IN THE AUSTRALIAN COMPETITION TRIBUNAL
AGL ENERGY LIMITED

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

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[Form approved 01/08/2011]
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:

<table>
<thead>
<tr>
<th>Economic Conditions</th>
<th>Slow Uptake</th>
<th>Moderate Uptake</th>
<th>Rapid Uptake</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoofTop PV System Costs</td>
<td>Low retail and wholesale electricity prices and CPI</td>
<td>Moderate retail and wholesale electricity prices and CPI</td>
<td>High retail and wholesale electricity prices and CPI</td>
</tr>
<tr>
<td>2015 Payback</td>
<td>Slow system cost reductions</td>
<td>Moderate system cost reductions</td>
<td>Rapid system cost reductions</td>
</tr>
<tr>
<td>8-11 years</td>
<td>6-9 years</td>
<td>4-7 years</td>
<td></td>
</tr>
<tr>
<td>Government Incentives</td>
<td>FITs largely below recent values</td>
<td>FITs similar trend to recent values</td>
<td>FITs largely above average recent values</td>
</tr>
<tr>
<td>RET assumed in current form</td>
<td>RET assumed in current form</td>
<td>RET assumed in current form</td>
<td></td>
</tr>
</tbody>
</table>

- Project Hunter: Supplementary issues pack
- 21 January 2014
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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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Electricity Forecast
Demand and Price
NSW Electricity Price – Historic vs. Forecast

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

- **FY13 - 14**: Depressed spot prices resulting from:
  - High hydro output due to carbon price
  - Excess gas fired generation due to ramp gas in QLD

- **FY21-22**: Significant drop off in contracted coal volumes at both Vales and Eraring

- **FY22**: 1 Wallerawang unit returns

- **FY24 - 30**: Reflects real increases in NSW coal costs as all generator's existing contracts expire
  - Linked to a forecast recovery in international coal price by Wood Mackenzie

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Note:

(1) Time weighted spot prices are inclusive of carbon premium.
(2) Assumes market carbon intensity of 0.6749 KT CO2e/MWh.