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29 August 2023

Mr Will Richard  
Assistant Director  
Mergers, Exemptions and Digital Division  
Australian Competition and Consumer Commission  
Level 17, 2 Lonsdale Street  
Melbourne VIC 3000

**By Email:** [Will.Richards@accc.gov.au](mailto:Will.Richards@accc.gov.au)

**Confidential**

Dear Mr Richard

**Brookfield and MidOcean application for merger authorisation for proposed acquisition of Origin Energy – response to RFI**

We refer to the S90(6)(b) notice issued to Brookfield dated 25 August 2023 (the **Notice**).

Where this response uses terms defined in the Notice, the terms have the same meaning as the defined term in the Notice (unless otherwise stated).

Brookfield's response to each of the questions in the Notice is provided in **Annexure A** to this letter.

The information provided in this letter and produced in response to the Notice is commercially sensitive and confidential to Brookfield, and is provided to the ACCC on the basis that:

- the information will not be disclosed to any party, other than the ACCC's officers, employees, external legal advisors or any other consultant retained by the ACCC, unless required by law or as otherwise permitted under s155AAA of the *Competition and Consumer Act 2010* (Cth); and
- the ACCC ensures that any external legal advisors or consultants are made aware of and bound by these confidentiality obligations.

Please contact us if you have any questions in relation to this letter.

Yours sincerely

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## Annexure A

### Response to request for information in the Notice

Brookfield's response to each of the questions in the Notice is set out below.

**Q1. Please outline any financial incentives for Brookfield LP and its shareholders to complete the renewable Build Out. Please include any relationship between financial incentives and the speed at which the Renewable Build Out occurs and the quantum of generation and storage capacity developed or financed.**

- 1 As a manager of assets for third party investors, Brookfield is motivated to maximise financial returns on the investments it manages. It is incentivised to do so: (1) by the way fund 'carry'<sup>1</sup> is earned – the higher the returns, the higher the carry earned by both Brookfield and individuals managing that fund; and (2) by the 'track record'<sup>2</sup> from making successful investments which allows Brookfield to raise more funds in the future. When marketing a fund, Brookfield specifies a 'target' return to signal to investors what they should expect to receive from the fund. The target does not operate as a cap as Brookfield endeavours to maximise returns.
- 2 Brookfield's reputation is critical to its broader, global franchise. Brookfield's business model is to invest and manage its own money (Brookfield Corporation balance sheet) and money invested by third parties. Actions that result in a diminution of our reputation impact our ability to raise third party funds and therefore the fees we earn from investing those funds (whether it be in management fees or carried interest).
- 3 As set out in more detail in section 6.10(h) of the Authorisation Application, Annexures 1.14 and 1.15 to the Application, and the 17 August 2023 letter to the ACCC Commissioners, Brookfield Global Transition Fund (**BGTF**) is targeting a **Confidential to Brookfield: BGTF has investment objectives, including targets in relation to the rate of return on its investments.**<sup>3</sup> **Confidential to Brookfield.** The Investment Committee Presentation and appendix illustrates a **Confidential to Brookfield.**<sup>4</sup> Figure 1 below illustrates this, **Confidential to Brookfield.**
- 4 **Confidential to Brookfield: Maximising the rate of return in respect of BGTF's investment in the Origin Energy Markets business relies on the green build-out being delivered as planned and BGTF's analysis shows that falling short of this plan will adversely affect its rate of return on the investment and potentially result in failure to meet the Fund's target return.**
- 5 The returns also contemplate a component from the sale of the Origin Energy Markets business at the end of the investment horizon (which accounts for a significant proportion of the total return) such that the size of that component depends on the investment in the green build-out, ie. the greater the build-out, the higher the return. **Confidential to Brookfield.**
- 6 **Confidential to Brookfield: Meeting the targeted rate of return in respect of BGTF's investment in the Origin Energy Markets business also relies on specific aspects of the 'green build-out' plan strategy occurring.**

*Figure 1: Valuation: Returns Bridge, 'green build-out'*<sup>5</sup>

**Confidential to Brookfield**

<sup>1</sup> See paragraph 6 below.

<sup>2</sup> See paragraph 7 below.

<sup>3</sup> See PPM pages 2 and 34 (extract attached as **Confidential Annexure 1**).

<sup>4</sup> See page 15 of the Investment Committee Presentation (extract attached as **Confidential Annexure 2**) and pages 65 and 99 of the Investment Committee Presentation Appendix (extract attached as **Confidential Annexure 3**).

<sup>5</sup> Source: BGTF Investment Committee Presentation, March 2023 (slide 15).

**Figure 2: Valuation scenarios, 'green build-out'<sup>6</sup>****Confidential to Brookfield**

- 7 Brookfield is also heavily incentivised to deliver returns above the **Confidential to Brookfield** hurdle rate because BAM, as an asset manager, is financially incentivised to maximise returns. BAM earns a 'carried interest' or 'carry' in the fund as an incentive, comprising **Confidential to Brookfield** of any profit over and above that which delivers the investors **Confidential to Brookfield** internal rate of return. The incentives are illustrated in **Figure 3** below.
- 8 Achieving or exceeding the targeted returns for BGTF is critical to Brookfield's success in fundraising for future funds and Brookfield as an asset manager trades heavily on its successful track record of investing. It has advertised to BGTF investors that it is targeting returns of at least **Confidential to Brookfield**. Failure to meet this hurdle would harm Brookfield's ability to raise money for future similar funds, not just limited to the renewables group. When asset management companies such as Brookfield market institutional investment funds, one of the key elements of such marketing is past performance. Brookfield needs to demonstrate a track record of consistent returns which meet or exceed each fund's targets.
- 9 BGTF is a closed-end fund with an expected operating term of 12 years (with the option for two one-year extensions), at which point BGTF will exit the investments the fund has made, including Origin Energy Markets, and return capital to investors. This incentivises Brookfield to execute the 'green build-out' plan for Origin Energy Markets in a timely manner so that BGTF can generate greater returns on exit having completed the material decarbonisation of Origin Energy Markets.

**Figure 3: BGTF distributions<sup>7</sup>****Confidential to Brookfield**

**Q2. Please outline any incentives for individuals responsible for managing Brookfield LP or its related entities that are impacted by whether or not completion of the Renewable Build Out occurs. Please also address any relationship between those incentives and the speed at which the Renewable Build Out occurs and/or the quantum of generation and storage capacity developed.**

- 10 As discussed in paragraphs 1.14 and 1.15 of the Applicant's response to the First Transparency Letter, BAM is organised by business unit. An investment that sits within the Infrastructure business unit will be managed by an investment management team from the Infrastructure business unit and an investment that sits within Renewable Power and Transition business unit will be managed by an investment management team from the Renewable Power and Transition business unit.
- 11 **Confidential to Brookfield**
- 12 **Confidential to Brookfield<sup>8</sup>**
- 13 **Confidential to Brookfield**
- 14 This ensures that the relevant executives within Brookfield's Renewable Power and Transition business unit, **Confidential to Brookfield** will be personally incentivised to achieve the 'green build-out' and within the lifetime of the BGTF fund.

**Q3. Please outline any corporate governance mechanisms or other obligations (eg, to investors) that constrain or enable Brookfield LP to depart from its plans to complete the Renewable Build Out (including at the speed projected).**

<sup>6</sup> Source: BGTF Investment Committee Presentation, March 2023 (slide 98).

<sup>7</sup> Source: Excerpt from BGTF 2022 Annual Report (page 23).

<sup>8</sup> See pages 6, 31 and 33 of the Brookfield Compensation Overview (extracts attached as **Confidential Annexure 4**).

- 15 As set out in the letter to the ACCC Commissioners dated 17 August 2023, BGTF has a dual objective: to achieve attractive financial returns and to generate measurable environmental change. Achieving both objectives is essential for the success of the fund and for Brookfield's ongoing reputation including with current and potential investors. This is in a context where Brookfield is currently speaking to investors to raise a second BGTF fund (BGTF II) and hopes to raise further BGTF funds in the future.
- 16 **Confidential to Brookfield.** Further, Brookfield Corporation's 2022 Annual Report at pages 104-106 identifies 'reputation' as a key risk area that could materially adversely impact its business:

*The growth of our asset management business relies on continuous fundraising for various private and public investment products, and retention of capital raised from third-party investors. We depend on our business relationships and our global reputation for integrity and high-caliber asset management services to attract and retain investors and advisory clients, and to pursue investment opportunities for us and the public and private entities managed by our asset management business. Our business relationships and reputation could be negatively impacted by a number of factors including poor performance; actual, potential or perceived conflicts of interest that are not adequately addressed; misconduct or alleged misconduct by employees; rumors or innuendos; or failed or ineffective implementation of new investments or strategies. If we are unable to continue to raise and retain capital from third-party investors, either privately, publicly or both, or otherwise are unable to pursue our investment opportunities, this could materially reduce our revenue and cash flows and adversely affect our financial condition.*

*Poor performance of any kind could damage our reputation with current and potential investors in managed entities, making it more difficult to raise new capital. Investors may decline to invest in current and future managed entities and may withdraw their investments from managed entities as a result of poor performance in the entity in which they are invested, and investors in private funds may demand lower fees for new or existing funds, all of which would decrease our revenue...*

*Appropriately dealing with conflicts of interest for an asset manager is a priority and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with actual, potential or perceived conflicts of interest.*

A copy of Brookfield Corporation's 2022 Annual Report was provided at Annexure 1.16 to the Merger Authorisation Application, and is reattached for ease of reference as **Annexure 5**.

- 17 Central to the objective of generating measurable environmental change is the way in which Brookfield measures its environmental impacts and reports to its investors. The key document in this regard is BGTF's 'Impact Measurement and Management' framework (**IMM**), which is attached as **Confidential Annexure 6**.
- 18 As set out in detail in the IMM, BGTF has been established to combat climate change and accelerate the net zero transition by investing in the transformation of carbon intensive businesses, developing and increasing the accessibility of renewable energy sources, and scaling sustainable solutions to support a circular and resilient environment. BGTF's approach to delivering on these goals is three-fold:
- (a) **Screen:** Screen opportunities for strategic consistency with BGTF's impact goals, using the 4A Impact Criteria: (i) alignment to transition impact, (ii) additionality of Brookfield's support in impact enhancement and asset development, (iii) accountability for robust measurement, and (iv) avoidance of contrary activities.<sup>9</sup>
  - (b) **Plan:** Plan transition impact strategies for each investment, including impact key performance indicators aligned with net zero transition targets, anchored in Brookfield's active management capabilities and institutional commitment to strong ESG policies.<sup>10</sup>

<sup>9</sup> See in particular pages 9, 10, 14 and 15 of the IMM.

<sup>10</sup> See in particular pages 9, 10, 14 and 16 of the IMM.



- (c) **Measure:** Measure, monitor and report on actual impact key performance indicators using leading standards and tools (such as GHG accounting, net-zero targets, and other climate solutions metrics).<sup>11</sup>
- 19 Each investment made by BGTF is subject to the IMM and the impact targets in the IMM are reflected in the business plans of each of BGTF's investments, as set out in the Brookfield's Investment Committee documents.<sup>12</sup>
- 20 When Brookfield sought to raise funds for BGTF from prospective investors, it provided them with a Private Placement Memorandum (**PPM**).<sup>13</sup> The PPM sets out the dual objectives of BGTF<sup>14</sup> and also describes to investors how the IMM framework will be applied to ensure consistent management and measurement of environmental impact.<sup>15</sup> In relation to measurement, the PPM provides that metrics will be selected for each investment based on relevance to the impact objective and would include three broadly recognised categories of transition related metrics: **Confidential to Brookfield**. Targets are expected to be set for each impact metric using relevant sector guidance and in the context of the investment's broader business plan. The PPM states that Brookfield intends to provide robust reporting of the funds impact performance at the asset level, with certain performance metrics aggregated where appropriate at the fund level as well. Reporting would be annual at a minimum although in practice reporting occurs on a quarterly basis.<sup>16</sup>
- 21 BGTF is also a signatory to the Operating Principles for Impact Management (**OPIM**),<sup>17</sup> a framework for investors for the design and implementation of their impact management systems, aimed at ensuring that impact considerations are integrated throughout the investment lifecycle. BGTF recently published its annual disclosure and third-party verification report affirming that its investments are being managed in accordance with the OPIM framework: please see attached as **Annexure 11**.
- 22 BGTF is also an Article 9 fund under the EU's Sustainable Finance Disclosure Regulation (**SFDR**). The SFDR was introduced by the European Commission as part of a package of legislative measures arising from the European Commission's Action Plan on Sustainable Finance. For a fund to be classified as an 'Article 9 Fund' each investment must qualify as a 'sustainable investment' and make a positive impact on society or the environment through sustainable investment. If a fund does not meet its Article 9 objectives, it risks being reclassified to a lower rated ESG fund classification, which would have a clear adverse impact on its reputation and ability to raise capital for future funds.
- 23 Brookfield will also be held accountable by its co-underwriters in the BGTF Consortium, Temasek and GIC.
- 24 Temasek and GIC will have certain governance rights in the Origin Energy Markets business, including in respect of any deviation by greater than **Confidential to Brookfield** from the aggregate operating expenditure or aggregate capital expenditure budgeted in the applicable financial year, which includes the spend for the green build-out plan. As reflected in **Figure 4** below, a reserve matter requiring a 'supermajority approval' of at least **Confidential to Brookfield** will include the approval of the annual business plan and annual budget (including amendments), as well as any deviation by greater than 10% from the aggregate operating expenditure or aggregate capital expenditure budgeted in the applicable financial year.

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<sup>11</sup> See in particular pages 9, 11, 14 and 17 of the IMM.

<sup>12</sup> See for example page 22 of the Investment Committee Presentation (extract attached as **Confidential Annexure 7**) and page 124 of the Investment Committee Presentation Appendix (extract attached as **Confidential Annexure 8**).

<sup>13</sup> See Confidential Annexure 21.3 of the Authorisation Application (with the restated and amended PPMs being provided at Annexures 21.1 to 21.10).

<sup>14</sup> See PPM pages 34-43 (extract attached as **Confidential Annexure 9**).

<sup>15</sup> See PPM pages 43-46 (extract attached as **Confidential Annexure 10**).

<sup>16</sup> See PPM pages 43-46 (extract attached as **Confidential Annexure 10**).

<sup>17</sup> Operating Principles for Impact Management, <<https://www.impactprinciples.org/>>.

- 25 In addition, as reflected in **Figure 5** below, Fundamental Matters require approval of Brookfield plus both GIC and Temasek. This includes changing HoldCo's constitutional documents (ie, removing the requirement for Brookfield plus one other Investor to approve the budget). Accordingly, GIC and Temasek will also hold Brookfield accountable to meeting and following the budget and business plan.

**Figure 4: Reserved Matters: Origin Energy Markets business<sup>18</sup>**

**Confidential to Brookfield**

**Figure 5: Fundamental Matters: Origin Energy Markets business<sup>19</sup>**

**Confidential to Brookfield**

- 26 **Confidential to Brookfield.**

- 27 **Confidential to Brookfield.**

**Figure 6: GIC Founder Right Approval Matters<sup>20</sup>**

**Confidential to Brookfield**

**Q4 Without limiting questions 1-3, please:**

**(a) Outline how BGTF's fund mandate and '4A criteria', which we understand have been applied to screen Brookfield Global Transition Fund's (BGTF) initial investment in Brookfield L.P, would operate to ensure that BGTF continues to manage Brookfield LP in a manner that aligns with the BGTF fund mandate and 4A criteria.**

- 28 To clarify, Brookfield LP is a newly established SPV limited partnership. It currently has no business activities (see Figure 5 of the Authorisation Application). Its only proposed investment is in the Origin Energy Markets business.
- 29 As discussed above, in accordance with the PPM, all investments by BGTF will be subject to the IMM framework, fund mandate and meeting the '4A criteria' (including the initial investment in Brookfield LP), which sets out in detail BGTF's approach to delivering on its goals of accelerating the net zero transition, including application of the BGTF fund mandate and '4A criteria'. Any further investment by BGTF in Brookfield LP (ie Origin capital expenditure) will also be subject to the IMM framework, fund mandate and 4A criteria, as will other investments made by BGTF.
- 30 In terms of ongoing investment and management of projects by Brookfield LP, as discussed above, the impact targets in the IMM are reflected in the business plans of each of BGTF's investments and accordingly, all investments made and projects managed by Brookfield LP are subject to the fund mandate and '4A criteria'.
- 31 The limited partnership agreements (**LPAs**) entered into by the limited partners in respect of Brookfield LP set out the terms on which the investment is being made and BGTF manages Brookfield LP. The LPAs reiterate obligations in the PPM to ensure that the investment is made and BGTF manages Brookfield LP in accordance with the terms of the PPM. There are repercussions for breaching the terms of the LPAs.
- 32 In accordance with Brookfield's disclosure obligations as set out in **Figure 7**, any disclosures made by Brookfield cannot, among other things, contain any untrue statement or present information in a

<sup>18</sup> Source: Governance Term Sheet, Annex A (see **Annexure 5.9** to the application).

<sup>19</sup> Source: Governance Term Sheet, Annex A (see **Annexure 5.9** to the application).

<sup>20</sup> Source: Governance Term Sheet, Annex A (see **Annexure 5.9** to the application).

way that is otherwise false or misleading. This includes all disclosures made by BGTF in the PPM that was provided to investors.

**Figure 7: Brookfield's Disclosure Obligations<sup>21</sup>**

**Confidential to Brookfield**

33 As also noted above, achieving its objectives (both financial and in terms of measurable environmental change) is essential for the success of the fund and for Brookfield's ongoing reputation including current and potential investors. This is in a context where Brookfield is currently speaking to investors to raise a second BGTF fund (BGTF II) and hopes to raise further BGTF funds in the future. The growth of Brookfield's asset management business relies on continuous fundraising for various private and public investment products, and reinvestment of capital by investors.

**(b) Outline how BGTF's Impact Measurement and Management system (IMM System) would influence the management of Brookfield LP and the commercial likelihood that the Renewable Build Out would be completed.**

34 As discussed above, all investments by BGTF are subject to the IMM framework. The IMM framework underlies the business plans for each investment made by BGTF. The management of Brookfield LP are therefore heavily influenced by the IMM framework.

**Confidential to Brookfield.**

36 The IMM framework is the mechanism for BGTF to measure the performance of the fund against its decarbonisation objectives. It is the framework that Brookfield Renewable Power & Transition personnel uses to set and monitor progress against the set of science based targets.

37 Brookfield's decarbonisation business plan will calculate avoided emissions as a result of building new renewable capacity. Brookfield estimates that the emissions avoided from the 'green build out' are **Confidential to Brookfield** MtCO<sub>2</sub> between 2024 and 2033. This estimate is based on the IFI GHG Accounting working group's data set that contains Baseline Emissions Factors (**BEFs**) for countries and sub-national and interconnected grids, where applicable.

38 Transparency and accountability are key components of the IMM framework and progress is regularly tracked and reported on with interventions made as necessary. Impact targets are embedded into business plans and progress is tracked at the asset, business and Board levels. Progress against impact targets is reported to investors on a quarterly basis and comprehensive GHG emissions are reported for Scope 1, 2 and material Scope 3 emissions are reported on an annual basis with the emissions assured by BGTF's third-party financial auditor.

**(c) Outline any key performance indicators (KPIs) included within the IMM System that are linked to the Renewable Build Out, and any incentives for individuals to achieve those KPIs.**

39 The KPIs set out in the IMM framework are discussed briefly in response to Q3 above. Additional detail is provided below for completeness. Individual incentives for complying with the IMM framework are addressed in response to Q4(b) above.

40 The impact targets identified for Origin are **Confidential to Brookfield** by 2030 and **Confidential to Brookfield** GW by 2033. For these targets Brookfield will also report on GWh and avoided emissions. In addition, Brookfield have set a target to be net zero across Scope 1, 2 and material Scope 3 emissions by 2050 and 2030 carbon reduction targets aligned with the science based sector pathway.

<sup>21</sup> Source: Brookfield's Registered Investment Adviser Compliance Manual (pages 14 and 15) BGT.023.001.0087.

41 As set out in Brookfield's PPM (see section D), BGTF's IMM framework incorporates consistent and disciplined GHG reporting to guide emission reduction targets and other investment-specific metrics aligned with the Fund's impact goals.

42 **Confidential to Brookfield:**

**Figure 8: BGTF's Investment Process<sup>22</sup>**

**Confidential to Brookfield**

43 *Screen for Impact:* Brookfield intends to embed impact considerations across each investment's lifecycle and has developed a set of criteria, the 4A Criteria, to anchor the investment screening and transition strategy planning phases of investment and ensure a consistent and disciplined approach in how BGTF selects and executes its investments.

44 The 4A Criteria assess an investment's Alignment, Additionality, Accountability and Avoidance, and were developed using leading standards in impact management, including the Impact Management Project's (*IMP*) five dimensions of impact (ie, what, who, how much, contribution and risk).<sup>23</sup> IMP's dimensions, and subsequently the Fund's 4A Criteria, are designed to enable a strong understanding of an investment's potential impact performance. The criteria, as well as the IMP dimensions of impact they capture, are as follows:

- (a) **Alignment** ensures that investments help achieve the Fund's overarching impact objectives ('*What*') and benefit the environment ('*Who*');
- (b) **Additionality** focuses on the opportunity to apply Brookfield's long-standing value-add investment approach to enhance impact ('*Contribution*');
- (c) **Accountability** establishes a plan for measuring impact and setting clear net-zero aligned targets for each investment ('*How Much*'); and
- (d) **Avoidance** protects against unintended negative consequences ('*Risk*') within each investment and emphasizes mitigation opportunities.

45 **Confidential to Brookfield.**

46 *Plan for Impact:* Brookfield will develop an actionable strategy for achieving the targeted impact for each investment, a 'Transition Impact Plan,' as part of BGTF's value-creation and active asset management strategy. The Transition Impact Plan is designed to consist of four parts, one for each of the 4A Impact Criteria. **Confidential to Brookfield.**

47 *Measure Impact:* BGTF will evaluate the impact performance of each investment throughout its ownership guided by the measurement approach outlined in the Transition Impact Plan, all investments will have a set of impact KPIs measured at regular intervals and tracked against targets.

**Confidential to Brookfield.**

**Figure 9: Brookfield's Approach to Measurement<sup>24</sup>**

**Confidential to Brookfield**

48 **Confidential to Brookfield.** For completeness, attached as **Confidential Annexure 12** are examples of different kinds of Brookfield reporting against various financial and environmental KPIs. It is expected that similar reporting will be provided in respect of the BGTF Consortium's investment in the Origin Energy Markets business.

<sup>22</sup> Source: PPM page 44.

<sup>23</sup> Impact Management Project is a forum of over 2,000 impact investing practitioners building consensus on best practices for how to measure, manage, and report impact. IMP was not involved with the development of Brookfield's IMM framework nor has approved it.

<sup>24</sup> Source: PPM page 45.



**(d) Outline:**

**(i) The extent to which information provided to either direct investors in Brookfield LP or indirect investors with exposure to Brookfield LP (informing the basis for their investment decision) discusses:**

**(1) renewable energy or other environmental benefits of the investment; and**

- 49 As discussed above, when Brookfield sought to raise funds for BGTF from prospective investors, it issued a PPM (see Annexures 21.1 to 21.10 to the Authorisation Application). The PPM sets out in detail, among other things:
- (a) the market opportunity presented by the transition to net zero and the significant role that renewables and clean energy will play in the transition and the market opportunity created by it;<sup>25</sup>
  - (b) an overview of Brookfield and its renewables, clean energy and transition investing capabilities and how these place Brookfield in an optimal position to contribute to the energy transition and capitalise on the market opportunity presented by it;<sup>26</sup>
  - (c) BGTF's clean energy investment theme, which is one of the funds three primary investment themes that Brookfield believes capture the investment opportunity set that is experiencing the greatest expansion and will be most critical to achieving BGTF's objectives; and<sup>27</sup>
  - (d) the IMM framework, the way in which Brookfield measures its environmental impacts and reports to its investors.<sup>28</sup>
- 50 As noted above, BGTF reports alignment with the OPIM principles on Brookfield's website. This includes third-party verification.<sup>29</sup>
- 51 In addition, as BGTF leverages Brookfield Renewable and Transition's operating platform to operate, develop, and manage its investments, BGTF's assets and investments are managed in-line with the operating platform's best-in-class approach to ESG and risk management. Brookfield Renewable and Transition's ESG report, which includes the BGTF assets as well as renewable and transition assets managed from other funds, is available on Brookfield's website.<sup>30</sup>

**(d) Outline:**

**(i) The extent to which information provided to either direct investors in Brookfield LP or indirect investors with exposure to Brookfield LP (informing the basis for their investment decision) discusses:**

**(2) the Renewable Build Out and any relationship between the Renewable Build Out (including the speed thereof) and projected financial returns.**

- 52 **Confidential to Brookfield: Description of how the build out plan has been used by Brookfield.** This proposed build out profile and the economics associated with this development were approved by the Brookfield Investment Committee.

<sup>25</sup> See PPM pages 19-27 (extract attached as **Confidential Annexure 13**).

<sup>26</sup> See PPM pages 7-18 (extract attached as **Confidential Annexure 14**).

<sup>27</sup> See PPM pages 25 and 38 (extract attached as **Confidential Annexure 15**).

<sup>28</sup> See PPM pages 43-45 (extract attached as **Confidential Annexure 16**).

<sup>29</sup> See: <https://bam.brookfield.com/sites/brookfield-ir/files/2022-11/bam-bgtf-opim-disclosure-statement-vf.pdf>

<sup>30</sup> See: <https://bep.brookfield.com/sites/bep-brookfield-ir/files/Brookfield-BEP-IR-V2/bep-esg-2022.pdf>

**Figure 10: BGTF annual forecast spend in respect of 'green build-out' plan<sup>31</sup>****Confidential to Brookfield**

- 53 GIC's and Temasek's investment is being made on the same basis and, to the best of Brookfield's understanding, they relied on the same capex spend plan and financial model. All parties therefore expect the same investments to be made in the Origin Energy Markets business.
- 54 A number of presentations and materials relating to the 'green build-out plan' and associated returns have been provided to both GIC and Temasek. Examples of key materials in this regard are attached as **Confidential Annexures 17 and 18**.

**(d) Outline:**

- (ii) **Any mechanisms that exist that enable or prevent direct or indirect investors in Brookfield LP to constrain BGTF in its management of Brookfield LP, including in the event that Brookfield LP sought to depart from, or reduce the extent of, the Renewable Build Out.**

- 55 Please see response at paragraphs 20 and 21 above (including **Figures 4 and 5**), which discuss how Brookfield's co-investors in Brookfield LP will keep BGTF accountable to the 'green build-out plan'.
- 56 Given the nature of a limited partnership structure, in the ordinary course, limited partners do not have any governance rights in relation to the management of the limited partnership vehicle, as is the case with Brookfield LP.
- 57 As discussed above at paragraph **Error! Reference source not found.**, **Confidential to Brookfield**.
- 58 For additional detail, please see Annexure 5.9 to the Authorisation Application, being the Governance Term Sheet.

**Q5. Outline how Brookfield would resolve any conflict which may arise between Brookfield's targeted internal rate of return and its completion plans, in response to significant exogenous shocks such as substantial increases in interest rates, materials or labour costs, or decreases in wholesale electricity prices.**

- 59 Brookfield intends to execute the 'green build-out'. The BGTF Consortium's business plan for Origin already takes into account expected industry changes over the next 10 years. Please see slide 15 of the Investment Committee Presentation, attached as Annexure 1.14 to the Authorisation Application and slides 98-100 of the Investment Committee Presentation Appendix, attached as Annexure 1.15 to the Authorisation Application.
- 60 As discussed in response to question 3(e) of the ACCC's S155 Notice, **Confidential to Brookfield**.<sup>32</sup> **Confidential to Brookfield**.
- 61 **Confidential to Brookfield:**
- (a) **Confidential to Brookfield;**
- (b) **Confidential to Brookfield;** and
- (c) **Confidential to Brookfield.**
- 62 **Confidential to Brookfield.**

<sup>31</sup> Source: Excerpt from BGTF Investment Committee Appendix, March 2023 (slide 76).

<sup>32</sup> See slides 98-100 of the Investment Committee Presentation Appendix, attached as Annexure 1.15 to the Authorisation Application.

63 As discussed further, in response to question 8 of the ACCC's S155 Notice, **Confidential to Brookfield**:

(a) **Confidential to Brookfield.**

(b) **Confidential to Brookfield**

64 **Confidential to Brookfield.**

65 **Confidential to Brookfield:**

(a) **Confidential to Brookfield;**

(b) **Confidential to Brookfield;**

(c) **Confidential to Brookfield;**

(d) **Confidential to Brookfield;**

(e) **Confidential to Brookfield;** and

(f) **Confidential to Brookfield.**

**Confidential to Brookfield.**

66 **Confidential to Brookfield.**

67 As noted above, however, Brookfield intends to execute the 'green build-out' plan. **Confidential to Brookfield.** It would also support the development of more renewables in the National Electricity Market as compared to the counterfactual because, in a severe market downturn, Origin would be unlikely to develop the capacity forecast for 2030 in its Climate Transition Action Plan.