

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 2" annexed to the statement of BRETT ALAN REDMAN
dated 23 March 2014

Annexure BAR 2

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

ERIC ROOZENDAAL
NSW TREASURER | SPECIAL MINISTER OF STATE
MINISTER FOR STATE AND REGIONAL DEVELOPMENT
MINISTER FOR PORTS AND WATERWAYS
MINISTER FOR THE ILLAWARRA



MEDIA RELEASE | December 14 | 2010

\$5.3 billion for first tranche of energy reforms

The NSW Government tonight announced the successful outcome of the first tranche of transactions in the state's energy reform process – with NSW taxpayers to receive \$5.3 billion in proceeds.

NSW Treasurer Eric Roozendaal said the Government has tonight executed agreements for the following:

- \$3.25 billion for the combination of Country Energy, Integral Energy and the Eraring Gentrader contract – which will be sold to Origin Energy
- \$2.035 billion for the combination of EnergyAustralia, the Delta West Gentrader contract bundle and the Mt Piper Extension and two Marulan development sites – which will be sold to TRUenergy. TRUenergy has also committed to provide an additional \$240 million in funding to enable capital improvements at the Wallerawang power station which will no longer need to be funded by the state.

“This is an exceptional result which puts NSW in a stronger financial position and strengthens the state's balance sheet,” Mr Roozendaal said.

“The completion of this first tranche of the energy reform process meets the Government's objectives – we have exited electricity retailing, we have created a competitive market structure approved by the ACCC and we have received a strong financial return for the taxpayers of NSW.”

The Government has received multiple bids for the further two Gentrader contract bundles – Macquarie Generation and Delta Coastal – and remains in a live transaction process with parties who are focused on acquiring Gentrader contracts.

Importantly, two international energy utilities have confirmed the Gentrader model is a sound and sustainable model for access to generation capacity.

“This result puts NSW in a stronger financial position by reducing our future requirement to invest in new power stations, strengthens our balance sheet and improves our capacity to retire debt and fund frontline infrastructure,” Mr Roozendaal said.

Mr Roozendaal said NSW families and businesses will benefit from a stronger and competitive electricity market as a result of the transactions.

“We will have three aggressive private sector players fighting it out for customers in NSW, as well as a host of smaller players,” he said.

“This is a similar market structure to the competitive Victorian market and has been approved by the ACCC.

“In addition, the Government has also secured two major private sector participants in our electricity wholesale trading market, which means we will have motivated investors to support new private sector investment in new power stations.”

The development sites announced today include the Mt Piper Extension dual fuel site and the Marulan site, which is approved for 800 megawatts of new gas-fired generation.

The proceeds of the Gentrader contracts will also be subject to an upwards adjustment of up to \$259 million in the event of a favourable ATO ruling on the tax treatment of the Gentrader payments.

Mr Roozendaal said the transactions will now be subject to a completion period during which it will be business as usual for electricity consumers.

One of the key evaluation criteria the Government has considered in assessing the bids has been each purchaser’s commitment to implementing the Government’s agreement with employees of the electricity businesses.

More than 13,000 people work in the NSW Government’s electricity businesses. The overwhelming majority will be unaffected by the transactions. In total, just over 1,100 will be eligible for a transfer payment and other employment protections if they elect to accept an employment offer with the new owners.

Those who do not wish to accept a new employment offer can elect to remain with the electricity distribution businesses which are retained in Government ownership.

Employees of EnergyAustralia, Integral Energy and Country Energy will continue to provide customer services such as billing and call centre operations on behalf of the new owners under transitional arrangements.

The Government remains in discussion with unions to ensure the smooth implementation of commitments to employees.