



**THE HON JOSH FRYDENBERG MP**  
Minister for the Environment and Energy

## **MEDIA RELEASE**

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### **AGL MUST COMMIT TO FILLING THE ENERGY GAP & LOWERING ENERGY PRICES**

This morning, I received a call from AGL Chairman Graeme Hunt informing the Government the AGL Board has decided to reject Alinta Energy's offer for the Liddell Power Station.

AGL's decision is disappointing given the sale of Liddell to Alinta and the continuation of the power plant beyond its scheduled closure in 2022 would benefit consumers and had the backing of some of Australia's largest manufacturers. It is also disappointing because it was AGL's CEO that first raised the prospect of Liddell's sale in a meeting with the Prime Minister and other ministers last year.

While AGL ascribed zero value to the Liddell Power Station in its investor presentation following its acquisition in 2014, the company now claims the Alinta offer which included a \$250 million upfront cash payment, preservation of employee entitlements and extensive remediation costs "significantly undervalues future cash flows to AGL of operating the Liddell Power Station until 2022".

The head of the ACCC Rod Sims has previously said if Alinta acquired Liddell "it would benefit competition because, all else being equal, you would see lower power prices and you would see a new competitor in both generation and the retail market."

The Australian Energy Market Operator (AEMO) has also raised its concerns about the closure of Liddell given it is the third largest power station in NSW and supplies more than one million households, large industrial customers and around 10 per cent of that state's power.

AEMO's advice to the Turnbull Government in March 2018 on AGL's proposed replacement plan stated: "there remains a high risk of load shedding following the closure of Liddell. Specifically the analysis shows that once in every three years approximately 200,000 households in NSW may experience power outages lasting five hours."

Significantly, AEMO goes on to say the "risks grow every year due to projected increases in NSW electricity demand driven largely by continued population and economic growth forecasts".

While the Government recognises AGL has put forward a replacement plan, it has only financially committed to a fraction of the projects – namely, a 100MW upgrade to its existing coal fired Bayswater power plant and a 250MW gas peaking plant.

The Government calls on AGL to financially commit to all other stages of its replacement plan.

Wholesale power prices in the National Electricity Market have declined nearly 30 per cent year on year and AGL's latest half yearly report announced a 91 per cent, or \$297 million, increase in statutory profit after tax for the half. Given this, customers are entitled to expect to see lower wholesale prices passed through to them in the next round of retail price determinations in July.

**Ends**

Media contact: Kane Silom – Office of the Hon Josh Frydenberg MP – 02 6277 7920  
The Hon Josh Frydenberg MP | Minister for the Environment and Energy | MELBOURNE