

## Loy Yang

Loy Yang is a brown coal-fired base load electricity generator situated in Victoria's Latrobe Valley. Its output capacity is 2,200 MW.

# Investments

AGL holds a 50% interest in the ActewAGL energy retail business, a partnership between AGL and the ACT government-owned enterprise, Actew Corporation. AGL also owns 32.5% of the Loy Yang A Power Station in the Latrobe Valley in Victoria.

### ActewAGL

When it was established in 2000, ActewAGL was the first utility joint venture in Australia between a listed public company and a government owned enterprise. AGL holds a 50% interest in ActewAGL's retail business.

The ActewAGL Retail partnership contributed earnings of \$29.8 million for the year compared with \$30.4 million the previous year. Volumes of electricity and gas sold by ActewAGL increased this year. The contribution to earnings was slightly lower this year because of additional costs related to the acquisition of green certificates and because the prior year result included a small profit from the sale of an asset.

### Loy Yang A Power Station (Loy Yang)

Loy Yang's contribution to earnings was \$10.7 million, well down on the \$45.1 million contribution in the previous year. The reduction in its operating result was due largely to a combination of low underlying electricity pool prices and a fall in generation output as shown in the table below:

	First Half Year \$/MWh	Second Half \$/MWh	Full Year \$/MWh	Generation Volume GWh
FY2010	25.83	44.48	35.14	15,518
FY2011	21.97	32.32	27.09	15,174

Loy Yang also experienced increases in labour, and general operating and maintenance costs, and an increase of 5.5% in its interest expense. In September 2010, Loy Yang successfully refinanced a \$455 million tranche of senior bank debt and a \$35 million working capital facility that were due to mature in November 2010. Both new facilities were refinanced for a term of 5 years, and are due to mature in November 2015. The successful refinancing followed the signing in March 2010 of a long-term Electricity Hedge Agreement with Alcoa and its partners for approximately 820 MW of load. The agreement commences in 2014, with the full load cover in effect from 2016.