

**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-18**" annexed to the statement of **ANTHONY GARTH
FOWLER** dated 23 March 2014

Annexure AF-18

Filed on behalf of (name & role of party)	<u>AGL Energy Limited</u>		
Prepared by (name of person/lawyer)	<u>Liza Carver</u>		
Law firm (if applicable)	<u>Ashurst Australia</u>		
Tel	<u>+61 2 9258 5897</u>	Fax	<u>+61 2 9258 6999</u>
Email	<u>Liza.Carver@ashurst.com</u>		
Address for service (include state and postcode)	<u>Level 35, 225 George Street, Sydney, NSW, 2000 DX 388 Sydney</u>		

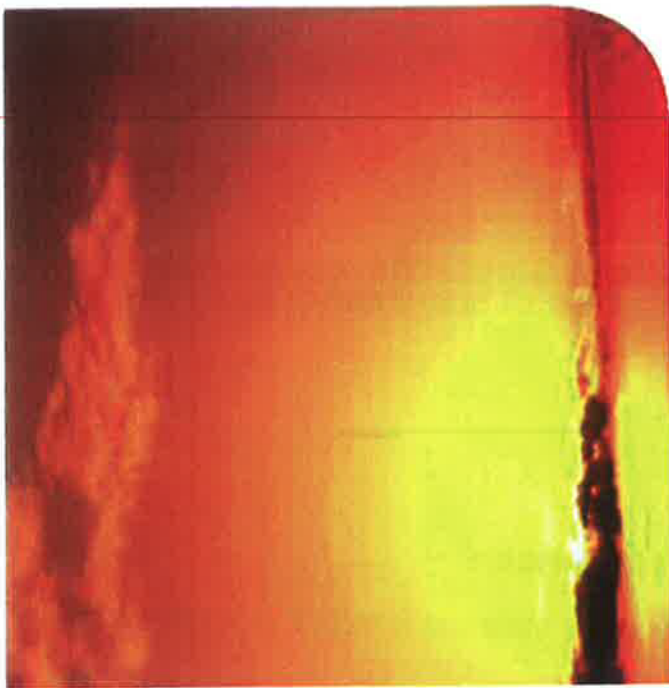
[Form approved 01/08/2011]

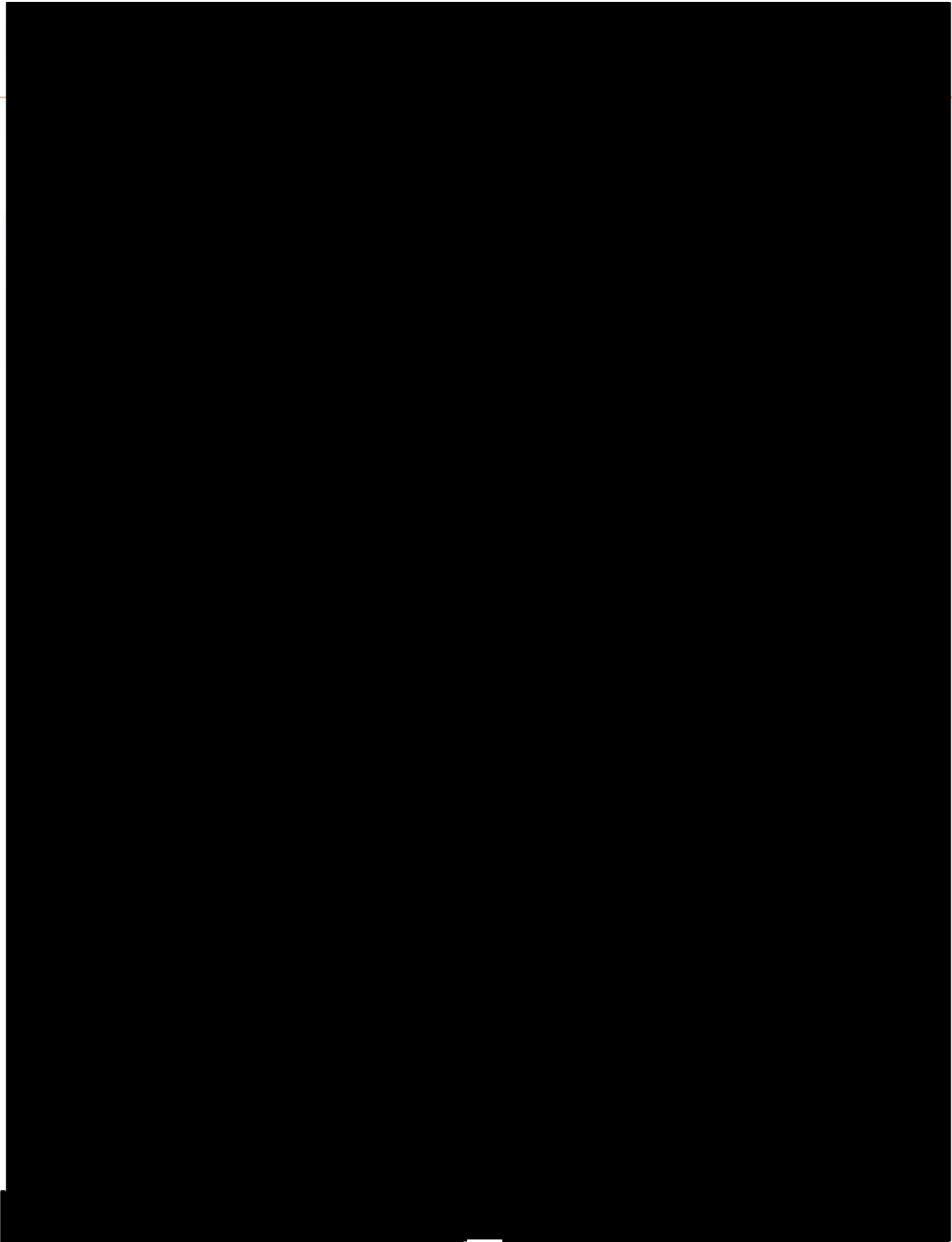
Project Hunter

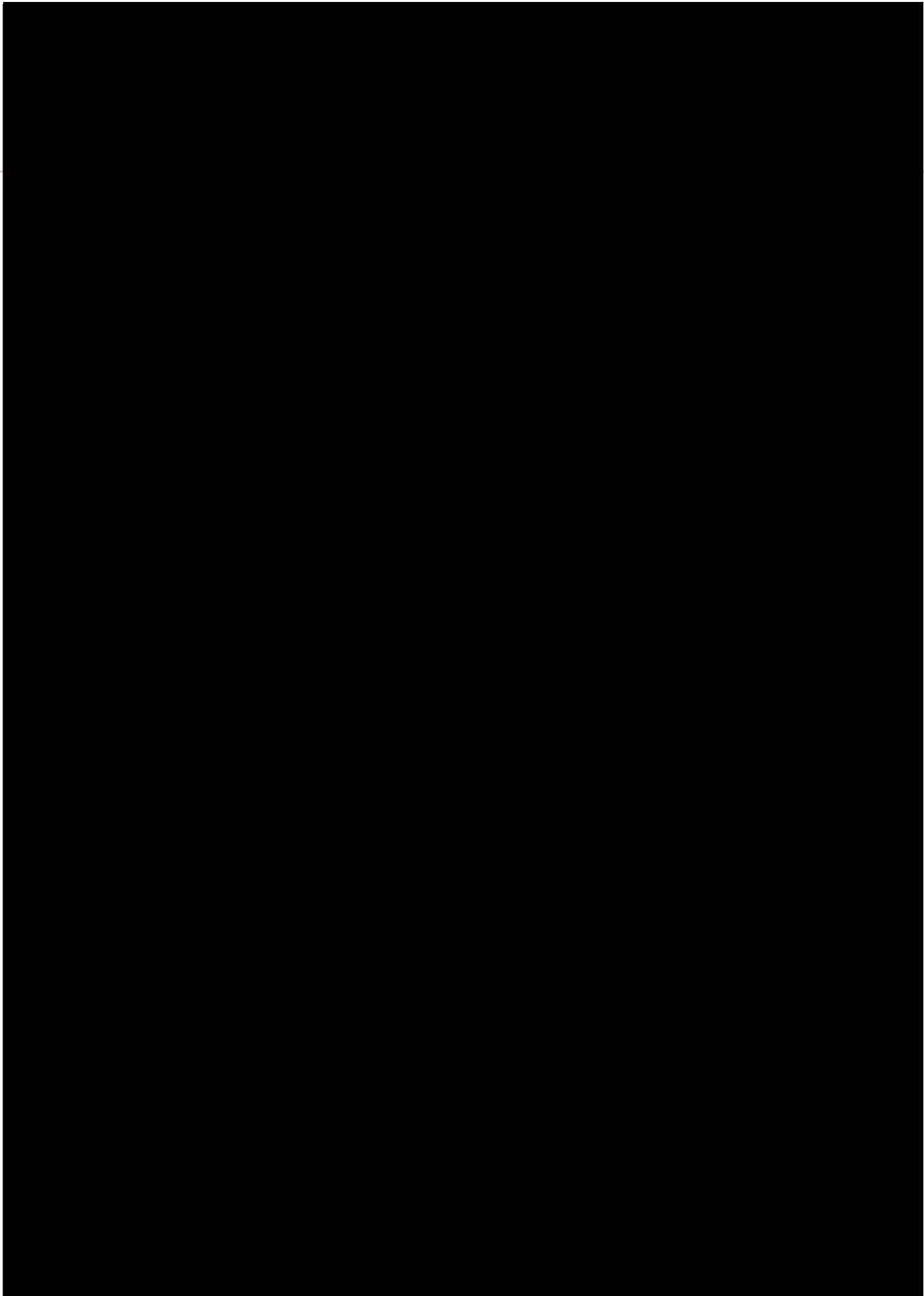
Supplementary issues

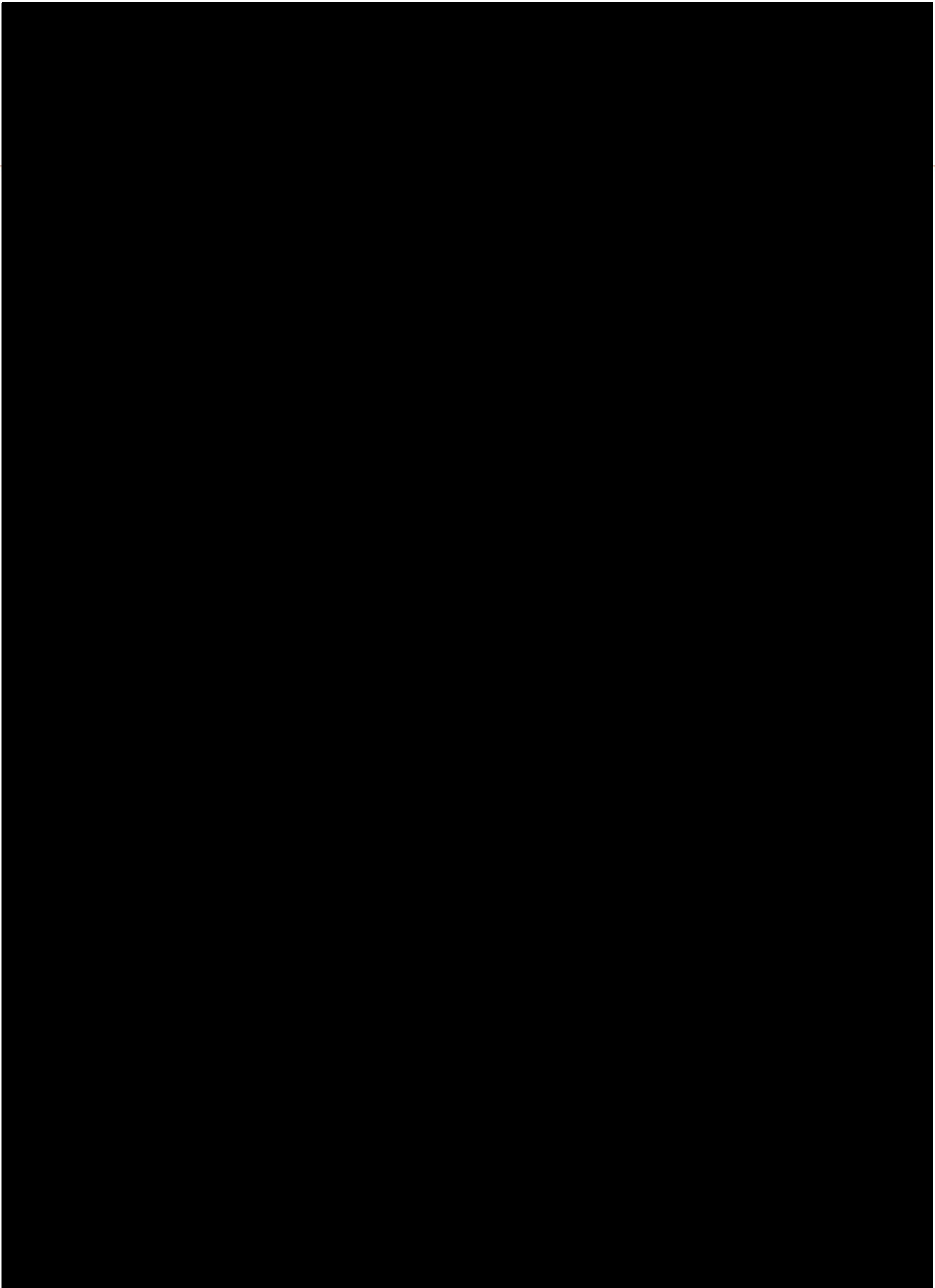
21 January 2014

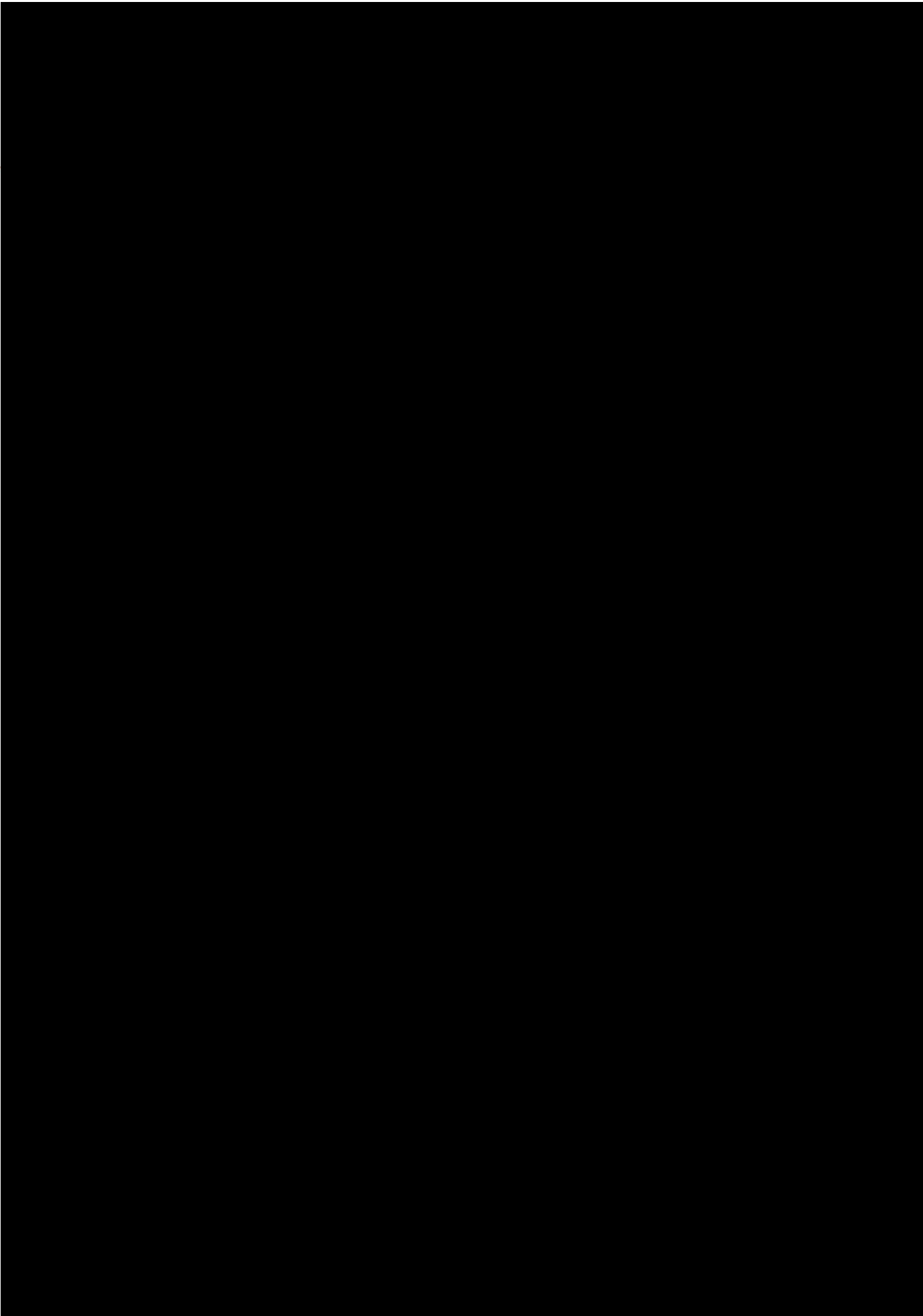
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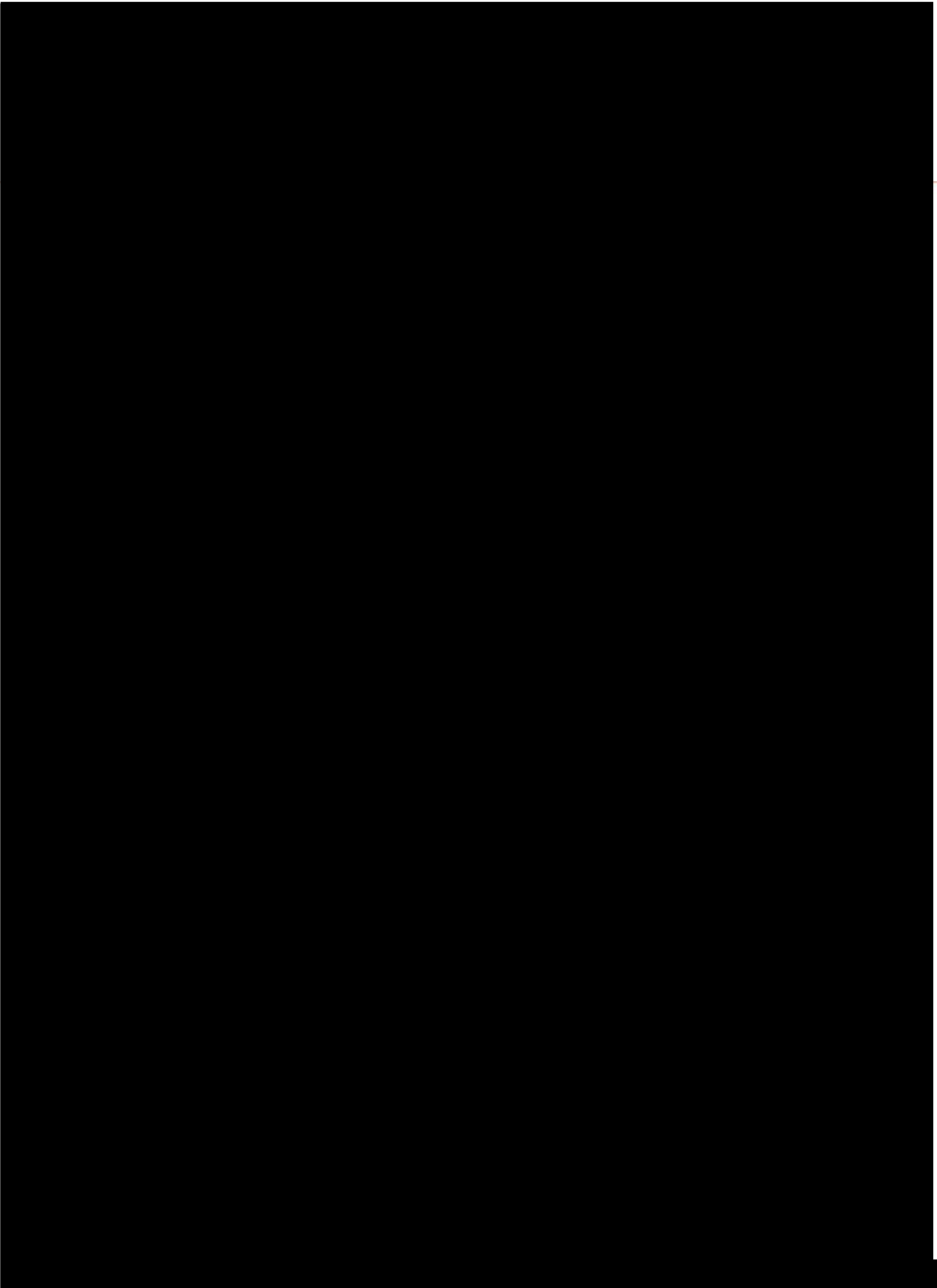


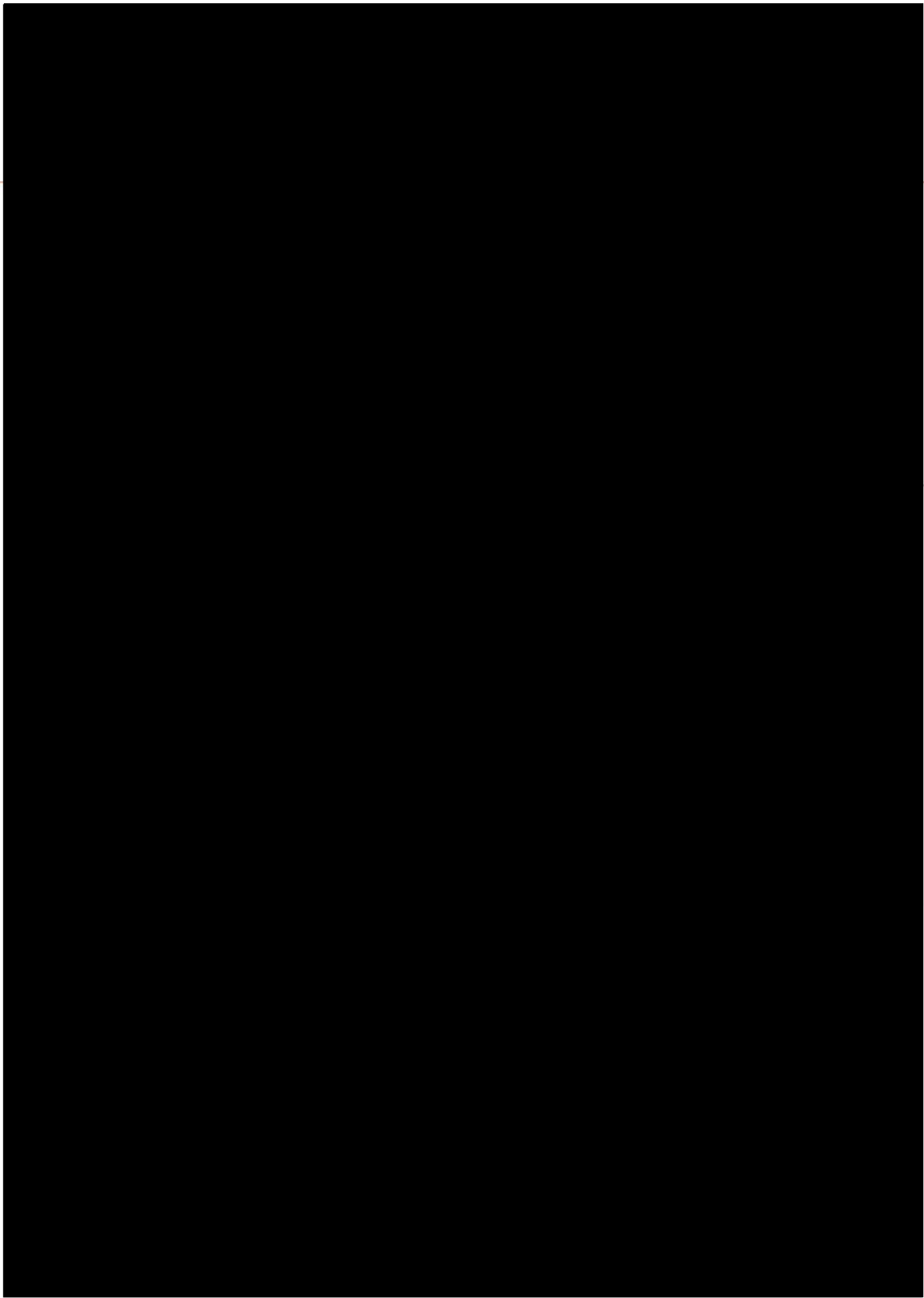


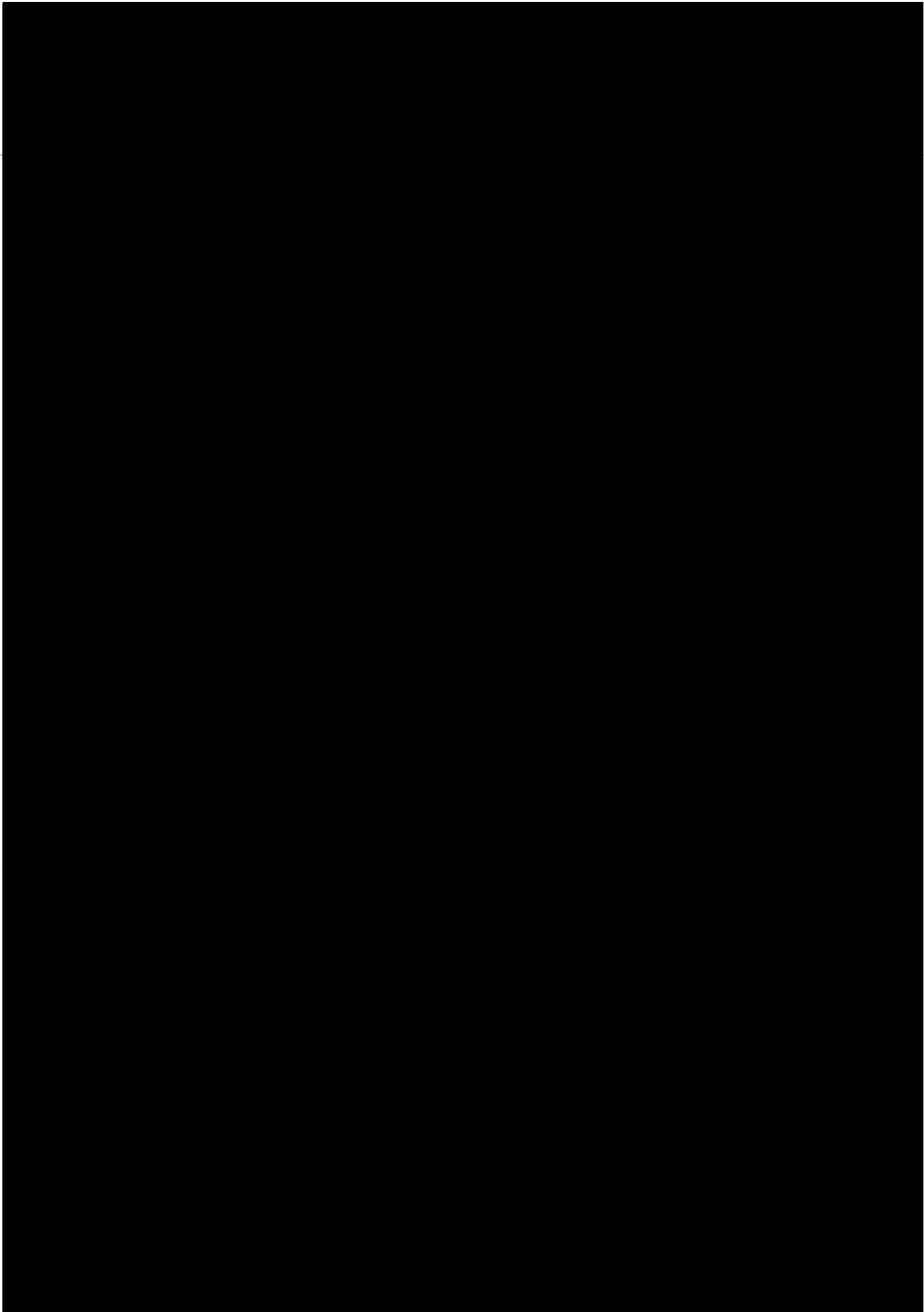


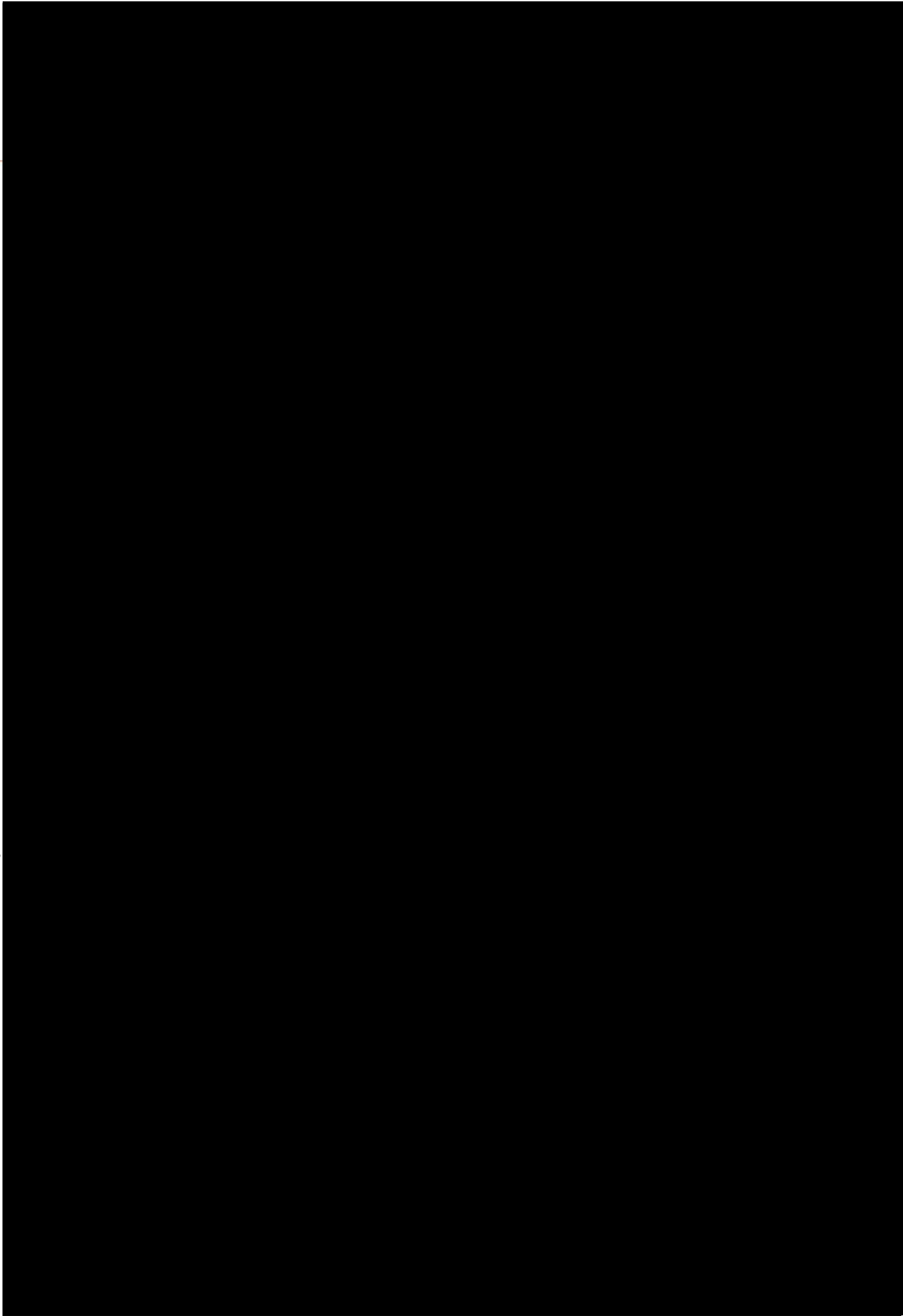


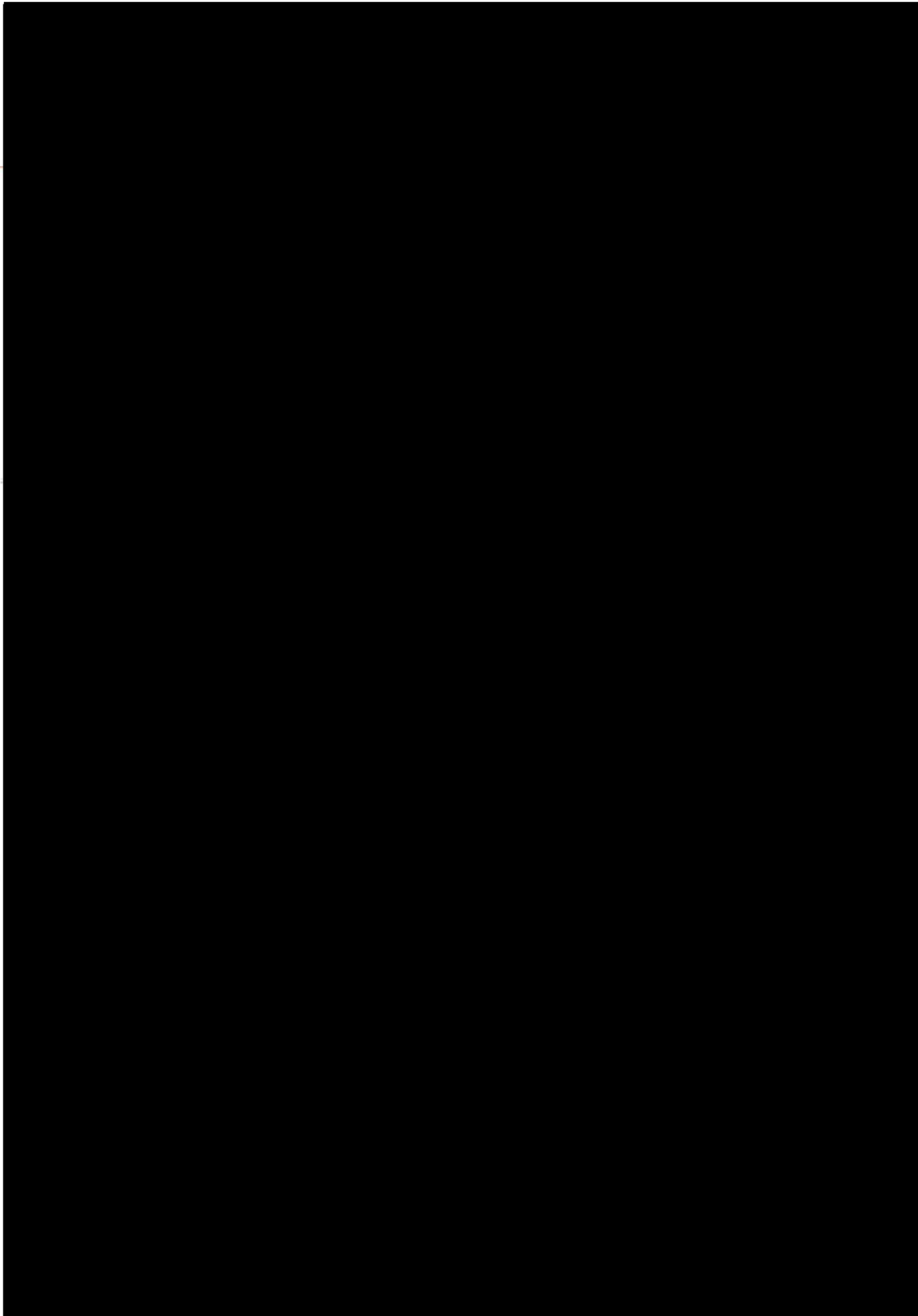














Solar PV uptake

Solar PV uptake scenarios for Project Hunter

- Project Hunter solar PV projections are based on a blend of slow (30%), moderate (60%) and high uptake (10%) scenarios from AEMO
- Findings from an analysis of the high-level assumptions used by AEMO are shown below:

	SLOW UPTAKE	MODERATE UPTAKE	RAPID UPTAKE
ECONOMIC CONDITIONS	<ul style="list-style-type: none"> Low retail and wholesale electricity prices and CPI 	<ul style="list-style-type: none"> Medium retail and wholesale electricity prices and CPI 	<ul style="list-style-type: none"> High retail and wholesale electricity prices and CPI.
ROOFTOP PV SYSTEM COSTS	<ul style="list-style-type: none"> Slow system cost reductions. 	<ul style="list-style-type: none"> Moderate system cost reductions. 	<ul style="list-style-type: none"> Rapid system cost reductions.
2015 PAYBACK	<ul style="list-style-type: none"> 8-11 years 	<ul style="list-style-type: none"> 6-9 years 	<ul style="list-style-type: none"> 4-7 years
GOVERNMENT INCENTIVES	<ul style="list-style-type: none"> FITs largely below recent values RET assumed in current form 	<ul style="list-style-type: none"> FITs similar trend to recent values RET assumed in current form 	<ul style="list-style-type: none"> FITs largely above average recent values RET assumed in current form

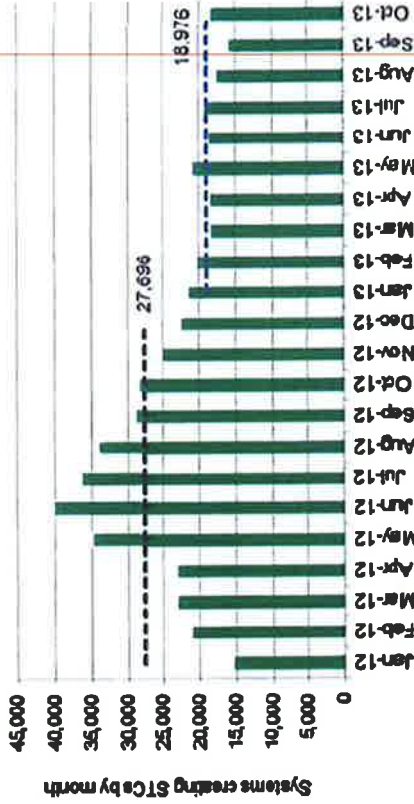
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Slowing rate of installations

- > Previously, solar PV installation rates were underpinned by a high Solar Credits Multiplier, falling system costs and attractive state-based feed in tariffs
- > 2013 saw a considerable decline in installations compared to recent years due to:
 - > Removal of the Solar Credits Multiplier on Jan 1 2013 (from 2x to 1x)
 - > Reduction in the Qld Solar Bonus Scheme feed-in tariff from 44c/kWh to 8c/kWh from July 2012
 - > Reduction in the SA Solar Feed-in Tariff Scheme from 16-44c/kWh to 7.6c/kWh from January 2014
 - > Reduction in the NSW Solar Feed-in Tariff Scheme from 20c-60c/kWh pre 1 July 2011 to current FY14 tariff of 6.6-11.2c/kWh
 - > Likely network response due to system reliability concerns and cross subsidy

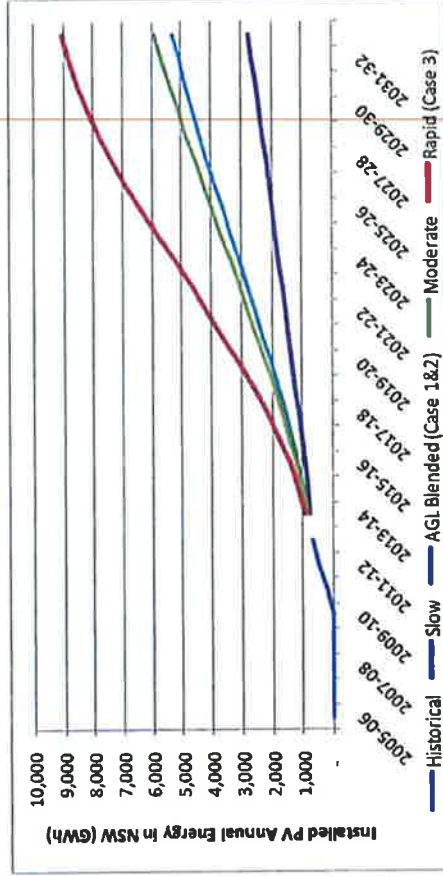
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New systems creating STCs by month



Source: Green Energy Markets, Nov 2013

NSW solar PV uptake scenarios

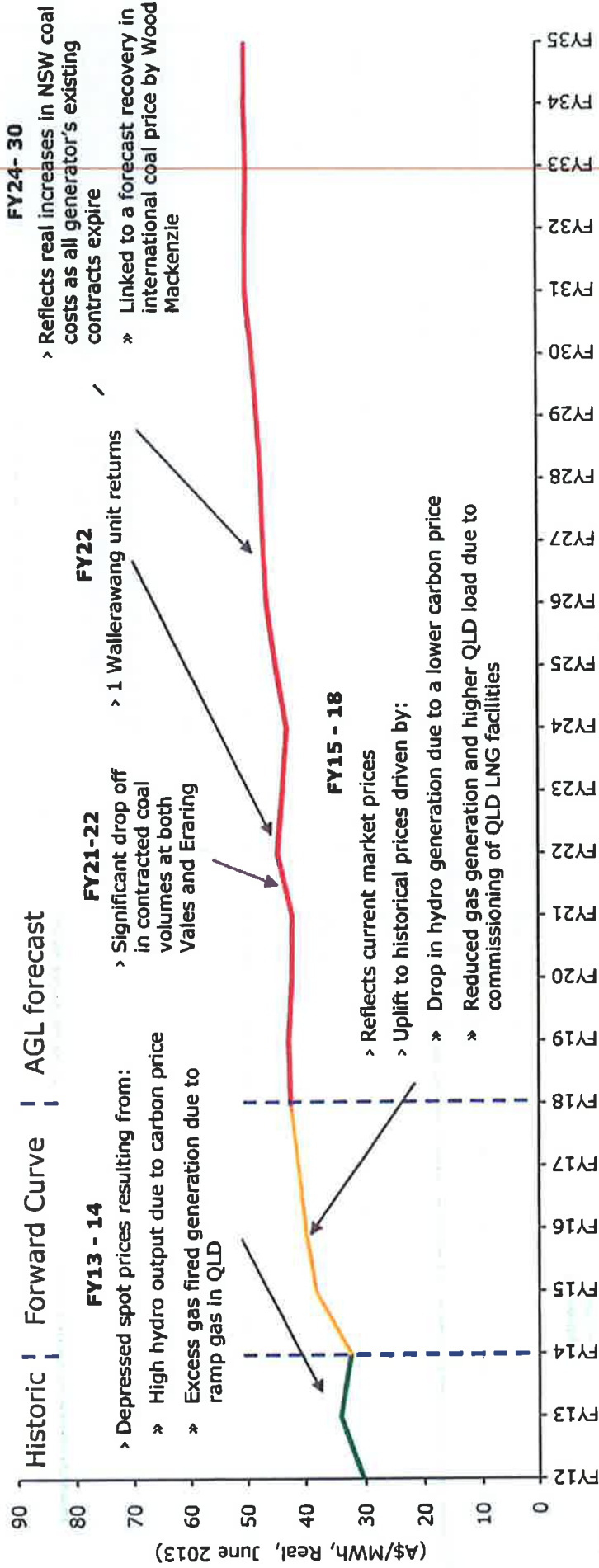




Electricity Forecast Demand and Price

NSW Electricity Price – Historic vs. Forecast

Real Time Weighted Spot Prices (Ex. Carbon)^(1,2)



Note:
 (1) Financial years ending 30-June.
 (2) Time weighted spot prices are inclusive of cap premium.
 Assumes market carbon intensity of 0.8749 KT CO2e/MWh.

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