

ASX & Media Release

AGL secures long term gas storage rights

1 December 2015

AGL Energy Limited (AGL) announced on 8 October 2015 that it had secured long-term gas storage rights utilising the Iona Gas Storage Facility.

AGL can now confirm that it has entered into a 15-year Gas Storage Services Agreement (GSSA) for the provision of gas storage services from the Iona Gas Storage Facility, to be owned and operated by a consortium managed by QIC on behalf of its managed clients and funds. This consortium takes ownership of the gas storage assets from Energy Australia on 1 December 2015.

The GSSA provides the ability for AGL to optimise its gas supplies by storing gas during low demand periods for re-use during peak demand periods, (largely in the winter) directly supplying both Victoria and South Australia and indirectly, through AGL's contract portfolio, NSW. From January 2021 the Iona contract provides AGL with sufficient swing capacity to manage its forecast retail winter gas demand requirements across NSW, ACT, Victoria and South Australia when AGL takes approximately half of the current capacity of the facility.

The GSSA will result in more than a 30 per cent reduction in AGL's costs to manage seasonal demand when compared to AGL's equivalent contracted costs prior to the commencement of this increased contracted capacity in 2021.

These gas storage services coupled with AGL's contracted supply arrangements, make AGL well placed to meet peak demand requirements for its 1.5 million residential gas customers well into the next decade and to serve the peaking demand requirements of changing energy market needs in Victoria, South Australia, NSW and ACT.

Further inquiries:

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About AGL

AGL is one of Australia's leading integrated energy companies and is the largest ASX listed owner, operator and developer of renewable energy generation in the country. Drawing on over 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. AGL is taking action toward creating a sustainable energy future for investors, communities and customers.