

AGL's responses to Grok Ventures' claims



AGL shares Grok's ambition to accelerate the energy market's decarbonisation, however we have a plan that is orderly and responsible

Grok Ventures' claims*	The reality		
"AGL/The Board have spent \$0 on direct development of renewable generation over the last five years".	<ul style="list-style-type: none"> ✓ Largest ASX listed renewable and storage portfolio 	<ul style="list-style-type: none"> ✓ \$180 million committed to Torrens Island Battery and a further \$358 million in PowAR's acquisition of Tilt Renewables 	<ul style="list-style-type: none"> ✓ \$4.8 billion invested in renewable and firming generation in the last two decades
"The demerger strategy misses one of Australia's biggest economic opportunities, decarbonisation..."	<ul style="list-style-type: none"> ✓ Decarbonisation is a core focus of the demerger 	<ul style="list-style-type: none"> ✓ Accel Energy has a 2.7GW pipeline of projects and the \$2 billion ETIP equity commitment to achieve it 	<ul style="list-style-type: none"> ✓ The expected rerating of AGL Australia post demerger more than compensates for one off costs
"Dividends and Accel Energy's solvency are at risk ..."	<ul style="list-style-type: none"> ✓ Accel Energy is expected to have an investment grade credit rating 	<ul style="list-style-type: none"> ✓ Dividends will be driven by business performance which we believe will improve as a result of the demerger 	<ul style="list-style-type: none"> ✓ Accel Energy's baseload assets are highly cash generative, it has wide support from capital providers
"The Independent Expert's Report highlights the risk that Accel Energy may be valued at less than it is as part of AGL Energy, due to heavy coal exposure".	<ul style="list-style-type: none"> ✓ The Independent Expert's Report, on pg.170 states, "<i>In summary, there is no obvious reason for Accel Energy to be valued at less than it is valued as part of AGL Energy</i>" 	<ul style="list-style-type: none"> ✓ Accel Energy has a clear plan to accelerate coal closure beyond AGL's previous commitments with Liddell closure already underway 	<ul style="list-style-type: none"> ✓ Strong interest in ETIP underscores the confidence and optimism in Accel Energy's low-carbon growth ambitions
"The demerger...asks shareholders to carry the burden of approximately \$400 to \$500 million in demerger costs".	<ul style="list-style-type: none"> ✓ The demerger costs are estimated to be \$260 million 	<ul style="list-style-type: none"> ✓ Even after taking into account tax implications the aggregate amount is still less than \$400 million 	<ul style="list-style-type: none"> ✓ \$35 million in recurring annual cost increases from the demerger are fully offset by cost savings (Scheme Booklet, pg 169)

*As per "keepittogetheraustralia.com.au"

AGL's responses to Grok Ventures' claims (cont'd)



Grok Ventures' claims*	The reality		
<p>"AGL can deliver finance products to help customers fund approximately \$100,000 of capital expenditures to electrify their homes.... the average loan life to be 4-7 years...."</p>	<ul style="list-style-type: none"> ✓ AGL Australia's strategy already outlines a clear pathway to supporting households to decarbonise 	<ul style="list-style-type: none"> ✓ Grok proposal could easily cost each customer ~\$1,600 per month to repay \$100,000 within 6 years 	<ul style="list-style-type: none"> ✓ Reflects a lack of expertise and understanding of the Australian energy market, the reality facing energy customers
<p>"We believe AGL can shut down Bayswater and Loy Yang A by 2035 to align with the goals of the Paris Climate Accords"</p>	<ul style="list-style-type: none"> ✓ Accel Energy has already committed to closure windows of 2030-33 for Bayswater and 2040-45 for Loy Yang A 	<ul style="list-style-type: none"> ✓ Accel Energy will review and report annually on the ability to further bring forward closures, subject to system readiness 	<ul style="list-style-type: none"> ✓ Estimated cost of \$30 billion to replace the capacity of Bayswater and Loy Yang with wind, before transmission and firming capacity
<p>"We are concerned about Accel Energy's ongoing solvency and....shareholders may face a scenario where the share price goes to \$0."</p>	<ul style="list-style-type: none"> ✓ Accel Energy's assets are highly cash generative as they are the lowest cost coal fire powered generation sites in NSW and Victoria 	<ul style="list-style-type: none"> ✓ Accel Energy is expected to secure an investment grade Baa3 rating from Moody's 	<ul style="list-style-type: none"> ✓ An appropriate debt financing structure has been agreed with banks and lenders and they are comfortable with Accel Energy's capital structure and outlook
<p>"Accel Energy will be required to fund the \$1 billion ETIP equity contribution....this commitment will place additional pressure on Accel Energy's future cash flows."</p>	<ul style="list-style-type: none"> ✓ Accel Energy's baseload assets are highly cash generative, it has wide support from capital providers 	<ul style="list-style-type: none"> ✓ We are very comfortable with the ETIP commitment, and have obviously considered Accel Energy's capital needs before committing 	<ul style="list-style-type: none"> ✓ Global Infrastructure Partners will also be providing circa \$1 billion of equity via ETIP
<p>"Bayswater coal costs could increase in-line with current market prices post the expiry of the current contract in 2025"</p>	<ul style="list-style-type: none"> ✓ Bayswater Power Station has "secure, low-cost supply contracts until 2028 supported by short-term contracting"¹ 	<ul style="list-style-type: none"> ✓ Bayswater is highly cash generative as the lowest cost coal fire powered generation in NSW 	<ul style="list-style-type: none"> ✓ The planned, responsible transition outlined by AGL seeks to ensure affordability and reliability are not jeopardised

*As per "keepittogetheraustralia.com.au"

¹ 30 March Investor day: [213030-investor-day-presentation-transcript](https://www.agl.com.au/investor-day/213030-investor-day-presentation-transcript) (agl.com.au)