AGL Energy Limited
ABN: 74 115 061 375

Level 22, 101 Miller Street
North Sydney NSW 2060
AUSTRALIA

Locked Bag 1837
St Leonards NSW 2065
AUSTRALIA

T: +61 2 9921 2999
F: +61 2 9921 2552
www.agl.com.au

Energy in action™

ASX and Media Release

Renewable energy from AGL to power Victorian Desalination Plant.

Major boost to renewable energy in Victoria with Oaklands Hill wind farm to proceed, Bogong hydro power station to be operational in November and Macarthur wind farm at final pre-commitment stage.

30 July 2009

AGL Energy Limited (AGL) announced today that it has secured the energy supply contract for Victoria's new $3.5 billion desalination plant to be constructed near Wonthaggi. The contract is for a term of 27 years with an annual requirement of up to 860GWh of electricity and associated renewable energy certificates.

To satisfy the Victorian Government's requirement that the desalination plant's energy needs be offset by an expansion in renewable energy projects, AGL will be committing to the construction of the Oaklands Hill wind farm in south west Victoria to add to its portfolio of renewable assets which will supply the desalination plant.

Construction of the Oaklands Hill wind farm is scheduled to commence in October 2009 and will create 200 direct jobs.

With a nominal generation capacity of 63MW, the Oaklands Hill wind farm will consist of 32 turbines at a total development cost of approximately $200 million. The long term average wind speed at Oaklands Hill is approximately 8.1 metres per second.

AGL is Australia's largest private owner, operator and developer of renewable generation with more than $2 billion of renewable energy investments under management or control.

AGL Managing Director Michael Fraser said the renewable energy required to offset the desalination plant's energy needs will be supplied from AGL's portfolio of renewable generation assets which will include Oaklands Hill and the soon to be completed Bogong hydro peaking plant located in the Victorian high plains.

AGL is also in the final stages of pre-commitment for the construction of the Macarthur wind farm which will be located 30km from Hamilton and approximately 300km west of Melbourne.

The Macarthur wind farm will be a joint venture development between AGL and Meridian Energy, New Zealand's largest renewable energy provider."With a generation capacity of 330-360MW, the Macarthur wind farm would be one of Australia's largest, producing enough renewable energy capacity to meet the energy requirements of approximately 250,000 average Australian households." Mr Fraser said. An investment decision on the Macarthur project is expected within the next few months.

In addition to the 200 jobs that will be created during the construction of the Oaklands Hill wind farm, it is expected that Macarthur would create an additional 400 jobs during construction.

“AGL has a dominant position in renewable energy in Australia. We can ensure the energy needs of the desalination plant are met because of our financial strength, our portfolio of renewable energy projects and our technical expertise.”

AGL’s renewable portfolio in Victoria includes the $240 million 140MW Bogong hydroelectric peaking plant currently under construction in the Victorian Alpine Region. Bogong is the first new large scale hydro generation to be built on the mainland of Australia for more than a quarter of a century and will be opened in November this year.

"The Victorian Government has taken a strategic and sensible approach to the development of a renewable energy industry in Victoria. The Victorian Renewable Energy Target Scheme was a significant factor in AGL’s original decision to proceed with the Bogong development,” Mr Fraser said.

“The project, which has created 240 new jobs in regional Victoria during its construction, is unique because it is creating additional new renewable generation from an existing water resource, with minimal impact on the local environment.

“Bogong illustrates AGL’s commitment to planning for a carbon-constrained future and our ability to conceive and develop energy generation projects that are both commercially and environmentally sustainable.”

AGL – Renewable Growth Pipeline

Project	Nominal Capacity (MW)	Location	Project status
Bogong Hydro	140	Victoria – Alpine Region	Commissioning
Werribee Bio-Gas	10	Victoria - Werribee	Stage 3 Development
Hallett 2	71	South Australia - Hallett	Under Construction
Hallett 4	132	South Australia - Hallett	Under Construction
Oaklands Hill	63	Victoria - West	Construction October 2009
Macarthur	330 - 360	Victoria - West	Final pre-commitment
Hallett 3	80	South Australia - Hallett	In Development
Hallett 5	50	South Australia - Hallett	Permitted
Coopers Gap	300	Queensland - Kingaroy	Landowner agreements in place
Barn Hill	124 - 186	South Australia – Red Hill	Permitted
Crows Nest	150 - 200	Queensland - Toowoomba	Permitted
Worlds End	180	South Australia - Burra	Permitted
Ben Lomond	150	NSW - Armidale	Landowner agreements in place
Other	4 projects totalling up to ~ 720		

Further inquiries:

Media
Andrew Scannell, Head of Media
03 8633 6167
0407 290 658
ascannell@agl.com.au

Analysts & Institutional Investors
Stephen Mikkelsen
02 9921 2777
smikkelsen@agl.com.au

Media and Retail Investors
Nathan Vass
02 9921 2264
0405 040 133
nvass@agl.com.au

About AGL
AGL is Australia's largest integrated renewable energy company and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 170 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has Australia's largest retail energy and dual fuel customer base. 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 Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.