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

Annexure GS20
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></th>
<th>SLOW UPTAKE</th>
<th>MODERATE UPTAKE</th>
<th>RAPID UPTAKE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECONOMIC CONDITIONS</td>
<td>Low retail and wholesale electricity prices and CPI</td>
<td>Medium retail and wholesale electricity prices and CPI</td>
<td>High retail and wholesale electricity prices and CPI.</td>
</tr>
<tr>
<td>ROOFTOP PV SYSTEM COSTS</td>
<td>Slow system cost reductions.</td>
<td>Moderate system cost reductions.</td>
<td>Rapid system cost reductions.</td>
</tr>
<tr>
<td>2015 PAYBACK</td>
<td>8-11 years</td>
<td>6-9 years</td>
<td>4-7 years</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></td>
<td>RET assumed in current form</td>
<td>RET assumed in current form</td>
<td>RET assumed in current form</td>
</tr>
</tbody>
</table>

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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

- **FY15 - 18**
  - Reflects current market prices
  - Uplift to historical prices driven by:
    - Drop in hydro generation due to a lower carbon price
    - Reduced gas generation and higher QLD load due to commissioning of QLD LNG facilities

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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.