



ASX & Media Release

AGL reaches key milestones for proposed LNG import jetty

12 June 2018

AGL Energy Limited has today executed two key sets of agreements in relation to its proposed liquefied natural gas (LNG) import jetty at Crib Point in Victoria:

- Development and Gas Transportation Agreements with APA Group for the development and construction of the Crib Point Pakenham Pipeline and the ongoing transportation of gas from the proposed LNG import jetty to the domestic market. APA will continue early work including sourcing certain long lead-time items for the development of the proposed pipeline. Construction and operation of the pipeline is subject to regulatory approvals, the granting of the pipeline licence and final investment decision by the AGL Board; and
- Works, Lease, and Berthing and Jetty Agreements with the Port of Hastings Development Authority for the long-term use of Crib Point Jetty Berth 2. The Port of Hastings Development Authority will begin jetty remediation works to prepare for AGL's exclusive occupation of Crib Point Jetty Berth 2 for the continuous mooring of a floating storage and regasification unit (FSRU). The agreement is subject to regulatory approvals and final investment decision by the AGL Board.

AGL continues to work through key commercial and stakeholder engagement processes to enable a final investment decision on the Crib Point LNG Import Jetty during the 2019 financial year for delivery of first gas into the domestic market during the 2021 financial year.

AGL Managing Director & CEO, Andy Vesey, said: "The Crib Point LNG Import Jetty project has significant potential to provide AGL with the ability to deliver a new flexible source of gas supply to the southern states of Australia. This will deliver liquidity, increasing competition to put downward pressure on wholesale prices and provide much needed capacity and long-term security of supply.

"As highlighted in the Australian Energy Market Operator (AEMO)'s Victorian Gas Planning Report released in March 2018, without additional gas supply there is a potential shortfall in the market from 2022 and a potential shortfall in meeting peak Victorian winter daily demand in 2021. Our proposed project is uniquely placed to address this challenge.

"This project would provide AGL with a new source of competitively priced and secure gas supply and reduce our exposure to the declining, concentrated traditional gas supply sources in Victoria and to volatile Queensland gas markets. This project would enable us to deliver gas to our existing customer base securely and affordably and create a source of revenue growth by increasing supply to commercial and industrial customers."

If AGL does not proceed with the project, AGL's total financial exposure as a result of entering the above agreements would be up to \$65 million. This is in addition to AGL's currently committed capital expenditure to the development of approximately \$37 million.

AGL is progressing its environmental approvals and licencing requirements for the project and continues to negotiate further key commercial arrangements for LNG supply and for the long-term charter of the FSRU. AGL is also working closely with the Western Port community in the development of the project.



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About AGL

AGL is committed to helping shape a sustainable energy future for Australia. We operate the country's largest electricity generation portfolio, we're its largest ASX-listed investor in renewable energy, and we have more than 3.6 million customer accounts. Proudly Australian, with more than 180 years of experience, we have a responsibility to provide sustainable, secure and affordable energy for our customers. Our aim is to prosper in a carbon-constrained world and build customer advocacy as our industry transforms. That's why we have committed to exiting our coal-fired generation by 2050 and why we will continue to develop innovative solutions for our customers.