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.

Paul McWilliams
Company Secretary
NSW Electricity
Organic growth to deliver higher shareholder returns
Michael Fraser, Managing Director & CEO
14 December 2010
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» NSW Electricity Strategy
» 15 December 2010
» AGL External
Agenda

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

NSW Electricity Strategy
- 15 December 2010
- AGL External
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 Electricity Strategy
15 December 2010
AGL External
Key factors influencing NSW valuation

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**

- Drought
- Av. $39.25

Source: AEMO

- NSW Electricity Strategy
- 15 December 2010
- AGL External
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**

- Coborara 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

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NSW Electricity Strategy
15 December 2010
AGL External
New South Wales Market Brand Performance (June 2010)

- AGL: 88%
- Origin: 65%
- TRU Energy: 20%

Source: AMR Interactive

» NSW Electricity Strategy
» 15 December 2010
» AGL External
Strong improvement in 2010

Customer rating of AGL “Moments of Truth”

High impact Moments of Truth
Marketing Communications
- Direct mail
- Website
- Advertising and sponsorship

Inbound contacts
- Faults and repairs
- Billing enquiries
- Minor account amendments
- General product enquiries
- New connections

Key changes delivered via...
- More appealing, straight talking communications
- Website refresh and improvements
- Credibility of ‘Doers’ advertising
- Call centre improvements
- New bill

Source: AGL CATS Research

» NSW Electricity Strategy
» 15 December 2010
» AGL External
Continued improvements in Customer Experience

Customer Services Benchmarking Australia*

![Graph showing customer services benchmarking over different quarters.]

Ombudsman Complaints as a % of market share

![Graph showing ombudsman complaints over different months.]

* Source – Customer Services Benchmarking Australia Quarterly Reporting

» NSW Electricity Strategy
» 15 December 2010
» AGL External
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

» NSW Electricity Strategy
» 15 December 2010
» AGL External
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 Electricity Strategy
15 December 2010
AGL External
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

NSW Electricity Strategy
15 December 2010
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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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