Start of Transcript

Len Gill: Good morning and welcome to Infigen's 2019 Annual General Meeting. Thanks for your attention and time today. If you could just check that you've turned your mobile phone off, that would be helpful, thank you. I've just checked and I think I'm off.

My name is Len Gill and I'm your Chairman. I am joined today by my fellow directors and members of Infigen's executive team. Today you'll have an opportunity to hear a business update from our Managing Director, Ross Rolfe, vote on the resolutions outlined in the Notice of Meeting and ask questions of the Management team and the Board.

Our meeting today takes place in Gadigal Country. I would like to acknowledge the Gadigal people of the Eora nation, traditional custodians of this land and pay my respects to their Elders, past, present and emerging.

Our Company Secretary advises that a quorum of security holders is present. I now declare the Infigen Annual General Meeting open. The proxy votes received for today's resolutions have been inspected by our security registry. All validly lodged proxies have been accepted.

The numbers of proxy votes for each resolution will be displayed on the screen as we deal with each resolution. As Chairman, I will cast all undirected proxies that I hold in favour of the relevant resolutions.

Before we start the formal business of the meeting, I would like to introduce the Board of Directors. Karen Smith-Pomeroy. If you can just identify yourself, joined the Board as an independent Non-Executive Director in December 2018. Karen is also a member of the Audit, Risk and Compliance Committee.

As a new director on the Board, Karen offers herself for election at this AGM. Karen has significant experience as a senior executive in the financial services sector and in more than 10 years' experience working directly with energy companies. She has specific expertise in risk management and has been an invaluable addition to our Board.

Emma Stein joined the Board as an independent Non-Executive Director in September 2017. Emma is Chairman of the Audit, Risk and Compliance Committee and a member of the Nomination and Remuneration Committee.

Mark Chellew joined the Board as an independent Non-Executive Director in September 2017. Mark is Chairman of the Nomination and Remuneration Committee and a member of the Audit, Risk and Compliance Committee.

One of our Board members, Philip Green, is not able to be present with us today and he sends his apologies. Phil is the Nominee Director of the Children's Investment Master Fund, a firm which represents 33% of our issued securities. Phil has been a Non-Executive Director since November 2010 and is a member of the Audit, Risk and Compliance Committee.

Ross Rolfe is our Managing Director and Chief Executive Officer. Ross has been in that role since late 2016 and was a Non-Executive Director from 2011.

Sylvia Wiggins is our Executive Director of Finance and Commercial. Sylvia was appointed in May 2017. Sylvia was also previously a Non-Executive Director appointed in April 2016. Sylvia retires by rotation at this AGM and offers herself for re-election.

Further information regarding the experience and qualifications of each Director is included in the Annual Report. We are joined today by Infigen's Company Secretary, David Richardson, and by members of Infigen's senior Management team.

The Company's external auditor, PricewaterhouseCoopers is present today, represented by Craig Thomason and I thank him for his attendance.

FY19 was a transformative year for Infigen. Three years ago, we articulated the need for Infigen to undertake a significant transformation of its business strategy. At that time, it had become evident that as Infigen's historic power purchase agreements matured, it would be impossible to recontract at equivalent prices and terms.

In addition, high and volatile merchant electricity prices were incentivising commercial and industrial customers to look for new retailers that could offer reliable and competitively priced energy.

Against this backdrop, we began the journey of transitioning from developer and operator of wind farms, supplying energy and LGCs to retailers under run of plant PPAs, towards an energy market participant delivering firm supplies of energy directly to commercial and industrial customers from renewable generation.

Our business model has been described as the utility of the future. Whilst this strategic transition has been underway for three years, FY19 saw the delivery of several major pillars of the strategy.

During the year, we grew our own production with the delivery of the Bodangora Wind Farm. We entered into our first agreements to contract renewable energy supply from third parties under our capital lite model.

We built and acquired the South Australian Battery and the Smithfield Open Cycle Gas Turbine in New South Wales. And agreed to lease the South Australian Gas Turbines, introducing 268 megawatts of fast start capacity into our portfolio.

We have substantially grown our commercial and industrial customer base. From January 2020, we will have over 400 different billing sites across the National Electricity Market. We grew our earnings and continued to reduce debt and we were pleased to be able to reintroduce distributions.

Although it has been a truly transformative 12 months, the team continues to consolidate our past achievements and build momentum in pursuing new and emerging opportunities in the NEM.

At Infigen, our purpose is to lead Australia's clean energy future. While other companies have a strategy to transition in response to the transformation that is occurring in the energy sector, we have now completed the transition of our business model.

We are now well positioned to significantly grow our Company and its customer base. Our plan for the next phase of our ongoing growth is reasonably simple. We plan to source an additional 600 to 700 megawatts of variable renewable energy capacity, equivalent to a doubling of our renewable volumes, and use our flexible, fast start assets to contract around 70% to 80% of that energy to Australia's commercial and industrial businesses.

We believe that this growth in contracted revenues will continue to improve the quality and the quantity of earnings that you, our security holders, will receive over the long term. The Board and Management at Infigen believe that sustainability is critical to our long term success.

We see the management of environmental, social and governance risks as central to delivering strong risk adjusted returns for our investors. At Infigen, safety has always been, and will always be, our first priority.

I am disappointed to share with you that on Thursday 3 October 2019, Infigen had its first lost time injury in 27 months. A technician was involved in a workplace accident at the Smithfield Open Cycle Gas Turbine facility.

The injured was sustained due to a fall and was incurred during routine maintenance activities. Fortunately, the technician is recovering well and is expected to return to light duties in the near future.

Management has conducted a TapRoot investigation to identify what can be done to reduce or eliminate the risk of this type of incident recurring and the Board will oversee the implementation of any identified measures to improve our safety performance going forward.

In FY19, Infigen undertook an extensive employee engagement survey designed to provide the Board and Management with information to develop an engaged and high performance workforce.

This survey was conducted in February 2019 and showed pleasing results. In September 2019, another pulse survey was conducted and it was encouraging to see further growth in employee engagement.

Job satisfaction and current motivation are now tracking at 83% and 86% respectively, with the employee net promoter score a very compelling 55%. These results are all the more impressive given the 92% participation rate.

Over the last three years, our business model has transitioned and as a result, our stakeholder needs have changed. We recognise that our corporate values and behaviours must evolve accordingly.

In FY19 and into FY20, an employee led working group engaged all staff in defining the core values at Infigen, it's employees, it's Management, and its Directors must embrace in order to meet the needs of our stakeholders and drive the sustainable delivery of our strategy.

This initiative has engaged Infigen's entire workforce at numerous points, and the Board has been pleased with the progress to date. Whilst the work is ongoing, we look forward to sharing more with you in 2020.

At Infigen we coexist with the local communities and landholders who host our assets. We see ourselves in long-term partnership with these communities and seek to contribute towards achieving common goals. In FY19 we contributed to 45 community projects, with $338,000 of combined value, and in addition, the construction of the Bodangora Windfarm saw $7 million and 37 jobs created in the local community.

Finally, in FY19 Infigen made additional environmental commitments, as we lead by example in Australia's clean energy transition. We source 100% of our office and windfarm site power for renewable sources, and by FY25 we have the ambitious target of offsetting all our Scope 1 and Scope 2 carbon emissions.

In December 2018 we welcomed Karen Smith-Pomeroy to the Board as an independent Director. This completes the process of Board renewal begun in mid-2017. The Board now has seven members, with the majority independent. We believe the Board has the right balance of energy industry expertise, as well as experience in risk management, finance, governance and policy development, to refine and oversee the delivery of Infigen's strategy developed in response to Australia's rapidly evolving energy market.

The Board would like to thank security holders for the favourable support received for the remuneration policy at the 2018 AGM. No changes have been made to the policy in FY19. The remuneration framework balances incentives between delivery of the holistic business strategy, annual financial outcomes and long-term securityholder returns.

Before I close, I would like to comment on some of the issues facing the industry's regulatory and policy environment. We have numerous reviews of the market and transmission frameworks underway to ensure they are fit for purpose for the energy market today and tomorrow. Infigen is actively contributing to those.

We also have numerous investment and policy decisions being made by governments which are impacting investor confidence. From the 1990s governments moved to restructure their state-owned utilities and create the NEM. The deregulated and restricted electricity industry has delivered significant benefits, with improvements in operational efficiency, extensions of asset lives and investment in new assets utilising private sector capital. Public sector capital has been free to be deployed elsewhere, as we see in the major infrastructure programs that have been implemented by governments across the decades since the market was created.

From the outset, various bodies, most notably the Industry Commission, identified the need for competitive neutrality between governments and their SOEs and the private companies in order to attract private sector capital. This principle was embraced by federal and all state governments at the time.

It is of considerable concern to private sector investors that in recent years this principle seems to be increasingly compromised by governments deciding to fund or underwrite various pet projects without regard for the impact of such interventions on the dynamics of our competitive market, or the Australian taxpayers' economic interests.

Updating the architecture of the national electricity market is essential to deal with the changes arising from the need to reduce our carbon footprint and changes in generation technologies. Updating the market architecture will, however, not be sufficient on its own to reduce the concern of investors.

Over the next 20 years approximately 15 gigawatts of ageing coal plant needs to be replaced, requiring billions of dollars. Unless governments intend to underwrite or fund the bulk of it, we would urge all governments to recommit to the principle of competitive neutrality and cease trying to pick winners at unknown but potentially very substantial costs to the taxpayer, and with suboptimal outcomes for the energy system.

Absent this commitment, perhaps government members proposing these projects would be prepared to commit their individual superannuation entitlements to funding these, which we are told deliver a commercial return. This would certainly sharpen the focus on the commerciality of these proposals.

Shareholders will recall that a little over 12 months ago we were close to having a framework that allowed the integration of carbon abatement and reliability into the national energy market - the National Energy Guarantee.

While this framework has gone the way of other failed attempts, the pressures driving this need have only increased. In the stationary energy sector technology change is driving the substitution of ageing coal plant with renewable energy support by flexible, dispatchable plant. Infigen's business has been positioned to capture the opportunity presented by this fundamental change.

The change in technology also means that the electricity sector now offers a means of delivering more carbon abatement than its current sectoral obligation at lower costs than alternatives. If it did, the sector would assist

Australia to deliver on its carbon abatement commitments, current and future, while reducing the burden on other sectors of the economy, which have either higher cost or even no viable substitution options. It can thus be expected that the pressure to adopt a more holistic approach to carbon abatement will continue to grow.

In closing, FY19 was a transformational year for Infigen. The year marked the transition from an owner and operator of windfarms to the utility of the future. We are well-positioned to grow our business.

I would like to thank Ross Rolfe for his judicious, determined and energetic leadership through this strategic transition, and I would like to thank all Infigen executives and staff for their very significant contributions over the last 12 months. I thank my fellow Directors for their diligence, focus and their support. Finally, I thank you, our security holders, for your ongoing support.

I now invite Managing Director, Ross Rolfe, to address the meeting.

Ross Rolfe: Thank you and good morning everyone. As Len reported, FY19 has been a year of significant achievement for Infigen. This year we've not only produced strong financial results, but we've also delivered several major pillars of our corporate strategy.

Many of you will recall that Infigen commenced the process of shifting away from its legacy business model some three years ago. Over this period we've transitioned from an owner and operator of windfarms, selling our production under long-term, run of plant PPAs to energy retailers, towards a vertically integrated utility of the future. Now we can and do contract to sell firm supplies of clean energy at fixed prices to a diverse range of C&I and wholesale market customers.

Since adopting a change of corporate strategy in FY17, we've progressively laid the foundations upon which to execute our business plan. We commenced the process of expanding our pool of renewable generation for sale in FY17 by committing to fund the 113 megawatt windfarm at Bodangora in central western New South Wales.

In FY18 we refinanced our legacy debt facility. This was a critical first step in transitioning our business model. Our new corporate loan enabled us to operate our existing suite of assets as a portfolio, allowing us to more effectively manage the risks involved in offering firm suppliers of energy to a broader customer base.

Concurrently with our refinancing, we adopted a capital-lite management strategy that has enabled us to increase our renewable generation without burdening our own balance sheet. The capital-lite approach has allowed us to expand our resources of renewable generation as an off-taker, while at the same time investing directly in physical firming plant.

Our capital management strategy has meant therefore that we've been able to pursue our broader range of goals of ongoing deleveraging and the return of capital to our security holders while concurrently delivering our plans for growth.

In FY19 we've seen the benefits of this capital strategy reflected in the business' performance both operationally and strategically.

Key achievements in FY19 include: first we saw the introduction of additional volumes of renewable generation for sale into our portfolio. We were pleased to successfully commission our Bodangora windfarm in Q3 FY19 and commenced receiving the revenues from its generation.

In FY19 we contracted to receive the renewable generation for five years from the 30 megawatt Kiata windfarm in Victoria, a project that had been independently developed by John Laing and Windlab. This project provided an ideal opportunity to prudently enter the Victorian C&I market by applying our capital-lite financing model.

We also adapted the capital-lite model to support the commercialisation of one of our own projects from our development pipeline - the 57 megawatt Cherry Tree windfarm which further expanded our capacity in Victoria. In combination, these initiatives, once all fully-operational, will increase the pool of renewable generation available for sale by 200 megawatts of nameplate capacity.

Secondly and importantly in FY19 and early FY20, we delivered core elements of our strategy to obtain access to dispatchable firming assets. These flexible, fast start machines enable us to add value to renewable production by managing the risks of contracting to supply firm energy to customers from intermittent generation. Their performance versatility will also enable them to respond to likely future market signals to maintain the stability and the integrity of the system as a whole.

These performance capabilities are, in our view, likely to become increasingly valuable as the energy supply system and its market continues to evolve. Our specific investments in such capacity included, we financed and constructed the 25 megawatt/52 megawatt hour Tesla Battery at Lake Bonney in South Australia. This project is now energised and approaching practical completion.

We acquired the Smithfield Open Cycle Gas Turbine, providing us 123 megawatts of fast start capacity in New South Wales, and in August 2019 we entered into an agreement to lease 120 megawatts of gas peaking capacity in South Australia for 25 years.

With access to these machines and a growing customer base, we are now positioned to procure an additional 600 to 700 megawatts of intermittent renewable capacity in New South Wales and South Australia under our capital-lite model, and sell under firm supply contracts.

Slide 11 graphically illustrates the magnitude of the growth opportunity in the market for which Infigen is now well-placed to compete. The chart on the left-hand side shows our existing renewable generation by channel to market, PPAs, commercial industrial customer sales and merchant or pool sales.

As you can see, we've successfully growth C&I sales significantly from FY17 through to FY19. The chart on the right-hand side illustrates the potential future growth opportunity. It shows that the firming portfolio enables us to confidently double the amount of renewable energy we supply to the market.

Critically these assets also allow us to sell 70% to 80% of that expanded volume into medium to long-term supply contracts with C&I customers. These contracts allow our customers to have certainty over their energy costs, while simultaneously providing Infigen investors with greater confidence in the quality of the Company's long-term revenues. It's this growth opportunity that we're focused on delivering in the short to medium term.

The pool of C&I customers in the national electricity market is very significant. Residential loads form less than 30% of energy demand. Starting with one metered site three years ago, we now have a portfolio of over 400 metred sites spanning economic activities such as mining, processing, universities and local councils.

To enable us to supply a wider pool of customers we've invested in our customer billing system and our customer service capabilities. These systems and people will enhance the services we offer our customers by providing advanced analytics, multi-site functionality and personal account management. When considering the level of confidence, we can have in executing our sales strategy it's important to acknowledge that we don't win every customer. We don't win every customer tender, not by a long shot, but our key challenge in servicing C&I markets has been a lack of product rather than a lack of customers; a nice problem to have and one that underpins our growth objectives.

It's also worth observing that as far as customer behaviour is concerned, there appears to be a growing number of energy users who are turning their minds to their own ESG objectives when it comes to electricity supply. We expect this market will continue to grow in parallel with community support for sustainable investments and socially responsible corporate conduct. The increasing focus on ESG may also have positive implications for the LGC market.

Right now, LGCs are trading at $50 plus per certificate, but as LGC prices moderate, an increasing number of our customers we expect will seek to reduce their greenhouse footprint on a voluntary basis. We're already seeing positive movements in this direction starting to appear and subject to price we believe the trend is likely to continue. Should Australia of course ultimately develop a coherent policy to deliver its obligations under the Paris Agreement, then this movement will we expect gain further momentum.

We acknowledge that the introduction of firming assets into our portfolio will increase our own emissions intensity. Once the SA gas turbines are integrated into the portfolio, we expect our emissions intensity to be approximately 0.04 tonnes of CO2 per megawatt hour. A level that is just 5% of the average of our peers in the NEM.

We are however committed to a low emissions future and as a result we are targeting carbon neutrality for our entire business by FY25. This commitment is, we believe an industry first for a vertically integrated energy retailer in Australia. We are pleased to be able to report that these strategic achievements have been accompanied by and contributed to strong financial results. In FY19, net revenue increased to $229.3 million, 9% higher than FY18. Just as importantly, the contracted portion of the revenue increased by 13% to $182 million, reflecting our success in providing reliable and competitively priced clean energy to Australian businesses.

This growth in revenue had a high conversion into EBITDA which at $165.4 million was 11% higher than FY18. NPAT was slightly lower at $40.9 million, largely reflecting the impact of a $9.9 million impairment to our development portfolio, which we announced in December 2018. Net operating cashflow was strong at $144.4 million. This cash generation allowed us to fund our growth activities while also improving our net debt to EBITDA ratio.

As we pursue our goal of supplying clean energy to Australian businesses and industry, we've successfully increased the volume of production sold. We're therefore pleased to report that in FY19, we sold 20% more renewable energy than the prior year. This not only bolstered our results, but also contributed to the de-carbonisation of Australia's power system. As we deliver our growth strategy, we continue to focus on ongoing de-leveraging. In line with our capital management policy in FY19, we paid down $41 million of gross debt and are scheduled to pay down an additional $54 million in FY20.

Taken together, these strategic and financial outcomes enabled the Board to reintroduce distributions of $0.01 per security per half year. The first distribution was declared with respect to the half year ending 30 June 2019.

Looking forward, Infigen’s strategy remains firmly rooted in the belief that the process of transitioning towards a low carbon future is inexorable. The factors that support such a conclusion include; first the ageing fleet of coal fired generators will progressively reach the end of their service life over the next two decades. The pace at which this plant retires may well accelerate depending upon the rate at which increasing volumes of renewable enter the market.

Renewable generators with very low short run marginal cost structures place significant commercial pressure on inflexible base load thermal plant with high fixed costs, onerous ongoing overhaul costs and uncertain marginal running costs. We acknowledge that there are certain proposals that have been mooted by government to extend the life of particular existing coal fire generators. We did not consider, however, that such proposals, if they happen will produce any significant change in the direction of the transformation that is underway. Measures to preserve the service life of individual plants are likely to merely change the retirement sequence of competing coal-fired generators with little, if no apparent benefit to the system.

Secondly, the price outlook for gas in the Australian domestic market is likely to result in a relatively limited, albeit critical contribution from gas fire generation in the market in the short to medium run. In the longer run, it seems likely that combined cycle gas machines may need to play a greater role in maintaining the functional integrity of the system as more and more coal fired plant exits.

The need for such intermediate or flexible semi base load capacity and its volume will likely depend upon the density and spatial distribution of new renewable generation, the emergence of commercially competitive storage technologies and the strength of the grid.

Thirdly, the cost and performance of renewables and battery storage is likely to continue to improve and will result in an increasing volume of renewable generation at both the residential and utility scale.

Finally, community concern in relation to the impacts of climate change is likely to continue to rise resulting in commercial, if not political pressure to reduce emissions, not just from the stationary energy sector, but from other higher emitting sectors such as transport and agriculture.

In this regard, the stationary energy sector offers the lowest cost solution to reducing Australia's overall emissions profile and should rationally play a relatively greater role in carbon abatement. We can only hope that in due course policy makers will see the wisdom of facilitating this outcome through the introduction of a coherent national emissions reduction policy framework that sets a trajectory based on sound science and efficient economics.

In these circumstances, Infigen strategy is to source low cost renewable generation from across a portfolio of assets with complimentary production profiles supported by firming plant to reliably supply a growing base of industrial customers with clean energy at a fixed price. We believe that the direction of our strategy, which is based on power system and market fundamentals is robust. Hence, we remain disciplined in its pursuit and tactically flexible in its execution.

Despite our confidence in the general direction of the market transformation and our belief in the efficacy of our own strategy, the transition pathway is not always paved and shady. I will offer commentary on three key challenges that overshadow our journey.

First, as I discussed at last year's AGM, the issues with grid connection have become significantly more complex. This results from the introduction of new forms of non-synchronous generation into a grid that was designed to support a very different technology mix. The AEMC, the AEMO, the network owners and the generators are all grappling with the challenges that this presents. As a result, over the last 12 months, the vast majority of development projects have experienced significant delays in receiving their approvals to connect.

In some cases, project proponents have been required to introduce additional capital commitments to manage the impact of connection on grid stability. In other cases, developers have been negatively impacted by changes to marginal loss factors that have reduced the volume of energy that they can export. As the grid mutates in response to the pressures associated with absorbing an efflorescence of distributed renewable generation, new and sometimes complex challenges must be anticipated.

As a long-term market participant, we invest considerable resources in understanding the changing system dynamics and the risks they produce. We expect this capability to become increasingly important as the market evolves.

Secondly, the sovereign risk profile of the sector requires careful assessment when considering investment in new capacity. The higher prices for energy that have resulted from the reduced supply associated with the retirement of large coal fire generators in recent years and the perceived risk to future supply have led to a frenzied public debate. A debate that has unfortunately been characterised by far more heat than light. In volatile political conditions a wide ranging set of proposals to restructure the industry, intervene in commercial decision-making, alter the fundamental market design or introduce radical rule changes have been canvassed by policy makers and regulators.

Most of these initiatives tend to be targeted at solving specific perceived problems without necessarily fully understanding the implications of such proposed solutions for the integrity of the system as a whole or the viability of the market that trades its output. Of particular concern is the lack of transparent and objective analysis of the costs and risks associated with each such initiative and how they are to be allocated between the consumer and the citizen, as taxpayer.

This analysis and continued commitment from government to a competitively neutral market is critical to maintaining investor confidence as Len discussed in his opening remarks. Market confidence needs to be a guiding principle for policymakers as they contemplate their respective roles to be played by the public and the private sector in transforming the system over the short, medium, and long run.

Thirdly, the device of public policy debate has left the nation without a credible framework through which to meet its international commitment to the Paris Agreement or that would form the basis of a viable national response to emissions reduction. A coherent long-term market-based emissions policy remains elusive and though it should be a critical element of an integrated strategy that is likely to deliver a smooth transition to a low carbon future.

In these circumstances, Infigen continues to seek to influence the direction of policy change through active participation formally and informally at the political and officials' levels of government and with the policy advisory and regulatory agencies. For those of you who are interested in the detail of these issues that are under deliberation and our perspective on them, they are readily available on our website.

As a general principle, we advocate caution in introducing radical change to the structure and functioning of the market. In the current circumstances, we do however, consider that some incremental rule changes are appropriate in response to changing market conditions. We believe that there is a need for the development of a new market based products to incentivise investment in measures that enhance the stability of the grid.

The current confused nature of the federalised policy process and the absence of unified position amongst the regulatory bodies militates in favour of a coordinated national approach. This is a function that the Energy Security Board is showing itself to be best placed to deliver. Infigen will therefore continue to work closely through our industry bodies and directly with policy makers to support the work of the ESB.

Let me now turn to the outlook for FY20 and beyond. This financial outlook is in line with that provided at the FY19 full year results with capital expenditure figures updated for the inclusion of the South Australian gas turbines. Operationally, Infigen is well positioned in the market. In FY20 we expect renewable generation to be higher than FY19, reflecting the full year contributions of Bodangora and Kiata wind farms. We've contracted about 75% of our electricity generation and 100% of our expected LGCs to customers. This contracted position provides us with high levels of revenue visibility. We expect our merchant revenue to be modestly higher in FY19 as we see the contributions from Smithfield and the SA battery materialise.

Net revenue is expected to be weighted towards the first half of the financial year, which reflects the revenue recognition of LGC contracts. The cashflow, however, will be weighted towards the second half, due to the timing of the cash settlement of those contracts.

Asset operating costs will be higher, reflecting the addition of Bodangora, Smithfield and the Lake Bonney battery. FCAS costs have risen in response to the requirements of the market operator and business operating costs will rise modestly, reflecting a full year cost - the full year costs for Infigen's transition business.

Capital expenditure is expected to be approximately $30 million-$40 million, principally reflecting the CapEx associated with the relocation of the South Australian gas turbines.

Strategically, FY20 will be a year in which we consolidate many of the initiatives that we've implemented in FY19. Specific strategic priorities this year include: first, we will take functional possession of the SA gas peakers on their existing site at Lonsdale in South Australia in early May 2020, in accordance with our agreement with the South Australian Government.

We're concurrently undertaking the planning and development work to in due course relocate the four units to an alternative site at Bolivar. The Bolivar site will enable us to run the plant on gas as well as diesel. This will provide us with a high degree of confidence that the plant will perform when required. We expect to be able to commence the relocation of the units in FY21.

Precise timing will be dependent on the progress in obtaining relevant approvals, the commercial needs of our business and the obligation to ensure that the plant is in service over the summer of FY21.

Secondly, we will advance our program to increase the volume of renewable generation available for sale to C&I customers over the course of the next one to two years. As mentioned earlier in this presentation, if we are to achieve our goals, we will require an additional 300-400 megawatts of renewable capacity in New South Wales and around 300 megawatts of additional capacity in South Australia and potentially, Victoria.

In determining the specific projects to consider, we take account of the location of the project within the grid and its likely exposure to curtailment, the expected production profile and the extent to which it complements our existing portfolio, as well as the price and commercial terms of sale.

There's no doubt that the uncertainties in relation to the potential rule changes, as well as the terms and conditions of grid access are complicating the procurement process to some degree. Understanding the potential impact of prospective rule changes or possible future changes to market design deserve considerable analysis and assessment as part of our procurement process.

At present, we're engaged in discussions with a number of parties with projects that may meet our needs. In this context, we will be continuing to advance several projects within our own development pipeline as a future source of additional energy. The 140 megawatt Flyer's Creek windfarm near Orange in New South Wales is the highest of our priorities in this regard.

Any decision to allocate capital towards future growth initiatives will be considered by our Board in the context of balancing this objective with Infigen's other commitments to return capital to security holders and reduce our leverage. Based on our current forecast, the amortisation profile of our debt facility and our anticipated requirements for growth capital, we consider that our current divided payment of $0.02 per security per year remain sustainable.

Critical to our success is the engagement, commitment and capability of our people. I'm humbled to lead the fine team of professionals at Infigen. They've worked tirelessly to deliver strong annual results, while transforming the business model over the course of the last few years. As a result of their efforts, I believe our Company is now well positioned to capture the opportunities and manage the risks involved in the national electricity market as it transitions towards a low carbon future.

We have a solid foundation of core assets that enable us to offer firm supplies of clean energy to our growing customer base and our business is readily scalable and adaptable in response to evolving market conditions.

I'd also like to record my personal thanks for the dedication, creativity and perseverance that the team of Infigen have contributed towards achieving this result. Due to the efforts of our people and with the support of our Board, we are now in a position to deliver a clean energy future to our customers while creating value for our security holders.

To that end, I'd like to thank our Board for the critical role that they've played in guiding the design and execution of our strategy. The support, encouragement, wisdom and caution of our Board is highly valued by myself and the management team and I hope our security holders.

In closing, can I thank you, our security holders, for your continued support for the business and our strategy. We are grateful for the interest you have shown in our Company and your thoughtful feedback. We take serious account of your views as we refine and implement our overall business plan and evaluate specific initiatives under consideration from time to time.

I'll now return you to Len Gill, who will present you with an opportunity to ask questions of us and to vote upon this year's resolutions. Thank you.

Len Gill: Thanks, Ross. I'll now turn to the formal business of the meeting and in doing so, refer you to the Notice of Meeting. The first item on the Notice of Meeting is to receive and consider the combined financial consolidated financial report of Infigen Energy and the financial report of the Trust as well as the combined reports of the directors and auditor for the year ended 30 June 2019. These reports have been distributed to security holders and I now table them.

No resolution or vote is required in relation to the financial reports but discussion is welcome. Mr Craig Thomason from our auditor, PWC, is here to answer any audit-related questions which you may have. Do any security holders wish to ask questions or make a comment about the financial and other reports. If you do so, please raise your hand and wait for a microphone. At this stage of the meeting, if we could just confine questions or comments to the financial reports, please.

Is there a question up the back on the left? [Wait], it's on the left. If you could identify yourself, that would be helpful, if you're a security holder.

Unidentified Participant: I'm [Cas], good morning and thank you for your very positive and encouraging report. Both the Chairman and Mr Rolfe have given a very positive and projected - a positive future. What puzzles me is if it is as good as you say it is, why isn't the market buying it and why is the price - share price still stalled at $0.64-$0.65 when the capital [raising] was $0.89 two years ago?

Len Gill: It's a good question. I can't sort of speak for the views of others, in terms of what the market may view. I can - I'm happy to offer a few personal comments. I think one of the issues that still overhangs the electricity sector is the uncertainty on government policy. I think we have to live with that but I can't see any [near-term] resolution of the issues. I think that's overhanging us and other companies.

I think the second issue is we have advised you of our strategy over three years and it has taken - I think the market has kind of looked at us and said, it's a very interesting story, show us the results. I think this year, for the first time, we've now really demonstrated that not only we know what we're doing but we've done it.

I think we are getting some momentum into the share price. I'd like to see more, as would all security holders but I think there are a couple of factors; the jury's been out on us and I think the jury is starting to swing behind us but yes, it would be good to have a higher share price.

Unidentified Participant: What proportion of [our] energy is coming from the wind turbines and what I need to know is, how old are these turbines, what is the life expectancy of the blades on these turbines and when do we see a progressive [unclear] of the value of those turbines and the blades and their energy production capacities?

Len Gill: Ross, do you want to take that in the first instance?

Sylvia Wiggins: [Inaudible].

Ross Rolfe: Sorry, Sylvia, do you want it?

Sylvia Wiggins: Yeah, sure.

Ross Rolfe: [Unclear] Sylvia.

Sylvia Wiggins: First, I do apologise for the fact that I'm not standing up. One of the security holders spoke with me last year and indicated that they thought that was rude but unfortunately, I'm anchored to the mic here so I do apologise in advance for that.

Unidentified Participant: That's all right.

Sylvia Wiggins: Just in terms of…

Unidentified Participant: Ideas is what matters.

Sylvia Wiggins: Okay.

Unidentified Participant: [Unclear].

Sylvia Wiggins: The average weighted life of our fleet is less than 10 years old, when you look at all the installed capacity that we've got. We depreciate our assets over 25 years in respect of all but the Bodangora wind farm, which was the new 113 megawatt wind farm which Ross spoke about. We depreciate that over 30 years and we operate all of our installed wind generation with the expectation that it will have a 30 year life. We have an asset management plan in place and they are our practices and we undertake the maintenance with that full expectation.

I think in terms of thinking about age, you also should think about the productivity of wind farms. They have - they're quite costly, at the outset but as the Chairman said, they have low short-run marginal costs. We have entered into long-term operation and maintenance contracts in respect of all of our installed wind farm generation and we have the same availability on the beginning of those contracts as we do on the twentieth anniversary, so we've got a very well-maintained fleet of assets.

If you look at the production data that we put out to the market each month, I think that comes across that the variability in wind production is about the wind resource, which of course is seasonal, not the availability and the capacity of our plant.

We've got what is quite frankly still a young fleet. We've still got a lot of life left in them. They're exceptionally well maintained. That said, one of the strategies that Ross introduced this year was to start to turn our mind to re-powering of those assets in the future and we've started to do a bit of work around that, ensuring that we've got access to the continuing landholders who host us going forward.

We look to the future but I think you can take a lot of comfort in the maintenance regime that we've got around the assets today.

Unidentified Participant: What material are they made of? Are they - is it metal, is it some [unclear]…

Len Gill: Tony, would you like to come and answer that question? Come and take the spotlight here.

Tony Clark: How are you? The blades are fibreglass reinforced, the rest of it's largely metal, so, obviously the towers and the like. There are gearboxes and generations, there's a fair bit of metal in that but as Sylvia mentioned, they're well maintained and that 30 year life expectancy is not unreasonable in the context of the usage and the capacity factors of that plant, historically.

Unidentified Participant: The reason I'm asking is, there are natural factors like lightning and a whole range of other factors that may very well have impact on these and therefore reduce the capacity to produce the energy and/or have other impacts that may - other - result in greater depreciation and productivity.

Tony Clark: Certainly, on the issue of lightning, to the - for the sites where we have a fair bit of lightning, and our site in WA is one of those, part of our asset management plans provide for us to have installed lightning protectors, if you like that allow that - if there's a lightning strike and wind turbines do have them, allow that energy to be dissipated without causing damage. The damage can be caused but certainly at those sites where we have dominant lightning, we have protection in place on the sites.

Unidentified Participant: Okay. Thanks very much.

Len Gill: The - just as a long-term practitioner in the industry and I can see there's some fellow mature aged participants in the audience. Those of us who grew up with the era of introducing coal fire generation into a growing demand profile, so in the '60s, '70s, '80s and early '90s, those assets, when they were built, had an expected life of 20 to 30 years.

Pretty much all of them are still operating. Because the engineering in these assets is first class, they're all well maintained, and as a result, they get a longer life or the bulk of the facilities are sound so you can repower at pretty low incremental cost.

So we are turning our minds to life beyond the sort of accounting depreciation life. So we've got a pretty good fleet and of course we've got sites with the support of our local communities that are subject to repowering. So we think we're pretty well placed to address a longevity issue.

Any other questions? One at the front here. Just hang on a second, we've got a microphone.

Kevin Daly: (Shareholder) My name is [Kevin Daly], Mr Chairman. Now that you want to be considered as a utility, is it fair for shareholders to consider the dividend to be the main [metric] of your financial performance? As is the case with say Spark and for AusNet.

Len Gill: I think we're a utility in the sense of we now generate and retail to customers. We're a utility in the sense that our cashflows are now at a point where we're providing a solid dividend. But I do think we offer significant growth and I think that message has come through quite strongly today.

So you know, we don’t have a legacy of aging coal fired plant in our portfolio. So we're heading in the direction of getting bigger and growing more earnings and redeploying our capital as we grow. And the opportunity there in the market is clear, as coal pipe plant retires.

So we're quite different to a lot of others in the space. So we're not a comparable utility to the majors who all have legacy aging coal fired assets.

Sylvia Wiggins: Len, could I just…

Len Gill: Sylvia?

Sylvia Wiggins: I just want to add one thing. I think with Spark and AusNet, you're thinking about regulated rates of return which is why those assets are traditionally judged through their distribution. As the Chairman and CEO have talked about, we're really an energy market participant.

So the distribution is a very important part of the measure of performance but in of itself, I would say it's differentiated from Spark and AusNet in relation…

[Inaudible question - microphone inaccessible]

Sylvia Wiggins: I think earnings and I think profit is a very important measure of a corporate performance. And if you think about the strategic turn around that the Chairman and Ross talked about this morning, it's been over three years and three years has been the period in which Infigen's profit journey has gone from a loss making Company into a not unreasonable profit making Company going forward.

So, I think that's one of the primary measures for performance and execution of the strategy.

Len Gill: Question?

Unidentified Participant: I have a question relating to staff and job satisfaction you mentioned. I'm not sure whether this is the place that I should be asking the question or should I delay…

Len Gill: I'm happy to take it now.

Unidentified Participant: Okay. You mentioned job satisfaction was terrific. Who determined that it was as good as you said it was? And how do you motivate and encourage, recognise and reward the staff? Those are - I'm talking about those staff who are not at the elite level. I'm talking about our people who are engaged at a lower level.

Len Gill: Ross, I'm going to throw this one to you and we've got our Human Resources Manager on tap if we need to dive into further detail.

Ross Rolfe: Sure. So we conduct a sort of full staff engagement survey once a year and then every six months - at the six month point, we do a sort of pulse survey on key issues that staff have raised in the earlier survey work. So that's - it's not done by us. It's done by an external party.

It's based on, sort of I guess, what you might say is experience and objectivity in terms of how people comment on how they feel about their working environment. So it's arms length. In terms of philosophy on remuneration and so on, remuneration is one important part of appeal hopefully as an employer.

The other is the nature and the quality of the work. We try within reason to have flexible working arrangements that accommodate people's life circumstances and so on. Our remuneration policies are really based on a sort of fair, market based basic remuneration.

And then for most people, not everyone, subject to performance, some additional reward for performance against KPIs that are set at the beginning of every year, which is pretty standard. Pretty standard practice.

Unidentified Participant: What I was thinking of is more education facilities which allows them to grow individually, grow their knowledge base, have ideas. You've talked about creativity.

I mean I think one of the fonts of contributing [towards this] clearly education capacity. What facilities do you offer your staff to grow their personal knowledge base and therefore contribute to the Company's knowledge base? And therefore being positive and productive place people work as well as contribute to the overall positive facilities that the Company aspires to.

Ross Rolfe: Sure. So I guess we think about that in a couple of ways. Firstly, within the Company, we actually do have a tremendous capability of people - from people with a lot of experience and deep credentials, to a bunch of relatively recent graduates who are at the early stages of their career. So what we try to do I guess is to cross-fertilise the wisdom and knowledge of the older sector into the business as a whole.

So on a very frequent basis, every couple of weeks at least, we have the whole complement of staff in which we have, what you might call, a training session. It's not really a training session. It's an educational session about a particular theme that's impacting on the market at present. For example, it might be around grid access, so we have our grid experts talk to the wider workforce about the nature of their work, the issues in the grid and so on. We do that for a myriad of different topics and then we provide the opportunity I guess for staff who are particularly interested in that to pursue that internally within the Company.

In addition to that, we do have a fairly well-structured - perhaps not as well-structured as we'd like it to be, but a training and development program for each staff member. Now that isn't necessarily juggled around what the requirements of the Company at the time are and so on, but we do have quite a structured and disciplined approach to staff development and training.

Unidentified Participant: Like study leave and things like that?

Ross Rolfe: Yes.

Unidentified Participant: Assisting staff to undertake studies and pay some money towards it?

Ross Rolfe: Yes, we do that.

Unidentified Participant: Okay, thank you.

Len Gill: Question down the front.

Gregory Sacks: (Shareholder) Gregory [Sacks]. Thank you very much Len and Ross for a fine presentation. I've only been a shareholder in Infigen for about three or four months, but a couple of questions occurred to me in terms of presentation. I understand the regulatory problems you're having because I worked for many years in telecommunications and I understand what some of the issues that were around then.

But Ross made a reference I think to unsynchronised sources which I took perhaps to be solar, like I've got on my roof and what we see on major buildings, which perhaps are backed with batteries. But the one thing that perhaps is coming, and we do hear a lot about it, is the potential for the hydrogen economy. I would perhaps appreciate both comments from Len and Ross on such competition for Infigen. Thank you.

Len Gill: I'm going to make a couple of remarks and then throw to Ross. I mean look we - and I'm going to link it back to the previous question - one of the things that Infigen has done is grown its business and its skills and capabilities to have a deep understanding of the energy sector, so we back very deeply in both experience in fossil fuels, non-fossil fuels and emerging technologies.

The Board itself gets a briefing on those emerging technologies a couple of times a year, and if I pick - before I come to your hydrogen question, if I pick batteries, we're excited about batteries, but batteries are at the start of their journey. A long way to go. Some of the reports that we're seeing are saying there'll be a halving of battery prices inside of five years. Maybe it'll be longer, maybe it'll be quicker, but that's the clear direction and we're getting - we have got our minds and continue to get our minds around the implications.

Now hydrogen is still some way away, but it is a technology we've got a close eye on and I'm going to throw to Ross because we are doing a couple of things to keep our eye closely on it.

Ross Rolfe: Sure. So we do actually have a modest little early hydrogen project which we're working on. It is extremely early days. To be honest we've never talked about it publicly before. We're developing it with another small Company.

The issue with production of hydrogen from renewables really is the cost of the renewable energy you require, and you've got to get it down below $40 a megawatt hour, that sort of territory to make it work. You also need quite a lot of scale to make the economics work.

Having said that, it's not that far away at scale in certain conditions for it being able to be made to work. The encouraging thing I guess is that both the Federal Government and a number of the state governments are all prepared to contribute into trying to prove up the viability of it.

The other interesting opportunity with hydrogen production is as you start to see the impact of particularly solar on the market during the daytime driving prices down to zero or negative territory, and because the production of hydrogen can be interruptible, it provides an interesting opportunity as we see those daytime prices start to diminish to average down your costs; in some cases being paid to take the energy to get to a point where hydrogen may start to - production may start to get into the zone of commercial feasibility.

We're a way from it yet, but you can feel it on the next horizon. We don't invest a lot of resources or effort into it, but we have got a particular project and we're working with one of the equipment manufacturers on that project at present to see if we can get more comfortable about its long-term viability.

Gregory Sacks: (Shareholder) [Inaudible - microphone inaccessible].

Len Gill: One in the middle and then one down the back.

Unidentified Participant: Just linking to that last question, generally I think the Company's on the right way to do all these things that we were all hoping for. My question is actually, now that you realise what the Government is proposing, in terms of pet projects et cetera - the initial response by energy companies was very muted and very semi-cooperative with yes, we will do all this, we will arrange all this.

I think the response now would have room to be much more coordinated between the different energy companies, regardless of what the energy actually is, of the interference in business transactions, interference in picking certain things that the Government will support or not support depending on where they think they get their votes from.

So I'd like to, because what you expressed in terms of your attitude was the most comprehensive thing that I wanted to actually hear from energy companies because mostly people are sort of stepping back and saying, oh, I'm trying not to be too anti-government, I'm trying not to be this and that. You had the most comprehensive response that I think is the reasonable response and I'd just like to know what kind of action you actually take and maybe you need to go with the public a bit more by actually putting out the figures of comparisons.

Because people don't really know about the Energy Council, they don't even know it exists most of the time so there has to be maybe some more public work without being in any way antagonistic unnecessarily, but to sort of actually put the facts out there. I'd just like to know what your detailed response might be of coordinating because I've been to APA and AGL and they're like, yes, yes. They do agree with you no doubt, but they don't actually voice it and I think we've come to a point where maybe private companies already starting to voice what they think they should be doing, and they're doing it because it makes financial sense. Thank you.

Len Gill: I appreciate the comment. I guess our experience is we will support and continue to work constructively with our elected governments. It doesn't necessarily mean we fully agree with everything they're proposing, but they are our elected governments and we respect the rights of citizens to vote them in and the rights of those elected officials to act as they see as appropriate.

Our experience is – there's a lot of collective wisdom in our Company and our experience is you are far more effective dealing through the regulatory groups and policy advisors in a non-confrontational way, in a constructive way that respects the views of the other party.

Thirdly, in regards to your public engagement, I used to work a long time ago for a Company whose public slogan, advertising slogan, was 'we're excited about electricity, even if you're not'. That resonated very strongly with the consumers because, I'm delighted that you're all here today, but if you really think about it, people have got a lot of things on in their lives and worrying about the electricity industry is not even on their list of top 100 things to worry about.

So I'm not sure that trying to engage the public in terms of supporting competitive neutrality would be effective, nor be really respectful of the rights of the public to delegate those responsibilities as they have to their elected policy officials and elected Parliamentarians. I'm going to ask Ross to just add a couple things, I'm sure he wants to say a couple of things from his years of experience in the industry as well.

Ross Rolfe: Yes, it's an interesting challenge at the moment to be frank. The industry is more aligned than I have ever seen it being on the future direction. There is really no serious departure from that. People might argue a bit around timing, but most of the industry really is of a common view about the direction going forward. As are the two key industry bodies, namely the Australian Energy Council and the Clean Energy Council of which we are a member of both.

Everyone is of the same opinion, as, I must say, are all the policy advisors in the systems of government, both at the State and Federal level. It's not like this is a highly contentious perspective on the world and what needs to be done to reposition the industry into the future. The debate is skewered by party political, or internal political, politics at the very senior level. I guess we've adopted the approach, like the rest of the industry, listen respectfully, respond thoughtfully, on each of the measures that they put out.

To be honest I do think that is gaining increasing traction. I know that after the last election outcome, we probably all felt that we'd gone a bit backwards on national energy policy. But Paul and I are closely involved in those debates and discussions, both directly and indirectly and my sense is that the community view, the combination of economics and science, is really resulting in everyone accepting that we're going in the right direction.

Now there'll be different business strategies by individual players and maybe different points of emphasis on certain matters. But at the industry level, I think there's a lot of consensus about the direction going forward and even within the systems of government; they actually know that as well.

It's just for whatever reason, historically, politically people have moved themselves into different positions and they're finding it hard to reinvent themselves into the new world. But look, there's a general acceptance of what we're saying is a widely held view.

Len Gill: Any other questions? Okay, thank you. Down the back, a question.

Richard Wilkins: (Shareholder) Thank you Chairman, Richard Wilkins. I'd like to endorse what one of the other shareholders said that I've been a shareholder in this Company since the very beginning and every year the presentations have been excellent and I think particularly this annual report is a very good one.

I've got three questions, but I hope they're quite straightforward. On page 17 and 18 of the Annual Report, it refers to the three imminent or prospective projects you're working on for 540 megawatts…

Len Gill: Sorry, could you speak up a little bit. I'm having trouble hearing.

Richard Wilkins: (Shareholder) Sorry, bottom of page 17 540 megawatts on the three named projects there and you and Ross have spoken today about a slightly bigger number of 600 to 700. My question actually is purely on one word because it says at the top of page 18, that you will consider them either as [known] projects or capital light. Now obviously that 600 or 700 megawatts, is going to be well over $1 billion. I think the way Ross phrased it this morning the inference was that all of that capacity would be dealt with in a capital light way, not in an own way. But clearly from a shareholder point of view, the amount of investment involved is absolutely massive. So, I wonder if you could just - I was a bit surprised by the word or there. I wonder if you could just clarify what the strategies are.

Len Gill: Well, the meaning of the word or is that the Board has yet to make a formal decision on how those projects will be funded and it'll be one way or another. But I think we've been pretty clear and demonstrated a significant discipline on the need to keep our balance sheet in a very robust way, robust capacity. And we've already demonstrated the capacity to take our own projects with Cherry Tree being a great example. We owned that project. We sold that project. We now own the rights to that wind that comes from that project, which is what the core asset for the Company really is.

So, without pre-empting what the Board will decide at that particular time, I think that's the framework in which we'll make the decision.

Richard Wilkins: (Shareholder) Right. Thank you. Which financial year do you think you'll reach the target of the 75% firm? I mean, it's obviously gone up a bit, but there's still a long way to go.

Len Gill: Sorry, could you just speak…

Richard Wilkins: (Shareholder) Sorry, which financial year do you think you'll reach your objective of 75% firm sales?

Len Gill: This is contracted C&I sales you mean?

Richard Wilkins: (Shareholder) Yes.

Len Gill: FY20.

Richard Wilkins: (Shareholder) As quick as that?

Len Gill: We’re there now.

Sylvia Wiggins: We’re there.

Richard Wilkins: (Shareholder) Right, great. And thirdly; it was a bit hard to read the slide on the outlook, but I think it seemed to me that there was actually no financial guidance in there at all other than bits and pieces and perhaps the nearest thing on net operating cashflow was to say it was going to be weighted towards the second half. No doubt the Board's given a lot of thought to this, but it would be lovely to hear some sort of guidance on EBITDA or NOCF or even gross revenue or even the smallest - just a forecast of production and gigawatt hours would help some of us trying to struggle with how to analyse this Company. Thank you.

Len Gill: Well, we don't provide formal guidance, but I think I'm going to throw that to Sylvia in terms of we do provide an enormous amount of information from which people can deduce the trajectory.

Sylvia Wiggins: Yes, hi Richard. If you go to the full year ‘19 presentation materials from the 22 August, and I think I can refer you hopefully to slides 24 and 25 in that, what we do is we give you our P50 production estimate for the year. Then we break it down to electricity and to LGCs. We're pleased to report that for FY20 we are 100% fully contracted sales in respect of our LGCs and we give you an average price of $54 for those. So, you'll be able to do the maths on that side of the equation from a revenue perspective.

Then you look at the electricity numbers and we've given you our five year C&I book out for sale. And we give you an average price for that. So, it's just a matter of doing the production multiplied by the percentage that we've told you sold, multiplied by the price that we've given you and you'll be able to get an electricity revenue number. The piece you won't be able to plug of course is the merchant sales, but obviously you can choose your own adventure in relation to the energy price for spot prices in both South Australia and New South Wales, which is where we've got our primary merchant capacity.

In terms of the operating costs, I think on that slide we do actually try to give you some very substantial guidance in relation to the operating costs have been very stable in respect of the owned wind farms over a vast number of years because of the OMN contracts that I mentioned earlier. And we do guide in relation to corporate costs. So, I agree it's a bit of a task to get there and you can obviously call me or Pete Campbell, who's our GM of IR and we can put some more detail around that if you need it.

Richard Wilkins: (Shareholder) That's great. Thank you very much. Thank you.

Len Gill: One more question on the left.

Anthony Pasec: (Shareholder) Good morning, Anthony [Pasec]. Ross, you mentioned FCAS in your outlook that we're envisaging an increase in frequency control, ancillary service costs. Am I right in saying on the flip side, the battery that's yet to be commissioned, there's an opportunity for the revenue there to increase as well with an increase in FCAS costs on the grid? And secondly, how far away are we from having that battery up and running?

Len Gill: Ross, over to you.

Ross Rolfe: Yeah. so, the battery is up and running. It's just going through its last hole point test at the moment as we speak. So, it's actually been working. It's not fully commissioned as yet. Hopefully that'll be in the next week. But it is performing actually exactly as we expect it to perform.

Yes, you're right in terms of its ability to tackle rising FCAS costs. But the interesting thing about the battery is it has a brain and so it is programmed to make the choice as to what is the most value accretive way to use its - to discharge its energy. So, if that is to offset an FCAS cost or to generate revenue from it, it will do that. If conversely, it is better to energy arbitrage because it'll create better value, it will do that instead.

So, it doesn't just attack one particular issue. It has a number of choices as to how its capability is deployed and it does so on the basis of what's most value accretive. So, the only reason I'm saying that is because it is theoretically possible at the end of the year that we'll actually have a quite high FCAS costs, but that'll be because we will have made more revenue from some of the other functions that the battery can perform. If that helps.

Len Gill: One more question on the left.

Unidentified Participant: I apologise if I appear to be hogging the questions, but I've been a foundation member of Infigen and I was a shareholder when it was one of those Babcock Brown babies only to see it go belly up and then find expression, Infigen. Now there was one brief question relating to staff. You talked about REM for them. Do any of the staff - how many staff have you got? Because I don't get the annual report. I just get the little flyer. How many staff have you got?

Ross Rolfe: Yeah, it bobs around a bit. But it's around 70, a few more.

Unidentified Participant: Okay, now do any of them get an opportunity to take up shares and do you give them at a discount for recognising and rewarding them? Do they get an opportunity to buy so that they have some skin in the game?

Ross Rolfe: The short answer is not really. The senior management team, of course, part of their remuneration arrangements involves performance rights. But other than that, really people are entitled to buy securities on the market if there is a window open or not. But beyond that, we don't actually offer.

Unidentified Participant: So, you don't say, you've done a great job. We will allow you to have some skin in the game at say 5% or 10% discount?

Len Gill: One of the issues - I mean I hear the suggestion, but one of the issues that has confronted the Company for over nearly - well, virtually two years now is that we've been unable to open a trading window because we've had so many things gestating, like the battery, like the South Australian gas turbines, like Smithfield. So, we've - for people that would know about those things, they would actually be insiders to buy shares at that time. So, we've been unable to open a trading window for directors to participate because of the successful achievements of the Company. But it is an issue that that still confronts us.

Unidentified Participant: Okay, thanks very much.

Len Gill: Now I'd like to turn to the formal business of the meeting. There is an opportunity at the end to ask further questions if you think of them. But we'll now move to these items requiring a security holder vote. Before we proceed with voting please note that in accordance with the voting exclusion statement on page six of the notice of meeting, a vote must not be cast for any resolution by or on behalf of those persons whose interests are affected directly by the resolution or by their closely related parties. However, a vote may still be cast by such people where the vote is cast by them as a valid directed proxy and the vote is not cast on behalf of an affected person or their closely related parties.

For those proxies vested in the Chairman, this means in accordance with the terms on the proxy form that undirected proxies will be voted in favour of the resolution. And as stated in the notice of meeting these voting exclusions apply to items two, five and six to be considered today. In relation to the method of voting on the resolutions before the meeting today, I plan to call a poll for each resolution.

There will be time allocated towards the end of the meeting for security holders to complete their voting cards for collection by the scrutineer and further instructions for the poll voting will be provided at that time. Item 2.6, adoption of the remuneration report. This report is set out in the 2019 Annual Report from page 40 and this resolution is to be voted upon by the Company. But this vote is advisory and does not bind the directors or the Infigen entities, although your directors do value security holders views and give them careful consideration when addressing policy changes.

As mentioned earlier, FY19 was a further year of transformation for Infigen, where management made substantial progress in delivering on Infigen strategy to provide customers with reliable and complete competitively priced clean energy. And as a reminder, some of the strategic objectives that changed during the year included investment in firming capacity through the acquisition of the Smithfield OCGT facility as well as development and construction of the SA Battery. Increasing the reliability and quality of our earnings with higher contracted sales and completing construction of the Bodangora wind farm.

Continued de-leveraging and recommencing the payment of distributions to security holders. This resulted in senior management achieving the short-term incentive outcomes and partly achieving the long term incentive performance criteria, as detailed in the remuneration report. Director and committee fees remain unchanged throughout FY19.

The Board firmly believes that the successful execution of our strategy will depend in large measure on the commitment of a highly skilled workforce served by an experienced leadership team. Infigen’s ability to attract and retain talented people within an emerging renewables market is paramount to continue the execution of the strategy.

The resolution for Item 2 is shown on the screen. I won't read it out. The resolution is an ordinary resolution requiring a majority of those security holders voting, to vote in favour for the resolution to be passed. The proxies received for this resolution are now displayed on the screen.

The directors recommend that security holders vote in favour of the adoption of the remuneration report. Do any security holders wish to ask questions or make a comment about the remuneration report? Please raise your hand and wait for a microphone. One at the back.

Richard Wilkins: (Shareholder) Thank you Chairman. Richard Wilkins again. It's a very good [REM] report, very well written, very clear and understandable and comprehensive. I just have two points and this is really only in the spirit of feedback. The total salary packages for the senior executives are quite generous but I realise that one can have endless debate on what is a fair amount. Also, no doubt you get huge amounts of feedback on the composition.

My personal feeling would be at those package levels, I'd prefer to see a bit less on the STI and a bit more on the LTI. I can understand why it has been as it has it the past but I think as you're now moving into a different sort of phase, perhaps more LTI would be more appropriate.

Also, there are a couple of references to components of the five year business plan being, if you like, assessed in the eligibility of the grants of awards. Given that the five year business plan, it would seem, to be apposite perhaps to think about a longer vesting period now for LTI. Personally, I'd like to see five years but would at least ask the Board to consider whether four years might be the right way to go in future years. Thank you.

Len Gill: I'm not going to comment on every specific point you made. The Board has undertaken a comprehensive review of the remuneration structure, not this year but the year prior. We believe that remuneration balance is fit for purpose. We keep an eye on it but I think the comment earlier about the share price and my comments about the overhand of government policy, we don't want to get distracted by things that don't create real value.

We want to incentivise a highly skilled management team and workforce to deliver on creating real value. That, in that sense, we think the achievements that have been demonstrated over the last few years but, in particular, the firming assets and the growth in C&I capability, if I had been standing here a little over two years ago, we had one metred site which was a legacy contract.

We're now a significant C&I retailer, significant credibility, we're invited into a lot of tenders. So the business, we think, the REM structure is pretty fit for purpose but we will, as I said, we keep it under review and I will take your comments under advisement.

There was another question? Maybe it was - okay, one more.

Charles Weekes: (Shareholder) Charles [Weekes], I'm a long-term shareholder, since Babcock & Brown. I think your incentives are far too generous. You people have been getting incomes. Shareholders have had no income for about six years. How about getting a bit more dividends back to the shareholders? We deserve a reasonable return for our investment and we are not getting it at the moment. Thank you.

Len Gill: I'll take that as comment but I will respond. There will be no returns to investors unless the Company performs. We've reintroduced distributions this year, not by accident but as a result of a lot of hard work from the people both in this room and back in the office.

So the Board looks very, very seriously at the remuneration structure and also the performance of the key executives and the staff and I do think we need to reflect on the fact that we've been able to get our balance sheet and our growth balance pretty right and reintroduce the distribution to give you some return as well as some growth in the share price of recent times.

Are there any other questions? Otherwise I will just continue on. For the purposes of the voting exclusions I outlined a few minutes ago, the relevant persons who may not vote on this resolution are all the key management personnel, including the directors and their closely related parties.

As foreshadowed, in relation to voting of the adoption of the remuneration report, I now call a poll on this item. Security holders may wish to mark the relevant box for item 2 on your yellow voting card now, i.e. one of either for, against or abstain boxes.

Or otherwise wait until later in the meeting when time will be allocated to complete the voting card for all resolutions. I am going to assume that we're going to wait until the end and then I'll give you all sufficient time in the interests of efficiency.

I will now move on to item 3 on the agenda, relating to the election of Karen Smith-Pomeroy as a director of the Company. Karen was appointed to the Board as an independent non-executive director on 12 December last year. Karen is currently a member of the Audit, Risk and Compliance Committee.

The appointment of Karen to the Board concluded the Board and management renewal process that began in 2017. We are pleased to have in place a full Board that offers a broad range of skills and experience. Karen has an extensive background in the financial services and energy sectors. Karen holds qualifications in accounting with significant risk management and governance experience.

The proposed resolution is shown on the screen. The resolution is an ordinary resolution requiring a majority of those security holders voting to vote in favour for the resolution to be passed. The other directors of Infigen recommend security holders vote in favour of the resolution. The proxies received for this resolution are now displayed on the screen.

Do any security holders wish to ask questions or make a comment about the proposed election of Karen Smith-Pomeroy as a director? Please raise your hand. There's one on the left.

Unidentified Participant: Can you please have her say some few words?

Len Gill: I was going to do that. Karen, do you want to say a few words?

Unidentified Participant: On how she's going to enrich the Company and the shareholders.

Karen Smith-Pomeroy: Thank you, Chairman. For those who don't know me, my background is actually in financial services, which the chairman has mentioned. I have spent a large amount of time in large banks within Australia, working in the credit risk and finance and market risk areas predominantly and a lot of my background is in the funding and lending to companies involved in - power companies and construction and also the infrastructure and property sectors, amongst others.

I have worked, as the chairman said, with a number of energy companies over the past in excess of 10 years. What I bring to the Board, I think, is a strong understanding of regulatory settings across a number of industries, having worked in highly regulated industries over most of my career.

I also bring a strong commercial lens, having worked with a number of companies and fully understanding all of the levers that drive success in businesses working with large workforces and the importance of staff and safety. Predominantly, just a different lens around risk and governance and making sure that we do the right things for the right reasons. Ultimately, that's with a view to everybody being successful, the Company, the shareholders and the staff.

Unidentified Participant: Can I just say, given the collapse in banks' risk assessments and the disaster the shareholders are facing having to pay for the ongoing remediation, what lessons have you learnt and how are you going to apply them to your capacities?

Karen Smith-Pomeroy: Well one of the things that I probably did for my sins, is spend five years as a chief risk officer of one of the large regional banks close to the GFC. So one of the things that I did in that time was actually re-jig and re-build the entire risk management framework of the entity that actually escaped Hayne fairly unscathed.

So I think my focus is always on doing the right thing and, if action is needed to fix something that's wrong, it's important that it gets done and it doesn't get swept under a carpet. I think that's one of the things that Hayne has exposed.

I think the other message that comes out of that whole collapse of the banking system, without getting too technical, is that a lot of organisations are complex. Infigen is complex. A lot of companies are complex. A lot of the important elements of managing the operations of those companies and particularly the risks, is actually trying to make sure that you keep an eye as much as possible on keeping it as simple as possible so that people clearly know what to do and as best you can, you build those systems and you keep an eye on them.

Unidentified Participant: Because as I see it as an outsider, the model is that the banks and all these large financial institutions have been reactive rather than proactive, taking - putting in place systems that would avoid having the disaster that we've had and reconciliate to pay for it.

Len Gill: I'm going to take that as a comment.

Unidentified Participant: That's fine, thank you.

Len Gill: You are welcome to make it at any of the bank's AGMs. If I can turn our minds, if there are no other questions on Karen's election, then I now propose to call a poll on item 3 relating to the election of Karen Smith-Pomeroy as a director. Again, security holders may wish to mark the relevant box for item 3 on your yellow voting card now or as I said, let's wait until later in the meeting.

Item 4 proposes for the re-election of Sylvia Wiggins as a director of the Company. Sylvia was originally appointed to the Board as a non-executive director in April 2016 and since May 2017, has held an executive director position. Sylvia's qualifications and experience are outlined in the notice of meeting. Sylvia has Board experience in investment banking and corporate and strategic advice covering areas including energy, infrastructure, defence and structured finance.

The proposed resolution is shown on the screen. I am going to ask Sylvia to say a few words to security holders.

Sylvia Wiggins: Yes, thank you, Chairman. It's an interesting - I reflected on this because I'm really speaking to you and asking you to re-elect me as a director, not to actually elect me into the job that I do 24-7 at

Infigen, which of course I do as my capacity as an employee.

When I reflect on what I do as a Board member, it really is about bringing the financial skills and the commercial skills that I've gained over many years and, to be honest, they've increased over the last two and a half years that I've had the privilege of being an actual executive at Infigen.

I've got a wide-ranging experience. I've been the CEO, I've been the finance director of previous listed public companies. I've worked a lot with government in relation to that and I think, as you've heard from both the chairman and the CEO today, we cannot underestimate the role and importance that government policy play in relation to thinking about how we think about financing our strategies going forward and the risk that we take within our business.

I think there's a question as to my sitting on the Board, because I'm obviously started as a non-executive director and I now sit here today as an executive director. But what I bring to the table I think on is – I think I have the respect and confidence of the Board members that some of them I started with and some of them they have been new to the Board since my change in function going forward.

I think I speak with – I get a vote on the Board and in terms of thinking about the execution of strategy going forward, the one thing that all directors have is responsibility and liability going forward. So that's a little bit unique when you think about the position that I have as both an executive but also sitting on the Board I actually have that Board liability and responsibility.

Len Gill: But I would remind directors that in considering that we have a majority of independent directors but it is great for the Board to hear directly from the Chief Financial Officer at the table, and to have her consider the issues with the same lens as we all do as directors. But I remind you we do have a balance – a majority of independents. Okay are there any questions? One here.

Antoinette Grant: (Shareholder) [Antoinette Grant], shareholder. I just want to say it's probably no coincidence that it's two women directors get reconfirmed because they are the last ones on the Board. And I just wanted to actually say that this may be a great idea and it has been probably a long time in coming. So I think we expect maybe going forward maybe your effect has already been this year going forward. It certainly looks like that from a Company viewpoint. And we would like you really also because of lower age et cetera to bring a new perspective on the Board, which I think could be quite useful, but we'll have to see the proof maybe next year or years after. Thank you.

Ross Rolfe: She's not as young as she looks.

[Laughter]

Len Gill: We'll take that as a comment, but well maybe not the last one, but I'll take your remarks as a comment but it is a bit of a coincidence in terms of timing that we do have two women up for renewal this year. One obviously a recent appointment but Sylvia is up for a rotation, but both of them a very valuable members of our Board. So look, the resolution is an ordinary resolution requiring majority of those security holders to vote in favour of the resolution to be passed. The other director [unclear] recommends security holders vote in favour of the resolution. The proxies received for this resolution are now displayed on the screen. I now call a poll on Item 4 relating to the re-election of Sylvia Wiggins as a director, and again security holders may wish to mark the relevant box for Item 4 on your voting card now. Or as I said I will give you time later in the meeting.

The resolution for Item 5 seeks specific approval for Managing Director Ross Rolfe to participate in the Infigen Energy Equity Plan. This approval is required by the ASX listing rules and the Corporations Act because Ross is a director. This resolution is to be considered by the security holders of each of the Company and the trust.

The level of participation offered to Ross under the Equity Plan has been determined with reference to market practice and within the framework of Infigen's renumeration policy. The performance rights to be awarded to Ross under the plan are at risk with vesting contingent on the performance conditions being satisfied. The performance conditions require sustained and material improvements in relative security holder returns as well as performance against a scorecard of strategic objectives.

Other details of the Equity Plan, the proposed level of participation in the plan by Ross and the performance conditions required to be satisfied were included in a Notice of Meeting. The proposed resolutions for Item 5 as stated in the Notice of Meeting and shown on the screen.

The resolution is an ordinary resolution requiring a majority of those security holders voting to vote in favour for the resolution to be passed. And the proxies received this resolution are now displayed on the screen. Do any security holders wish to ask questions or make a comment about the Managing Director's participation in the Equity Plan?

Charles Weekes: (Shareholder) Again you're far too generous. Why aren't they related to shareholder return with is less than 2% of our – return on our money. And it is very poor. No they don't deserve this at the moment. Thank you.

Len Gill: I'll take that as a comment. Of course 50% relates to total shareholder return and there are conditions regarding the allocation of those rights. So all those details are in the Annual Report. The voting exclusions on this Item apply to Ross and any closely related parties. The other directors of the Board's of the Company and are responsible and we recommend that security holders vote in favour of the Managing Director's participation in the Equity Plan as set out in the Notice of Meeting. I now call a poll on Item 5 relating to the Managing Directors participation in the Equity Plan. Is there another question, I'm sorry. Let me finish this bit and we'll – actually we'll take the question now. I'm sorry I missed it.

Antoinette Grant: (Shareholder) Sorry, I'm just preaching to the unconverted I always was vote against this as a matter of principle and I repeat again it's no personal attack to any of the people because I think they're very good people. And in general if we had heaps of money we could potentially see our way to approve some of it. One of the main issues because as you can see from the proxies it's pretty useless to vote against it. But what concerns me most is that the Board makes the conditions that they have to comply with.

They don't tell us what those conditions are. If you come from a low share price, for example, it's pretty easy to get an increase in share price, et cetera. I think the conditions in general are pretty low. Also, up to the Board - when I read the - just the explanatory notes, because I haven't read the annual report yet, it sort of [constantly says] the Board may do this [or that]; if the Company gets taken over, they may pay out everybody.

All of that, mostly voters - individual voters don't really get what that means but it means that they are getting heaps of money when the shareholders haven't really got anything. I do join the other gentleman, it's very nice - I got 10 $1.00 coffees as a share - as a dividend. Whilst I am not having philosophical hesitations of supporting the businesses that do the $1.00 coffees, at least I can think the Company, as such, is on the right track and is a progressive Company.

I still object to the Board really making all these conditions, willy-nilly, which is usually to their own benefit because they get the benefit from other companies that they are directors for.

Len Gill: I'll take that as a comment. I think I would invite shareholders to take a high degree of comfort from the fact that we are reviewed by proxy advisors and institutional shareholders who look closely at our remuneration practices.

They look at it with the same flavour as all security holders, in terms of are they getting good value for money and they look at it from a point of view of, is this is a package that's in market that's going to attract quality people to unlock value in this Company? They probably don't come from [at a lens] with you're all over paid and deserve less; they come with it [at a lens as], is this appropriate for the market and is the discretion that the Board has on certain matters also appropriate?

The Board itself, when it determines what an appropriate policy considers where we think we should have discretion and where we don't need discretion; some things are far more mechanical. We think we've got the right balance but as I said before, we keep these things under review as the Company and the environment around it evolves.

There's a question from this gentleman.

Charles Weekes: (Shareholder) Not a question, just make a comment about these results. Mr Chairman, you know and I know and most of the people here know, this is the most corrupt voting of any voting in the world. The most communist country, South - North Korea or even the most - the opposite, [Cuba] would not be game to do what you people - voting on.

If you have interest in shareholders, people who come to these meetings, the interests of what they have in mind, why don't you introduce democratic voting? Each person has one vote and then you'll get [feeling of the meaning] of these people. Thank you.

Len Gill: Okay, I'll take that as a comment.

Charles Weekes: (Shareholder) [It isn't a comment], it's corrupt voting.

Unidentified Participant: [Shut up].

Len Gill: Okay, I think we've taken all the comments and questions we'll have on remuneration - on that particular resolution.

Again, security holders may wish to mark the relevant box for item 5 on your yellow voting card now or otherwise, wait until later in the meeting.

We will now move to the last item in the Notice of Meeting, a resolution for item 6; seek specific approval for the Executive Director, Finance and Commercial, Sylvia Wiggins, to participate in the Infigen Energy equity plan. As I mentioned for this previous item, this approval is required by the ASX listing rules and the Corporations Act because Sylvia is a director.

This resolution is to be considered by the security holders, each of the Company and the Trust. The level of participation offered to Sylvia under the equity plan has been determined with reference to market practice and within the framework of Infigen's remuneration policy.

Similarly, the performance right to be awarded to Sylvia under the plan are at risk, with vesting contingent on the performance conditions being satisfied. The performance conditions require sustained and material improvements in relevant security [held] and returns, as well as performance against a scorecard of strategic objectives.

Details of the equity plan, the proposed level of participation in the plan by Sylvia and the performance conditions required to be satisfied were included in the Notice of Meeting.

The proposed resolution for item 6 is as stated in the Notice of Meeting and shown on the screen. The resolution is an ordinary resolution requiring a majority of those security holders voting to vote in favour of the resolution to be passed. The proxies received for this resolution are now displayed on the screen.

Any security holders wish to ask questions or make a comment about Sylvia's participation in the equity plan and for the efficiency of the meeting, I will take it that the comments that were passed in the previous equity plan will also apply to Sylvia's participation, so please don't feel as though you need to repeat them for the sake of the minutes.

Are there any other comments from other security holders?

The voting exclusions on this item apply to Sylvia and any close related parties. The other directors of the Boards of the Company and the responsible entity recommend that security holders vote in favour of Sylvia's participation in the equity plan, as set out in the Notice of Meeting.

I now call a poll on item 6, regarding the participation in the equity plan by Sylvia Wiggins. Security holders may wish to mark the relevant box for item 6 on your yellow voting card now.

I have now arrived at the later time in the meeting to conduct the poll voting and completion of the yellow voting cards for all resolutions. I appoint the registry Link Market Services Limited as scrutineers for the poll. All security holders eligible to vote should have received yellow voting cards when you entered the meeting and if there is anyone who is entitled to vote in the poll and who does not have a yellow voting card, would you please raise your hand now and your scrutineers will attend to you immediately.

Otherwise, for items numbers 2, 3, 4, 5 and 6 on the reverse of your yellow voting cards, would you please mark one of the for, against or abstain boxes for each resolution. If you require a pen, these are available from the scrutineers. The scrutineers will collect your voting cards when you are finished.

I'll just give you a few minutes, including myself, to fill in the forms, while I do mine.

Unidentified Participant: [That's the chair].

Unidentified Participant: [Unclear].

Len Gill: [Unclear] Okay, have all the yellow voting cards been collected? Is that a yes? Then I now declare the poll closed. Thank you for your patience, ladies and gentlemen. We will not have a detailed result of the poll voting until all the votes are counted and verified by the scrutineer. This may take some time. The results are unlikely to be known prior to the conclusion of the meeting today so the results will be released to the market and placed on Infigen's website as early as possible today.

That concludes the formal part of today's meeting. However, do any security holders wish to ask any final questions or make any final comments about the operations, activities or any other matters related to Infigen

Energy? I can see there's a hand up.

Wendy Clare: (Shareholder) Wendy [Clare] is my name. I'm just a little bit confused, how - didn't you say earlier that you couldn't give your staff shares as rewards for their service but they're still available for shares to go to directors? Am I correct in saying that?

Len Gill: You are correct…

Wendy Clare: (Shareholder) Okay, and also…

Len Gill: …but in fact, the - whilst there is - the scheme provides for those shares to be - to an entitlement to those shares but for the Company to actually issue those shares, we need to be clean with the market. For instance, for FY17 we had to actually formally issue those shares to those employees, because we're unable, technically, to do so until we get a window.

Wendy Clare: (Shareholder) Also, following on what this gentleman said, just say I'm a superannuation fund and I own six million shares, do I get six million votes?

Len Gill: Yes.

Wendy Clare: (Shareholder) But we only get one vote. If we - I might own 10,000 shares…

[Over speaking]

Len Gill: No, your votes are [in proportional] to your shareholding.

Wendy Clare: (Shareholder) How do you know how many…

[Over speaking]

Len Gill: Speak to the registry people, because the registry has a record…

Wendy Clare: (Shareholder) Okay.

Len Gill: …of your shareholding as they do of all…

Wendy Clare: (Shareholder) But they don't - my number's not on that yellow card. Anyway, there you go.

Unidentified Participant: (Shareholder) Just a final comment, I've asked a lot of questions and for all that appears to be negative, I remain committed because it's a field that is important for our future. This is very important. I've had a lot of capital tied up; I've got no returns. I remain an optimist, dare I say and I'd like to thank you all for doing a - working as hard as you possibly can to get this Company up and running.

It might have gone belly up as Babcock & Brown but I hope it does get up and do something, not only for us as shareholders but more importantly, for the environment. Thank you.

Len Gill: Thank you. I appreciate a positive note on which to [end] on. Are there any other comments? Then ladies and gentlemen, as there are no further questions or comments from security holders, that ends the business of today's annual general meeting and accordingly, I now declare the meeting closed. Thanks for your attendance and your interest in the activities of the Infigen Energy group.

I now invite you to join the directors and management for light refreshments and an opportunity to discuss any further matters relating to the group, outside. Thanks for your attendance today.

End of Transcript