS – Australian Utilities Conference
29 April 2010
AGL External

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The information in this presentation:

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- Does not take into account the potential and current individual investment objectives or the financial situation of investors.
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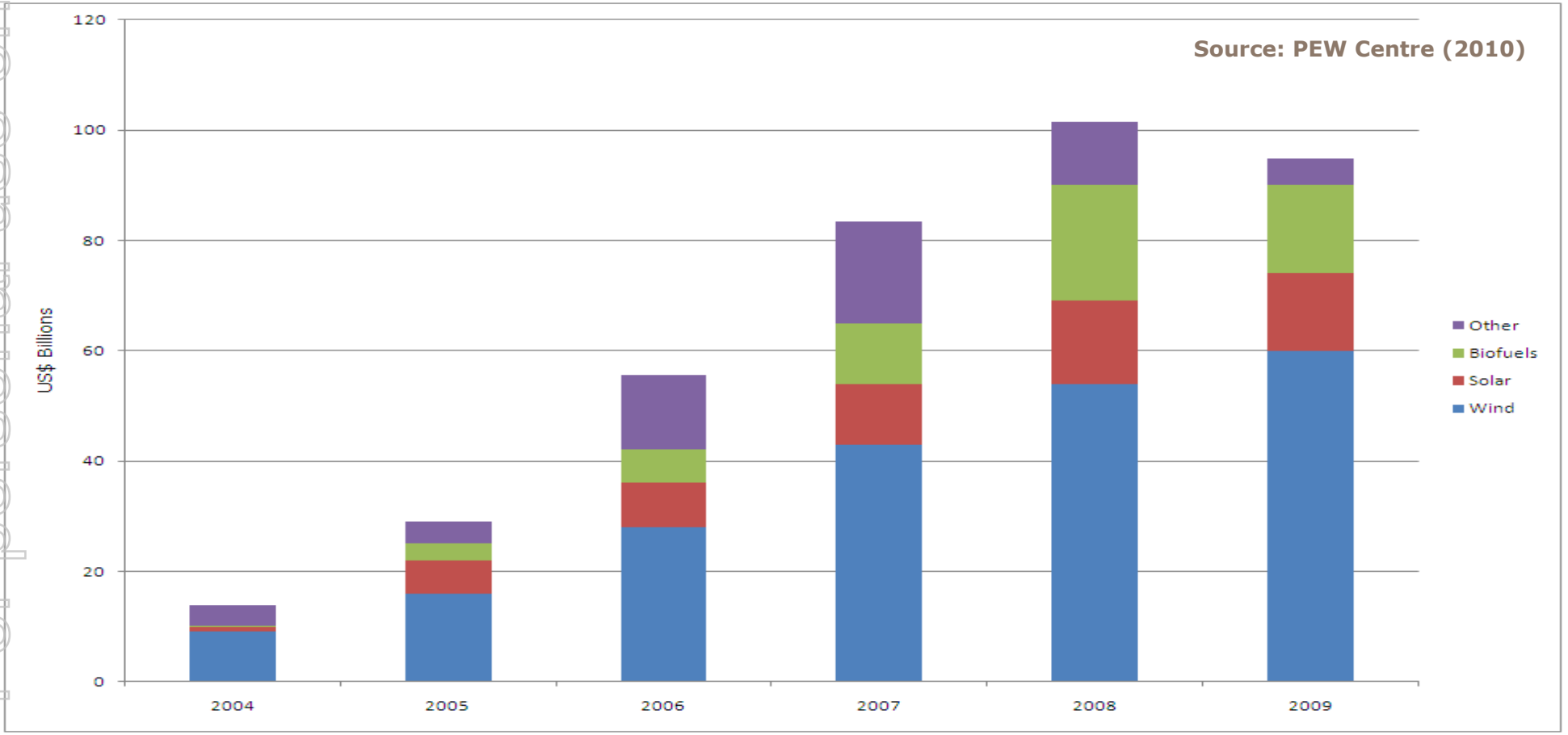
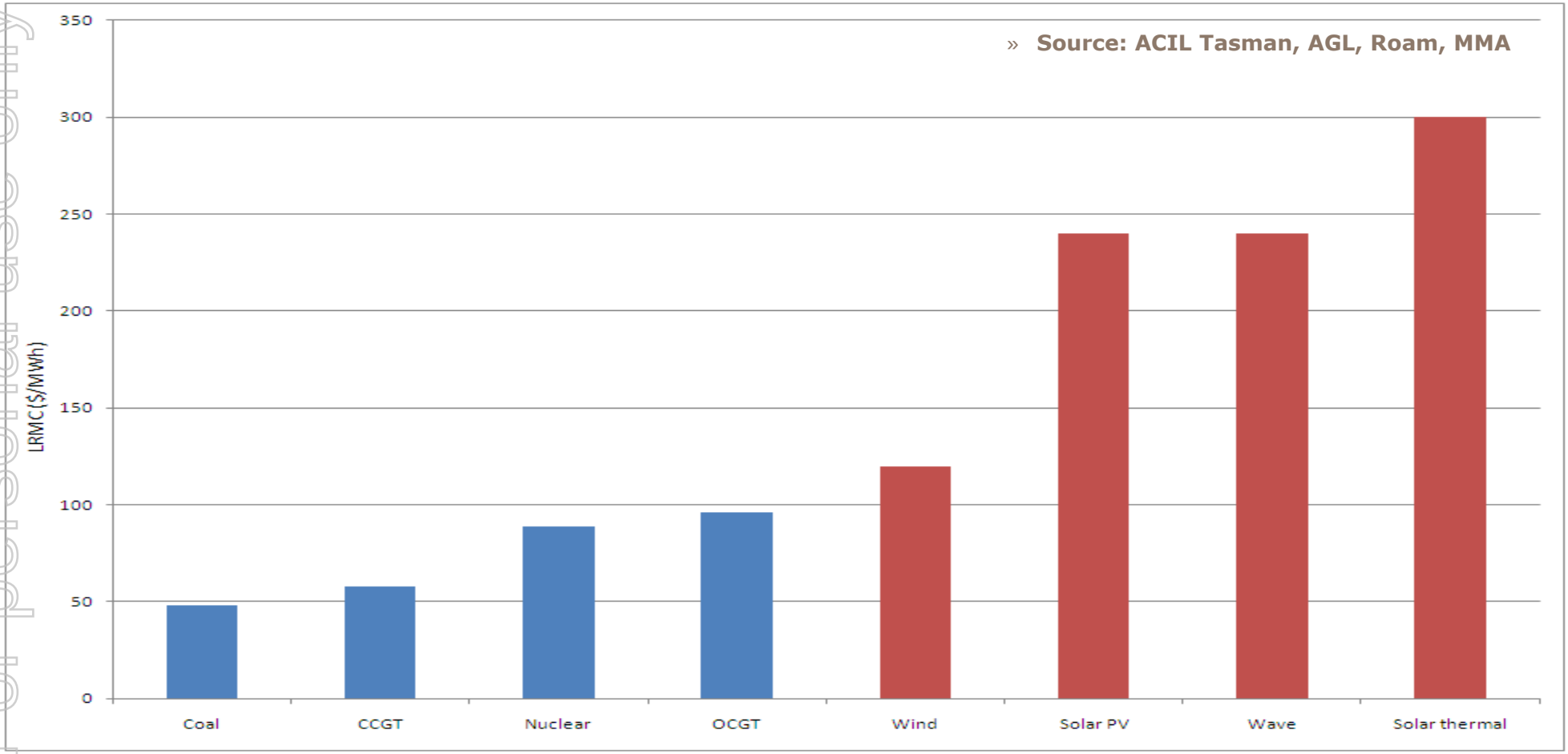
Investment in renewable technologies

Wind is the global technology of choice among renewable technologies- 63% of investment in 2009 (US$60bn)



Technology cost curve

Wind currently has a substantial cost advantage



Renewable technologies

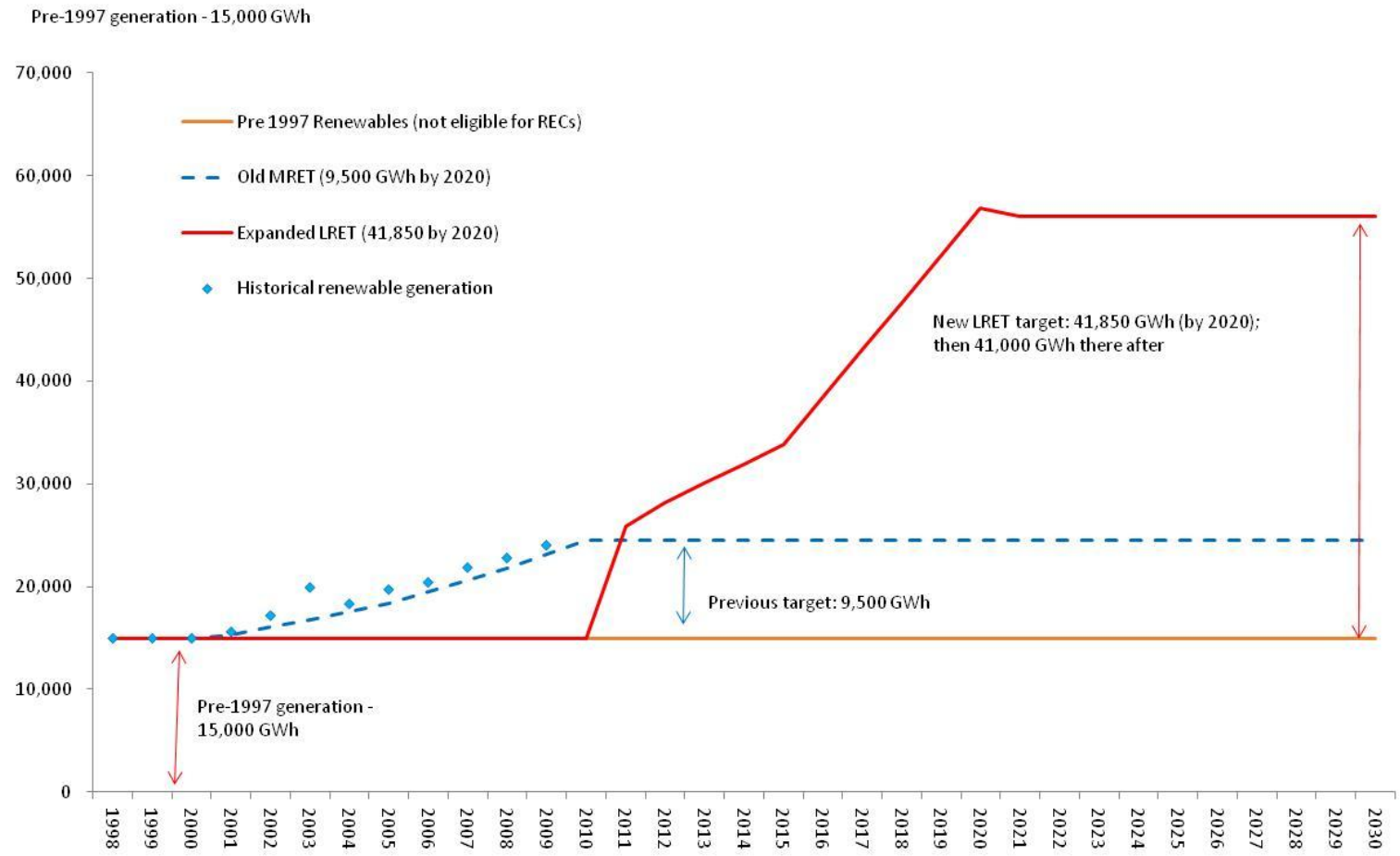
Policies globally driving renewable investment

Since mid-2009, a number of new policies have been announced that will drive renewable investment

Country/State	Renewable Mandate
Spain	22.5% renewable by 2020
US – Colorado	30% renewable by 2020
US - Alaska	50% renewable by 2025
Israel	10% renewable by 2020
Kuwait	5% renewable by 2020

» **Source: DB Climate Change Advisors**

Expanded Renewable Energy Target…

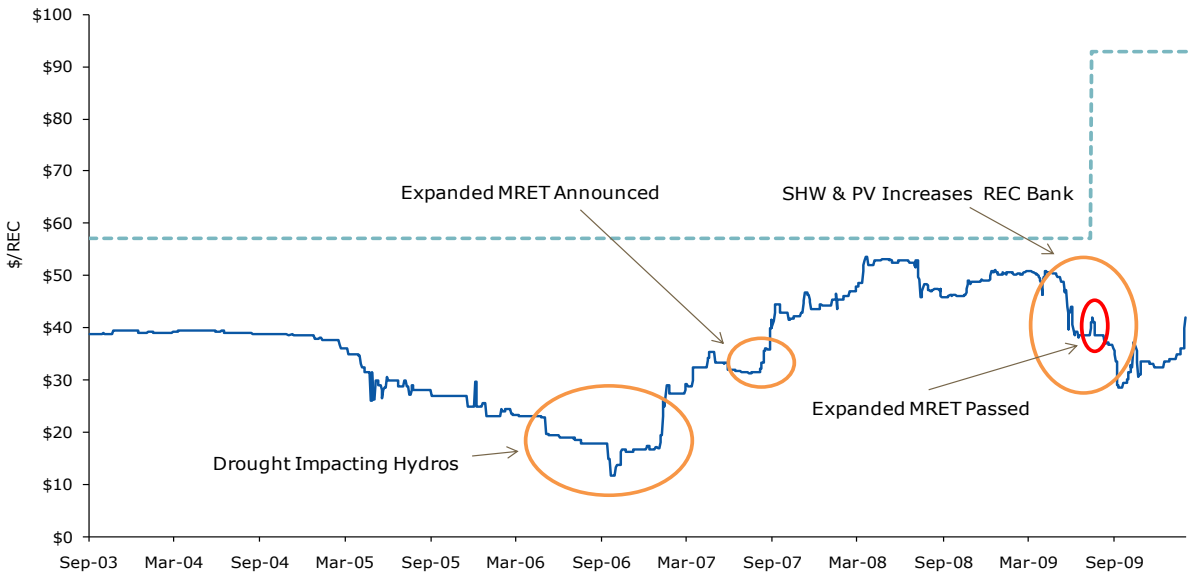


Source: Roam, AGL

Renewable Energy Certificates: Prices start to rise

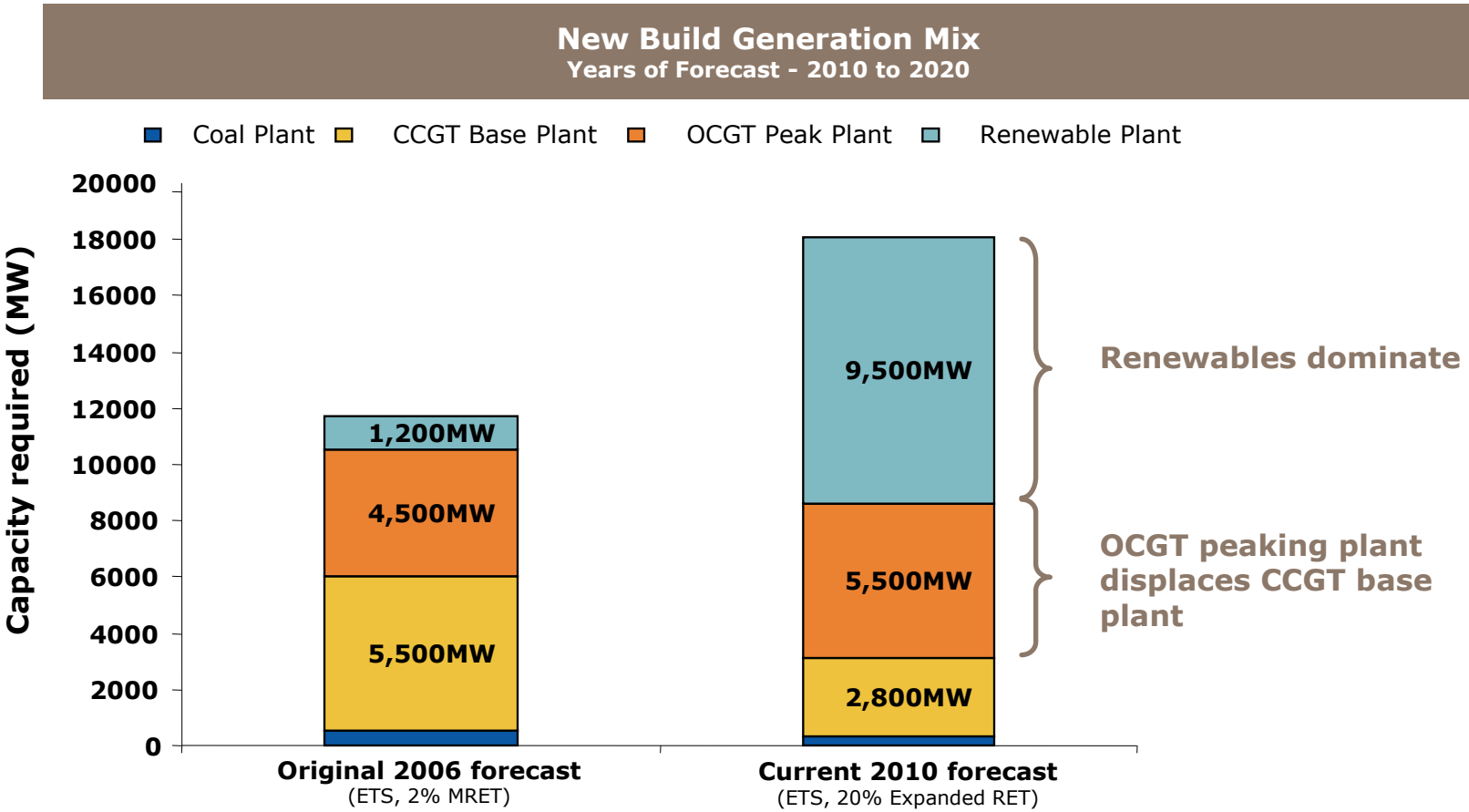
Penalty effectively raised to $93 per MWh.

- Responsibility resides with retailer
- Increased penalty recognises need to incentivise development of higher cost renewable sites
- Anticipate rapid rise in REC prices following development of low cost sites and ramp up of target



Impact of Renewable Policy Setting

Fundamental changes required to generation mix.

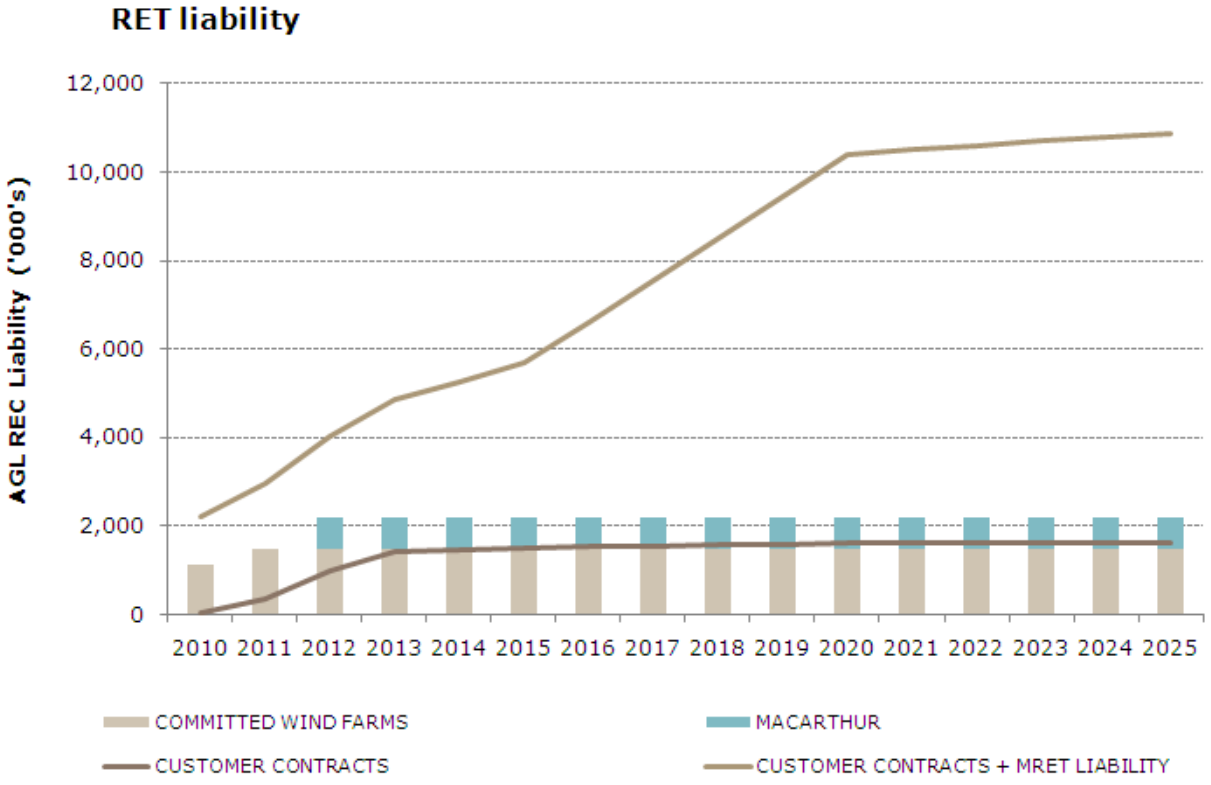


Source: AGL Greenhouse modeling

Renewable Energy Certificate (REC) obligations

Appropriate regulatory settings required to facilitate investment.

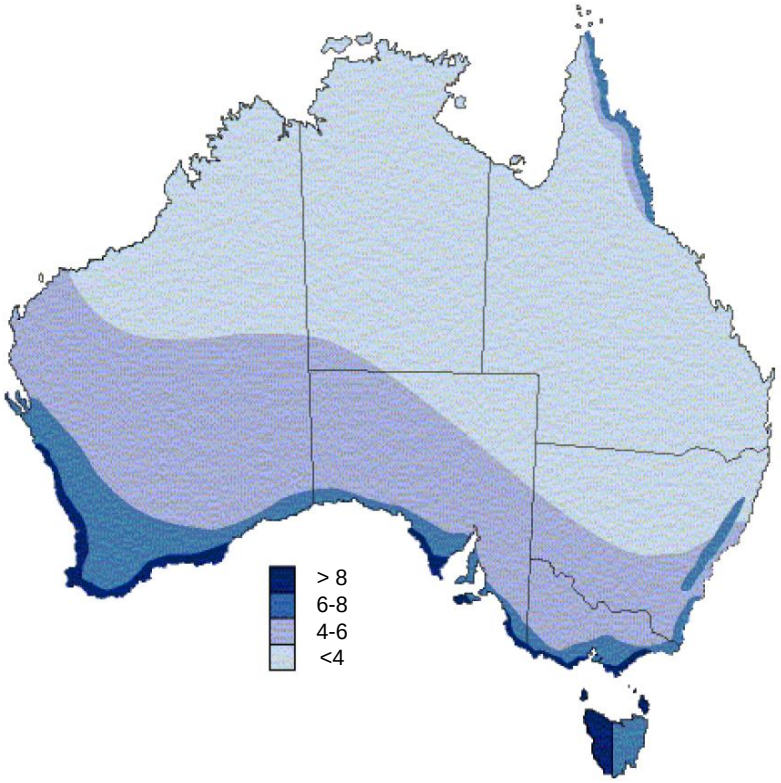
- Macarthur (365MW) conditional commitment
- Federal legislation requires AGL to surrender approximately 9 million RECs per annum by 2020
- Strong pipeline of development opportunities
- Proven capability in site selection, project development and performance
- Development pipeline delayed until improved MRET policy framework



1. Excludes long-term supply agreements and Voluntary REC demands.

Australia has a world class wind resource

Average wind speeds (metres per second)



Source: CSIRO

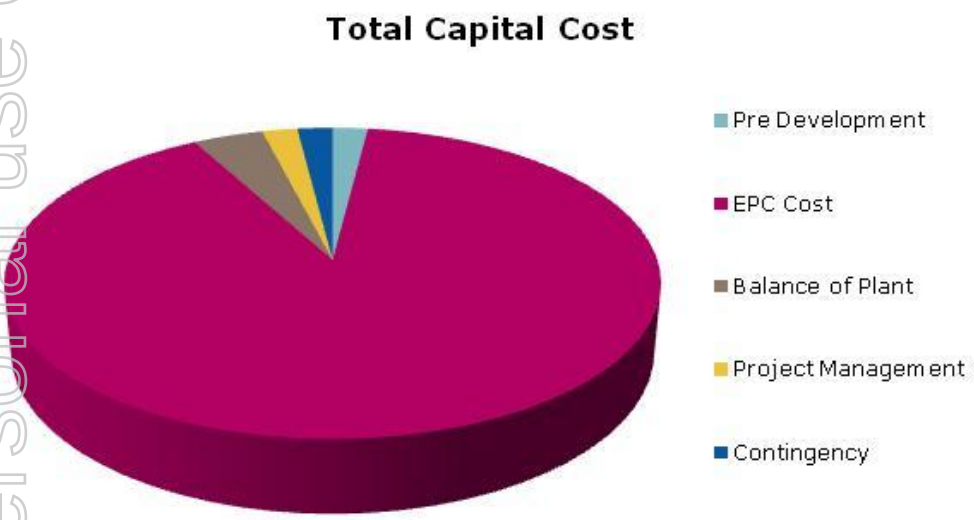
- Wind resource is best in Tasmania and areas in Western Australia, South Australia and Victoria
- NSW, Queensland and the Northern Territory have limited large scale wind potential
- The best wind sites are already being taken in Tasmania, South Australia and Western Australia

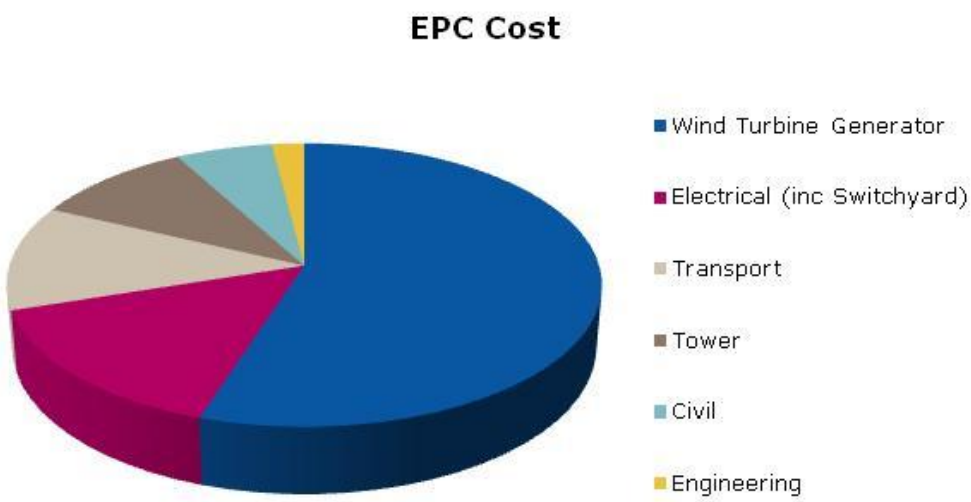
Wind farms: Success factors

A number of critical issues can mean success or failure of a wind farm development:

- Wind resource
- Land access (support by landowners)
- Capital cost
- Connection access: (cost, loss factor, grid capacity)
- Wind farm scale (to absorb certain fixed cost)
- O&M costs (typically only around 2% of capital cost per year)

Wind farms: Cost profile





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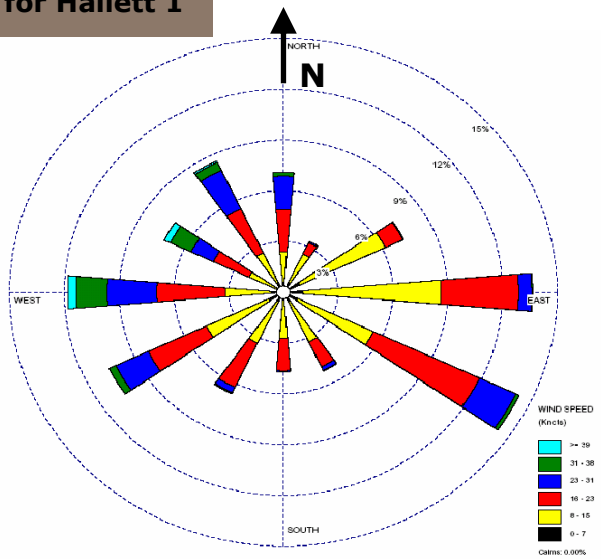
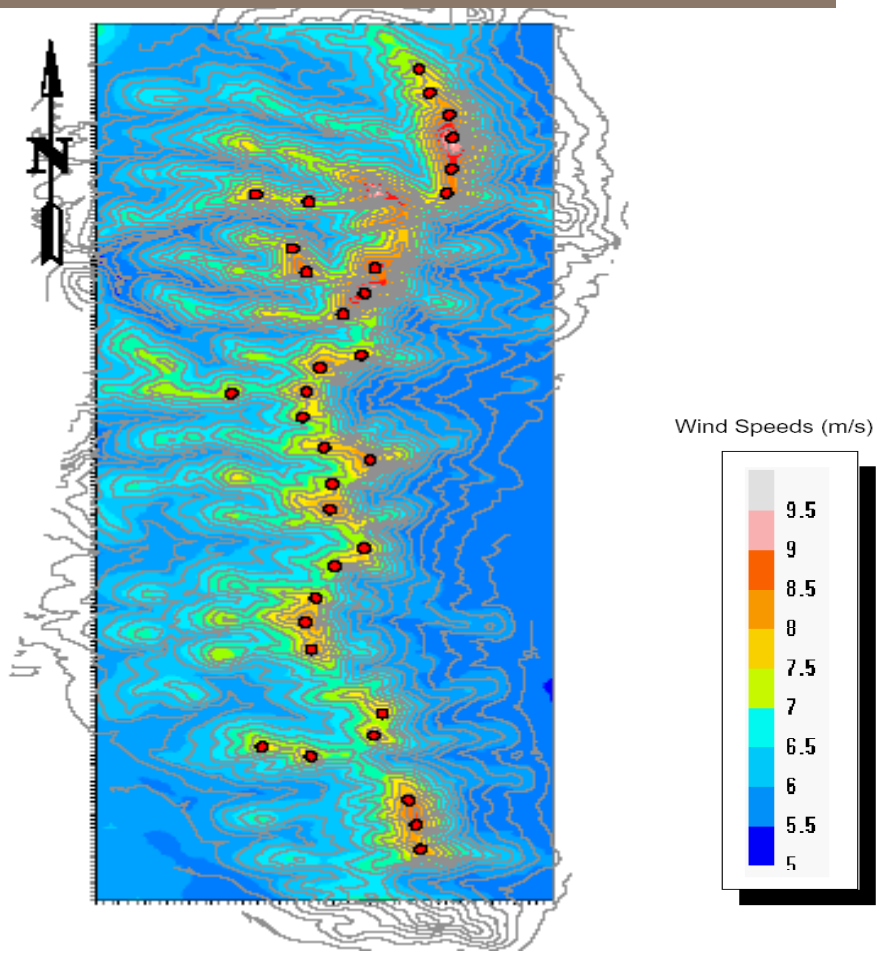
Wind resource drives turbine selection

- Wind speed generally increases with height
- Wake effects reduce yield and drives turbine spacing
- Hallett Wind Farm stages 1, 2 and 4 are classic wind farm sites with prevailing winds perpendicular to ridge

Wind Rose for Hallett 1

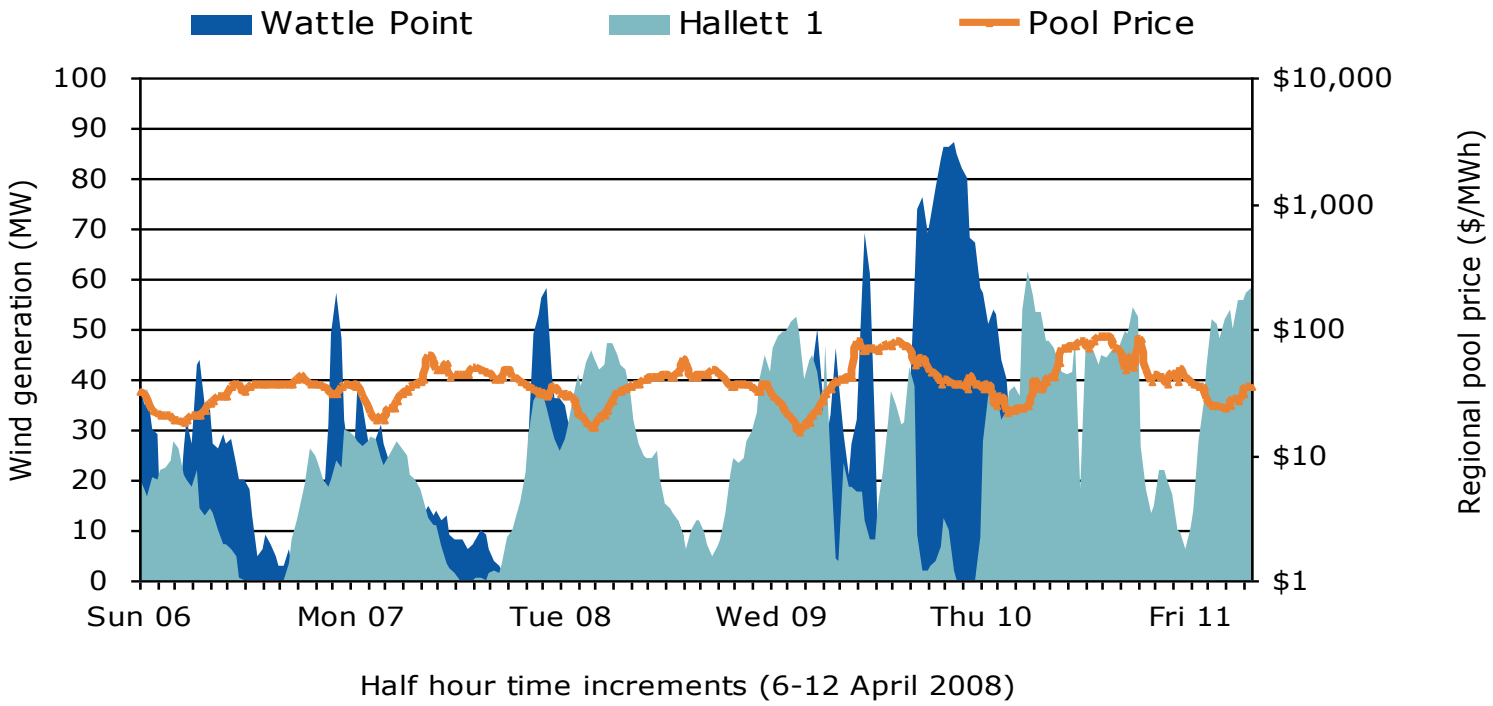


Location of Hallett 1 turbines & wind speeds



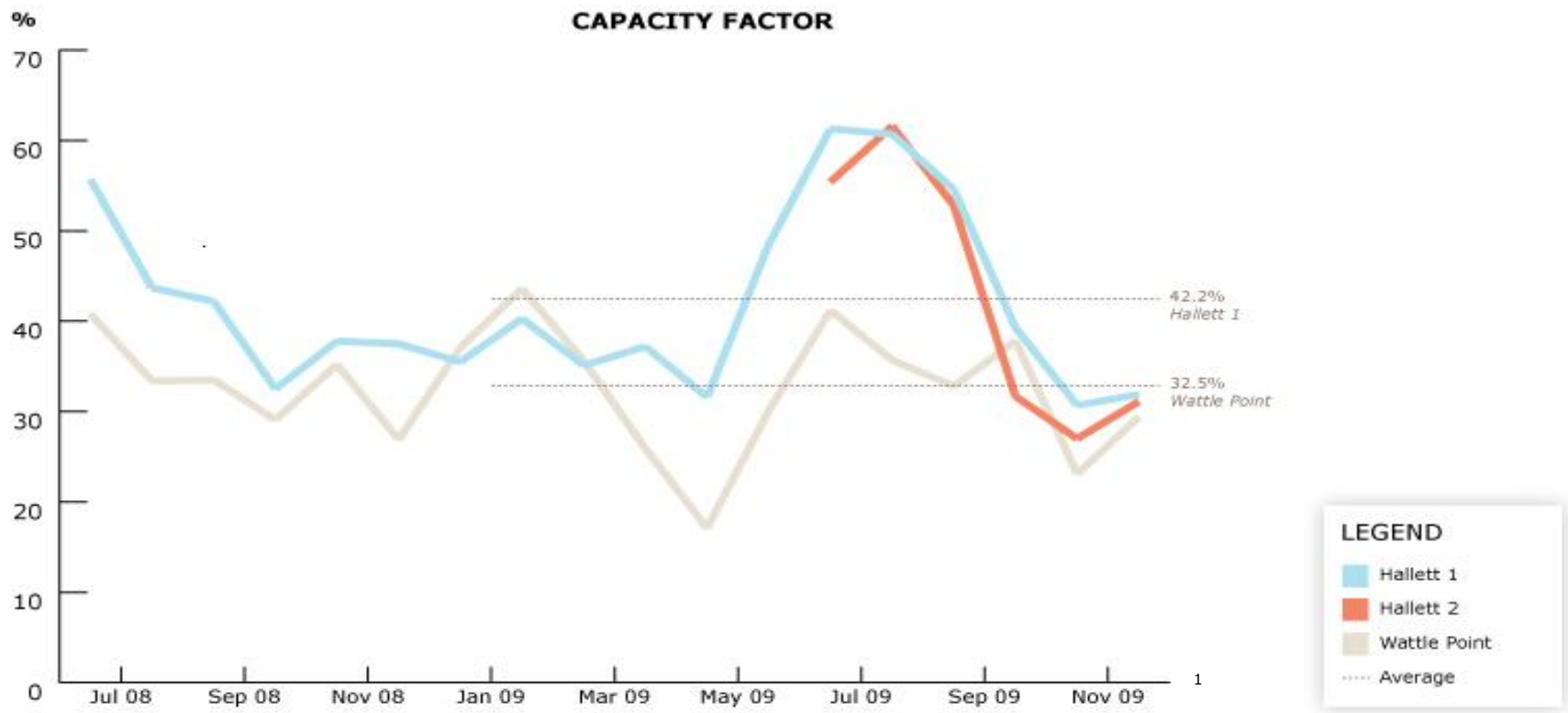
Wind project diversity improves reliability

Geographical diversity enhances the level of 'firm' generation.



Delivering high capacity factors

Operational performance exceeds investment assumptions.



Strong growth pipeline

Market leading portfolio provides strategic depth and optionality.

	Project	Nominal Capacity (MW)	Location	Type	Project Status	Definition
RENEWABLE GENERATION	Bogong	140	Victorian Alps	Hydro	Commissioning	Committed
	McKay Creek Up Rate	10	Victorian Alps	Hydro	Commissioning	Committed
	Hallett 2	71	SA - Hallett	Wind	Commissioning	Committed
	Hallett 4	132	SA - Hallett	Wind	Under Construction	Committed
	Werribee Expansion	2	VIC - Werribee	Biogas	Under Construction	Committed
	Oaklands Hill	67	VIC - West	Wind	Under Construction	Committed
	Hallett 5	52	SA – Hallett	Wind	Under Construction	Committed
	Macarthur	365	VIC - West	Wind	In Development, JV with Meridian	Conditional Commitment
	Barn Hill	130	SA - Redhill	Wind	DA Approved	Probable
	Hallett 3	80	SA - Hallett	Wind	In Development	Possible
	Crows Nest	150	QLD - Toowoomba	Wind	Permitted	Possible
	Ben Lomond	150	NSW - Armidale	Wind	Landowner Agreements in Place	Possible
	Coopers Gap	300	QLD - Kingaroy	Wind	Landowner Agreements in Place	Possible
	Other	3 Projects totalling up to 600	Various	Various	Under Review	Possible

Summary

- Significant progress with renewable policies
  - Critical that legislation is passed in May/June 2010
  - Requires ~ $30 billion of investment in renewable generation
- Delay to CPRS is disappointing
  - Uncertainty adversely impacts investment decisions
- Wind will be the dominant renewable technology over next decade
- AGL's renewable portfolio performing well
  - First-mover advantage
  - Considerable development and operational experience
  - Well-positioned portfolio of sites

Further Information / Contacts

A range of information on AGL Energy Limited including ASX & Media Releases, Presentations, Financial Results, Annual Reports and Sustainability Reports is available from our website: **www.agl.com.au**

Alternatively, contact:

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