



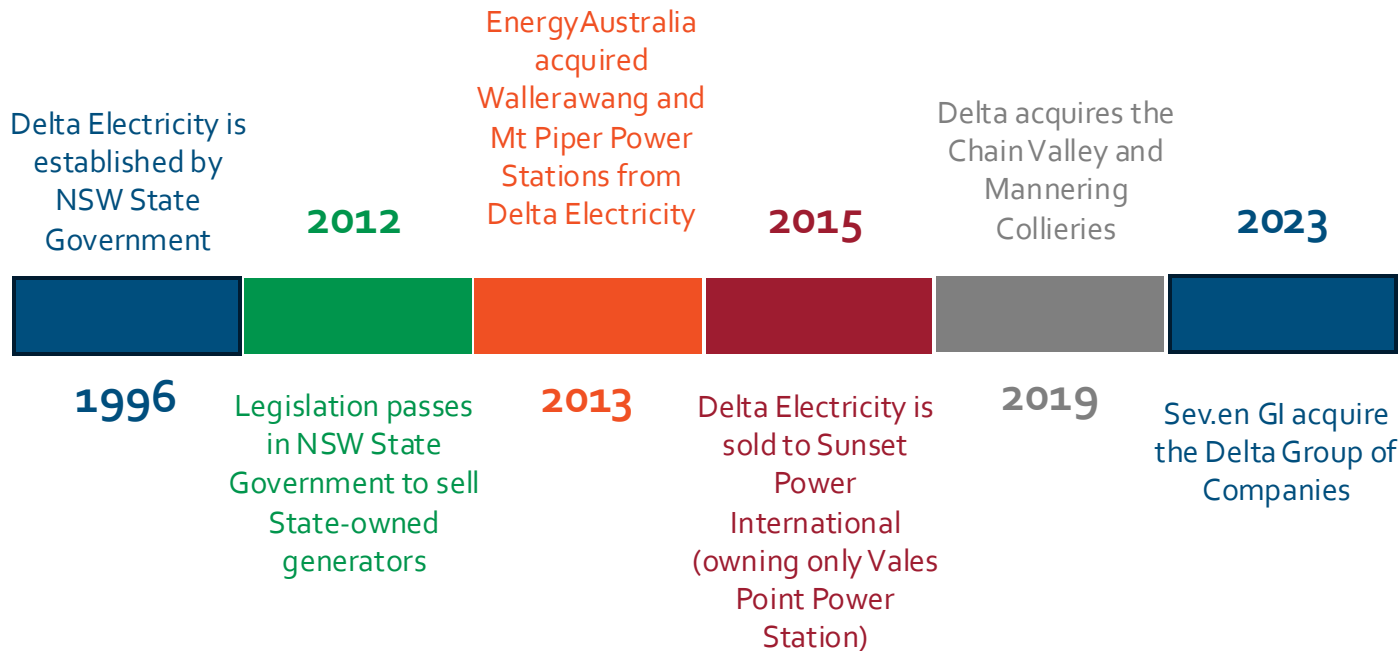
ADAA Symposium

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The History



- Vales Point Power Station consists of two 660MW Units fired by black coal.
- 1,700ha of land on the Central Coast
- 50% of the coal required by Vales Point is provided by the Chain Valley Colliery ~1.3 million tonnes of coal per annum
- Additional coal is purchased from adjacent mines and the Hunter Valley.
- Vales Point output, approx. 6.5TWH per annum, is sold into the National Electricity Market
- Delta actively trades energy derivatives and has a financial services license.
- Delta has an electricity retail licence, providing electricity retail service to large energy users in NSW

What We Do



PURPOSE: IS TO PRODUCE ENERGY SAFELY,
RELIABLY, AND RESPONSIBLY.

We do this by valuing and empowering our people while respecting the communities and the environment in which we operate.

AMBITION: To grow a diverse portfolio of energy assets that underpin the reliable supply of energy to Australia.

The Transition So Far

The politics of power is toxic with little end in sight to the carbon wars.

The National Energy Market (NEM) is where energy policy comes to die:

- Carbon Pollution Reduction Scheme
- Emissions Trading Scheme
- National Energy Guarantee

Will the Capacity Investment Scheme be next?



Renewables – Volatile and Difficult

- Building in Australia is slow and difficult (and expensive).
- The only thing Australia has excelled at is installing household solar
- Solar is good in summer but is very poor in the cold and dark of winter.
- Onshore wind is struggling to gain community support.
- Offshore wind is just as expensive as Nuclear.
- Grid renewables can swing significantly hour to hour, week to week.



Batteries/Storage



- The capital costs of batteries is dropping.
- Batteries are simple to install.
- They are playing a significant role in stabilising the grid and providing within day storage.
- They cannot cure long duration wind-droughts nor the seasonal shift of solar energy.
- Meanwhile building hydro on the world's flattest driest continent remains a challenge.



The Plan



- Gas in combination with renewables and batteries is a viable option to replace coal.
- AEMO believes 13GW of new gas is required.
- Renewables replace the energy, gas and batteries provide the firming.
- But...



The Problem with Gas

- Gas has been demonised.
- Politicians have actively blocked critical gas development.
- The gas market is struggling with its own shortage issues.
- Many Corporate ESG commitments restrict funding gas – the joy of ESG policies is you get to feel good about yourself at someone else expense.
- Federal Government will not get support for gas through the senate.



The End of Coal



- Vales Point published closure date is 2033.
- AEMO ISP suggests nearly all coal gone by 2035.
- Without new gas generation the system would fail without coal.
- AGL, and to a lesser extent Origin, influenced by ESG driven shareholdings.
- Queensland will be driven by Queensland politics.
- Other coal operators will be more pragmatic.

