Eco Investor Forum

Opportunities for Renewable Energy Investment in Australia

Gerard Dover, Chief Financial Officer

19 October 2010

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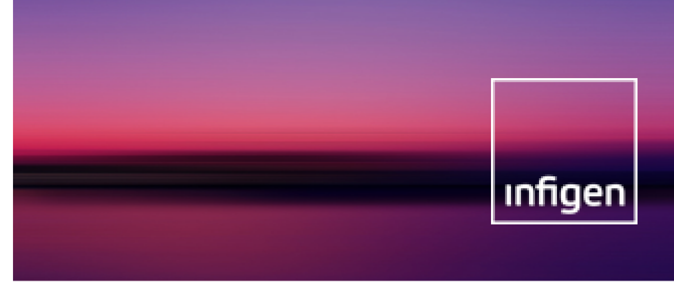
Agenda



- **Overview of Infigen Energy**
- Deployment of Renewable Energy
- Availability of Wind Energy Resources in Australia
- Australia's Renewable Energy Policy Landscape
- Conclusions

Presenter:

Gerard Dover Chief Financial Officer

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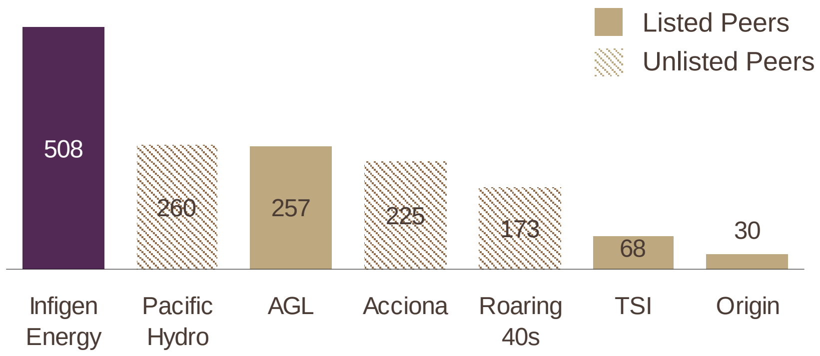
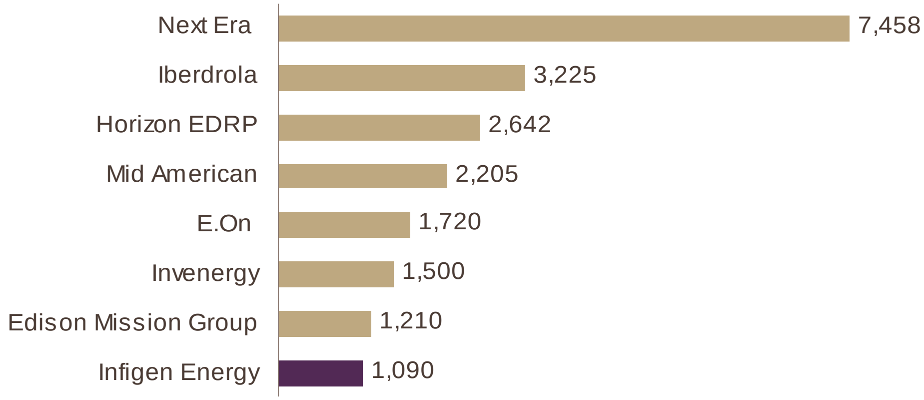
Infigen Energy Overview

- Operate over 2,100MW of wind energy generation globally
- Largest owner of wind energy capacity in Australia
- Development, asset management and energy markets capabilities in Australia
- Own & operate a top 8 business in US wind energy industry
- Highly experienced US Bluarc asset management team
- ASX listed (ASX:IFN) with market cap of approx. $A500m+

Australian Wind Farm Owners (operating MW)[1]



US – Top eight wind farm owners by installed capacity (MW)[2]



1. Clean Energy Council (2010) and company Websites. Excludes contracted capacity.
2. American Wind Energy Association: 2009 Annual Report

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Major Australian Projects

Australia's leading specialist wind energy and renewable energy developer and operator

LAKE BONNEY 1

Location: South Australia
Status: Operational March 2005
Installed Capacity: 80.5MW
Turbine: 46 Vestas V66

ALINTA

Location: Western Australia
Status: Operational January 2006
Installed Capacity: 89.1MW
Turbine: 54 NEG Micon NM82

LAKE BONNEY 2

Location: South Australia
Status: Operational September 2008
Installed Capacity: 159.0MW
Turbine: 53 Vestas V90

CAPITAL

Location: Bungendore, NSW
Status: Operational November 2009
Installed Capacity: 140.7MW
Turbine: 67 Suzlon 2.1MW S88

LAKE BONNEY 3

Location: South Australia
Status: Operational June 2010
Installed Capacity: 39.0MW
Turbine: 13 Vestas V90

WOODLAWN

Location: New South Wales
Status: Issued notice to proceed
Installed Capacity: 42.0MW
Turbine: Suzlon 2.1MW S88

Development

Target to commence 160MW in FY11

160 MW in FY11

Woodlawn (42MW)

- Secured and progressed to construction in FY10

Woodlawn Expansion (6.3MW)

- Created opportunity for additional capacity

Next Projects

- Subject to market conditions and economics will come from secured pipeline

Solar Photovoltaic (PV)

- Secured development sites for entry into PV generation
- Infigen/Suntech consortium 1 of 4 short-listed for Commonwealth Solar Flagships Program as most immediate opportunity

Key Projects June 2010	Capacity (MW)	Location	Status		
			Land	Planning Approval	Connection
Flyers Creek	120	NSW	●	◕	◕
Glen Innes	54	NSW	◕	◕	◔
Bodangora	45	NSW	◕	◔	◔
Capital 2	70	NSW	◕	◔	◔
Woodlawn 2	6.3	NSW	◕	◔	◕
Walkaway 2	94	WA	●	◕	◕
Walkaway 3	300	WA	●	◕	◔
Woakwine	450	SA	●	◕	◑
Cherry Tree	35	VIC	◕	◑	◑
Other	324	Various	◑	◑	◔
TOTAL WIND	**1,498**				
Solar	195	Solar Flagships			
TOTAL	**1,693**				

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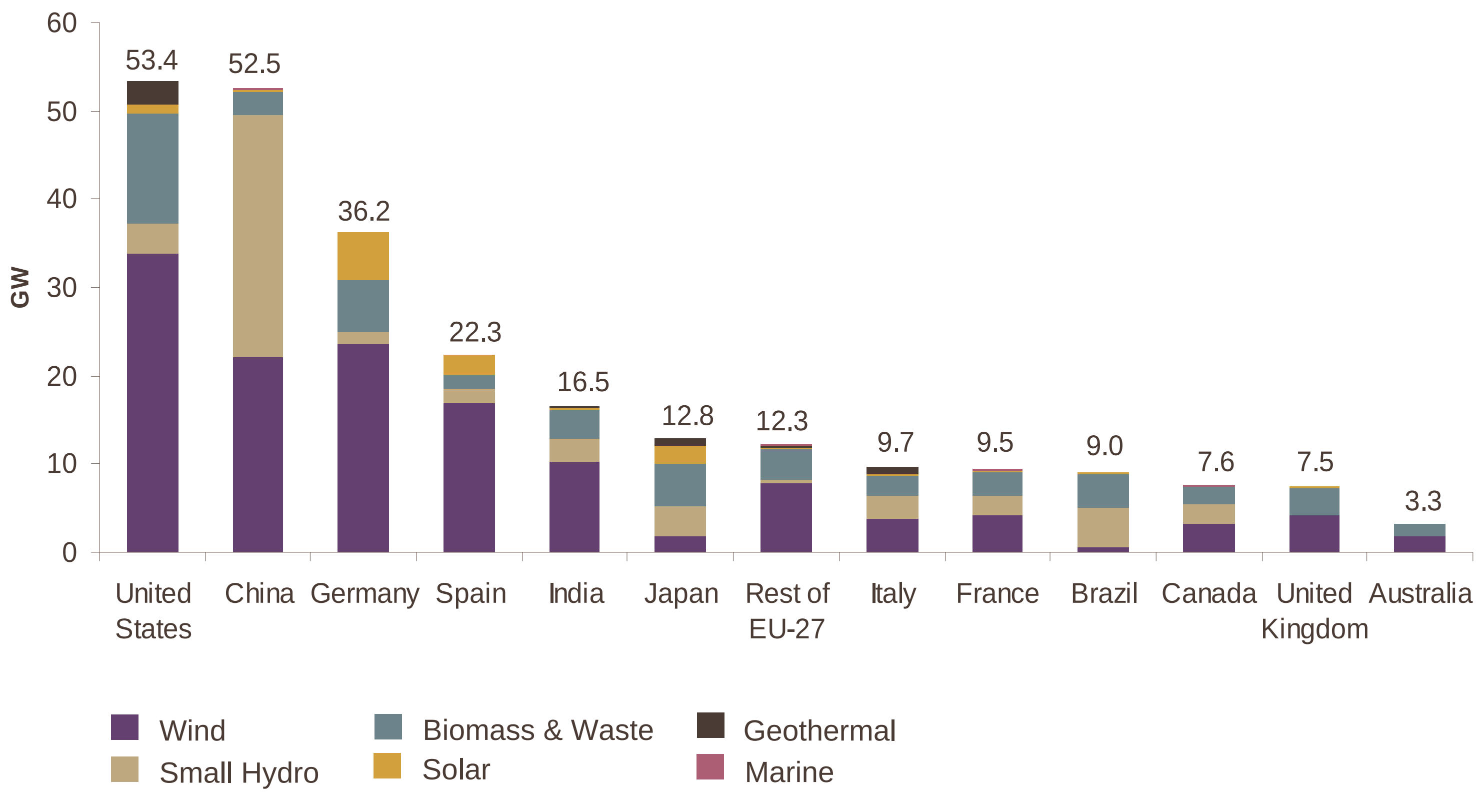
Global Deployment of Renewable Energy

Wind energy dominated installed renewable energy generation at the end of 2009

Installed Renewable Energy Capacity at the end of 2009 (GW)

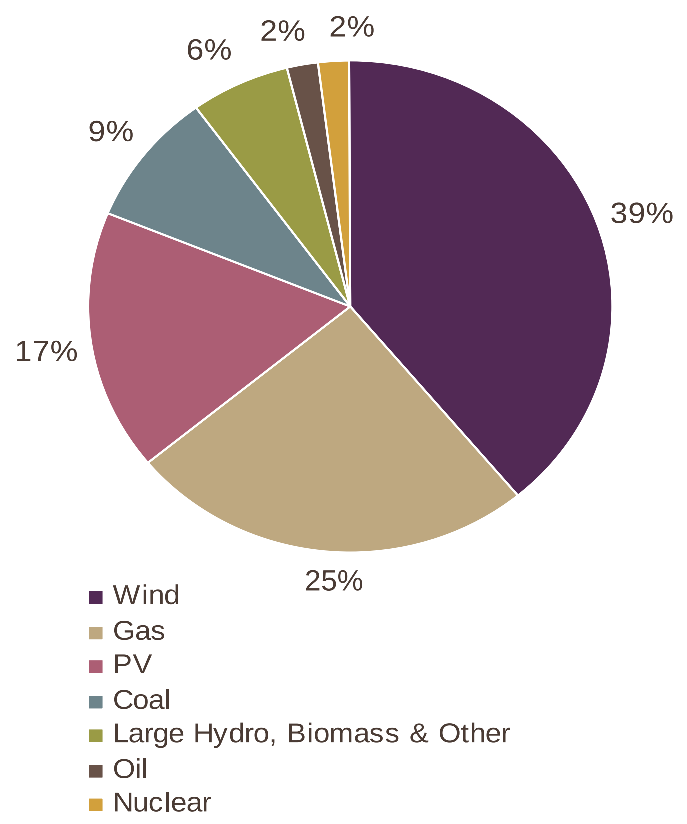


Source: PEW G20 Clean Energy Factbook (2009). Excludes large Hydro

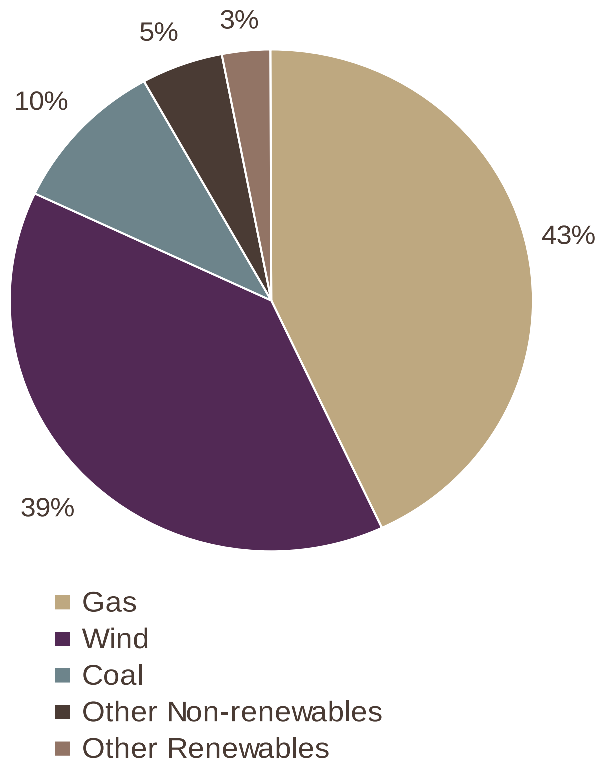
European and US New Energy Installations

Wind energy accounted for 39% of all new generation capacity in the US & Europe in 2009

New Energy Installation in Europe[1] – 2009



New Energy Installations in US[2] – 2009

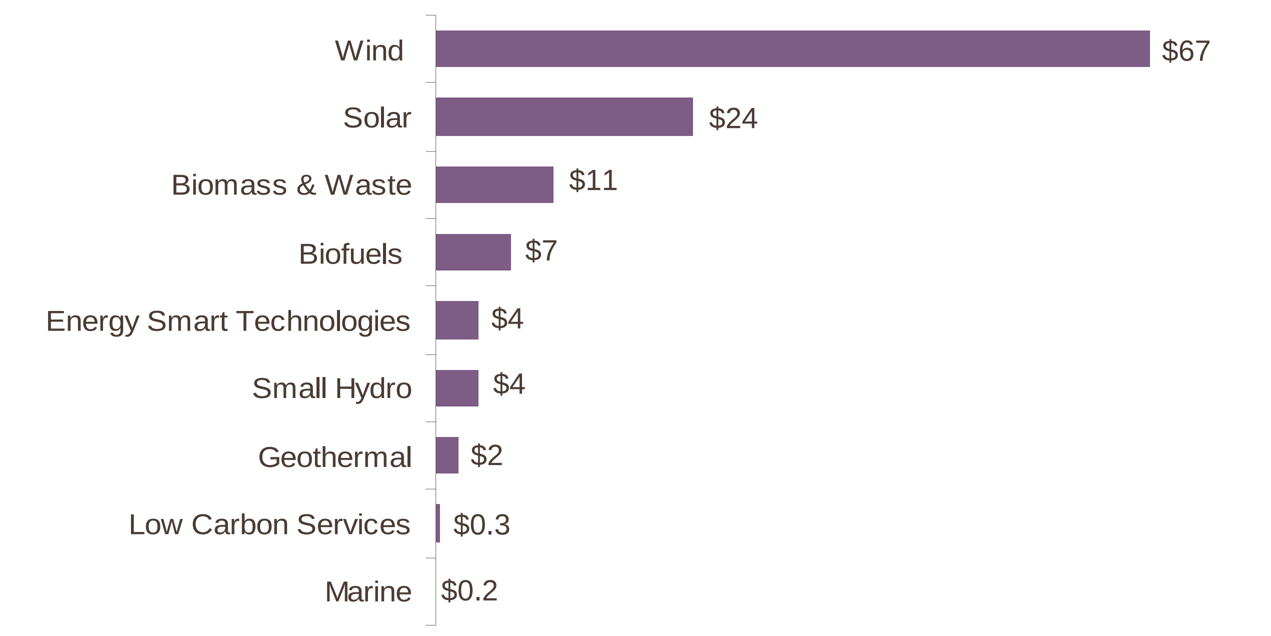


1. European Wind Energy Association: 2009 Industry Statistics
2. American Wind Energy Association: 2009 Annual report (% approximate)

Global Investment by Renewable Energy Type

Global Wind Energy Investment accounted for 56% of total renewable energy investment in 2009, up from 45% in the previous year

New Investment by Technology (2009, $bn)[1]



1. United Nations Environment Program (ENEP), Global Trends in Sustainable Energy Investment (2010)

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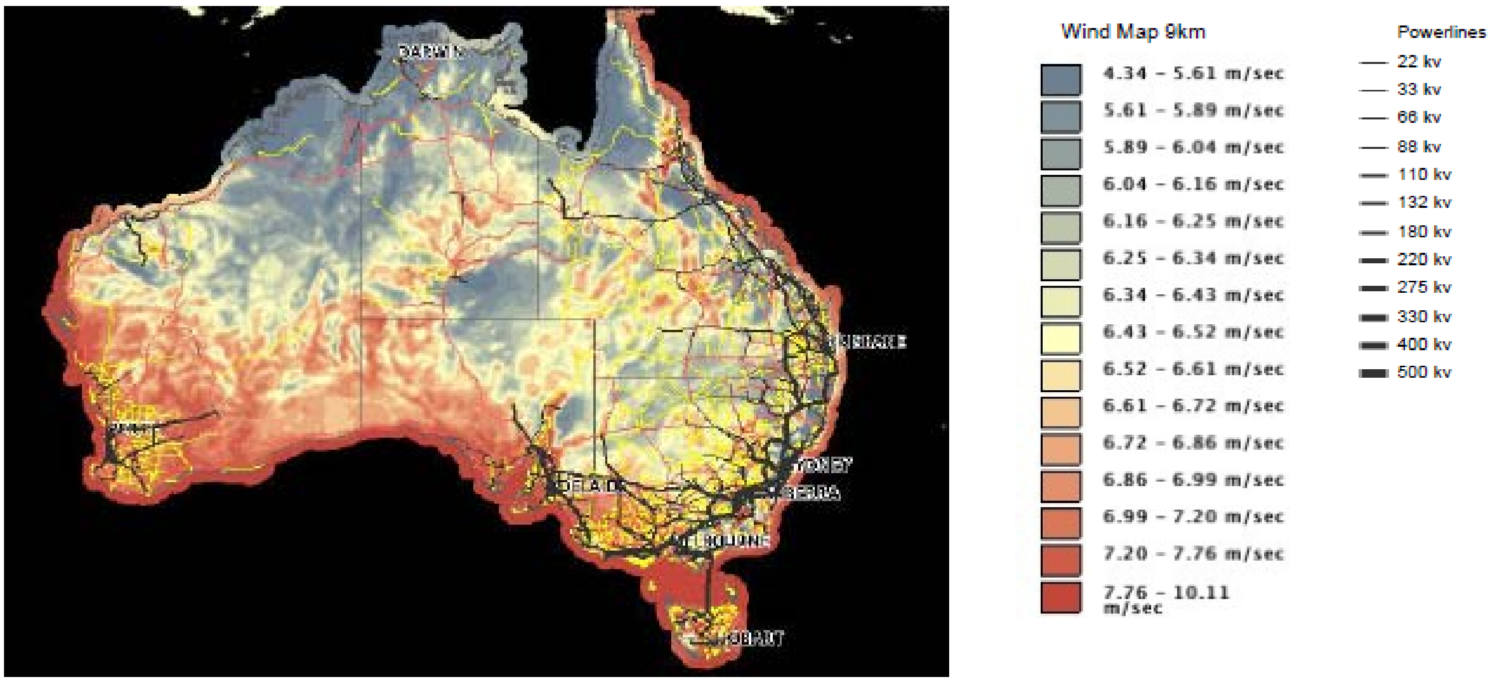
Australian Wind Energy Resource

Straight forward connections in high wind resource areas are becoming scarce



Source: Department of the Environment, Water, Heritage and the Arts

Augmentation of the grid will be required to efficiently satisfy LRET

Comparative Energy Costs

Wind Energy is the most cost effective utility scale renewable technology

Comparative Cost of Wind with Conventional & Renewable Energy Generation

Technology Ranking , 2015

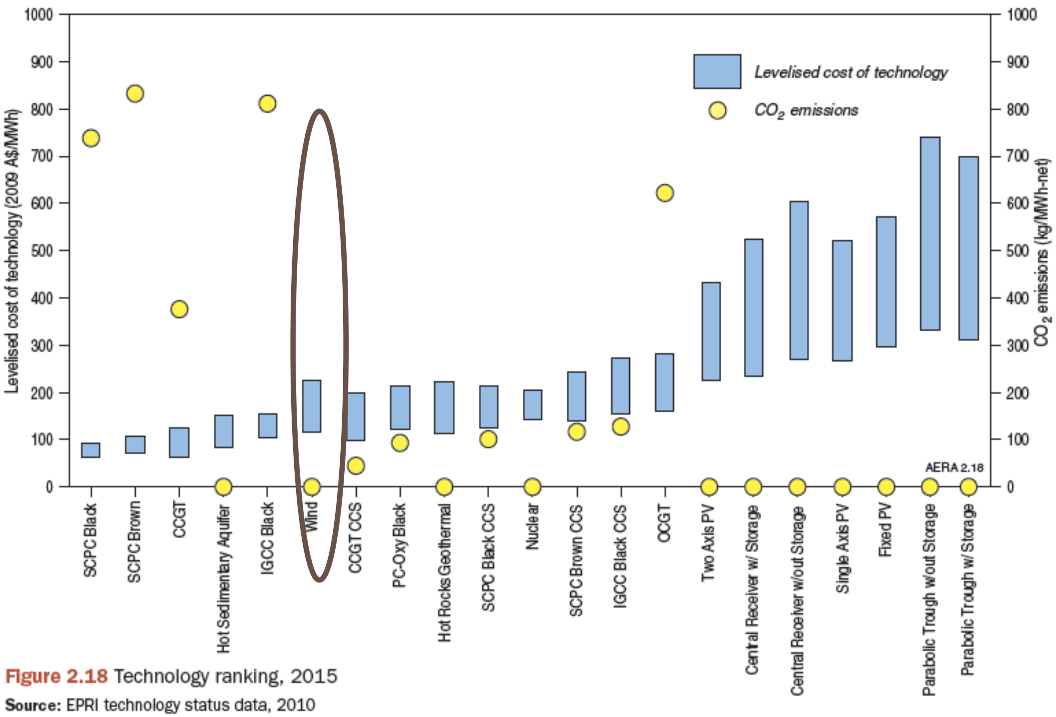


Figure 2.18 Technology ranking, 2015

Source: EPRI technology status data, 2010

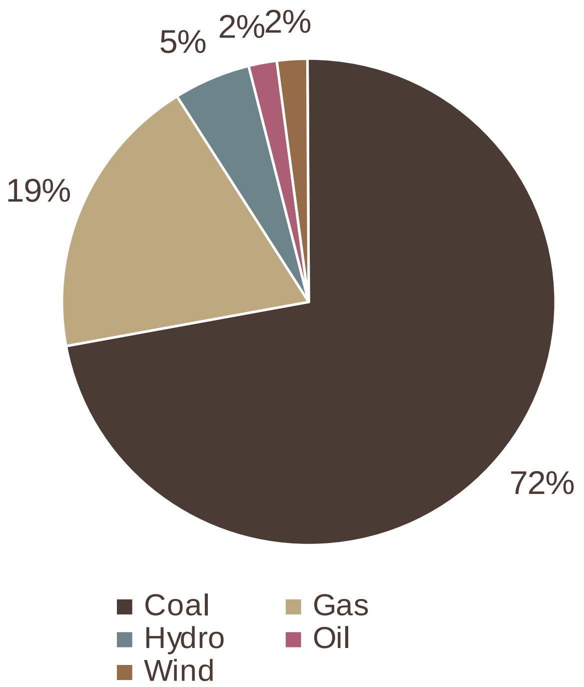
- Wind energy is the most cost effective utility scale technology under least cost, technology neutral incentives schemes
- Hot rocks geothermal technologies are not proven in utility scale and are likely to suffer remote location disadvantages
- Utility scale solar technologies are still substantially more expensive than wind energy but costs are reducing for Solar PV

Source: Australian Energy Resource Assessment. EPRI technology status data 2010. Levelised cost of technology estimates based on simplified pro-forma costs. Levelised cost of technologies includes weighted cost of capital (8.4% real before tax); excludes financial support mechanisms, excludes grid connection, transmission and firming (standing reserve requirements); and includes a notional allowance of 7.5% for site specific costs.

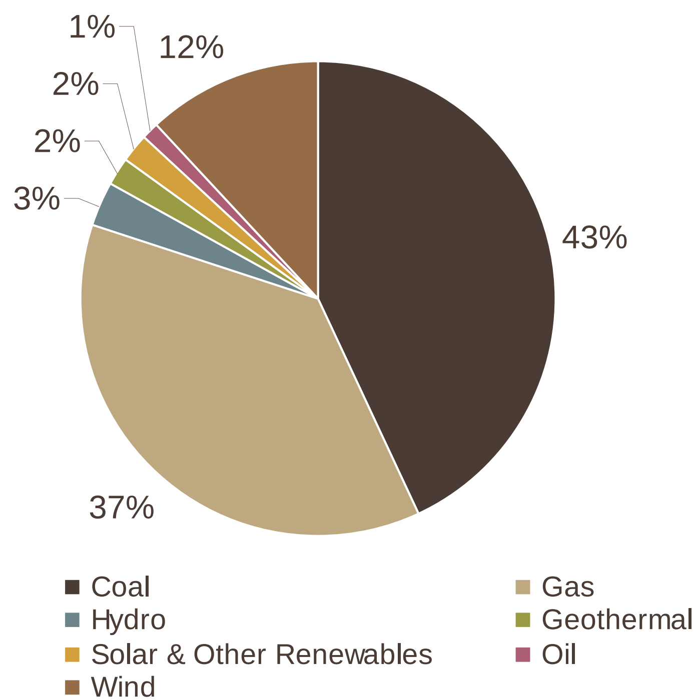
Australian Generation by Fuel Type

Penetration of wind energy is expected to grow by a factor of over five times to 12% by 2020

2007–2008[1]



Forecast (2029–2030)[1]



Australian new build electricity generation capacity will be dominated by wind energy and gas fired generation

1. Australian Energy Projections to 2029/2030: ABARE Research Report March 2010

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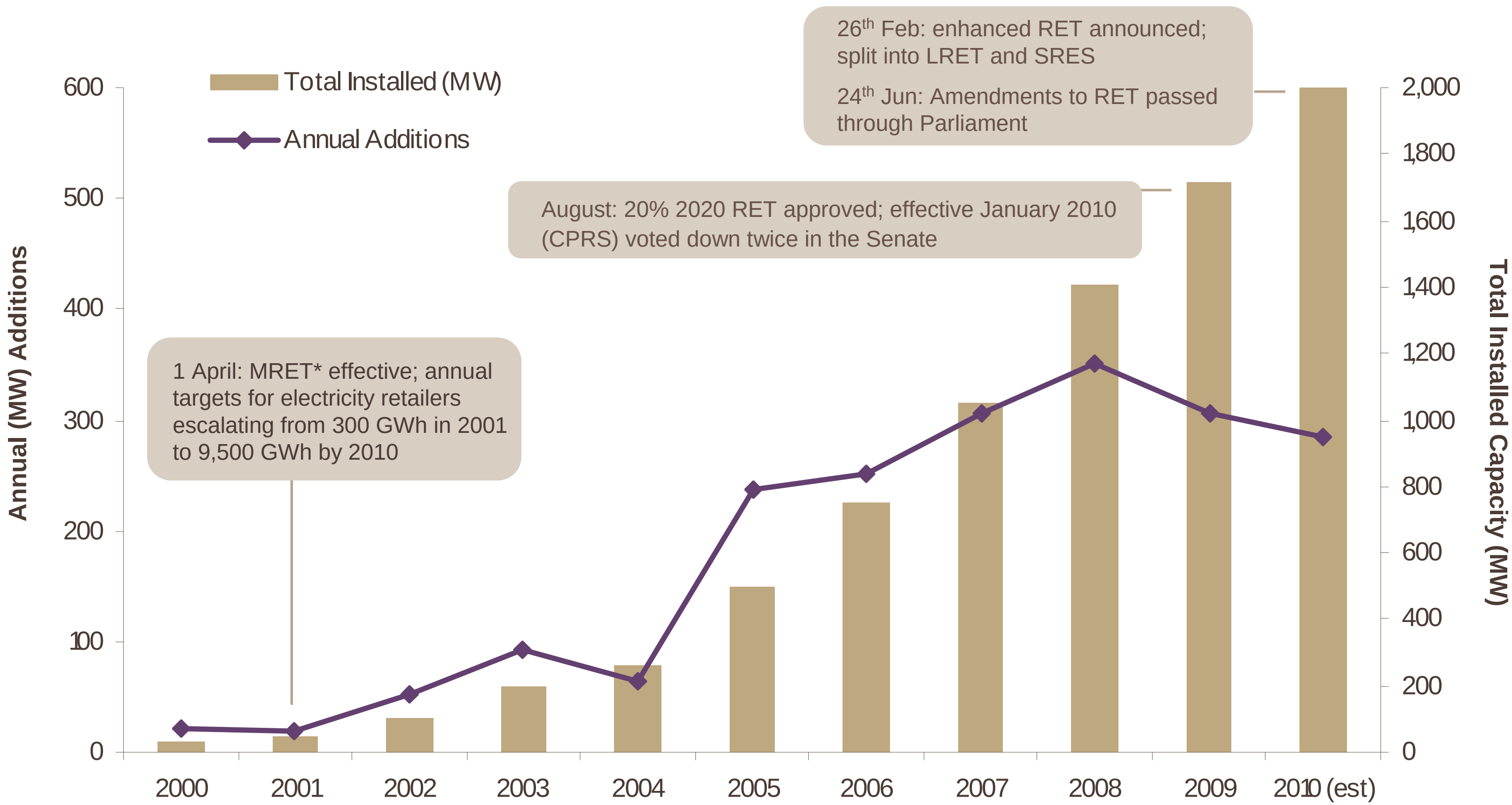
Wind Energy and Policy Frameworks in Australia

Government commitments have contributed to a steady increase in wind energy since 2005

Australia Wind Market Development: 2000-2010 (est.)

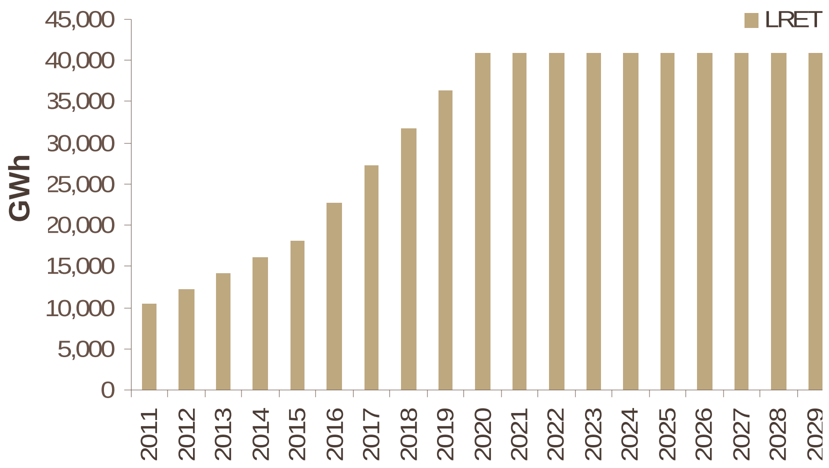


Note: *MRET = Mandatory Renewable Energy Target. **National Energy Markets include Queensland, Victoria, New South Wales, South Australia, Tasmania and the Australian Capital Territory
Source: Emerging Energy Research, Australian Wind rebounds October 2009; Global Wind Energy Council, Clean Energy Council, Fact Sheet March 2010.
Notes: Assumes 284MW of additions to installed capacity.

Large Scale Renewable Energy Target

LRET improves the prospect of achieving the 20% by 2020 renewable energy target

Requirement for Renewable Energy in Australia[1]



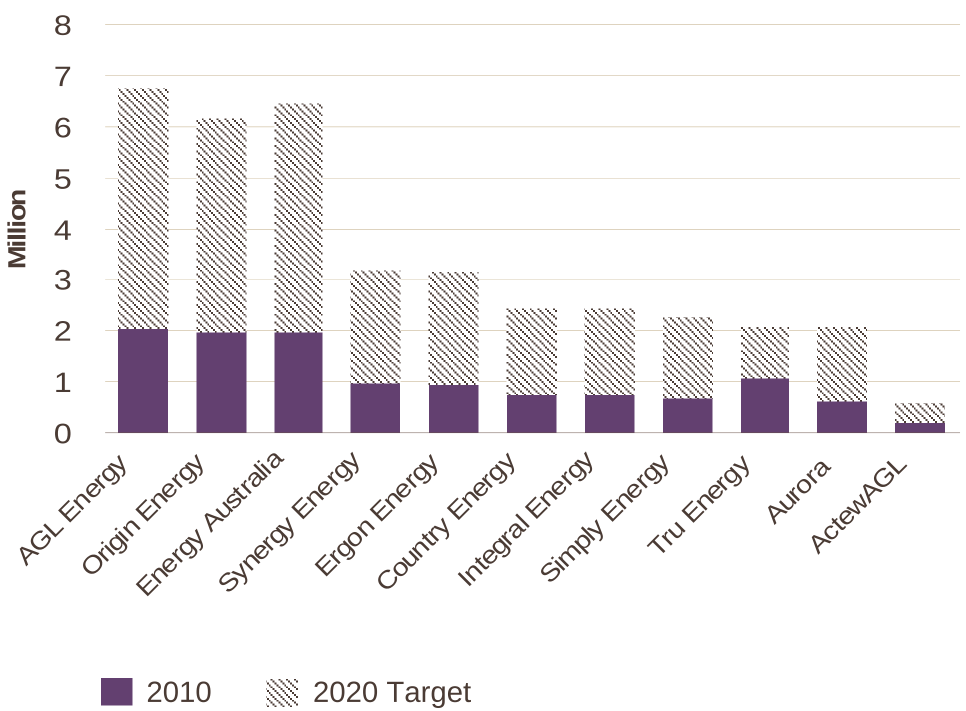
1. Enhanced Renewable Energy Target: Fact sheet July 2010

- The LRET surplus is a critical element in determining short to medium term investment
- REC liable parties have limited in-house capacity to deliver their mandated requirements
- Steep ramp up profile of LRET and significant lead time to complete renewable energy development and construction requires commencement of projects now

LRET Obligations for Electricity Retailers

Obligated retailers will need to build or contract increasing mandated renewable energy requirements. Only a few will build to meet their needs

Total Annual REC Obligation



Projected Wind Demand Through 2020

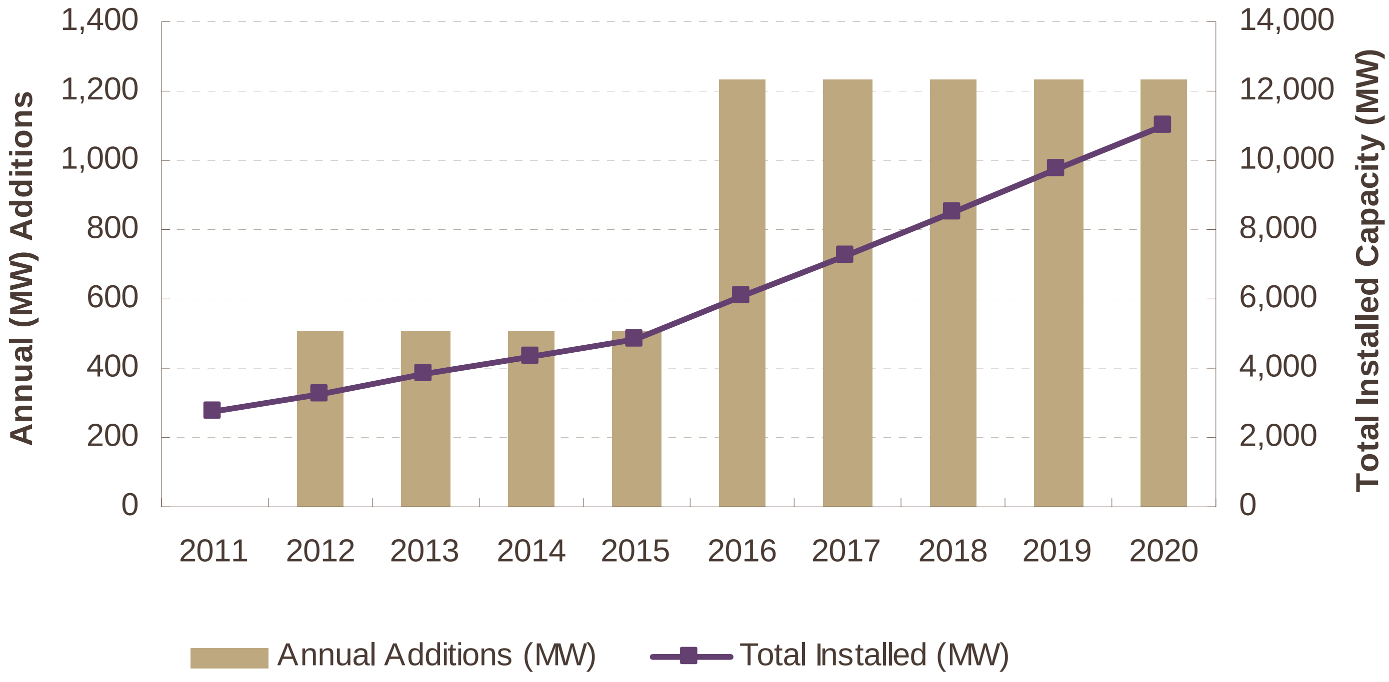
Obligated Retailer	Wind-Derived GWh Obligation per Retailer [1]	Projected MW Wind Demand per Retailer [1]
AGL Energy	5,047	1,800
Origin Energy	4,606	1,643
Energy Australia	4,829	1,723
Synergy Energy	2,392	853
Ergon Energy	2,347	837
Country Energy	1,828	652
Integral Energy	1,816	648
Simply Energy	1,709	610
TRU Energy	1,560	557
Aurora Energy	1,553	554
ActewAGL	477	160
Other	2,618	934
Total	**30,750**	**10,970**

Source: Company reports, Renewable Energy (Electricity) Act 2000: Amended up to Act no 69 (2010), ABARE Energy Update July 2010 and AEMO
1. Assumes 32% average capacity factor, wind contributes 75% of total LRET per retailer, constant market share per company by 2020.

Australia Wind Energy Capacity Forecast

Wind energy expected to increase to >11 GW following implementation of the LRET

Annual Wind Additions and Total Installed Capacity (MW)



Source: Renewable Energy (Electricity) Act 2000: Amended up to Act no 69 (2010)
Note: Assumes 32% average capacity factor, wind contributes 75% of total LRET

Other Considerations for Energy Policy

Australia's electricity generation sector will under-invest due to uncertainty around the introduction of a carbon price

- A price on carbon will raise electricity prices
- Doubt about the timing and nature of carbon pricing is untenable for all power generation fuel types
  - Coal-fired plant investment is discouraged due to risks of a carbon price
  - Low emission intermediate gas plants will not be built in the absence of a carbon price
  - The result is that only expensive to operate gas peaking plants will be built
- This is likely to exacerbate the boom bust cycle of pricing and generation development prevalent in energy and REC markets in Australia

Over time this will lead to security of supply risks, and/or more costly and less sustainable mix of generation plant…

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Key Conclusions

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Infigen Energy	• Leading specialist wind energy and renewable energy developer and operator
Wind Energy	• Potential to satisfy a significant proportion of LRET • Likely to dominate new build energy installation • Expansion of the grid will be required to efficiently satisfy LRET
Policy Landscape	• LRET improves the prospect of achieving the 20% by 2020 renewable energy target • REC surplus is a critical element in determining investment timing • The introduction of a carbon price would provide further investment certainty
Market Dynamics	• Limited in-house capacity of REC liable parties to deliver their mandated requirements • Steep ramp up profile of LRET and significant lead time to complete renewable energy plants requires commencement of projects now

Questions



Alinta Wind Farm, WA

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