

**IN THE AUSTRALIAN COMPETITION TRIBUNAL
AGL ENERGY LIMITED**

of 2014

**RE: PROPOSED ACQUISITION OF MACQUARIE GENERATION (A CORPORATION
ESTABLISHED UNDER THE ENERGY SERVICES CORPORATIONS ACT 1995
(NSW))**

ANNEXURE CERTIFICATE

This is the annexure marked "**AF-15**" annexed to the statement of **ANTHONY GARTH
FOWLER** dated 23 March 2014

Annexure AF-15

Filed on behalf of (name & role of party)	AGL Energy Limited		
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[Form approved 01/08/2011]



ASX statement

15 December 2010

Attached is a presentation relating to this afternoon's announcement on AGL's NSW organic growth strategy by Managing Director, Michael Fraser.

A handwritten signature in black ink, appearing to read 'P. McWilliams'.

Paul McWilliams
Company Secretary



NSW Electricity

Organic growth to deliver higher shareholder returns

Michael Fraser, Managing Director & CEO
14 December 2010

Energy in
action.



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Agenda

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- > **Strategic Rationale**
- > **NSW – Valuation Influences**
- > **AGL Market Position**
- > **Organic Growth Strategy**
- > **Summary**

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Strategic Rationale

Investment Strategy

Any investment has to meet minimum Return on Funds Employed criteria

- > The NSW electricity privatisation provided an opportunity to acquire scale assets in NSW.
- > Benchmarked against organic growth utilising AGL's existing NSW market position and brand strength.

Retail Market

- > NSW electricity customer base ~400,000
- > NSW gas customer base ~700,000
- > Total across NEM of 3.2 million + ActewAGL 0.3 million



Generation

- > NSW generation capacity only 65 MW
- > Primary NSW portfolio requirement is peaking plant
- > Total AGL capacity 3,755 MW

NSW Development sites

- > Dalton 1,500 MW
- > Leaf's Gully 300 MW

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Disciplined Approach

All investments evaluated against minimum 12% IRR hurdle

- > AGL lodged bids for a number of assets and combinations
- > AGL provided with final opportunity to further increase bids
 - > Didn't represent better value for shareholders
- > AGL's bids were substantially below the successful bids
- > AGL's bids were benchmarked against organic growth



NSW - Valuation influences

Key factors influencing NSW valuation

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Retail

- > Transitional services agreement (TSA)
 - > Costs
 - > Capability and control
 - > Integration timeframes and complexity
- > Rate of market churn
- > Existing hedge books, PPA's
- > Future regulatory determinations

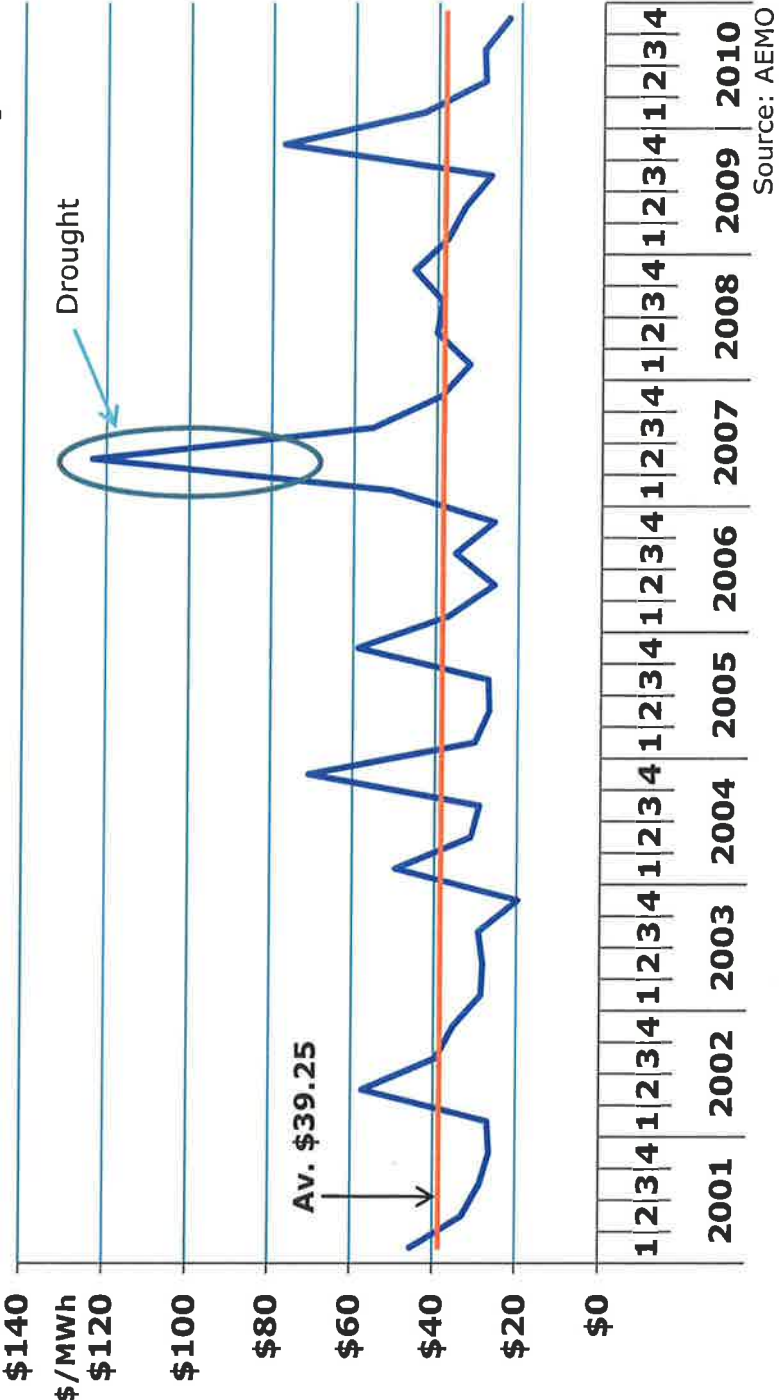
GenTrader

- > Outlook for base load electricity prices
- > Coal contracts – future price / certainty
- > Carbon pricing
- > On going fixed payment levels
- > Plant availability etc

GenTrader

Over last decade pool prices consistently averaged below \$40

NSW Quarterly Average Pool Price History



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GenTrader

Influences on future base load electricity prices

Wind & other renewables

- > Increased penetration will negatively affect base load electricity prices
- > ~4,000 MW of wind expected to be completed in NSW over next 9 years
- > ~11,000 MW of wind across all NEM states over next 9 years

Domestic gas market

- > Oversupply to continue for some time and likely to suppress base load electricity prices

Coal

- > Coborra coal mine development – risks around cost and timing
- > Export coal prices likely to see continued upward pressure on domestic coal prices

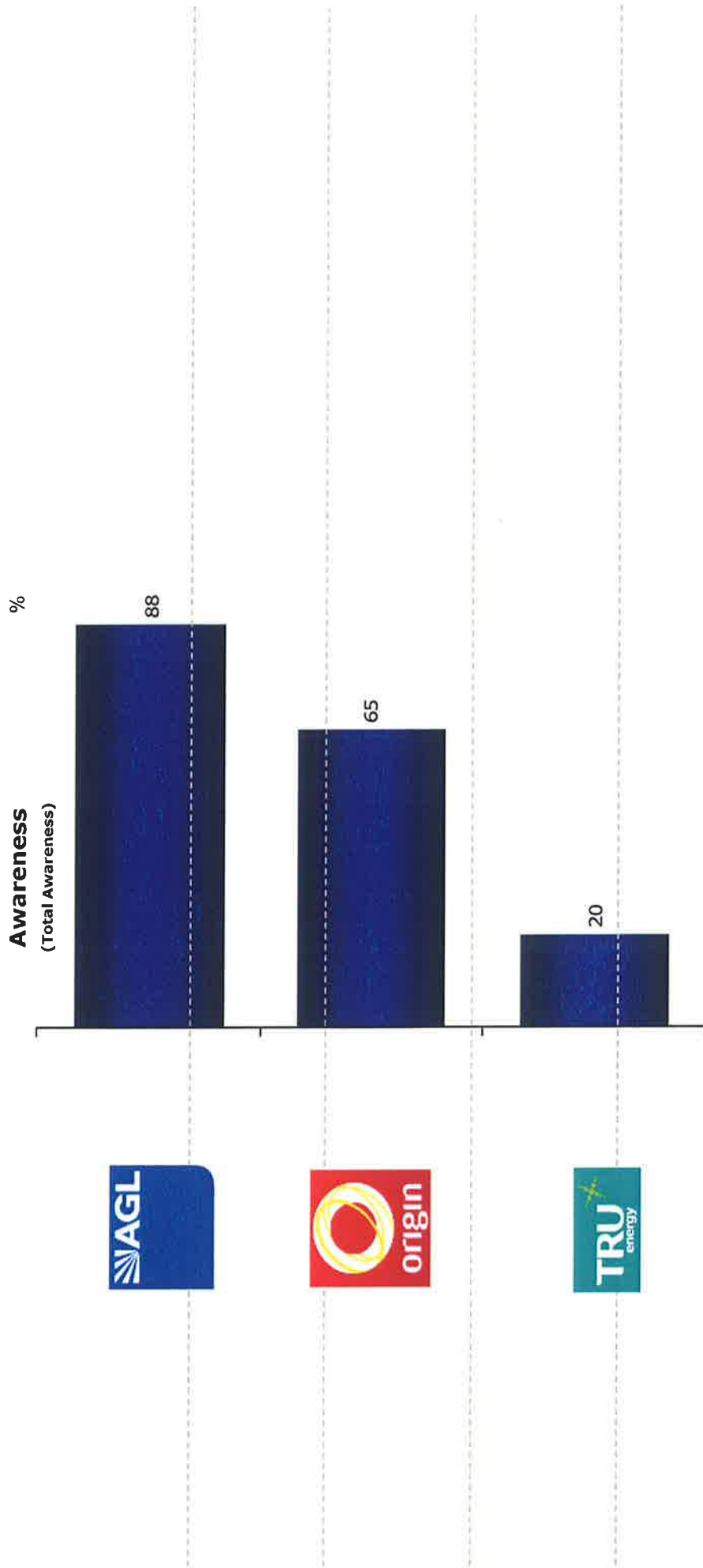
Carbon

- > Uncertainty around ability of GenTraders to pass through future carbon price increases



AGL's Market Position

New South Wales Market Brand Performance (June 2010)



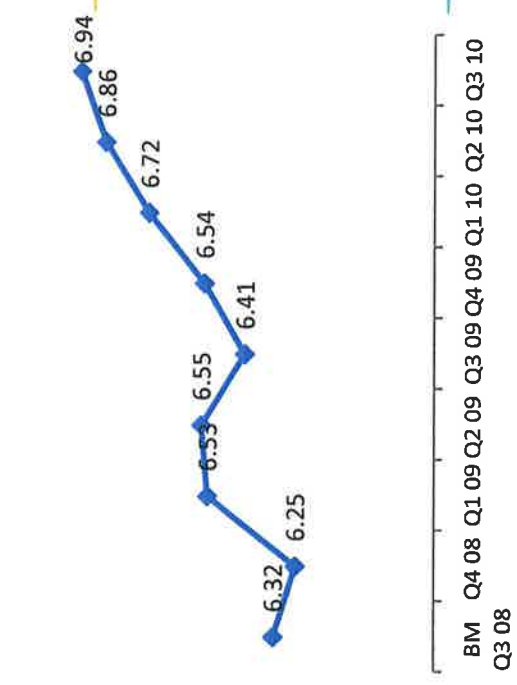
Source: AMR Interactive

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Strong improvement in 2010

Customer rating of AGL "Moments of Truth"

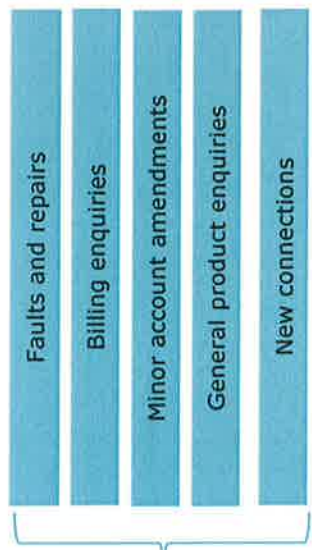


High impact Moments of Truth

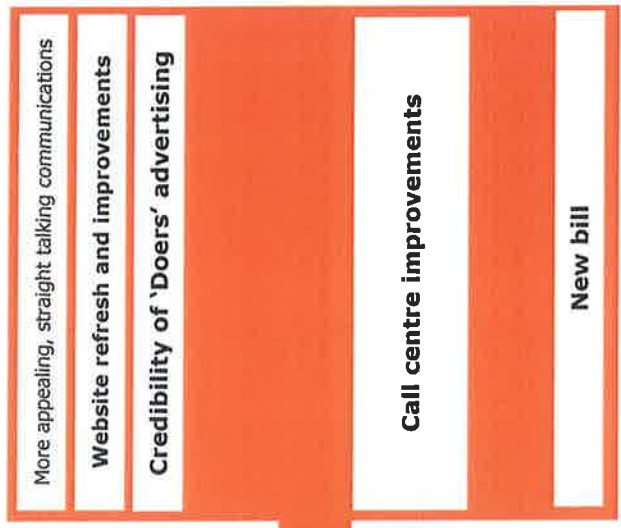
Marketing Communications



Inbound contacts



Key changes delivered via...

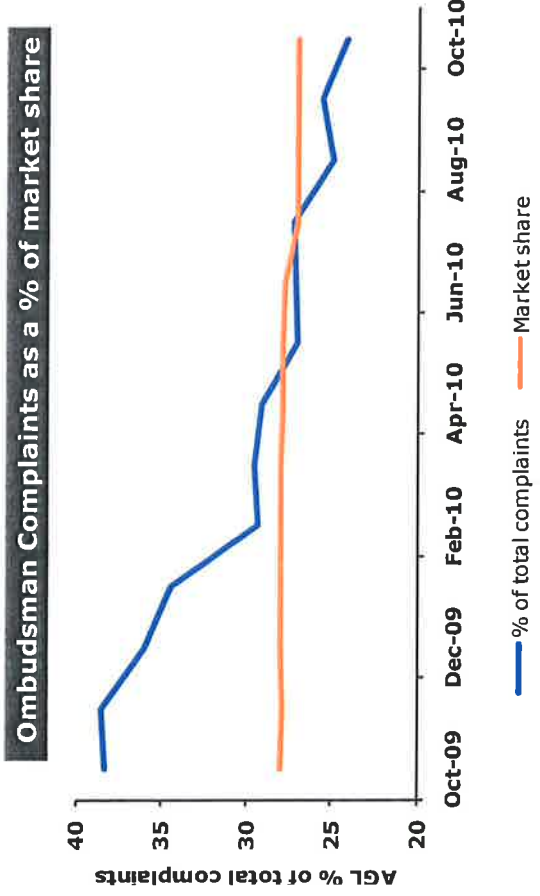
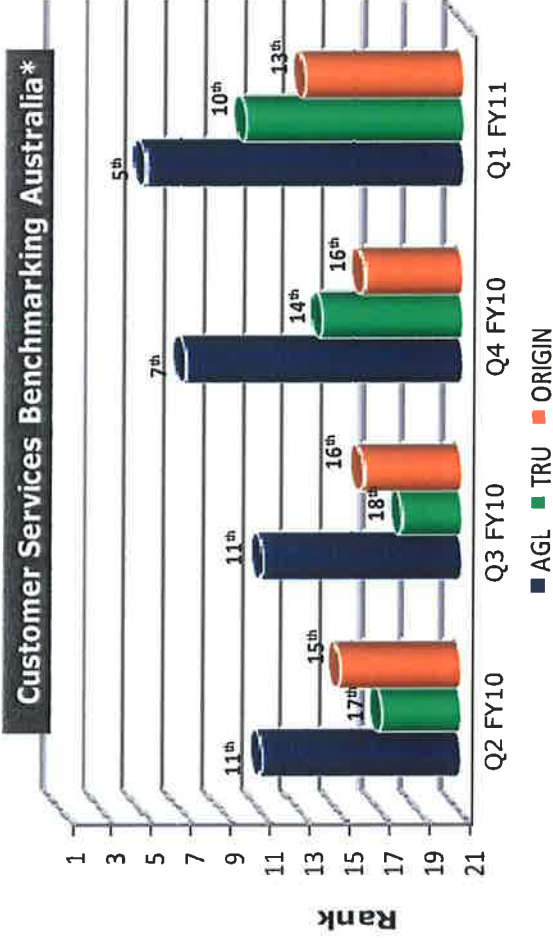


Source: AGL CATS Research

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Continued improvements in Customer Experience



* Source – Customer Services Benchmarking Australia Quarterly Reporting

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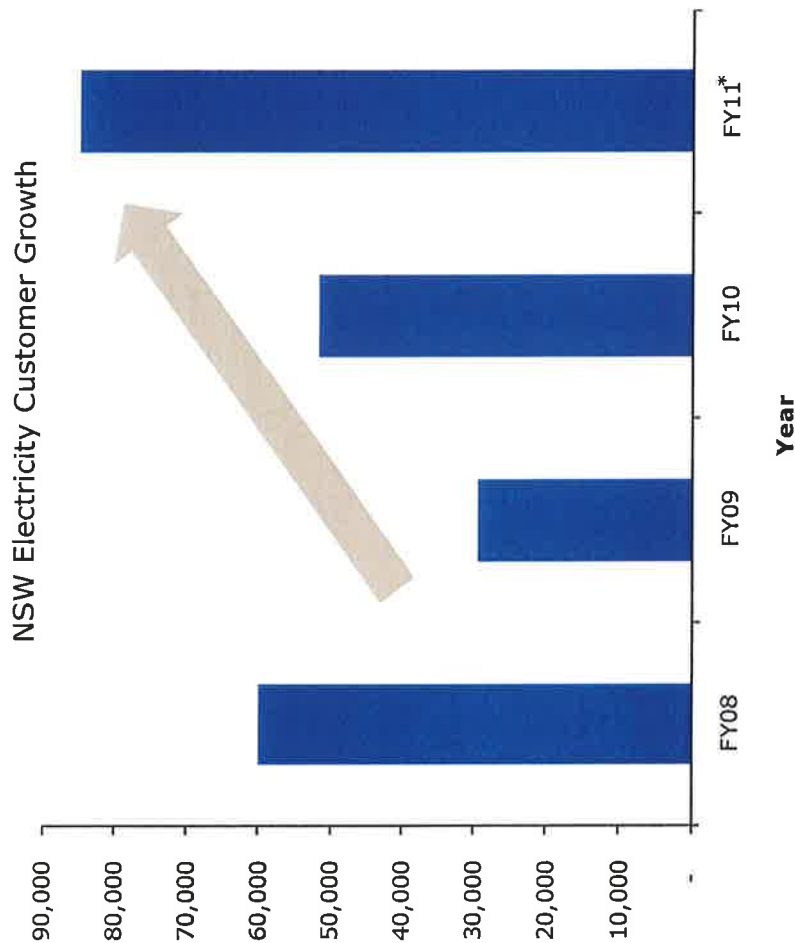


NSW Growth Strategy

NSW Retail: Customer Growth

400,000 to 500,000 additional customers over next 3 years

- > AGL has consistently grown NSW electricity customer numbers in recent years
- > Business as usual is on track to add 85,000 customers in FY11
- > Activity will now be accelerated rapidly to deliver up to 500,000 NSW electricity customer acquisitions over next 3 years



*FY11 projected upon 5 months actual data annualised

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NSW Retail: Customer Growth

Organic growth is significantly more valuable

- > NSW electricity privatisation sale price up to \$1,300 per customer
- > AGL's current customer acquisition cost is running at ~\$150
- > Acquisition costs can double and still deliver significantly higher shareholder value
- > 72% of Country Energy customers unaware they can use other electricity providers
- > AGL has stable customer management systems
 - > Service, Billing, Acquisition/Retention
 - > Business has "clear air" free of integration issues to concentrate on execution of plan

NSW Generation: Adding gas fired capacity

Final investment decision on Dalton expected in mid-2011

- > Permitting site for up to 1,500 MW
- > Initially capacity of 500-750 MW
- > Planning application lodged and initial construction tenders received
- > Attractive equipment pricing
- > Excellent location:
 - > Non-Contentious site owned by AGL
 - > On the grid (330kV transmission on site)
 - > Transgrid identified future project to upgrade to 500kV
 - > Moomba to Sydney gas line 3km South of site
 - > Leverage existing haulage arrangements

Newcastle Gas Storage Facility (GSF)

Significant potential investment in NSW market

- > LNG tank capacity 1.5 PJ
 - > Vaporisation rate 120 TJ/d (5 TJ/h)
- > Capex ~\$300m
- > Addresses gas infrastructure supply bottlenecks
- > Management of peak gas demand (daily and hourly):
 - > Peak supply during high demand
 - > Supports development of peaking power stations
 - > Short Term Trading Market (STTM)
 - > Emergency supply

Summary

Organic growth strategy in NSW will deliver superior returns

- > Three initiatives to strengthen integrated strategy
 - > Acquire 400,000 to 500,000 mass market electricity customers in NSW
 - > Install 500 to 750 MW of generation capacity at Dalton
 - > Deliver Newcastle Gas Storage facility

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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