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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 "**BAR 17**" annexed to the statement of **BRETT ALAN REDMAN** dated 23 March 2014

Annexure BAR17

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

Project Hunter

Supplementary issues

21 January 2014

Confidential

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Solar PV uptake

Solar PV uptake scenarios for Project Hunter

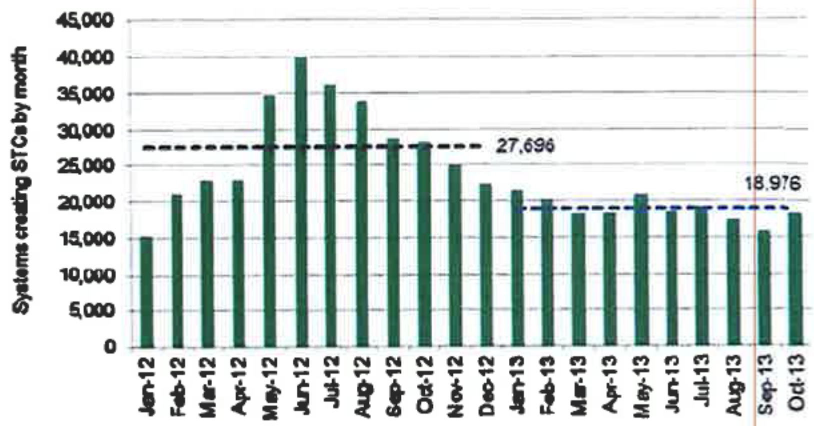
- Project Hunter solar PV projections are based on a blend of slow (30%), moderate (60%) and high uptake (10%) scenarios from AEMO
- Findings from an analysis of the high-level assumptions used by AEMO are shown below:

	SLOW UPTAKE	MODERATE UPTAKE	RAPID UPTAKE
ECONOMIC CONDITIONS	▪ Low retail and wholesale electricity prices and CPI	▪ Medium retail and wholesale electricity prices and CPI	▪ High retail and wholesale electricity prices and CPI.
ROOFTOP PV SYSTEM COSTS	▪ Slow system cost reductions.	▪ Moderate system cost reductions.	▪ Rapid system cost reductions.
2015 PAYBACK	▪ 8-11 years	▪ 6-9 years	▪ 4-7 years
GOVERNMENT INCENTIVES	▪ FITs largely below recent values ▪ RET assumed in current form	▪ FITs similar trend to recent values ▪ RET assumed in current form	▪ FITs largely above average recent values ▪ RET assumed in current form

Slowing rate of installations

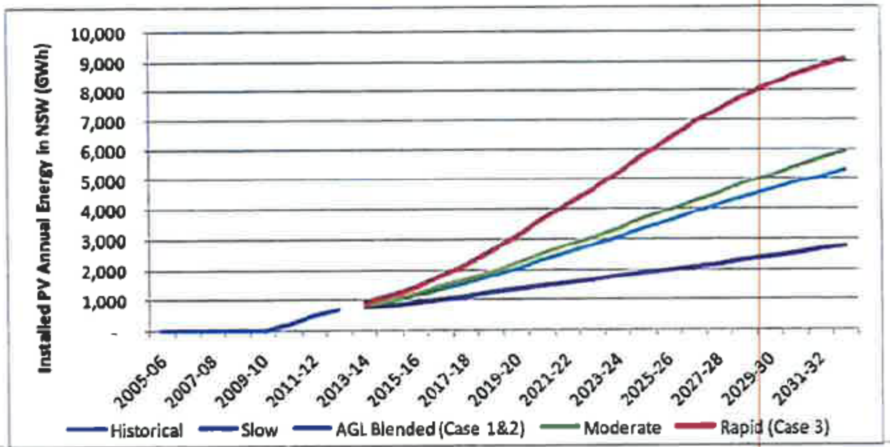
- Previously, solar PV installation rates were underpinned by a high Solar Credits Multiplier, falling system costs and attractive state-based feed in tariffs
- 2013 saw a considerable decline in installations compared to recent years due to:
  - Removal of the Solar Credits Multiplier on Jan 1 2013 (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

New systems creating STCs by month



Source: Green Energy Markets, Nov 2013

NSW solar PV uptake scenarios



- **Project Hunter: Supplementary issues pack**
- 21 January 2014
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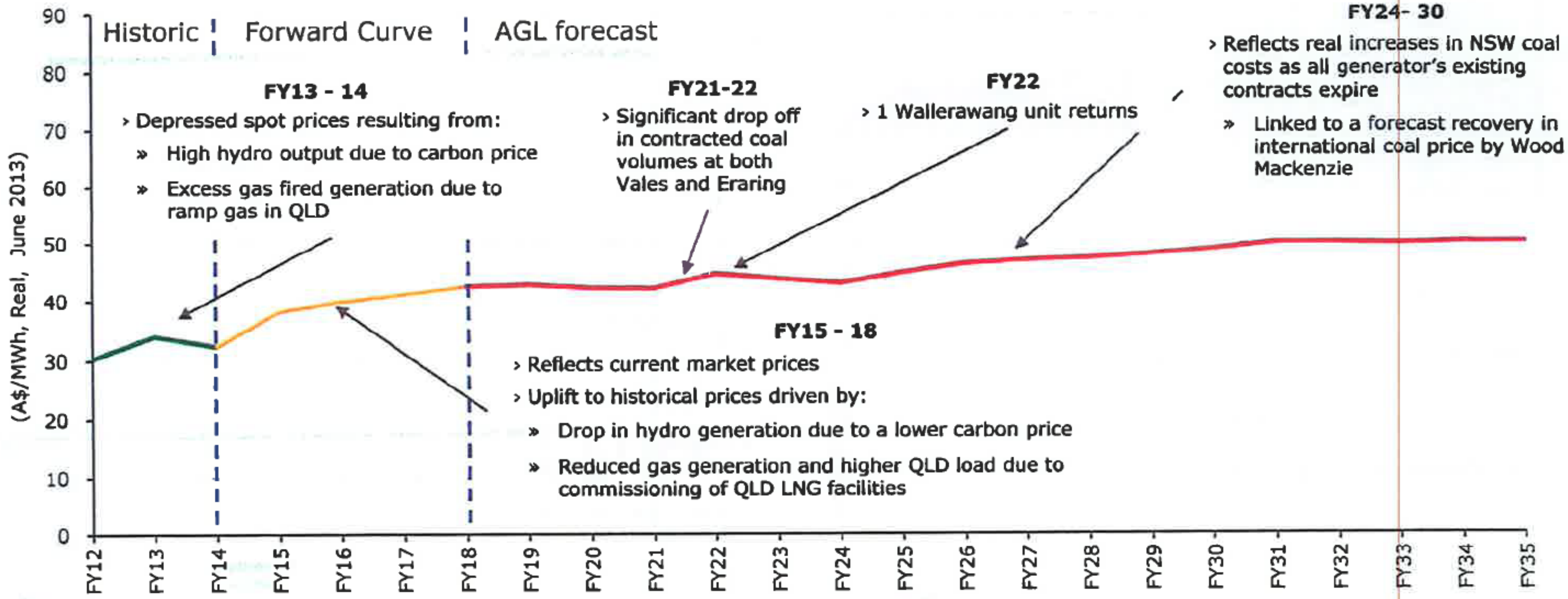
Electricity Forecast Demand and Price

NSW Electricity Price – Historic vs. Forecast

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



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

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