

**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 "**GS20**" annexed to the statement of **GLENN SCHUMACHER**
dated 23 March 2014

Annexure GS20

Filed on behalf of (name & role of party) AGL Energy Limited
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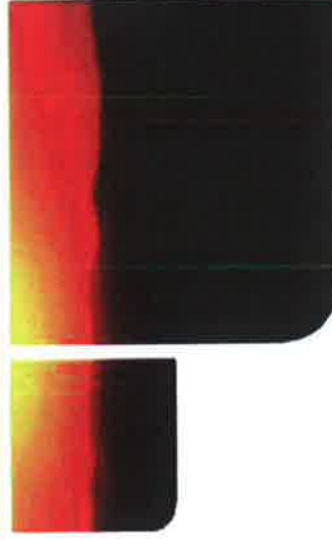
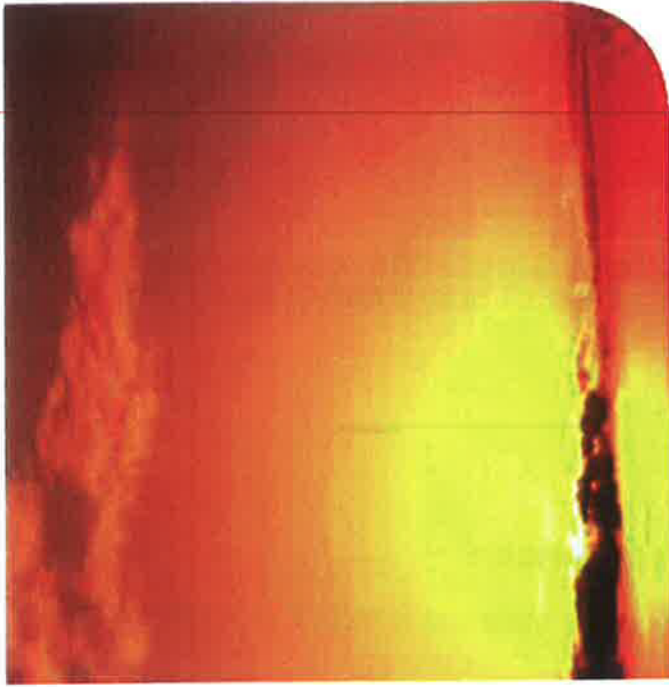
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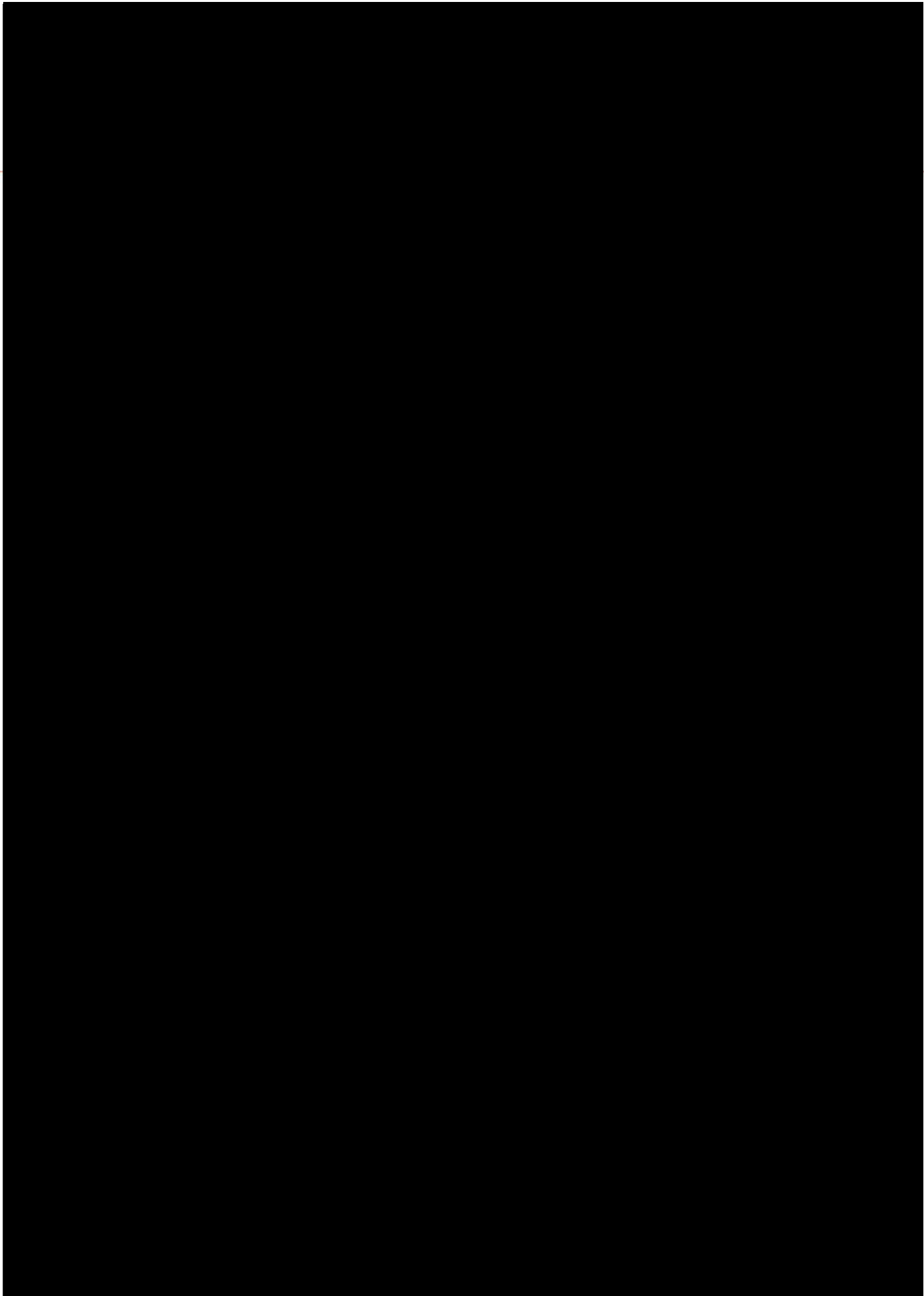
Project Hunter

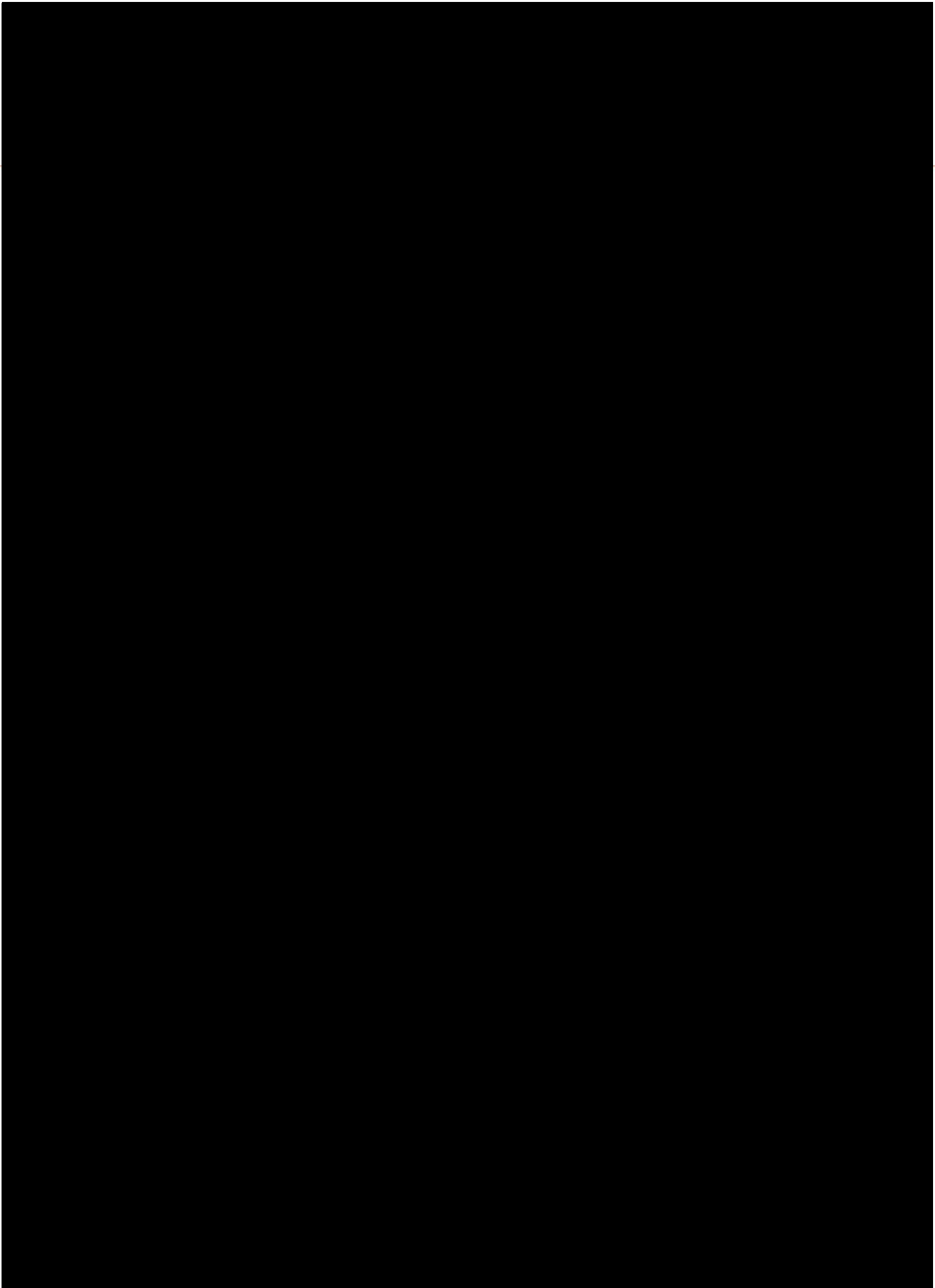
Supplementary issues

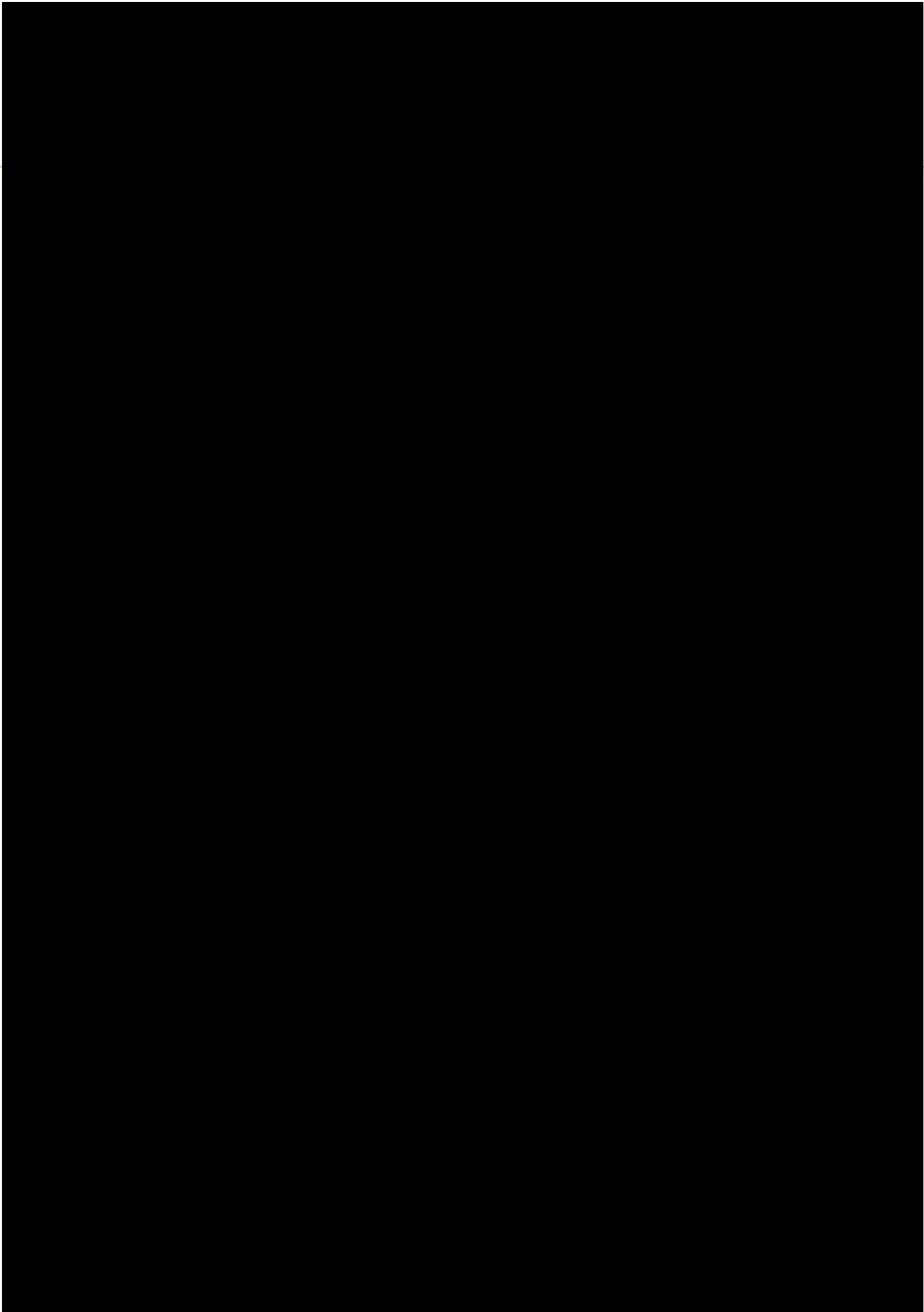
21 January 2014

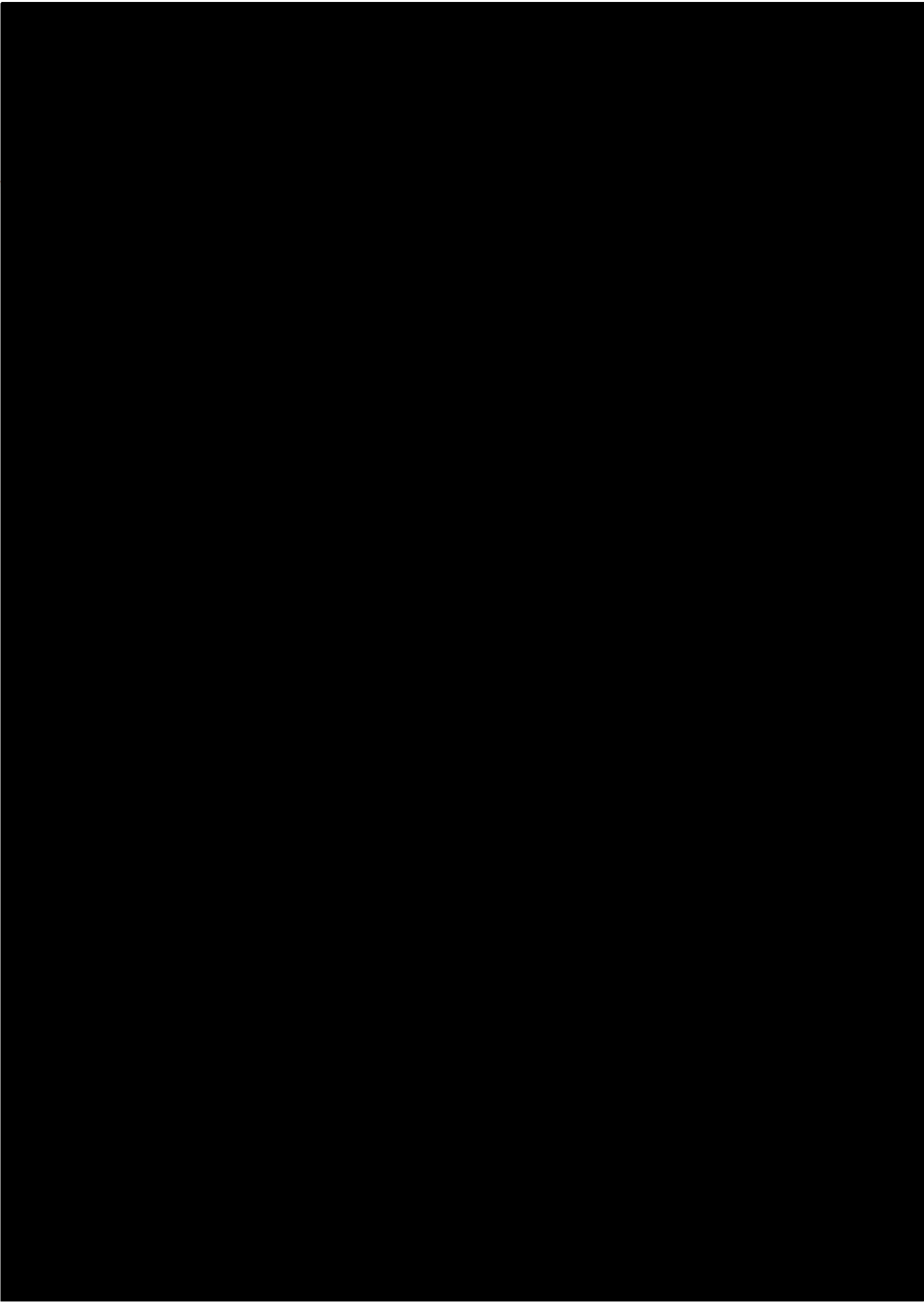
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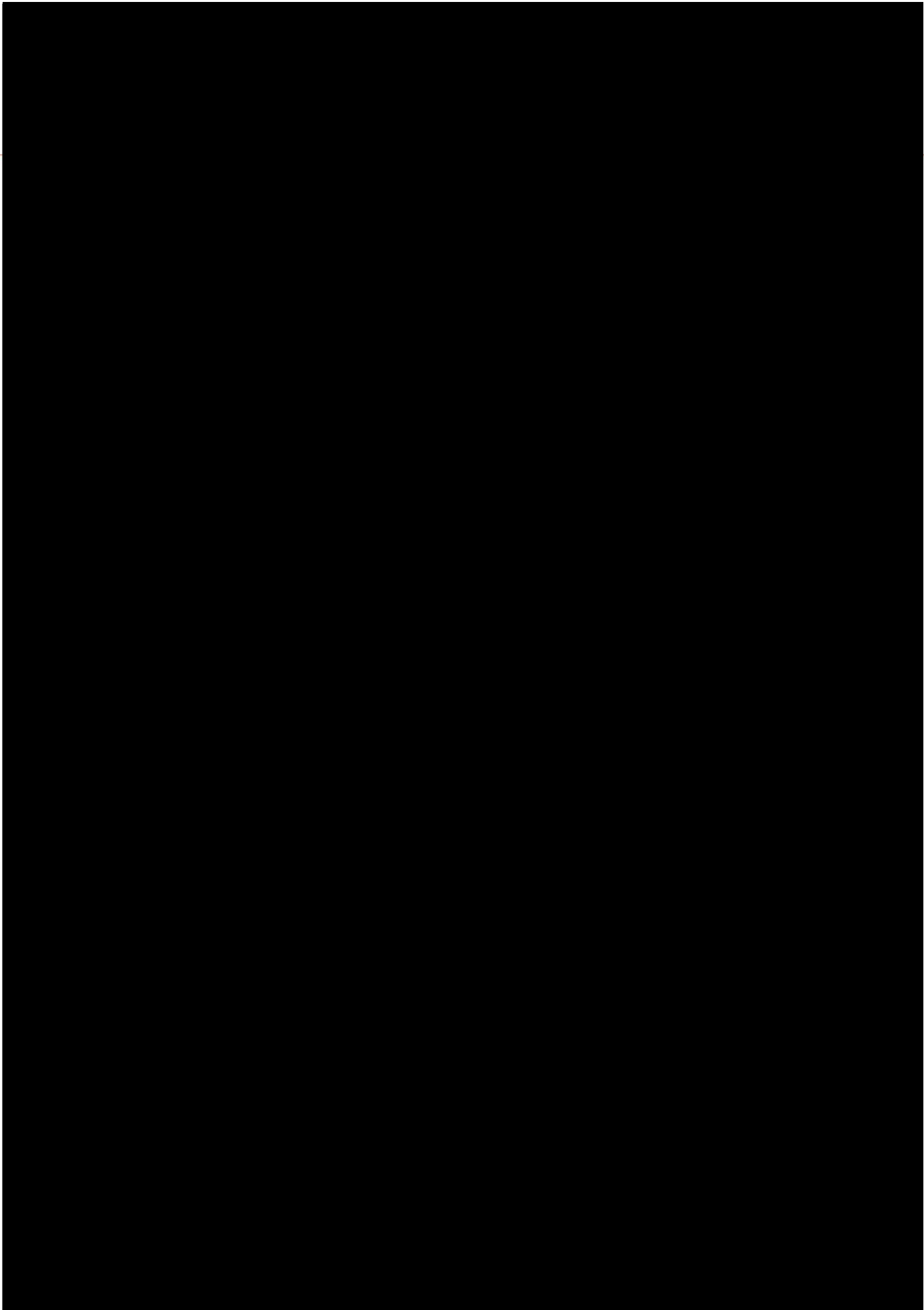


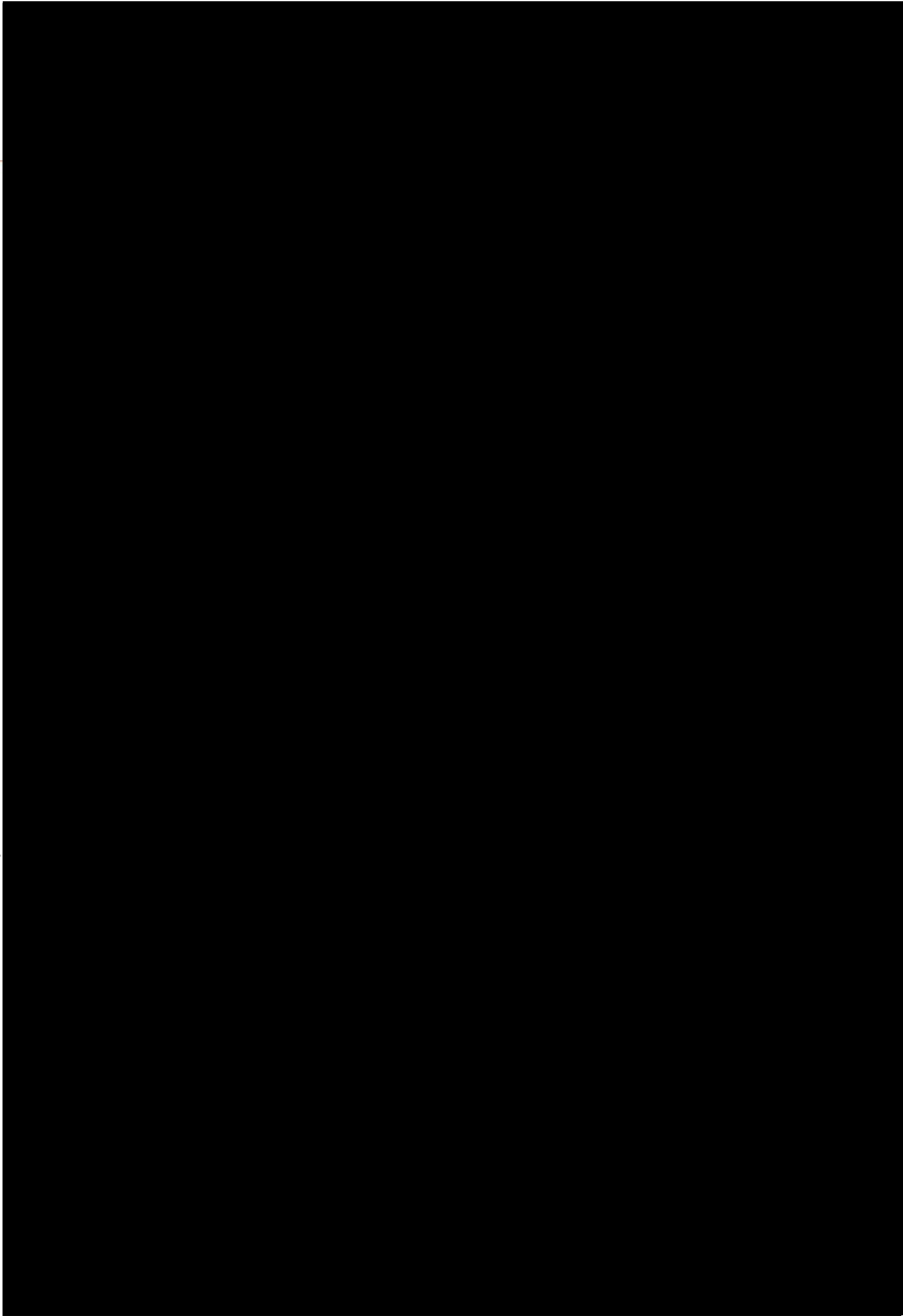


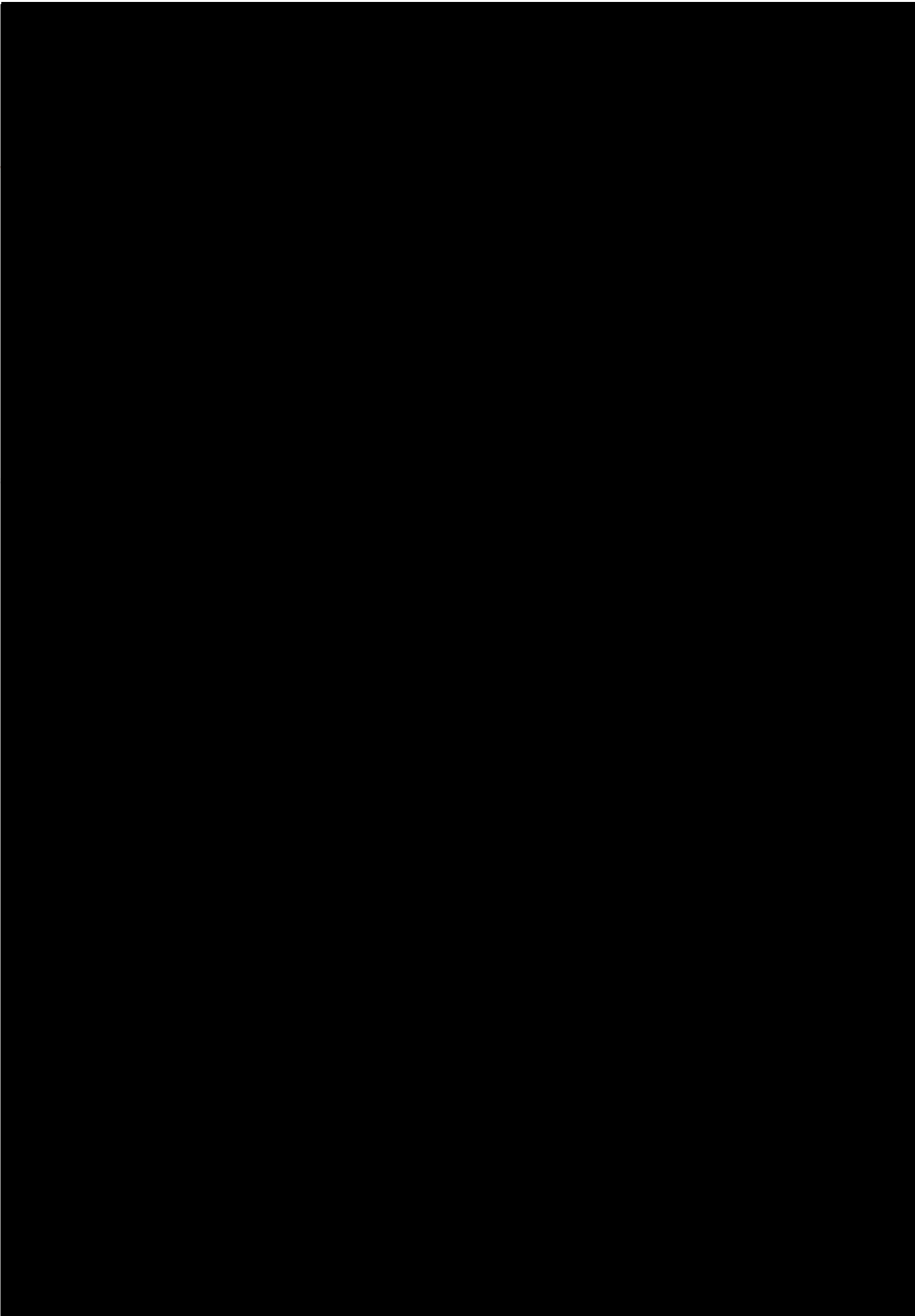














Solar PV uptake

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

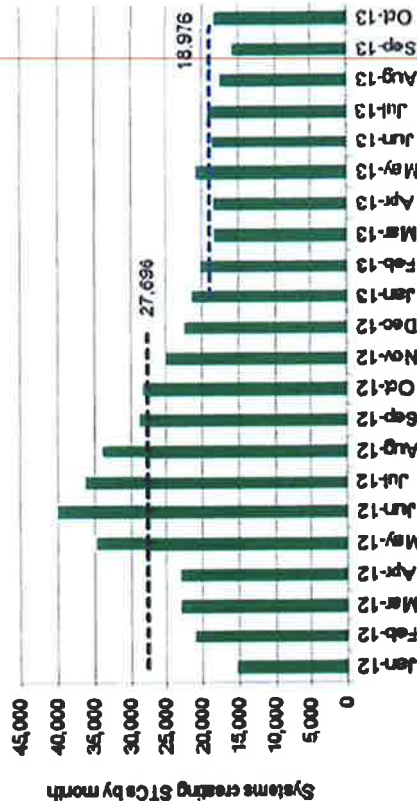
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Slowing rate of installations

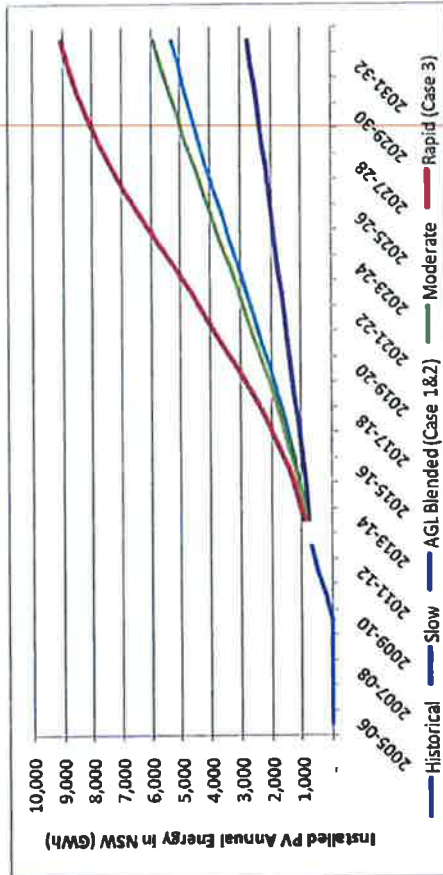
- > Previously, solar PV installation rates were underpinned by a high Solar Credits Multiplier, falling system costs and attractive state-based feed in tariffs
- > 2013 saw a considerable decline in installations compared to recent years due to:
 - > Removal of the Solar Credits Multiplier on Jan 1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

New systems creating STCs by month



Source: Green Energy Markets, Nov 2013

NSW solar PV uptake scenarios



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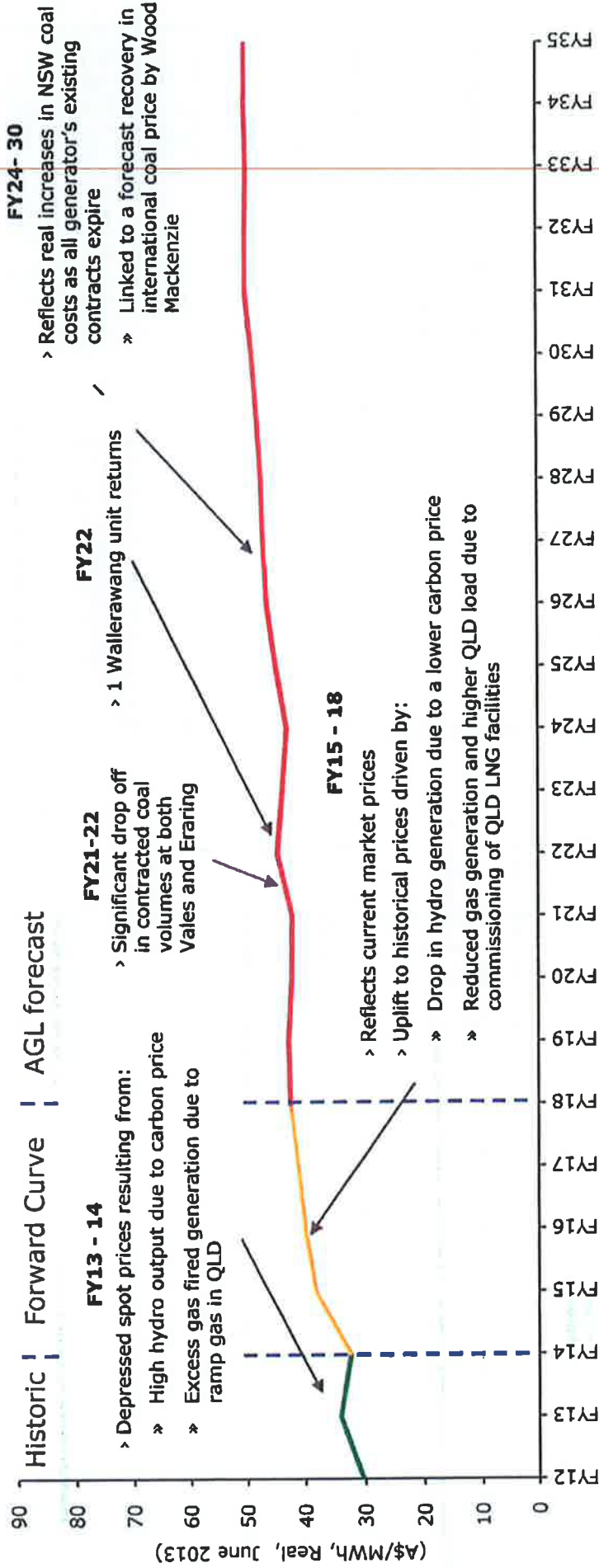




Electricity Forecast Demand and Price

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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