

Freedom of Information

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**From:** s22 @agl.com.au>  
**Sent:** Thursday, 13 January 2022 4:28 PM  
**To:** s22  
**Subject:** RE: Call - monday [SEC=UNOFFICIAL]

9am. So that's good timing, thank you.

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**From:** s22 @energy.gov.au>  
**Sent:** Thursday, 13 January 2022 4:27 PM  
**To:** s22 @agl.com.au>; s22 @energy.gov.au>  
**Subject:** RE: Call - monday [SEC=UNOFFICIAL]

Hi s22

I will ask Minister Taylor to call s22 at 8.30am on Monday morning.

What time does the Board meeting start?

Regards

s22

DIARY MANAGER  
OFFICE OF THE HON ANGUS TAYLOR MP  
MEMBER FOR HUME | MINISTER FOR INDUSTRY, ENERGY AND EMISSIONS REDUCTION  
SUITE M1. 26 PARLIAMENT HOUSE, CANBERRA ACT 2600  
APH: (+61) 2 6277 7120 s22  
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UNOFFICIAL

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**From:** s22 @agl.com.au]  
**Sent:** Thursday, 13 January 2022 3:41 PM  
**To:** s22 @energy.gov.au>  
**Cc:** s22 @energy.gov.au>  
**Subject:** RE: Call - monday [SEC=UNOFFICIAL]

Thanks s22

Would a window between 8-9am on Monday 17 Jan. work for the minister? Not suggesting an hour, just trying to flexible before our board meeting starts.

For your records, s22 .

Thank you,

s22

m: s22  
e: s22 @agl.com.au



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**From:** s22 @energy.gov.au>  
**Sent:** Thursday, 13 January 2022 3:12 PM  
**To:** s22 @agl.com.au>  
**Cc:** s22 @energy.gov.au>  
**Subject:** Call - monday [SEC=UNOFFICIAL]

Hi s22

Further to our conversation, looping in s22 the Minister's diary manager, to tick tack on the meeting.

Kind regards,  
s22

s22

**Adviser | Office of the Hon Angus Taylor MP**  
**Minister for Industry, Energy and Emissions Reduction**  
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t: (02) 6277 7120 | m: s22 | e: s22 @energy.gov.au

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## ASX and Media Release

### 1H22 Results Announcement

10 February 2022

AGL Energy Limited (AGL Energy) today announced its results for the first half of the financial year ended 31 December 2021 ("1H22").

#### 1H22 Result Highlights

- Statutory Profit after tax: \$555 million, including \$276 million of significant items related to onerous contract provision revaluations, and costs associated with separation, restructuring and integration
- Underlying EBITDA: \$723 million, down 21 percent on 1H21
- Underlying Profit after tax: \$194 million, down 41 percent on 1H21
- Total AGL services customers: 4.5 million<sup>1</sup>, broadly flat on FY21
- Total generation volumes: 20,619 GWh, broadly flat on 1H21
- Interim ordinary dividend of 16 cents per share declared, to be fully underwritten
- Guidance range narrowed for FY22 Underlying EBITDA of between \$1,275 to \$1,400 million
- Guidance range narrowed for FY22 Net Profit after tax of between \$260 to \$340 million
- On track to deliver at least \$150 million in operating cost reduction for FY22 and \$100 million reduction in sustaining capital expenditure by FY23
- Well progressed with our plan to implement the proposed demerger by 30 June 2022, subject to Board, Shareholder and relevant regulatory approvals
- Outlined a clear set of climate commitments that demonstrate decisive action to accelerate our pathway to decarbonisation for AGL Australia and Accel Energy

#### CEO Commentary

AGL Energy Managing Director and CEO, Graeme Hunt, said: "Our 1H22 result reflects a solid first half performance by the business with continued resilience of operations and portfolio against the backdrop of another period of disruption from the pandemic.

"As anticipated, our 1H22 result reflects a reduction in earnings largely driven by the non-recurrence of \$105 million in insurance proceeds received in 1H21. After adjusting for the non-recurrence of the insurance proceeds in 1H21, Underlying Profit after Tax was down 23 percent, reflecting the impact of lower wholesale prices over the past two years as we have progressively re-contracted our hedging positions from previously higher prices.

"With the rise of energy and commodity prices across the globe, AGL Energy is well positioned to benefit from improving wholesale electricity prices, seen over the past six months, and if it is sustained, we expect to see this reflected in future earnings beyond FY22 as hedging positions roll off. The strength of AGL Energy's long-term owned and contracted coal position and gas supply contracts ensures we can manage

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<sup>1</sup> Includes approximately 300,000 services to customers of ActewAGL, in which AGL Australia will own a 50 percent shareholding in the retail operations.



the impact of the rise in commodity prices on our cost base and continue to provide affordable and reliable electricity.

"Our ongoing focus on cost discipline and cash preservation ensures the strength of the balance sheets of AGL Australia and Accel Energy following the proposed demerger. Operating costs decreased across the business, and we are on track to deliver our target of \$150 million in savings compared with FY20, by the end of the year. We are also on track to achieve our targeted \$100 million reduction in sustaining capital expenditure by FY23.

"In addition, we have completed the sale of our investments in EIP funds and Ecobee for approximately \$100 million while other targeted asset sales, including the Newcastle Gas Storage Facility, are ongoing.

"We continue to see growth in our telecommunications customer numbers across both our AGL and Southern Phone Company brands. While our energy customer services numbers were impacted by the expected churn of Click Energy customers, the impact was lower than forecast as a result of targeted retention activity. As a trusted Australian brand with 4.5 million<sup>1</sup> services to customers we continue to lead in retail energy with our broad, convenient offerings. Our Net Promoter Score, measuring customer loyalty, continued to improve to +9, which is our highest score to date.

"Despite challenging operating conditions and lower system demand as a result of the impact of COVID-19, milder weather and household solar penetration, our energy supply portfolio delivered resilient generation output. Our investments in making the thermal generation assets more flexible and responsive to market signals assists in capturing value and to provide reliable electricity in increasingly volatile periods of demand. Continuing our focus on developing flexible and reliable generation assets, we are progressing well with our investments in battery projects, with the construction of the Torrens battery underway and planning approval received for the Loy Yang battery."

"We are well-progressed with our proposed demerger with completion on track for 30 June 2022. The proposed demerger will create a strong future for both parts of our business and through this enable a responsible and orderly transition towards a decarbonised energy future. With two industry leading companies – Australia's leading multi-service energy retailer and Australia's largest electricity generator – each organisation will have the ability to unlock value potential as they each pursue strategies tailored to their individual purpose. With distinct value drivers, ESG weightings and investment propositions, each business will be better placed to attract investors, access capital, and improve future value.

"AGL Australia and Accel Energy will have leading roles in the energy transition, and today we are pleased to outline a set of climate commitments for both companies that demonstrate decisive action to accelerate our pathway to decarbonisation for each organisation. These commitments continue AGL Energy's strong legacy of innovation and development in response to the climate challenge - in the last two decades AGL Energy has played a leadership role in Australia's transition investing more than \$4.8 billion in renewable and firming generation, delivering more than 2,350 MW of new generation capacity since 2003.

"With these commitments we have set a new baseline for both AGL Australia and Accel Energy and it is against this that they will measure their success and strive to improve as the energy market evolves."

### **Climate Commitments**

The AGL Australia and Accel Energy climate commitments strike a balance between Australia's current and future energy needs and the need to responsibly decarbonise and position both organisations to lead a responsible transition for Australia's energy market.

AGL Australia will be carbon neutral for all Scope 1 and 2 emissions upon listing with a pathway to net zero for Scope 1, 2 and 3 by 2040 with a 50 percent reduction on FY19 levels by 2030. It will be a leader in decentralised energy products and services and drive the development of renewable capacity, leveraging its position to deliver innovative low carbon or carbon neutral products for retail and businesses.





Accel Energy will provide reliable, low cost energy with a strong focus on repurposing existing thermal generation sites as low carbon industrial Energy Hubs as it brings forward its coal closure dates to no later than 2033 for Bayswater Power Station (previously 2035) and 2045 for Loy Yang A Power Station (previously 2048). As a result, emissions from Accel Energy's electricity generation assets will be reduced by a further 90 million tonnes over the period FY23 to FY50 compared to modelled outcomes of our previous commitments<sup>2</sup>. With Liddell scheduled to close by April 2023, Accel Energy will deliver a reduction in annual emissions of 18-27 percent between FY25-FY34 and by 55-60 percent in annual emissions between FY35-FY46 compared to an FY19 baseline.<sup>3</sup>

The readiness of the entire energy system to operate without our critical baseload generation will determine whether the earlier, more ambitious, targets within the range can be achieved. AGL Australia and Accel Energy are committed to working with government, industry and the community in pursuit of this and will be reporting annually on progress towards this ambition.

### Demerger Update

AGL Energy is well progressed with the plan to implement the proposed demerger by 30 June 2022, subject to final AGL Energy Board, Shareholder, ATO and relevant regulatory and court approvals.

Since the announcement on 30 June 2021 confirming AGL Energy's intention to demerge, the organisational structures for both proposed entities have been completed. The new internal operational structures reflect more focused and leaner organisations, allowing each business to focus on their respective strategic opportunities. Through this process, AGL Australia and Accel Energy have identified further operating cost reduction targets for FY23, offsetting any growth activity, impact of acquisitions, and the duplication cost created by the proposed demerger. With respect to cash costs to execute the proposed demerger, these are expected to be between \$220 million and \$260 million. This includes debt refinance costs of approximately \$40 million for new facilities and early repayment of certain existing facilities<sup>4</sup>.

As previously announced, Peter Botten, current Chair of AGL Energy, will be Chair of Accel Energy, and Patricia McKenzie, current Non-Executive Director of AGL Energy, will be Chair of AGL Australia. AGL Energy can confirm that following the proposed demerger, the other existing AGL Energy Non-Executive Directors are proposed to be appointed to AGL Australia and Accel Energy as follows:

- Jacqueline Hey – Non-Executive Director, AGL Australia
- Mark Bloom – Non-Executive Director, AGL Australia
- Diane Smith-Gander – Non-Executive Director, Accel Energy
- Graham Cockroft – Non-Executive Director, Accel Energy

Additionally, Gary Brown has commenced at AGL Energy and has been identified as the Chief Financial Officer of Accel Energy following the proposed demerger.

Debt financing arrangements have been completed for both proposed entities, with an investment grade credit rating of Baa2 expected for AGL Australia and Baa3 expected for Accel Energy. Accel Energy will hold a 15 percent minority interest in AGL Australia, which will strengthen the balance sheet and financial flexibility of Accel Energy.

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<sup>2</sup> Trajectory referenced in AGL Energy's 30 June 2021 announcement and the previously announced coal closure dates.

<sup>3</sup> FY19 baseline comprises Scope 1 and Scope 2 emissions for all electricity generation assets that will be operated by Accel Energy following demerger, as reported under the National Greenhouse and Energy Act 2007.

<sup>4</sup> Further information on post demerger dis-synergies to be included in scheme booklet.



Consistent with AGL Energy's previous announcements, it is proposed that the respective dividend policies for each entity to be adopted are:

- AGL Australia: 60 percent to 75 percent of underlying NPAT
- Accel Energy: 80 percent to 100 percent of free cash flows after servicing net finance costs

Mr Hunt said "Lender commitment to financing arrangements for AGL Australia and Accel Energy recognises the integral role both companies will play in the energy transition. We believe the dividend policies announced today allow both companies the flexibility to manage their capital for future growth and maintain debt whilst providing appropriate returns to shareholders."

AGL Australia and Accel Energy continue to progress the structure and finalisation of offtake and transitional services agreements.

### **Statutory and Underlying Profit**

AGL Energy's Statutory Profit after tax was \$555 million. This included the reversal of charges previously recognised and associated with onerous contract provisions reflecting the rise in forward prices on both electricity and large-scale generation certificates, the proposed demerger transaction and separation costs, and restructuring and integration costs. In addition, the Statutory Profit included a positive movement in the fair value of financial instruments of \$85 million, primarily reflecting the impact of higher oil and gas forward prices relative to AGL Energy's hedged position.

Underlying Profit after tax, which excludes movements in the fair value of financial instruments and Significant Items, was \$194 million, down 41 percent.

### **Dividends and Capital Management**

AGL Energy delivered net cash from operating activities of \$661 million, up 9 percent on 1H21. This increase was largely due to a positive movement in working capital. This included a positive movement in green certificate assets and a large inflow from margin calls compared with a small outflow in 1H21, associated with wholesale market positions. This was largely offset by a reduction in earnings.

At 31 December 2021, AGL Energy had over \$700 million of cash and undrawn debt facilities available.

AGL Energy has declared an interim unfranked dividend for FY22 of 16 cents per share. The interim dividend is consistent with AGL Energy's dividend policy to target a payout ratio of 75 percent of Underlying Profit after tax. The interim FY22 dividend will be paid on 30 March 2022.

AGL Energy's DRP will operate with respect to the FY22 interim dividend, and no discount will apply to shares issued under the DRP. As previously announced, the DRP will be fully underwritten. AGL Energy has appointed Macquarie Capital (Australia) Limited as underwriter. The last date for shareholders to elect to participate in the DRP for the FY22 Interim Dividend is 25 February 2022.

### **Outlook**

AGL Energy has narrowed underlying earnings guidance ranges for FY22 in line with the solid first half performance, with ranges narrowed as follows:

- Underlying EBITDA is expected to be between \$1,275 and \$1,400 million, previous guidance was between \$1,200 and \$1,400 million
- Underlying Net Profit after tax is expected to be between \$260 and \$340 million, previous guidance was between \$220 and \$340 million

These updated ranges reflect AGL Energy's solid first half performance due to a strong generation and trading performance in the second quarter. Despite the strong first half performance, earnings are expected to be lower in the second half due to increased costs of capacity to cover periods of peak electricity demand, which are higher in the summer months.



Additionally, wholesale gas consumption is expected to be lower due to seasonally warmer months in the second half, with haulage and storage costs remaining flat.

Customer margin is expected to improve in the second half, reflecting a reduction in solar feed-in tariffs, disciplined margin management, and a ramp up of commercial solar projects commissioned that were delayed by COVID-19.

AGL Energy is on track to deliver a \$150 million reduction in operating costs (excluding depreciation and amortisation) in FY22 compared with FY20 and is on track to deliver a \$100 million reduction in sustaining capital expenditure across the company to be delivered by FY23.

The forward wholesale prices of key commodities have improved and AGL Energy produces some of the lowest cost generation in the NEM; as a result, AGL Energy is well positioned to benefit from any sustained recovery in wholesale electricity prices, which will be reflected in earnings as hedge positions from prior periods roll off.

All guidance is subject to ongoing uncertainty in relation to the economic impacts of the COVID-19 pandemic as well as normal variability in trading conditions and plant availability.

### **Presentation, Webcast and Conference Call**

AGL Energy will hold a webcast and conference call to discuss the 1H22 result and outlook at 10.45am (AEDT), today, Thursday, 10 February 2022. Questions will be taken at the conclusion of the webcast.

A copy of the presentation will be lodged with the ASX and made available on AGL Energy's website.

All 1H22 documents, pre-recorded presentation and webcast are accessible via [agl.com.au/interimfy22](https://agl.com.au/interimfy22). Pre-registration is required to access the conference call and the live question and answer session.

A transcript and archive of the webcast will be available on AGL Energy's website in due course.

Authorised for release by AGL Energy's Board of Directors.

#### **Investor enquiries**

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### **About AGL**

Proudly Australian for more than 180 years, AGL supplies around 4.5 million energy and telecommunications customer services<sup>5</sup>. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as Australia's leading private investor in renewable energy to now lead the business of transition to a low emissions, affordable and smart energy future in line with the goals of our Climate Statement. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

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<sup>5</sup> Services to customers number is as at 31 December 2021 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL Energy owns a 50% equity stake of the retail operations.

Freedom of Information

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**From:** s22 @agl.com.au>  
**Sent:** Thursday, 10 February 2022 8:38 AM  
**To:** s22  
**Subject:** AGL climate commitment announcement  
**Attachments:** 2339392.pdf; AGL HY22 Results Presentation - FINAL\_ CLIMATE SLIDES.pdf

Good morning

Today AGL Energy has announced a set of climate commitments that strike a balance between Australia's current and future energy needs and the need to responsibly decarbonise.

As part of our demerger, the company known as **AGL Australia** is committing to underwrite 3,000MW of flexible and renewable capacity by 2030. AGL Australia will be carbon neutral for all Scope 1 and 2 emissions upon listing with a well-defined pathway to net zero for Scope 1, 2 and 3 emissions by 2040, including a 50 per cent emissions reduction on FY19 levels by 2030. The company will leverage its position as the leading multi-service retailer in the National Electricity Market. These are milestones that would not have been contemplated by our retail business under the current 'gentailer' model.

For **Accel Energy**, there is no doubt that coal fired generation across the entire system will exit earlier than previously believed, enabling a faster decarbonisation pathway. However, for this to happen, AEMO's recent draft ISP estimates that approximately 70 to 90 billion dollars' worth of investment in transmission and generation will be required. With this scale of change, these closures must not happen outside of a co-ordinated plan across governments, industry, regulators and the community. Without this we create market uncertainty and put at risk energy reliability and affordability. It is these interdependencies that must be considered when determining the future closure dates for our coal generators.

Today we have announced that we will responsibly transition our operations with closure timeframes as follows:

- Liddell Power Station: **April 2023**
- Bayswater Power Station: **2030-2033**
- Loy Yang A Power Station: **2040-2045**

Accel Energy will provide reliable, low cost energy with a strong focus on repurposing existing thermal generation sites as low emissions industrial Energy Hubs, as it brings forward its coal closure dates to no later than 2033 for Bayswater and 2045 for Loy Yang, reducing emissions from these plants by a further 90 million tonnes compared to the previously modelled baseline. We are progressing our industrial energy hub plans with eight projects in planning and development and another five in the feasibility stage. Accel will also have close to 2,000MW of wind and 500MW of battery projects in planning and development stages.

I've attached our climate commitment presentation that is being released public today and our media release.

If you have any questions or feedback, please let me know.

s22

m: s22  
e: s22 @agl.com.au



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# Climate Commitments

extracted slides from the AGL Energy 2022 Half Year Results

10 February 2022

LEX 70582 - Document 4





# Creating a strong future for both parts of our business; Supporting Australia's decarbonisation

Through our **proposed demerger**, we are transforming our business in order to take a leadership role in enabling Australia's energy transition, creating long-term value and sustainable investment opportunities as we do it

- **AGL Australia** will be Australia's leading multi-service energy retailer with renewables, firming and storage assets.
- **Accel Energy** will provide secure, low cost energy while developing a renewables pipeline and supporting the energy transition.



- **AGL Australia** will lead in decentralised energy products and drive new renewable capacity. Carbon neutral for all Scope 1 and 2 emissions upon listing and net zero by 2040.
- **Accel Energy** will support the grid with low cost energy while reducing Scope 1 and 2 emissions, achieving net zero for its electricity generation portfolio by no later than FY47.

- **AGL Australia** to meet growing customer demand for distributed and low carbon or carbon neutral products and services.
- **Accel Energy** to repurpose thermal sites to low emission industrial Energy Hubs.

- Distinct value propositions, including ESG weightings, to attract investors and capital.
- Clear dividend policies tailored to each organisation.



We have defined a way forward for AGL Australia and Accel Energy that embraces Australia's energy future and builds on AGL Energy's legacy of innovation and development.

**AGL Australia** will drive the development of a renewable generation portfolio that supports Australia's largest energy retail base.

**Accel Energy's** generation fleet will maintain its position as an important part of the NEM, supplying reliable and low cost energy to the market as Accel Energy and Australia transition to a low carbon future.

Since our beginning in 1837, we have been inextricably linked to the Australian economy – its business and industry, employment and prosperity, and development and innovation. In the last two decades this passion for innovation has seen AGL Energy lead by investing more than \$4.8 billion in renewable and firming generation, and delivering more than 2,350 MW of new generation capacity - more than any other ASX-listed company.

Moving early has meant that today we operate the largest portfolio of renewable generation and battery assets of any ASX-listed company.

We know there is much more to do.

As Australia's largest generator of electricity and largest retailer of energy services, we believe it is not enough for AGL Australia and Accel Energy to play a part, they must lead. This is essential for our business, our customers, our communities, and our shareholders.

There is no doubt that coal-fired generation will exit the system earlier than previously believed, enabling a faster decarbonisation pathway. However these closures must not happen outside of a coordinated plan across governments, industry, regulators and the community. Without this we create market uncertainty and put at risk energy reliability and, critically for customers, affordability.

AGL Australia and Accel Energy's new climate commitments strike a balance between our country's current and future energy needs and the need to responsibly decarbonise. Our commitments are designed to challenge us to always strive for better as we forge new paths for our own sustainability as Australia's energy industry leaders.

We know we will be judged on our actions. Both AGL Australia and Accel Energy will hold themselves accountable to these commitments.



**For our customers,**

we will provide simple and affordable ways for them to decarbonise their businesses and homes as part of a shared commitment to net zero.



**For our communities,**

in which we have lived, worked and operated in for many decades, we will repurpose our energy infrastructure to drive the next generation of industry, unlocking jobs and future prosperity.



**For our own people,**

we will provide retraining opportunities, and support to access the jobs of the future, while continuing to play vital roles delivering essential services.



**For our environment,**

we will pursue our ambition of an accelerated reduction in emissions and the introduction and expansion of new technologies across our operations and for our customers.



**For our shareholders,**

we will deliver opportunities to directly invest and participate in distinct aspects of Australia's energy transition and future industries.



# AGL Energy has a strong legacy of innovation and development in response to the climate challenge

Moving early has meant that today we operate the largest portfolio of renewable generation and battery assets of any ASX-listed company



**\$4.8**  
billion

Invested in renewable and firming generation in the last two decades – largest by any ASX listed company



**>2,500**  
MW

Total renewable and battery assets – largest of any ASX listed company



**13**

Projects in planning, development and feasibility stages across our future industrial Energy Hubs



**800**  
ktCO<sub>2</sub>e

Of carbon traded since 2016




**>2,350**  
MW

New generation capacity added to the grid since 2003



**>200**  
MW

Already orchestrated in our leading multi-asset virtual power plant operated by AGL Energy



**>330k**

Carbon neutral services to customers as of 31 Dec 2021, including >110k energy services



**18**  
years

Of providing transparent disclosure in relation to carbon and sustainability, including TCFD reporting since 2018

# Highlights of our transition journey

LEX 70582 - Document 4



2005-2014

2005 - Acquires **Southern Hydro**.  
2008 - Develops **Hallett Wind Farms** (SA).  
2009 - Opens **Bogong Hydroelectric** Power Station (Vic).  
2012 - Opens **Macarthur Wind Farm** (Vic) - the largest wind farm in the Southern Hemisphere.  
2012 - Acquires **Loy Yang A power station** and adjacent coal mine.  
2014 - Acquires **Macquarie Generation** including Bayswater and Liddell power stations.



2016

Offers customers **EV charging**; and launches world's largest **solar Virtual Power Plant**.  
Releases **Carbon Constrained Future** Report.  
Launches the Powering Australian Renewables Fund.



2018

Releases **Powering a Climate Resilient Economy** report aligned to TCFD recommendations.  
Completes major **energy efficiency projects** with an annual total emissions reduction of 68,000 tCO<sub>2</sub>e.



2020

Launches new **Carbon Neutral product**.  
Announces and commences planning for **850 MW grid-scale battery network**; signs a **grid-scale battery** with Vena in Qld.  
Releases **Climate Statement**.  
Incorporates **emissions reduction metrics into remuneration framework**.  
Expands TCFD **scenario analysis**.  
Launches **solar battery sales** and installations for customers in Queensland, NSW and Victoria.

## Towards two independent climate pathways



2015

Launches its **first residential battery storage device** into the Australian market.  
Releases **Greenhouse Gas Policy**, providing a pathway for decarbonisation.  
**Nyngan and Broken Hill solar plants** achieve full generation of 155 MW.



2017

**Virtual Solar** pilot gives renters access to solar savings.  
Releases Rehabilitation Report.  
Launches **Liddell Innovation Project**.  
200 MW **Silverton Wind Farm** construction begins  
Financial close on **Coopers Gap Wind Farm**.



2019

Expands **Virtual Power Plant** to allow more customers to enter program.  
Closes first **Sustainability Linked Loan (SLL)**, becoming first energy company to issue an SLL in the Asia Pacific region.  
Generation commences at **Barker Inlet Power Station** (SA), the first major dispatchable power station since 2012.  
Completes **large-scale battery deal** with Maoneng in NSW and **Dalrymple 30 MW ESCRI battery** in SA with Electranet.



2021

**Carbon neutral options** available across all AGL products  
Becomes **Australia's leading commercial solar provider** through acquisition of Epho and Solgen.  
Contributes \$357.6 million to fund the acquisition of **Tilt Renewables'** Australian business by PowAR.  
Commences construction of **250 MW Torrens Battery**.  
Signs first **carbon neutral commercial customer**.



Repurposing thermal generation sites into low carbon **Integrated Industrial Energy Hubs**

**Closure of Liddell in 2023** which emits around 8 MtCO<sub>2</sub>e annually on average.

Responsibly close **Bayswater no later than 2033** and **Loy Yang A no later than 2045**



# Enabling the future of energy

Our climate commitments demonstrate decisive action to accelerate our pathway to decarbonisation



## AGL AUSTRALIA WILL BE A NET ZERO ENERGY BUSINESS BY 2040

1. Carbon Neutral for all Scope 1 and 2 emissions from the day of listing
2. Net zero by 2040 for all emissions (Scope 1, 2 and 3) with a 50% reduction on FY19 levels by 2030
3. Underwrite 3 GW renewable and flexible capacity by 2030
4. Drive the evolution and transparency of voluntary carbon markets, alongside industry partners and government agencies
5. Implement an internal carbon pricing mechanism to support investment decisions

## ACCEL ENERGY WILL CLOSE ALL COAL GENERATION ASSETS NO LATER THAN 2045

1. Responsibly transition our operations to reduce our environmental footprint, closing our coal operations in the following timeframes:
  - Liddell Power Station: **April 2023**
  - Bayswater Power Station: **2030-2033\***
  - Loy Yang A Power Station: **2040-2045\***
2. Support our people and communities through the transition
3. Advocate for responsible change driven by government, industry and the community
4. Repurpose thermal sites for low carbon industrial Energy Hubs
5. Invest in renewable and new generation technology
6. Annual reporting and review of progress



### Together these commitments will mean:



#### 50% reduction by 2030

In all emissions (Scope 1, 2 and 3) on FY19 levels by AGL Australia



#### Underwrite 3 GW

Renewable and flexible capacity by 2030 by AGL Australia



#### 90 MtCO<sub>2</sub>e reduction in expected emissions

From Accel Energy's electricity generation assets between FY23 and FY50 compared to modelled outcomes of previous commitments\*\*



#### 55 - 60% reduction in annual Scope 1 and 2 emissions

From Accel Energy's electricity generation portfolio from FY35 compared to FY19 baseline\*\*\*

**These commitments set a new baseline for both AGL Australia and Accel Energy against which they will measure their success and strive to improve as the energy market evolves**

\* Accel Energy asset management plans will be structured to support closure of Bayswater Power Station, which will be no later than 2033, and Loy Yang A Power Station, which will be no later than 2045

\*\* Trajectory referenced in AGL Energy's 30 June 2021 Announcement including previously announced coal closure dates, as outlined in Slide 45

\*\*\* Emissions comprise Scope 1 and 2 greenhouse gas emissions for all electricity generation assets that will be operated by Accel Energy following demerger, as reported under the National Greenhouse and Energy Reporting Act 2007





AGL Australia



# AGL Australia Climate Commitments

AGL Australia will be a leader in sustainability and will impact at scale as a net zero energy business by 2040. From listing, AGL Australia will be carbon neutral for all Scope 1 and 2 emissions.

**Our net zero target includes all emissions – energy we produce, procure and our customers use.**

As we connect Australians to a sustainable future, we have identified five commitments.



**2040**  
Net zero on Scope 1, 2 and 3 emissions



**2023 - 2030**  
Drive the evolution and transparency of voluntary carbon markets, alongside industry partners and government agencies



**2022**  
Implement an internal carbon pricing mechanism to support investment decisions



**2030**  
50% emissions reduction on FY19 levels and underwrite 3 GW renewable and flexible capacity by 2030



**FROM LISTING**  
Carbon Neutral post demerger for all Scope 1 and 2 emissions

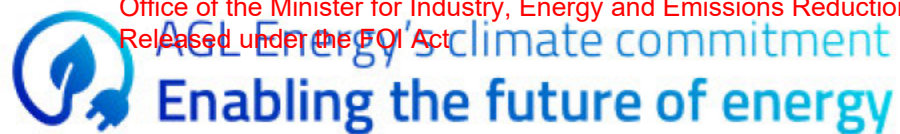


## WHAT WE ARE ALREADY DOING

**Leading flexible and renewable generation and storage with 2 GW of capacity, access to Australia's largest renewable pipeline 3.5 GW via our investment in Tilt Renewables, 250 MW of grid scale batteries under development, and 500 MW of flexible gas generation.**

**Driving customer decarbonisation** with carbon neutral offerings available on all products, a leading VPP at >200 MW and more than 100k households signed up, and accelerating electric vehicle adoption through subscription services and partnerships.

**Partnering with business and commercial customers to decarbonise** as Australia's leading commercial solar provider with over 250 MW of installed capacity in the last five years.



AGL Australia will be a leader in sustainability – impacting at scale



## AGL AUSTRALIA WILL BE A NET ZERO ENERGY BUSINESS BY 2040.

Our net zero target includes all emissions – energy we produce, procure and our customers use.

Our own operations will be carbon neutral on the day of listing. The challenge is to take this further, to work with customers and governments across the lifecycle of energy use to achieve net zero emissions by 2040 (Scope 1, 2 and 3). This will take investment in clean energy and storage as well as strong partnerships to help industry and customers decarbonise.

As we connect Australians to a sustainable future, we have identified five commitments:



## AGL AUSTRALIA'S FIVE COMMITMENTS



**Carbon Neutral for all Scope 1 and 2 emissions from the day of listing.**



**Net zero by 2040 for all emissions (Scope 1, 2 and 3) with a 50% reduction on FY19 levels by 2030.**



**Underwrite 3 GW renewable and flexible capacity by 2030.**



**Drive the evolution and transparency of voluntary carbon markets, alongside industry partners and government agencies.**



**Implement an internal carbon pricing mechanism to support investment decisions.**

## WHAT WE ARE ALREADY DOING

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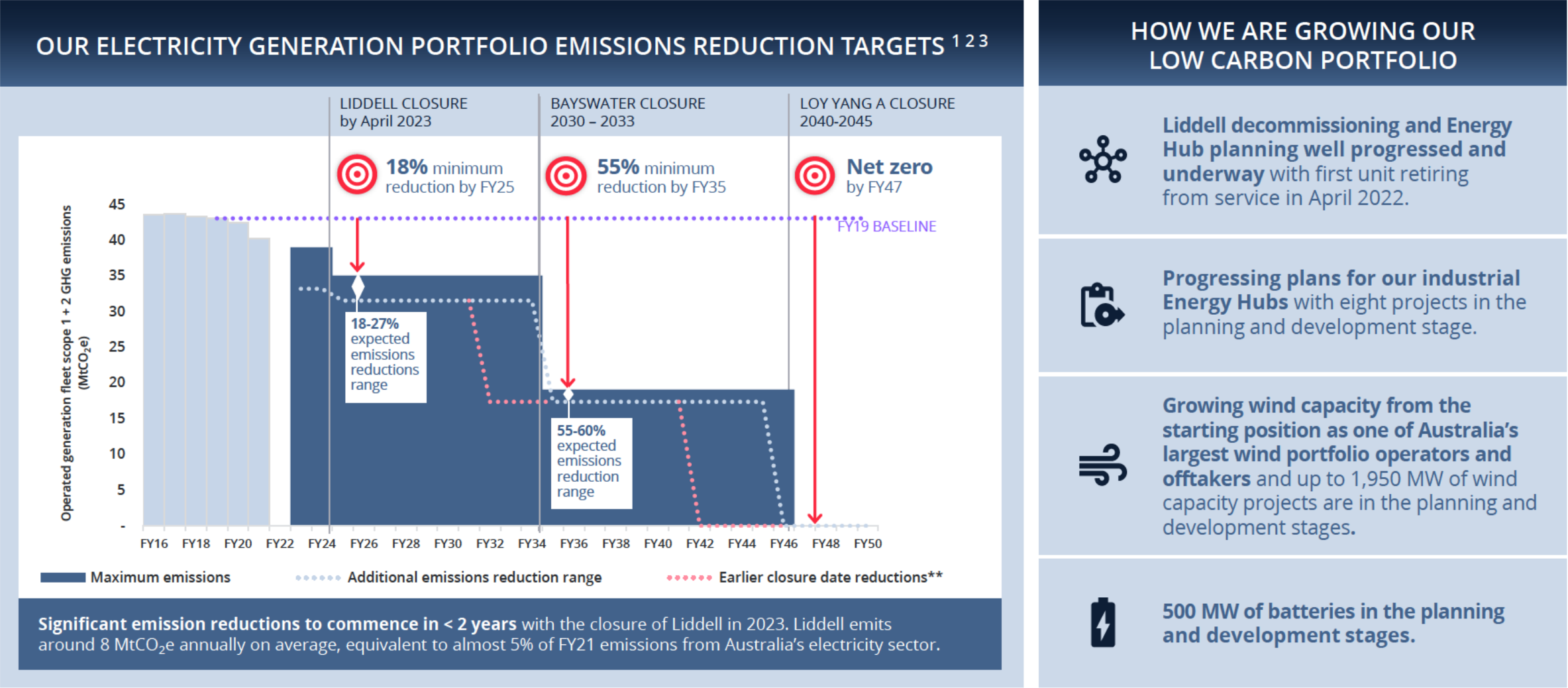
Accel Energy

Bayswater Power Station,  
New South Wales



# Accel Energy Climate Commitments

Responsibly reducing emissions and developing low carbon industrial Energy Hubs provides the foundation for Accel Energy's transition.

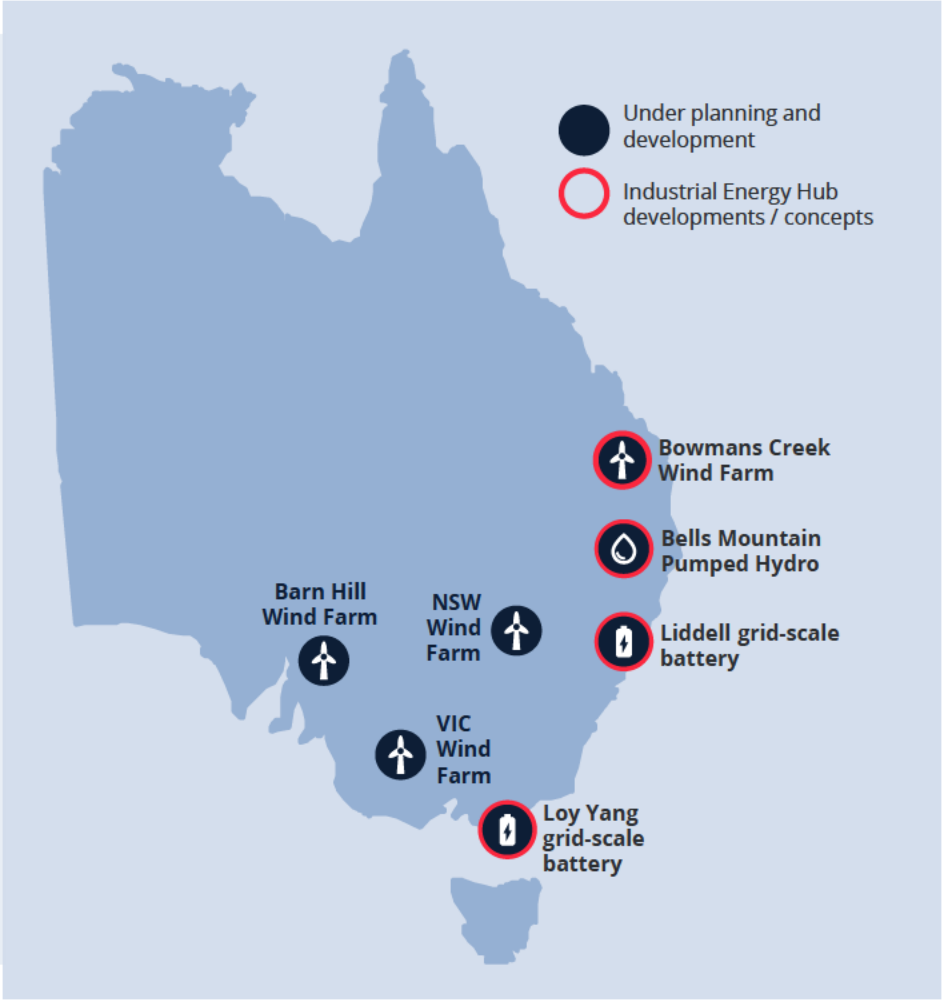


(1) Offsets may be used to help achieve emissions reduction targets where necessary.  
(2) Emissions comprise Scope 1 and 2 greenhouse gas emissions for all electricity generation assets that will be operated by Accel Energy following demerger, as reported under the National Greenhouse and Energy Reporting Act 2007.  
(3) FY25, FY35 and FY47 represent the first full financial years where no emissions from Liddell, Bayswater and Loy Yang A will occur following the closure of these power stations in 2023, 2033 and 2045 respectively.  
\*\*Earlier closure date reductions reflects earlier closure dates of 2030/FY31 for Bayswater and 2040/FY41 for Loy Yang A, and is subject to system readiness.



# Accel will hold ~2.7 GW of quality renewables and low carbon firming development in the pipeline in the NEM

Project	Capacity	Est. capex	Target investment decision*
Liddell Battery (NSW)	250 MW / up to 2 hours	~\$180 million	2H-2022
Loy Yang Battery (VIC)	200 MW / 1 hour	~\$150 million	2H-2022
Bowmans Creek Wind Farm (NSW)	350 - 450 MW	~\$600 - 800 million	Late 2022
Barn Hill Wind Farm (SA)	250 MW	~\$450 million	Mid 2023
Wind Project 1 (VIC)	Up to 600 MW	~\$1,100 million	Mid 2023
Wind Project 2 (NSW)	450 - 650 MW	~\$800 - 1,200 million	Late 2023
Bells Mt Pumped Hydro (NSW)	250 MW / 8 hours	~\$800 million	2023 - 2024
Total	2.4 - 2.7 GW	\$4.1 - 4.7 billion	



***Additional project(s) in pipeline outside of investment vehicle: Broken Hill Battery***

\*All investment dates are subject to establishing investment vehicle funding, identifying potential PPAs or partial offtakes, and other project variables. Excludes projects for which investment decision has already been taken.

The development of low carbon industrial Energy Hubs provides the foundation for Accel Energy's transition.



## ACCEL ENERGY WILL CLOSE ALL COAL GENERATION ASSETS NO LATER THAN 2045

We are repurposing our existing sites as industrial Energy Hubs starting with our Liddell Power Station site that will close in 2023. This work will extend across all thermal sites as we pursue our ambition to bring forward the safe and responsible closure of our coal operations.

By doing this we will achieve net zero emissions (Scope 1 and 2) from our electricity generation portfolio by FY47.<sup>1</sup>

Achieving our ambition depends on the readiness of the entire energy system to operate without our critical baseload generation. We are committed to working with government, industry and the community in pursuit of our ambition and will report annually on progress towards this ambition. We will make our assets available in the market until they are no longer required.

The development of industrial Energy Hubs will extend and change the life of our sites beyond the closure of coal-fired generation, providing opportunities to diversify revenue streams, invest in our communities and support the acceleration towards our energy future.



## ACCEL ENERGY'S COMMITMENTS



### Responsibly transition our operations to reduce our environmental footprint.

Accel Energy asset management plans will be structured to support the outer dates in the following closure timeframes:

- Liddell Power Station by April 2023 (confirmed and underway)
- Bayswater Power Station between 2030-2033 (no later than 2033)
- Loy Yang A Power Station between 2040-2045 (no later than 2045).
- Torrens Island Power Station no later than 2035.

This will deliver a reduction in Scope 1 and 2 emissions from our operated electricity generation fleet between 18-27% during FY25-FY34 and between 55-60% during FY35-FY46 compared to a FY19 baseline, after which Accel Energy will achieve net zero for all its electricity generation portfolio.<sup>2</sup>



### Support our people and communities in the transition.

Our people and the communities where we operate will be part of the energy industry of the future through the local jobs, retraining, growth opportunities and prosperity created through the development of our industrial Energy Hubs and the industries they support.



### Advocate for responsible change driven by government, industry and the community.

Accel Energy will take action to deliver, and speak up for, a responsible transition.

We will work to ensure transition is achieved via a co-ordinated plan that balances energy reliability and affordability with the need to decarbonise.



### Repurpose thermal sites for low carbon industrial Energy Hubs.

Our industrial Energy Hubs will bring together energy production and storage with energy-intensive industries, centred around a shared infrastructure backbone. The Energy Hubs will benefit from the excellent resources and infrastructure these sites feature and create energy jobs of the future.

Accel Energy will continue to progress rehabilitation plans for our thermal generation sites, drawing on our expertise and financial strength.



### Invest in renewable and new generation technology.

Accel Energy will invest directly in renewable capacity building on our existing portfolio of renewable generation that includes one of Australia's largest privately operated wind portfolio.

Through the establishment of an Energy Transition Investment Partnership (ETIP), Accel Energy and our investment partners will support new investment in our industrial Energy Hubs.



### Annual reporting and review of progress.

Through our five-year planning process and annual reporting, Accel Energy will report against our ambition of earlier closure in the context of changes in government policy, market settings, and advances in technology.

We will include climate metrics in Long Term Incentive Plan for Accel Energy's executive team and utilise an internal cost of carbon to influence decisions and business cases.



## TARGETS

Accel Energy has set the following emissions reduction targets for its operated electricity generation fleet<sup>1</sup>:

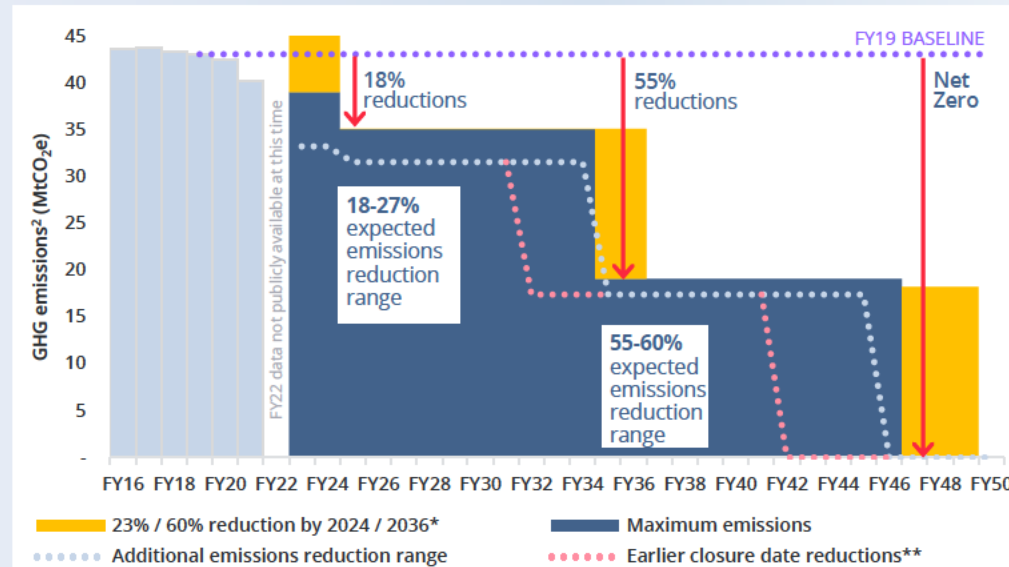
Achieve a reduction of at least 18% in annual Scope 1 + 2 emissions against FY19 baseline<sup>2</sup> by FY25<sup>3</sup>, with emission reductions during the period FY25-FY34 expected to range between 18%-27% compared to FY19.

Achieve a reduction of at least 55% in annual Scope 1 + 2 emissions against FY19 baseline<sup>2</sup> by FY35<sup>3</sup>, with emission reductions during the period FY35-FY46 expected to range between 55%-60% compared to FY19.

Achieve net zero emissions<sup>2</sup> by FY47<sup>3</sup>.

## OVERALL EMISSIONS REDUCTION

Accel Energy's emissions reduction targets will enable a reduction in the total greenhouse gas emissions from its generation fleet during the period FY23 to FY50, of at least an additional 12% compared to the trajectory referenced in AGL Energy's 30 June 2021 Announcement<sup>4</sup> and the previously announced coal closure dates. This equates to a reduction of over 90 MtCO<sub>2</sub>e over the period, which is approximately the equivalent of Australia's transport sector's total emissions in FY21.



### Notes

1. Offsets may be used to help achieve emission reduction targets where necessary.
  2. Emissions comprise Scope 1 and 2 greenhouse gas emissions for all electricity generation assets that will be operated by Accel Energy following demerger, as reported under the National Greenhouse and Energy Reporting Act 2007. FY19 was selected as the baseline year as it provides a better reflection of representative output from thermal assets compared to FY20 and FY21. FY22 emissions data will be provided when the year is finalised.
  3. FY25, FY35 and FY47 represent the first full financial years where no emissions from Liddell, Bayswater and Loy Yang A will occur following the closure of these power stations in 2023, 2033 and 2045 respectively.
  4. Progress relative to our previously referenced emissions reduction trajectory\* (23% reduction in CO<sub>2</sub>-e emissions by 2024, 60% reduction by 2036 and 100% by 2050, on FY20 levels).
- \* Baseline emissions reduction trajectory reflects 'Scenario A' of AGL Energy's FY20 Taskforce for Climate Related Financial Disclosures report, Pathways to 2050.  
\*\* Earlier closure date reductions trajectory reflects earlier closure dates of 2030/FY31 for Bayswater and 2040/FY41 for Loy Yang A, and is subject to system readiness.

## WHAT WE ARE ALREADY DOING

**Liddell decommissioning and Energy Hub planning well progressed** with first unit retiring from service in April 2022.

**Significant emission reductions to commence in < 2 years** with the closure of Liddell in 2023. Liddell emits around 8 MtCO<sub>2</sub>e annually on average, equivalent to almost 5% of FY21 emissions from Australia's electricity sector.

**Progressing plans for our industrial Energy Hubs** with eight projects in the planning and development stage, including Bowmans Creek Wind Farm and the Liddell, Loy Yang and Broken Hill batteries. An additional five projects are in the feasibility stage.

**Growing wind capacity from the starting position as one of Australia's largest wind portfolio operator and offtaker** via the Macarthur, Hallett, Wattle Point and Oaklands Hill wind farms. The 350-450 MW Bowmans Creek Wind Farm is under development, and up to 1,500 MW of wind capacity projects are also in the planning stage.

**500 MW of batteries in the planning and development stages.**