



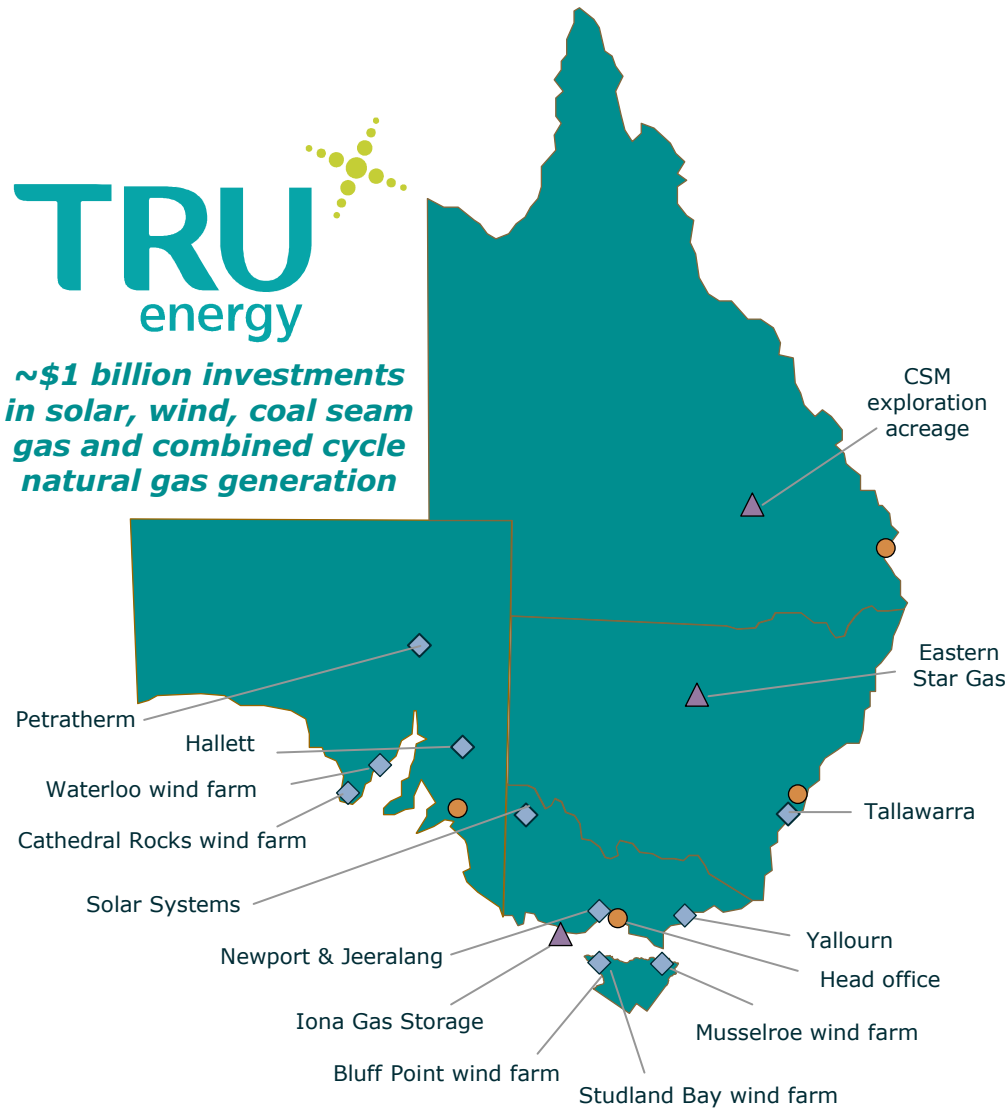
Powering NSW: The future for gas as a cleaner  
fuel source

26 August 2008

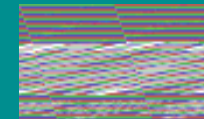
# TRUenergy's integrated energy portfolio



*~\$1 billion investments in solar, wind, coal seam gas and combined cycle natural gas generation*

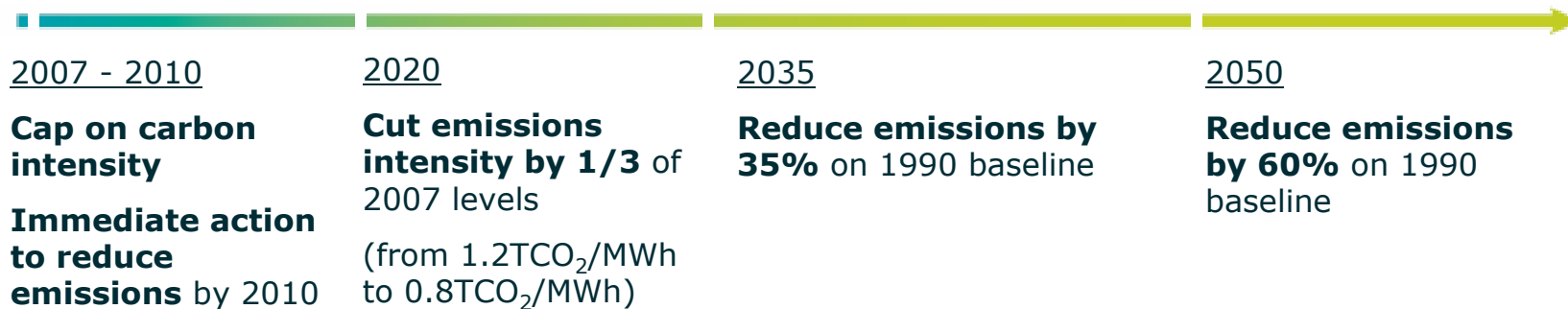


Retail assets	
Mass market	Electricity ~ 750,000 customer accounts Gas ~ 550,000 customer accounts
Industrial customers	7 TWh
GreenPower	~115,000 customer accounts
ConnectNow	50% equity
Electricity assets	
	<b>Total 4,581 (MW)</b>
Yallourn	1,480
Hallett	Gas-fired power station 180
Newport & Jeeralang	Gas-fired power station 966
Tallawarra	Stage A CCGT (construction) 400 Stage B OCGT (development) 500
Roaring 40s	Development and management of wind assets in Australia, China and India 871
Solar Systems	20% equity + solar power station 154
Petratherm	30% equity in Paralana project 30
Gas assets	
Iona gas storage	20 PJ gas storage facility
Eastern Star Gas	~5% Equity
Upstream gas	Equity in Queensland CSM developments



# TRUenergy Climate Change Strategy - launched July 2007

## TRUenergy Targets



## TRUenergy Commitments

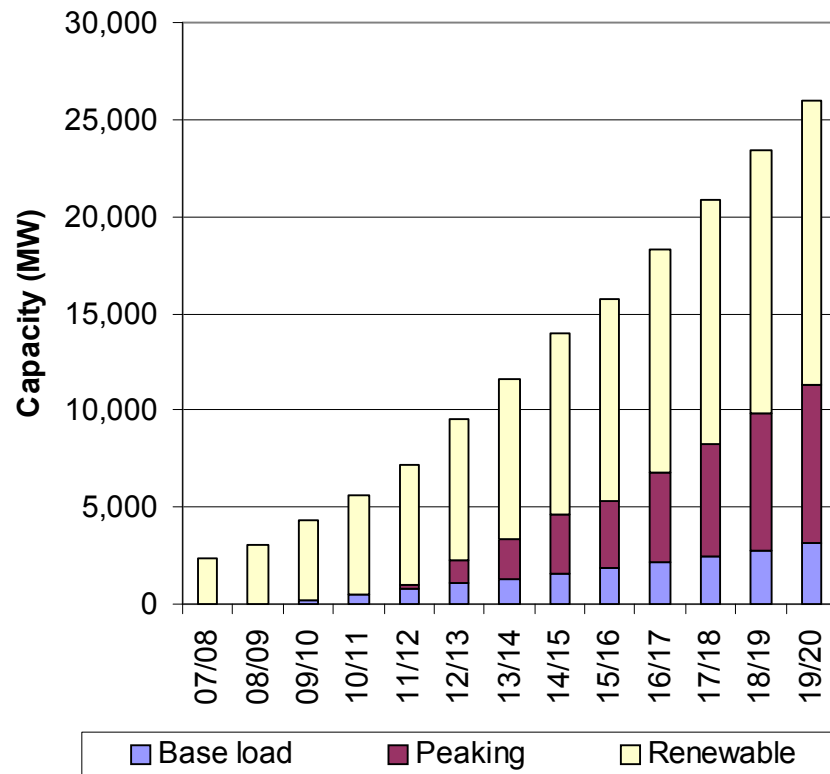
<b>Generation</b>	<b>Retail</b>
Not build any more greenfield coal-fired generation	Assist customers manage carbon footprint
Ongoing emissions reductions	
Further development of renewable/other low emissions energy technology	Transform to low-emissions energy services provider



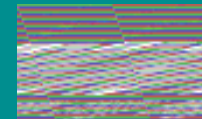
# Growing energy demand requires generation investment to maintain energy security

**MRET related investment will dominate the supply of capacity to meet demand growth, but significant peaking and base load investment is required.**

Indicative Incremental Capacity Required in the NEM

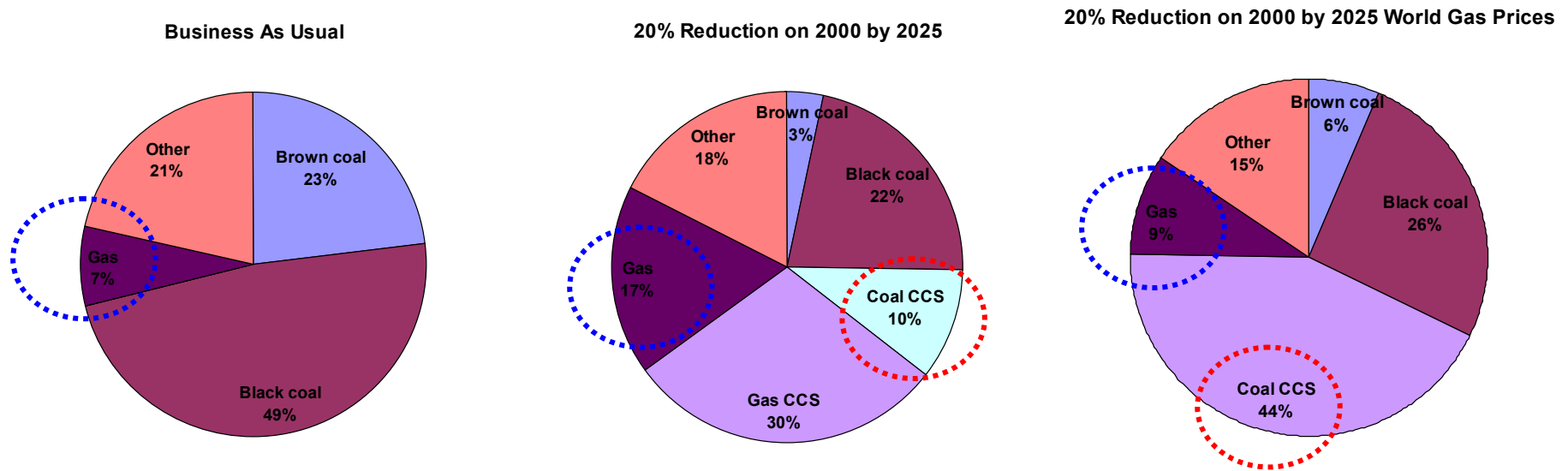


- NSW demand growing around 400MW each year
- Owen Inquiry reports NSW requires baseload from around 2014
- 3,000 MW of additional base load capacity required across the NEM by 2020 to meet demand growth
- Significant capacity required to meet demand growth and 'firm up' renewables
- Plant closures under emissions trading will provide incremental opportunities (6000 MW +)
- MRET will supply ~60% of all demand growth to 2020



# Future outcomes highly uncertain - fuel and technology optionality will be critical.

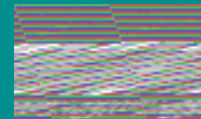
## Potential scenarios: 2025 Australian Generation Mix



Source: CRA modelling commissioned by the NGF

CEDA Event: Powering NSW

26 Aug 08



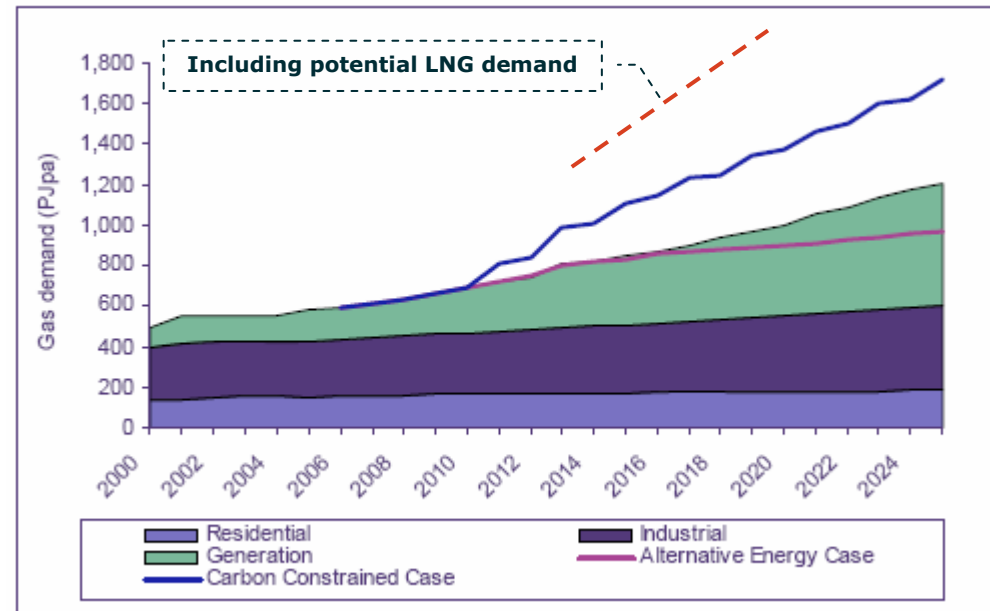
# In the wholesale markets, gas demand is growing. However, NSW has access to diverse and plentiful supplies.

Increased demand from generation alone could double or triple the gas market

## Supply by State

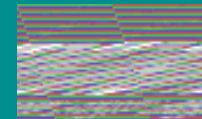


## Gas demand by sector – All scenarios

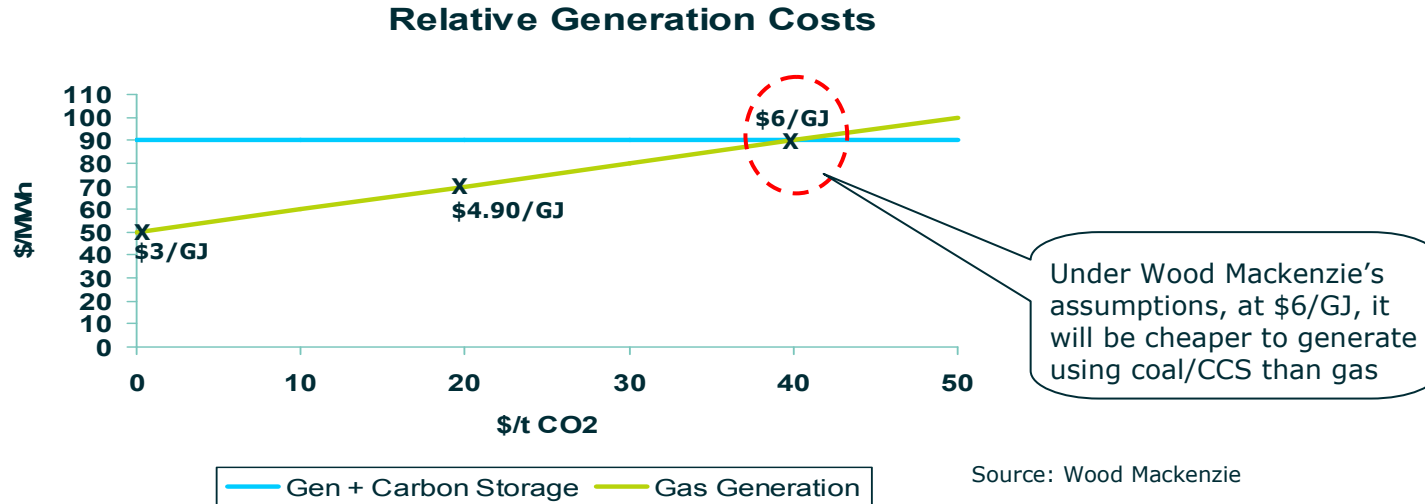


Source: Wood Mackenzie

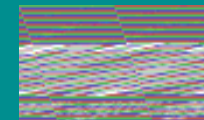
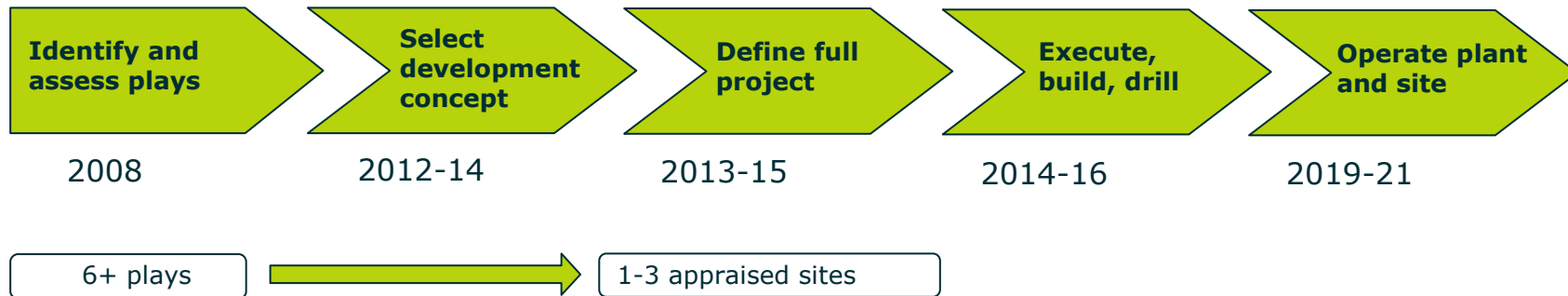
- Growth drivers:
  - Gas fired generation (driven by carbon / monetising coal seam gas)
  - Development of LNG for export
- By 2020, Wood Mackenzie estimates show that growing demand could require an additional 500 – 1,000 PJ of gas supply per annum, tripling the gas market



# In the medium term, carbon capture and sequestration becomes viable

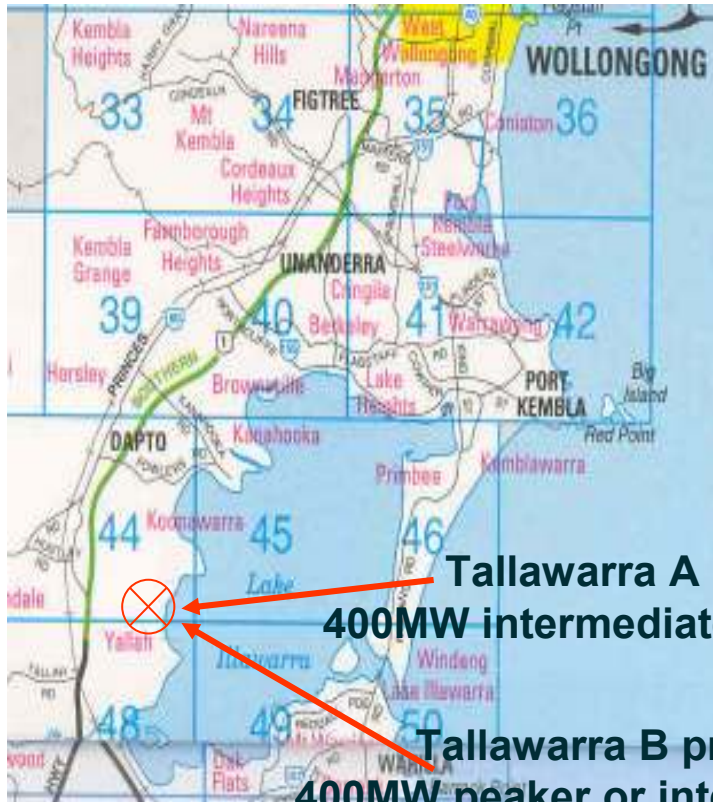


## Carbon storage development cycle



# The Tallawarra project meets NSW's energy needs and helps transition to a low emissions future.

## Location – Illawarra region

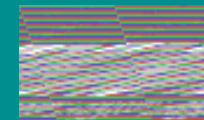


## Objective

- Reliability
- Privately funded
- Low emissions
- Regional development
- Available 2008

## Tallawarra

- ✓ Gas-fired, flexible for peaks
- ✓ Funded by TRUenergy (CLP)
- ✓ Combined cycle gas, 0.4t/MWh CO<sub>2</sub>, 1.1m t/a CO<sub>2</sub> abatement
- ✓ Illawarra based, strong local community support
- ✓ Available 2008, in time for 08/09 summer





## Conclusion

- NSW energy requirements growing rapidly. Significant new generation investment required
- Carbon reduction initiatives will dramatically impact the type of generation built
- New generation will be low emissions gas or renewables in the short to medium term
- Projects like TRUenergy's gas-fired Tallawarra project will assure NSW's immediate electricity future
- NSW has good access to gas supplies from the north or south with local options also being developed for further gas -fired generation
- Carbon capture and storage commercially viable after 2020

***Gas is the fuel of choice in the near term for transitioning to a low emissions future – but optionality is vital for the long term.***

