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media release

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AGL completes Southern Hydro acquisition

The Australian Gas Light Company (AGL) has today completed the acquisition of the Southern Hydro renewable energy power generation assets for \$1.425 billion from New Zealand company Meridian Energy Limited.

The assets consist of 11 hydro power stations located in Victoria and New South Wales and Australia's largest wind farm located at Wattle Point in South Australia. The total generating capacity of the portfolio is 736 megawatts (MW).

The hydro assets will form part of AGL's energy business under the recently announced proposal to demerge AGL into two new major listed businesses by separating the retail and merchant energy assets from the infrastructure assets. The Wattle Point Wind Farm, the largest in Australia, will be incorporated into the infrastructure business.

"AGL is focussed on integrating Southern Hydro into the existing retail and merchant energy business to optimise the benefits expected to AGL's overall wholesale energy portfolio," AGL Managing Director Mr Greg Martin said.

Mr Martin added that since the acquisition announcement on October 31, dam storage levels for the combined hydro assets of Victoria and New South Wales have increased by 5.8 per cent. This reinforced AGL's view that the Southern Hydro assets would return to the long-term average hydrology by 2009.¹

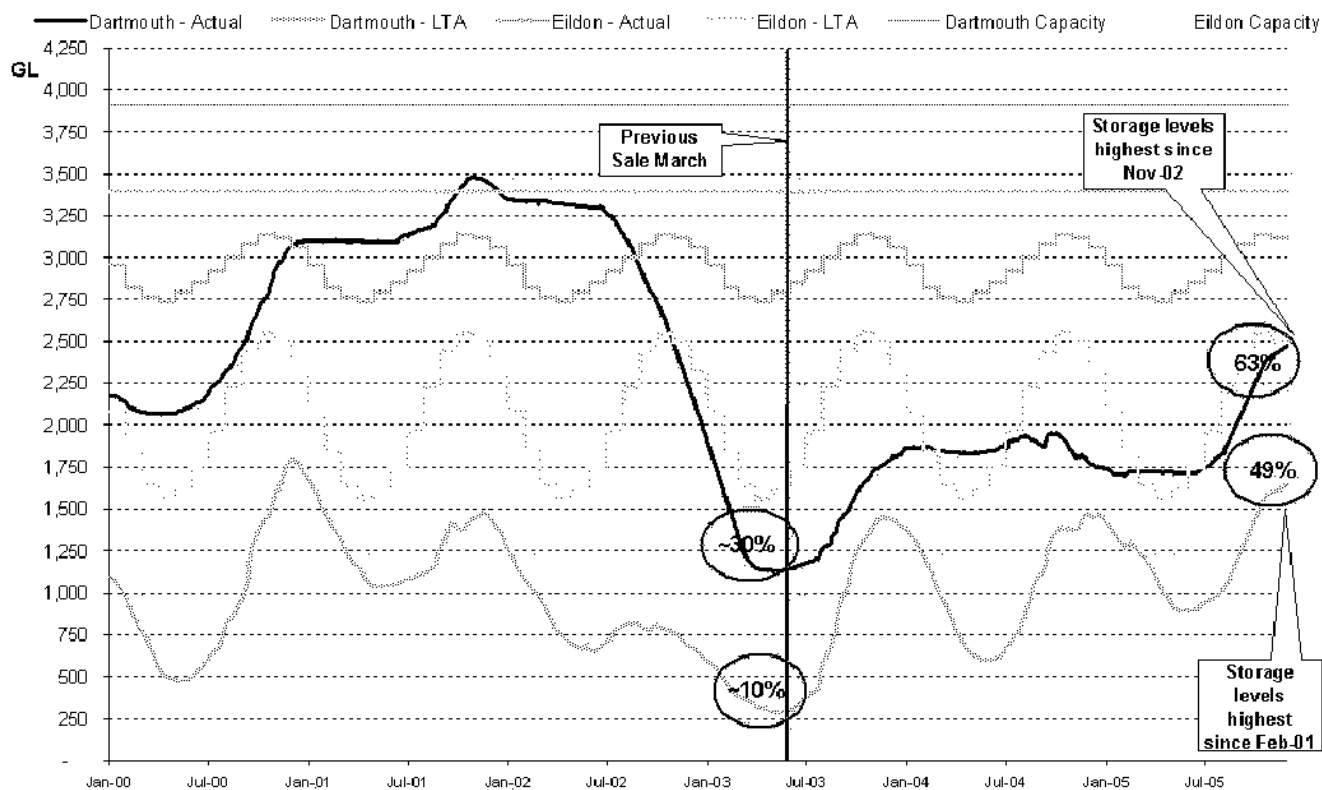
"The AGL generation portfolio now comprises 1,700 MW of capacity, including over 600 MW of fast-start-up peaking capacity, and positions the energy business for further growth," Mr Martin concluded.

Further enquiries:

Media

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¹ A chart illustrating the increase in key dam levels follows.



In the market presentation released as part of AGL's announcement of the acquisition of Southern Hydro, Dartmouth was at 61 per cent of capacity and Eildon was at 46 per cent of capacity.