



Origin Energy - Managing climate change risks and opportunities.

*Disclosures on Climate Change report launch*

May 2007

- Our business
- How do we look at sustainability?
- Focus on the environment and our elephant in the bedroom - Climate Change.

# Who are we? Since listing in 2000 Origin has grown into one of the leading energy companies in Australasia...



## Exploration and Production

- Over 2,436 PJe 2P reserves and annual production of 78 PJe
- Diverse acreage position across Australia and New Zealand
- A leading Australian CSG producer

One of the largest suppliers of gas to eastern Australian markets



## Retail

- Around 3 million customers, Australia's 2<sup>nd</sup> largest energy retailer
- National business covering electricity, natural gas, LPG and related products and services

2<sup>nd</sup> largest energy retailer in Australia



## Generation

- Interests in over 874 MW of installed capacity
- Predominantly gas fired, including co-generation & peaking units
- Output contracted to 3<sup>rd</sup> parties or Retail division

Owner of peaking and cogeneration plants



## Contact Energy (51.4% interest)

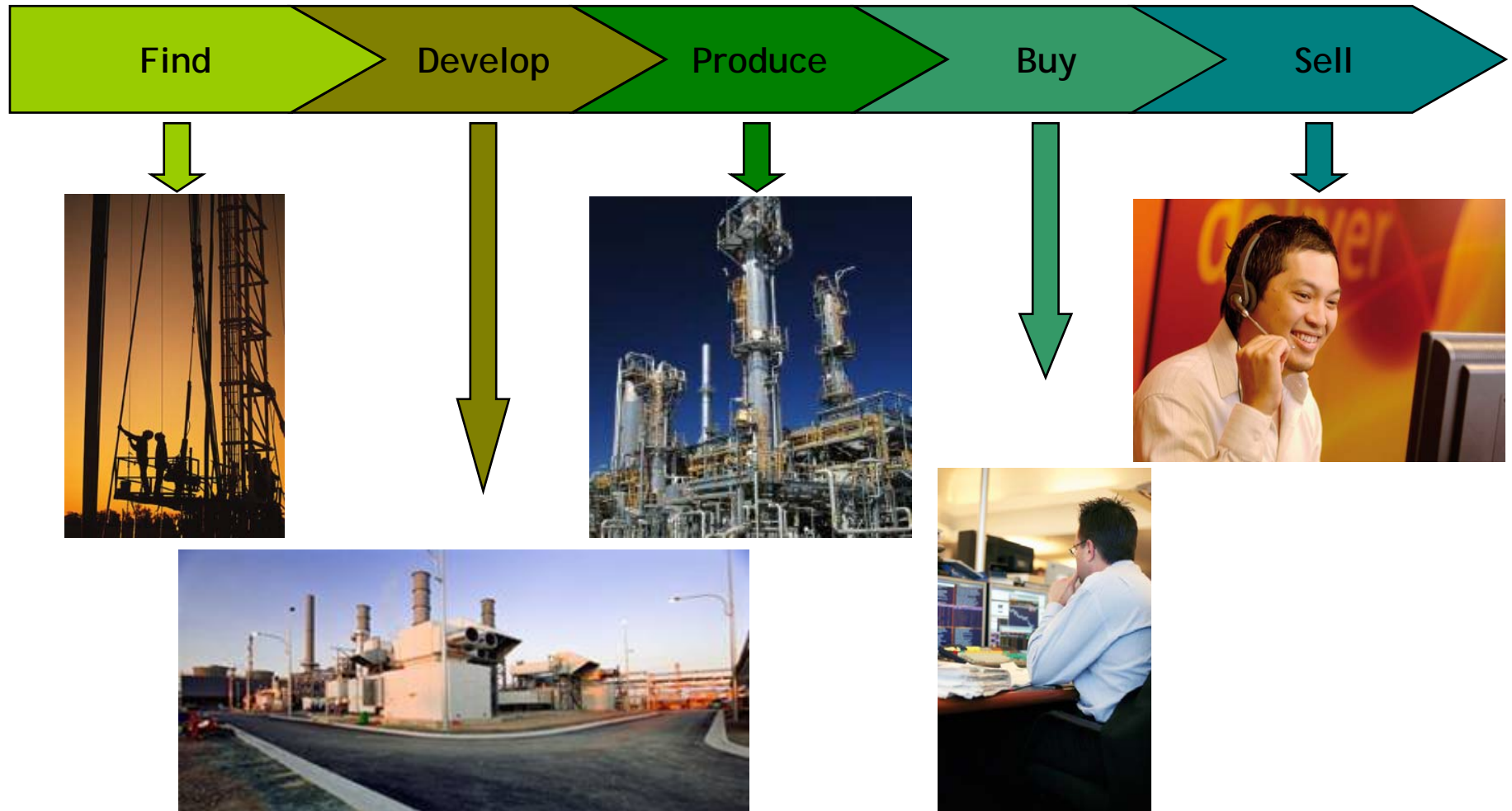
- Integrated energy model similar to Origin
- Interests in around 2,200 MW of installed generation capacity and around 590,000 gas and electricity customers

Owner of 51% of New Zealand's largest listed energy company

... with a history of growth through both acquisition and internally developed projects...



As a fuel integrated generator retailer Origin is positioned across the competitive segments of the energy supply chain



By implementing this strategy effectively Origin can better manage risk and enhance its growth opportunities

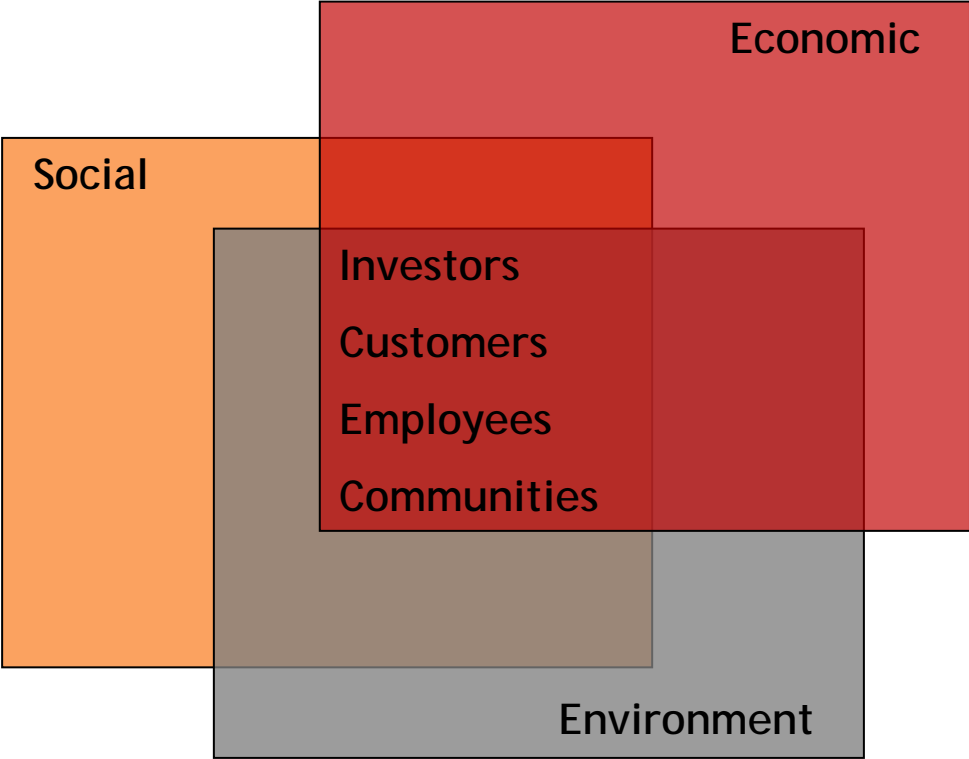
## Since listing Origin has also been focussed on Sustainability and what it means for the company.

- To Origin Energy, sustainability means managing our business in a way that balances our environmental, social and economic impacts
- It is about balancing the needs of all our stakeholders and it is about being a preferred company - for customers, employees, communities and investors.
- Across our integrated supply chain - it is about providing more sustainable choices.

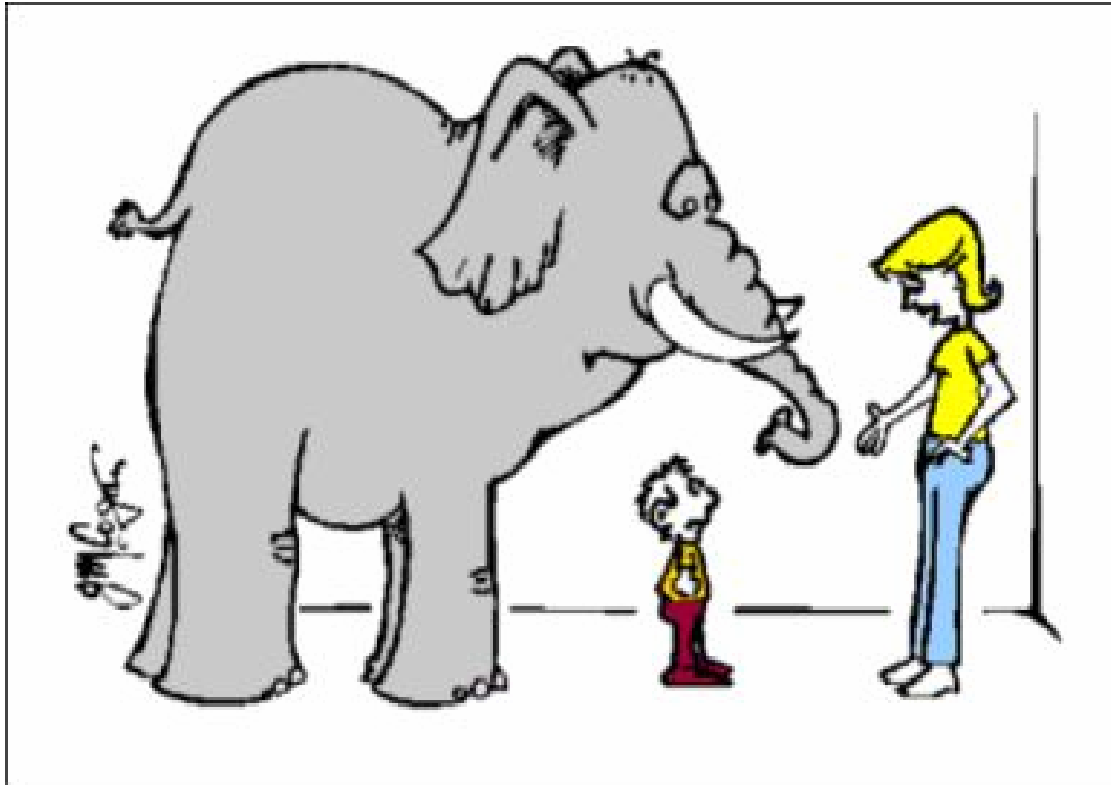


# Our sustainability strategy

Our sustainability strategy focuses on the environment, social and economic areas to ensure we continue to drive improvements for our stakeholders.



Today we will focus on our environmental strategies,  
specifically our strategies around climate change

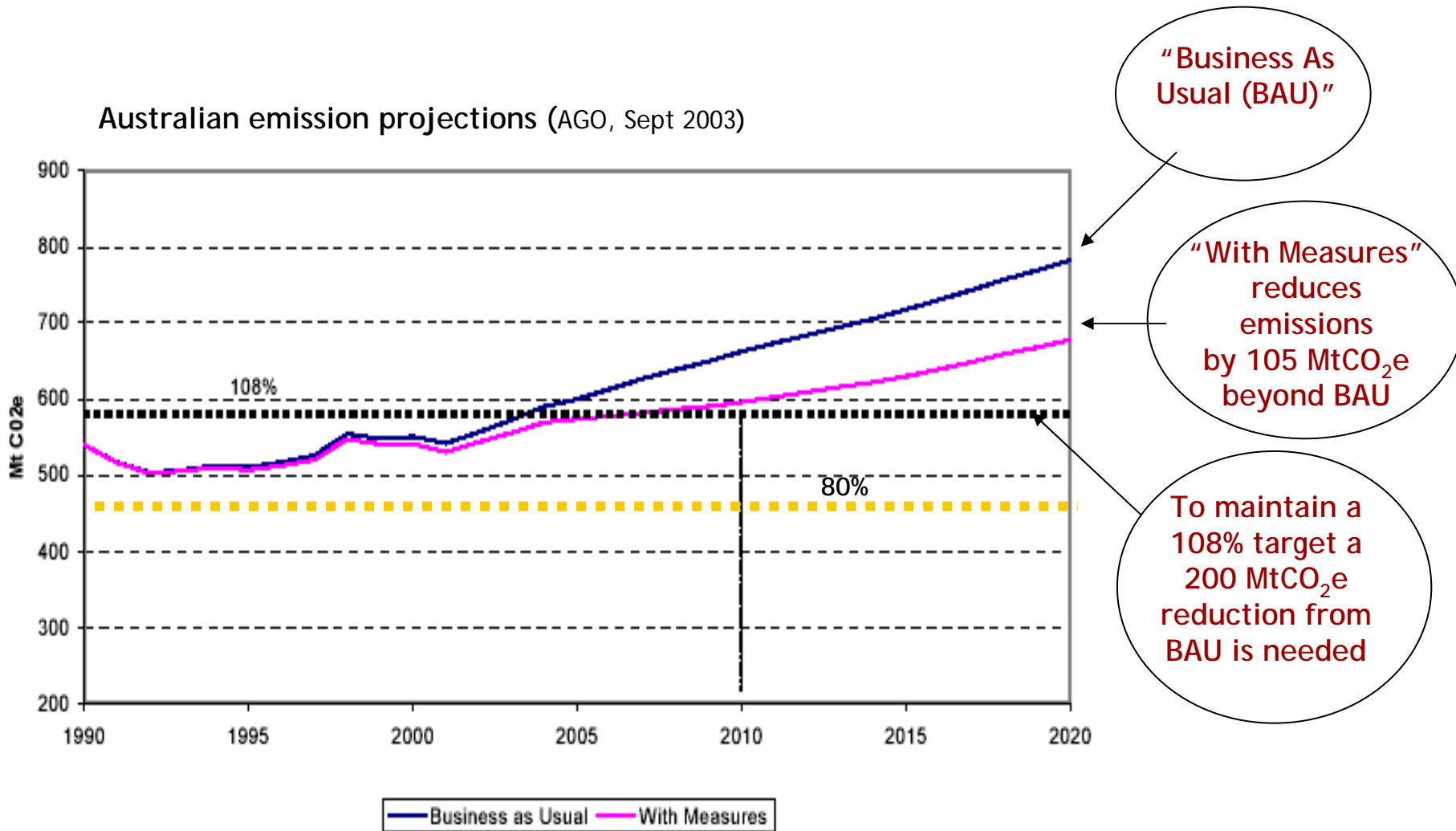


*For Origin, Climate Change is our Elephant in the  
bedroom.*

## Our elephant in the bedroom

- The production and consumption of energy is a major source of greenhouse gas (GHG) emissions
- Two-thirds of Australia's GHG emissions are from the energy sector
- 90% of the national emissions growth from 1990 to 2020 is projected to come from stationary energy (electricity demand is a key driver)
- Climate change policy is a critical factor in Origin's future growth scenarios
  - Uncertainty - major sovereign risk with the potential for stranded assets
  - Sub-optimal decisions will add to emissions and result in a greater cost and deeper cuts being required in the long term
- Climate change is a key area of engagement with our stakeholders and links with each of the 3 pillars of sustainability

Australia is close to meeting its Kyoto target 2008-2012, but emissions are growing strongly. 90% of the growth is from the stationary energy sector



Origin has long argued that we must accept a "carbon-constrained" future as inevitable

Origin has also taken an advocacy role in the debate surrounding climate change and a carbon regime...



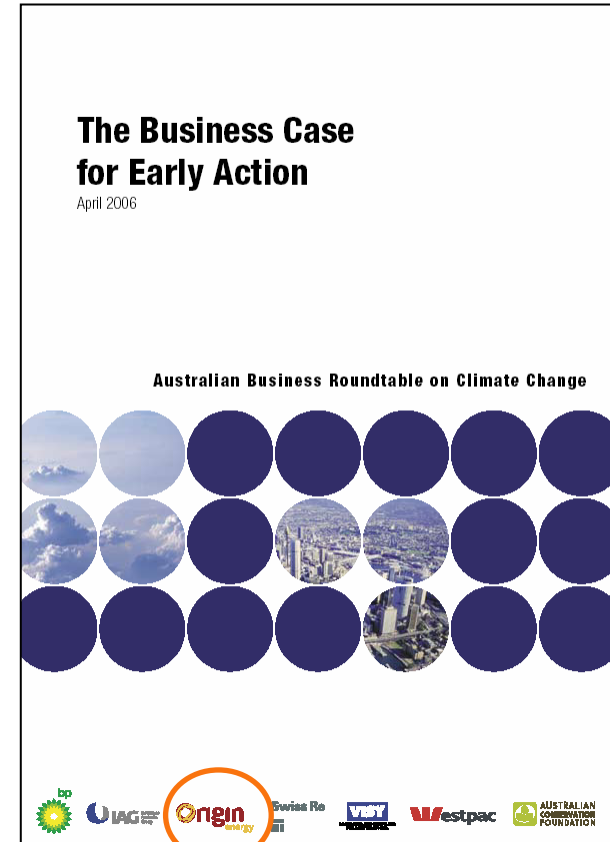
Researching CO2 sequestration technologies



September 2006



We're planting 100,000 trees to say thank you



... as we believe carbon is an inherent but unrecognised cost in global energy use

*"Climate change is a major business risk and we need to act now"*



# Policy - Roundtable Recommendations for Business and Governments.

Design a long, loud and legal framework to establish a price signal  
Encourage innovation and investment in emerging and breakthrough technologies; and  
Build national resilience to the impacts of climate change

Gerry Hueston  
President  
BP Australasia

Michael Hawker  
CEO  
Insurance  
Australia Group

Grant King  
Managing Director  
Origin Energy

Keith Scott  
Head of  
Australia & NZ  
Swiss Re

Harry Debney  
CEO  
Visy Industries

David Morgan  
CEO  
Westpac



# Three of our four environmental objectives are about managing climate change risks and opportunities

- To measure and accurately report the company's greenhouse gas emissions
- To reduce the greenhouse gas intensity of our energy production and distribution
- To reduce the carbon intensity of customers' energy consumption
- To take all reasonable steps to eliminate or minimise any adverse impact that our activities have on the local environment

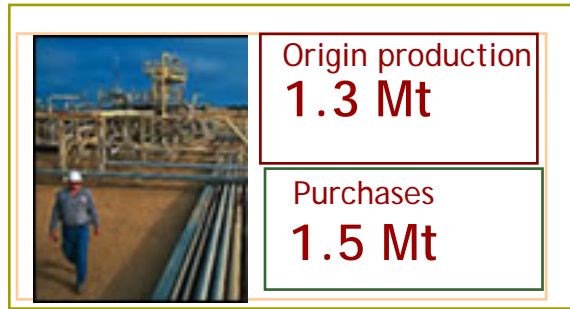


# To understand our impact we measure and report our greenhouse gas emissions across our supply chain

Total supply chain emissions = 32.1Mt#\*; Origin's equity emissions = 3.8Mt\*

## Production & Purchase

Natural gas, LPG and other products



## Transportation

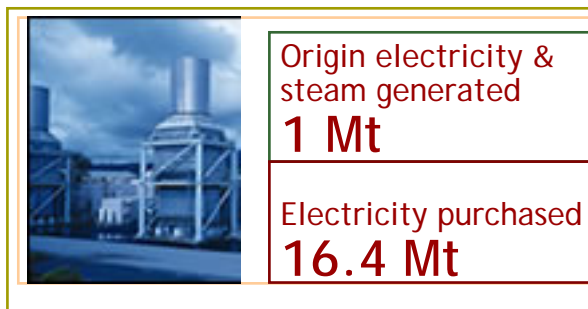


## Consumption



## Electricity

Gas purchased for Origin generation



# Represents about 12% of Australia's stationary energy emissions

\*For the year ending June 2006

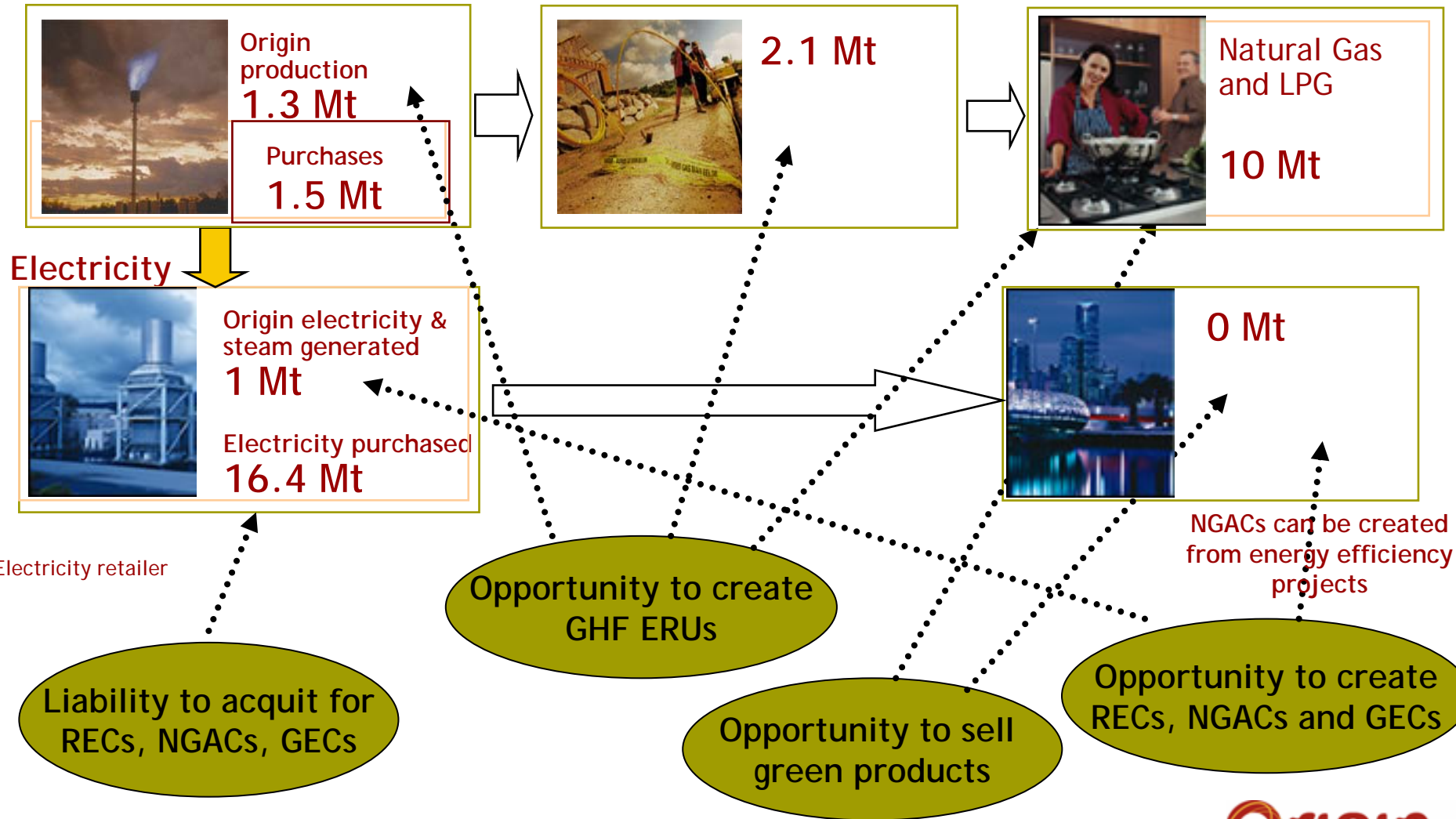
# Origin's carbon market exposure & opportunities

## Production & Purchase

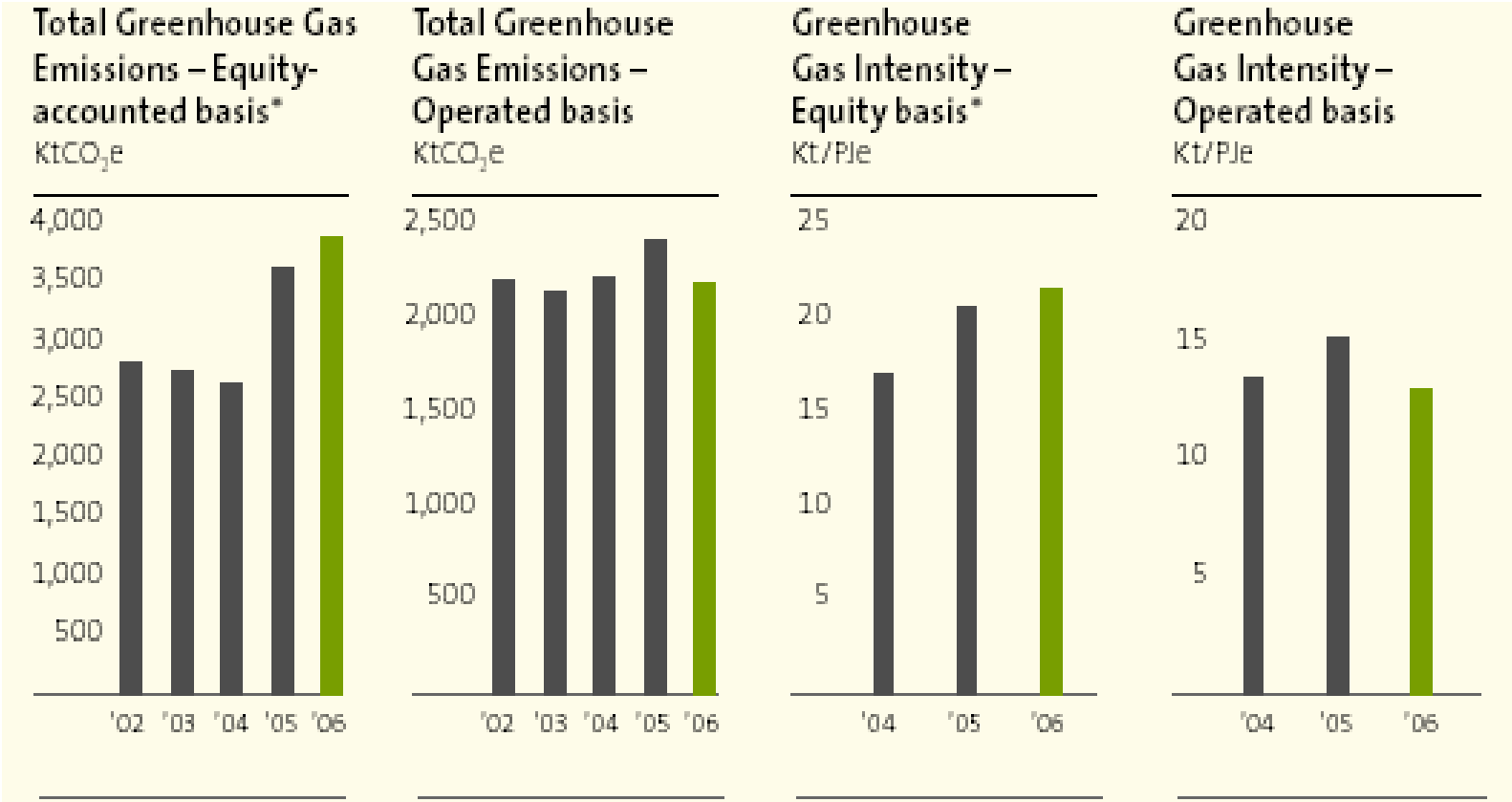
Natural gas, LPG and other products

## Transportation

## Customer consumption



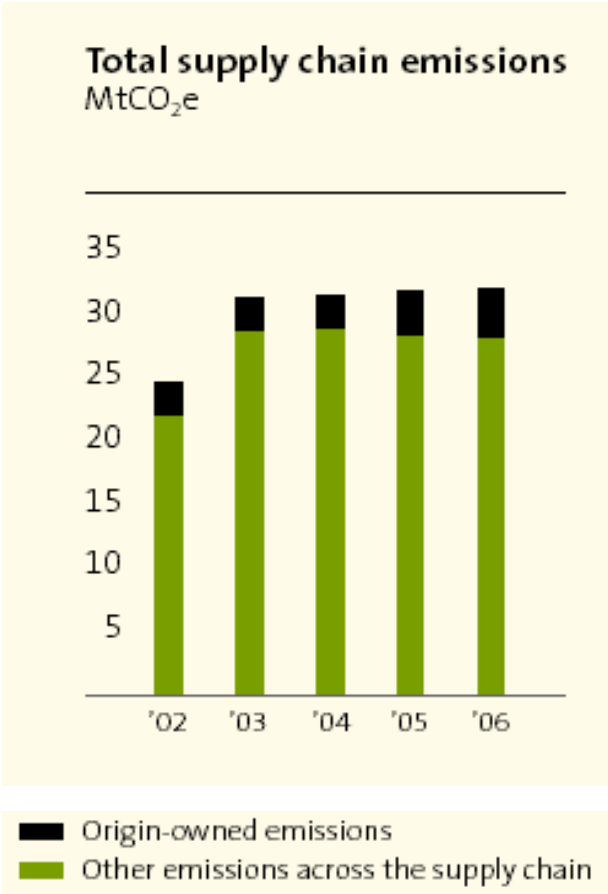
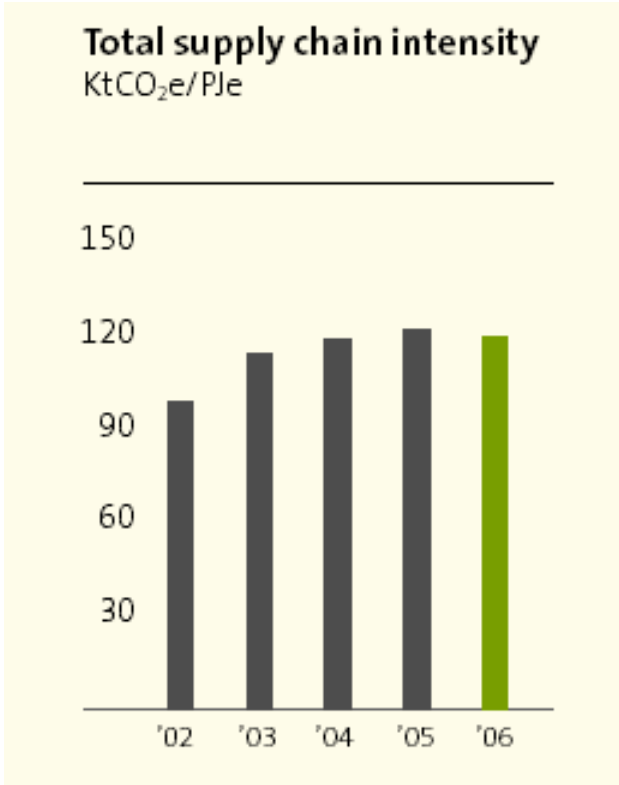
# Our Greenhouse inventory



\* Includes Contact Energy and steam.



# Our Greenhouse inventory



# Reducing our greenhouse gas intensity



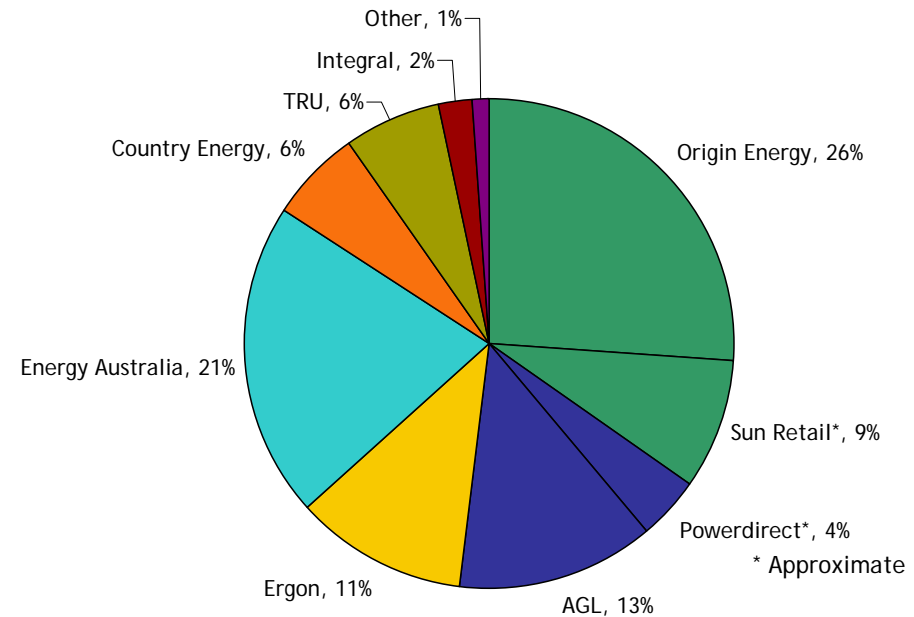
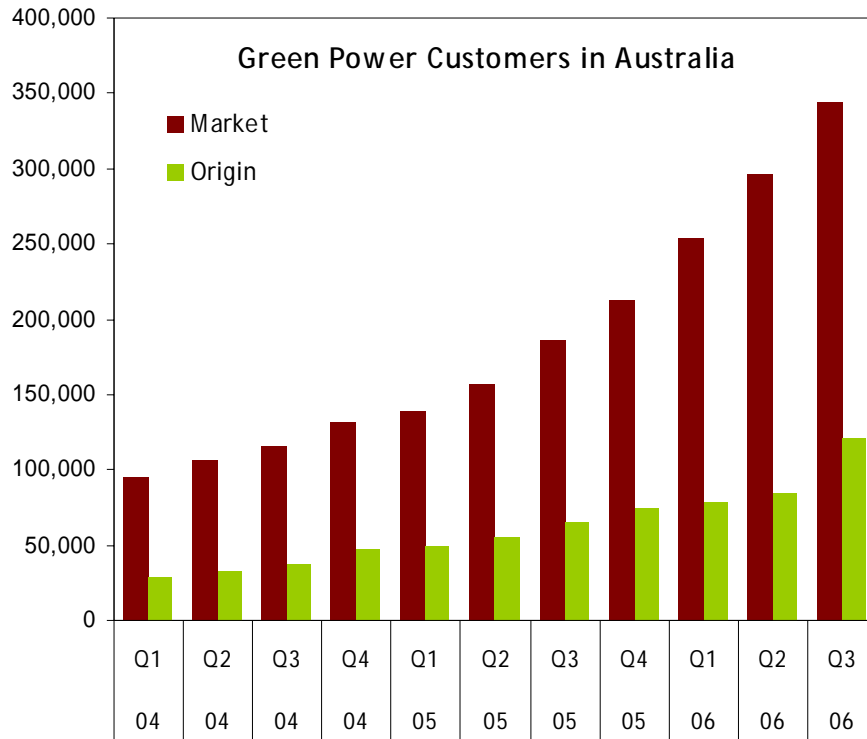
- Reducing our own emissions
  - Since January 2004 we have abated GHG emissions from Origin's Australian offices, shops and LPG terminals
  - This year, we extended our emissions reduction program to our air and vehicle travel
- Generating electricity from gas
  - Our generation fleet is based on gas turbines and have permitted the development of gas-fired power stations at three sites - Spring Gully and Darling Downs in Queensland and Mortlake in Victoria
- Investing in renewable energy
  - We have built a pilot SLIVER solar cell manufacturing plant in Adelaide and commercialisation activities are well advanced
  - We are the largest shareholder in Geodynamics, which is developing a significant geothermal resource in South Australia's Cooper Basin
  - We have facilitated the development of wind farms by fully contracting output

# Reducing the carbon intensity of our customer's energy use

- Over 100,000 green energy customers on a range of products
- First greenhouse-gas neutral natural gas offering
- First solar-electricity retail product
- Innovative offerings such as the recent groundbreaking deal to make the AFL "carbon neutral" by 2009
- We continue to be the Australian retail market leader for the installation of grid-connected solar power systems
- Origin has committed to lead the consortium to deliver the Adelaide Solar Cities Project



# Origin has clearly established its leadership position in green energy sales and carbon responsibility...

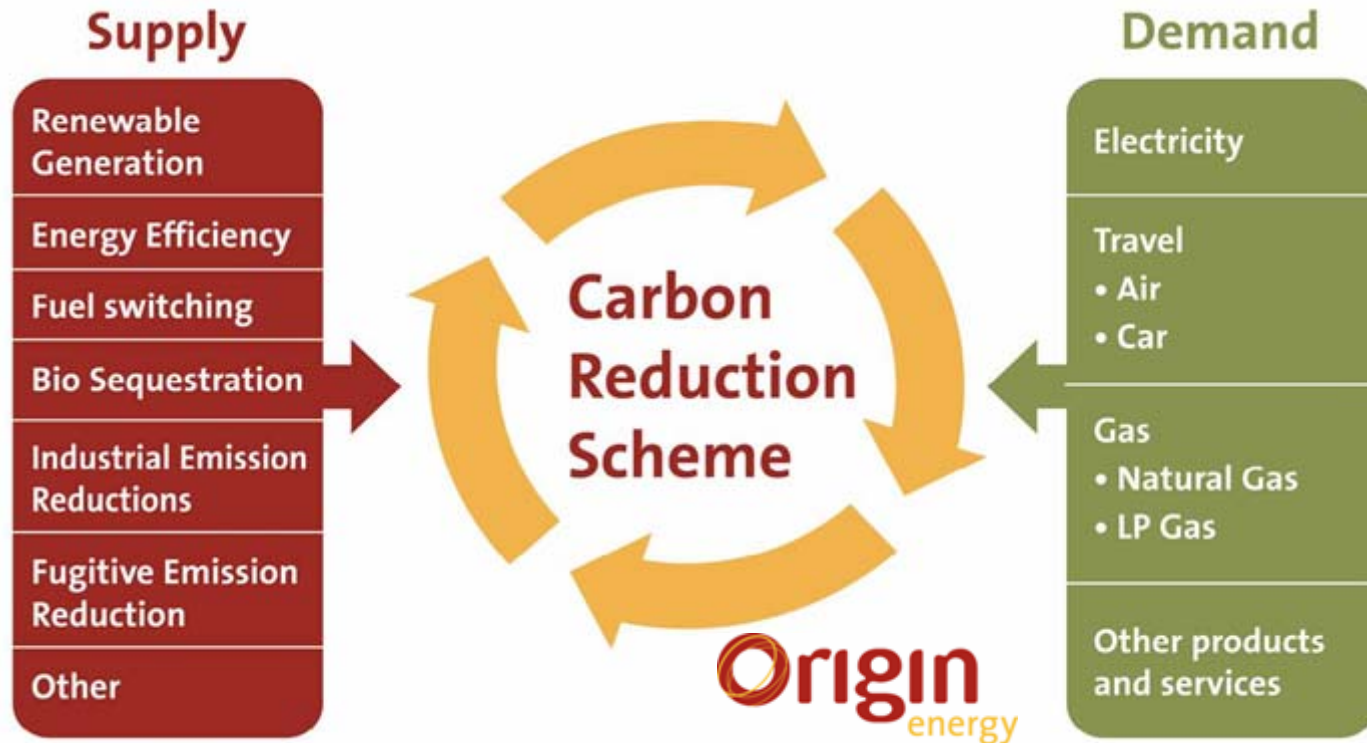


- In September 2006 GreenPower customers across Australia totalled nearly 350,000 and were growing rapidly

- At that time Origin had a 26% share of the market, or 35% if Sun Retail is combined with Origin



# We have launched a voluntary Carbon Reduction Scheme (CRS) to facilitate companies further reduction in their greenhouse gas emissions



- Promotes activities that reduce greenhouse gas emissions
- Values greenhouse gas emission reductions
- Enables the development of a wide range of carbon offset products for various applications
- Ensures that for every tonne of carbon offset product sold, a tonne of carbon emissions is actually reduced

# The CRS has been designed around 5 principles...

## Credibility

The CRS is anchored by a robust Governance Structure and set of rules which draw on existing mandatory and voluntary frameworks

Origin has demonstrated experience in building a large, Australian carbon portfolio and in managing trading, accreditation & compliance aspects.

## Transparency

All carbon credits and offset products within the CRS are independently audited against the CRS Governance Structure and Rules

Annual compliance and public reporting ensures consumers are informed

## Affordability

Businesses can choose to offset whole or part of their operations

Origin's carbon portfolio provides a broad and wide range of options

## Flexibility

Provides business with an innovative range of options to meet their greenhouse gas reduction targets

The Governance and Rules have been designed to evolve with the market

## Effectiveness

Provides useful solutions to business that are helpful in tackling climate change - energy efficiency, green power and offsets

Facilitates real reductions

... providing business with confidence to participate in the voluntary carbon market

# In conclusion

- Climate change is a key business issue for Origin and forms a significant component of our sustainability platform
- Engagement across our stakeholders is critical
  - Opportunity to communicate the company's objectives and strategies
  - Report our performance
  - Understand expectations
  - Build a higher level of awareness of issues
  - Identify and capture opportunities
  - Mitigate risks
- Lessons learnt from the climate change activities will be used to develop capacity in other areas of sustainability.
- Sustainability is a journey and we have come far but we are still in the early phases. The results so far confirm the value of continuing on the journey

# We continue to refresh and progress our sustainability focus



- Over the last year, a team drawn from across Origin reviewed our sustainability aspirations and objectives, to ensure that we are balancing the needs of our stakeholders and gain engagement from all parts of the business
- We are developing a scorecard with further aspirational environmental, social and economic targets aligned to our key stakeholder groups of people, customers, community and investors
- Programs are currently being finalised to assist us in achieving these targets



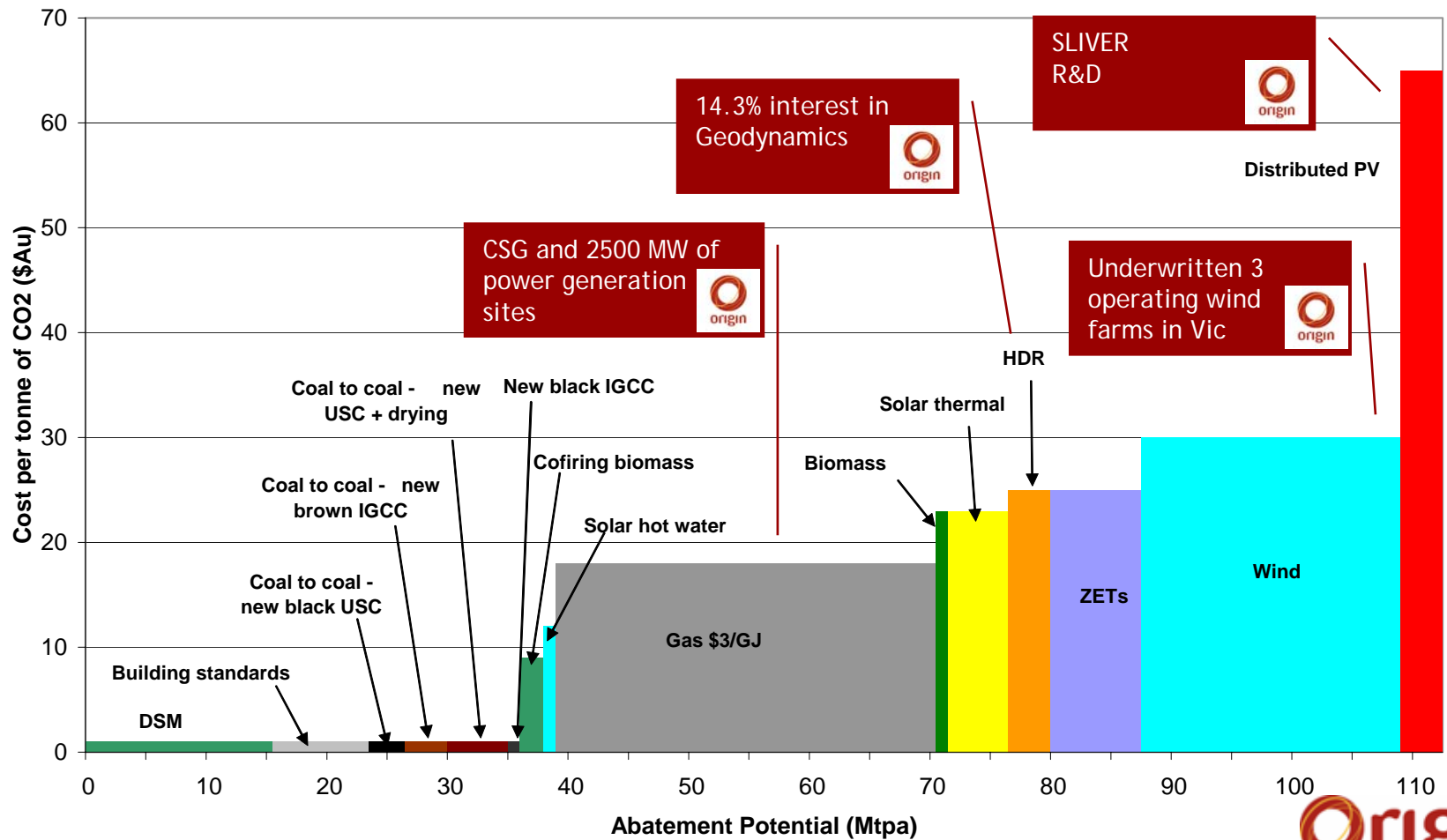


Questions

# The task of reducing greenhouse gas emissions is so large that every technology will be required

*Origin Energy owns, develops and procures energy and related products and services to provide customers with better choices to meet their energy needs*

*- by providing customers with the opportunity to purchase a market leading range of green power and abatement products Origin Energy provides its customer the opportunity to make a difference*



# Providing transparency

- We provide transparency regarding our performance - we produce sustainability reports and provide updated sustainability performance on our website.
- All reports have used an Origin relevant reporting framework, based on external guidelines (such as the GRI) but adapted to address our most significant impacts, risks and opportunities.

