



## ASX/MEDIA RELEASE

### Australian Power & Gas agrees on reallocation and forward electricity contracts

- ***Reallocation contract to substantially reduce cash collateral requirements in Financial Year 2012.***
- ***Derivatives contract to stabilise supply costs in NSW***
- ***Agreement supports customer acquisition in NSW***

**Sydney, 2 September 2011** – Australian Power and Gas Company Limited (ASX: APK), an independent energy retailer, today said it agreed on electricity derivatives and 'reallocation' contracts with Macquarie Bank Limited ("Macquarie") that will significantly enhance the company's cash flow and support expansion in New South Wales.

Australian Power and Gas entered into an *ex ante* reallocation agreement with Macquarie that will significantly reduce the cash required for the company to meet its settlement obligations to the Australian Energy Market Operator (AEMO). As a result of the agreement, Australian Power and Gas anticipates a substantial reduction in the cash required to fund growth in NSW in fiscal 2012.

The reallocation agreement reduces the likelihood of call notices or the need for security deposits under the national energy regulator's prudential control requirements.

In addition, APG has entered into forward electricity hedging agreements that include over-the-counter electricity swaps that fix Australian Power and Gas' supply costs in New South Wales.

"We welcome this arrangement with Macquarie at a time when Australian Power and Gas is achieving record customer sign-ups in New South Wales," said James Myatt, CEO of Australian Power and Gas. "The deal significantly reduces our cash requirements and brings stability to our wholesale electricity costs. It means we can achieve further traction in an important new market, and forms part of the mix of arrangements that contribute to de-risking our business model."

About 30 percent of new customers have come from New South Wales in 2011 as Australian Power and Gas replicates its successful Victorian business model across the eastern seaboard. The company achieved 272,000 net customer accounts in Fiscal 2011 – an 88 percent increase on the prior year. It is targeting 400,000 net accounts by the end of June 2012.

---

Australian Power and Gas Company Limited  
ABN 96 077 206 583

Level 9, 341 George Street  
Sydney NSW 2000

Address all mail to:  
Locked Bag 5004  
Royal Exchange NSW 1225

Ph: 02 8908 2700  
Fax: 02 8908 2701

[www.australianpowerandgas.com.au](http://www.australianpowerandgas.com.au)



**About Australian Power and Gas:**

Australian Power and Gas Company Limited (ASX: APK) is an independent ASX-listed energy retailer, and one of Australia's fastest growing companies. It holds a full suite of gas and electricity retail licences in Victoria, New South Wales, ACT, South Australia and Queensland and has been approved to operate by AEMO, the Australian Energy Market Operator. Australian Power and Gas was announced as the fastest starting company in the 2011 Business Review Weekly Annual Fast Starters List for a second year in a row, and was placed number 1 on the Business Review Weekly Fast100 list for 2010.

***For further information please contact:***

James Myatt  
Australian Power & Gas  
02 8908 2700

Stuart Kelly  
Sefiani Communications Group  
02 8920 0700 / 0421 108 691

---

Australian Power and Gas Company Limited  
ABN 96 077 206 583

Level 9, 341 George Street  
Sydney NSW 2000

Address all mail to:  
Locked Bag 5004  
Royal Exchange NSW 1225

Ph: 02 8908 2700  
Fax: 02 8908 2701

[www.australianpowerandgas.com.au](http://www.australianpowerandgas.com.au)