

Breakout Session 2: Tackling social license and other challenges in Australia's green transition

2024 Frontier Advisors Annual Conference

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Australia's energy transition plan

Where are we now?

The federal government has committed to the following:

- Paris Agreement
- Net zero by 2050
- 43% emission reduction by 2030
- 82% renewable energy generation by 2030
- Additionally, there are various state-level targets and commitments

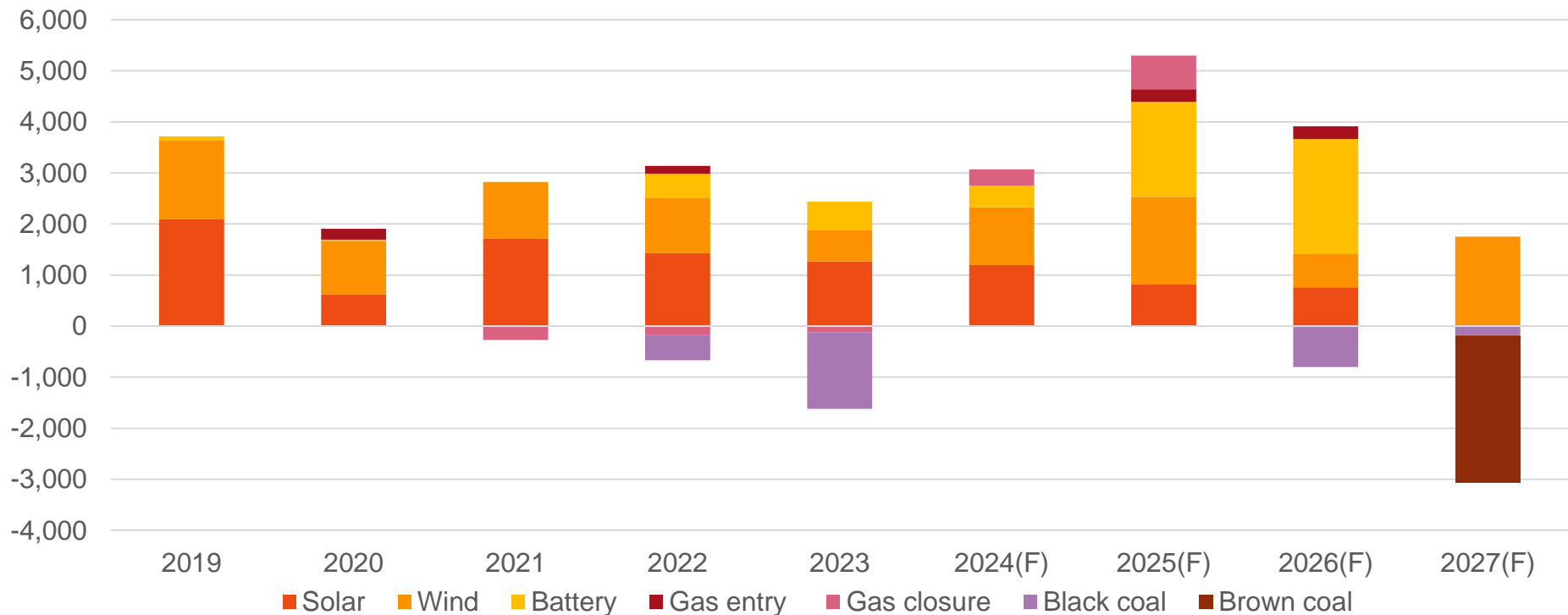
However, meeting the 2030 renewable energy target is looking *increasingly unlikely* which leads us to ask:

- What is the current state of play?
- Where are the current challenges and opportunities for investors?
- How do we navigate the social license required to rebuild the energy system?

Australia's national electricity market evolution

Existing coal-fired generation is expected to be retired and displaced by new wind, solar and BESS investments

New generation investment and plant withdrawal (MW) – National Electricity Market



Source: Australian Energy Regulator, Australian Energy Market Operator

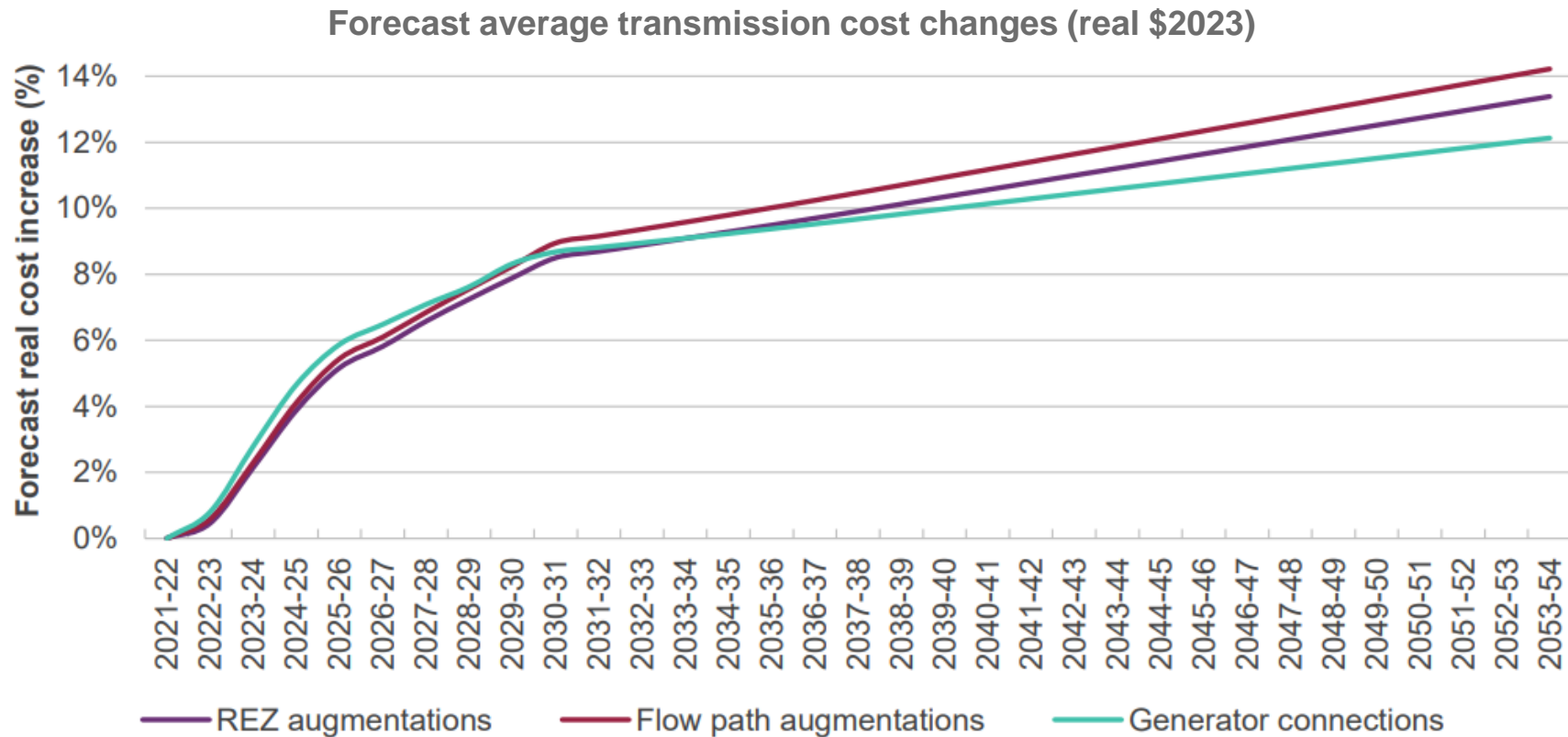
Australia's renewable energy policy environment

The challenge of navigating over 45 federal and state-level policies

Policy type	Federal	ACT	NSW	QLD	SA	TAS	VIC
Emission reduction	✓		✓		✓		✓
Renewable energy targets	✓		✓	✓		✓	✓
Storage targets			✓	✓		✓	✓
Offshore wind targets							✓
Hydrogen policies			✓	✓	✓		
Transmission support policies			✓	✓			✓
Transmission land payment programs			✓	✓			✓
CER-related policies	✓	✓	✓		✓		✓
Electric Vehicles (EVs)	✓	✓			✓	✓	✓
Energy efficiency	✓		✓		✓		✓
Other policies	✓	✓		✓			✓

Cost impact of energy transition

Electricity transmission costs are expected to increase significantly to meet Australia's commitment to a green transition

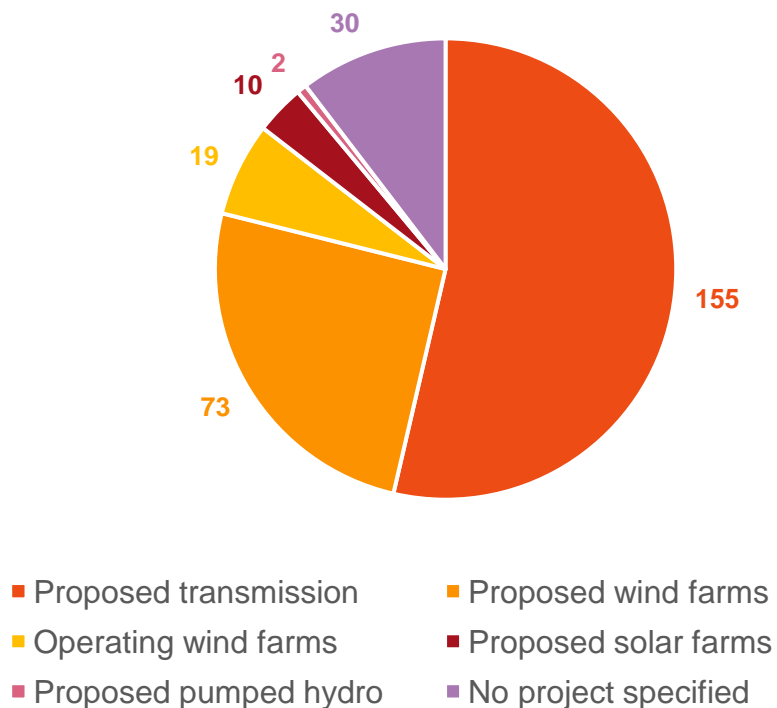


Source: Draft Integrated System Plan 2024, Australian Energy Market Operator

Social licence

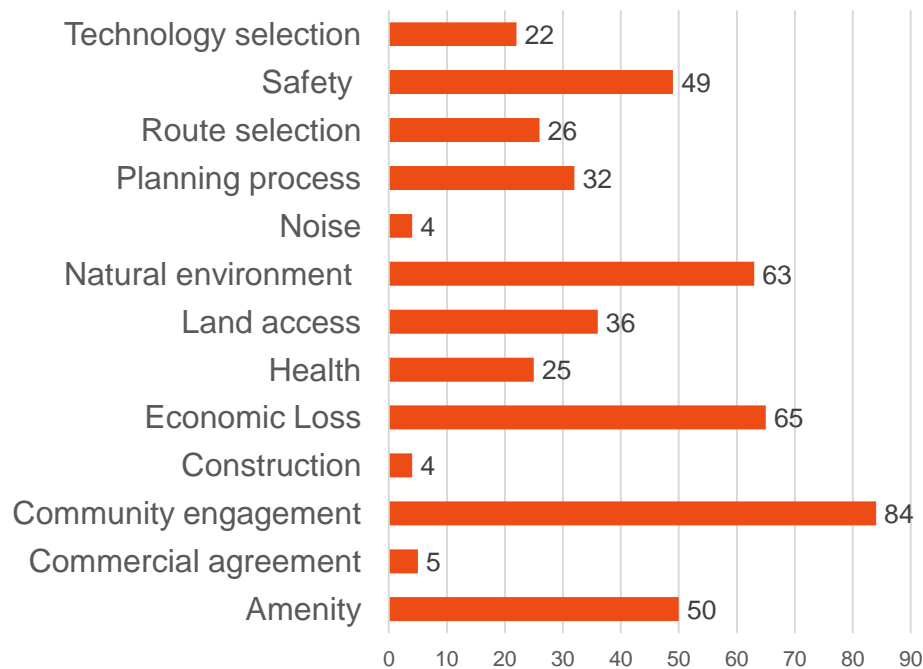
Significant work still required to win over communities for the deployment of renewable energy

Community complaint cases raised 2021-22



Source: Australian Energy Infrastructure Commissioner

Issues raised in transmission projects complaints 2021-22



Source: Australian Energy Infrastructure Commissioner

Summary

Clear focus areas for stakeholders including governments, investors and asset developers

- Governments need to create a stable policy environment that promotes certainty to investors.
- More investor capital is required to meet the ambitious targets (according to AEMO, there is an A\$120 billion present value cost of reshaping Australia's energy market).
- Despite the challenges and delays, Australia has a detailed transition plan in place via AEMO.
- Greater levels of engagement by asset developers with stakeholders (native title, landowners) is required.

For asset allocators and Frontier clients...

- Despite the challenges, attractive returns are available in Australian renewables as the energy market undergoes changes.
- However, investment strategy, management team capability and asset execution are important for risks and returns.
- Frontier has published multiple research papers on renewables (including the emergence of batteries) over recent years.
- Please talk to us for investment ideas and opportunities.

Thank you for joining us.

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