Alinta Energy
Climate-related Financial Disclosures Report

Alinta Energy Pty Ltd (AEPL) and Renewable Energy Investment Fund Pty Ltd (REIF)

1 July 2022 - 30 June 2023

alintaenergy
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Contents

1 Introduction

1.1 About Alinta Energy

Alinta Energy is a significant player in Australia's energy sector, serving as a major energy retailer, generator, investor, and developer. With a history spanning more than 20 years, we are committed to providing sustainable, reliable, and affordable energy to Australians.

Alinta Energy has grown over the last two decades. Starting as Western Australia's largest residential gas retailer, we have become the preferred electricity and gas provider to over 1.17 million customers nationwide and employ a workforce of over 1,130 people.

Alinta Energy is headquartered in Sydney and has a significant presence in Perth, Melbourne, regional Victoria, and Adelaide. The company owns, operates, and/or contracts energy infrastructure assets, such as electricity generation, energy storage, and transmission facilities across Queensland, Victoria, Western Australia, and New Zealand.

1.2 Our decarbonisation story

Decarbonisation has been a part of our story for many years.

In 2015, our journey began with substantial strides towards renewable energy, including large-scale power purchase agreements of renewable energy and the closure of Alinta Energy assets Leigh Creek Coal mine and Port Augusta power station in South Australia.

This momentum led us to develop significant renewable projects, including the 214 MW Yandin Wind Farm, a RATCH/Alinta Energy investment managed by Alinta Energy. We also established the 60 MW Chichester Solar facility that is expected to displace 100 million litres of diesel generation annually and the pioneering 35 MW Newman battery in Western Australia, which garnered innovation awards for being the first grid-forming large battery in WA[a].

Concurrently, we optimized existing gas-fired power stations for efficient support during the transition, enhancing quick startups and gas efficiency at our power stations in Braemar, Newman, Wagerup and Pinjarra.

Our strategy evolved into a structured approach, marked by targets for renewables, energy efficiency, and emission reductions. These targets provided transparency and accountability to our decarbonisation efforts.

In recent years, our corporate governance has matured with ESG-related targets in Executive and senior managers' incentives and a decarbonisation focus on our Board and management committees.

a. On 1 November 2023, Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd were sold to APA Group. Consequently, the Pilbara assets at Newman, Chichester, and Port Hedland will be accounted for in Alinta Energy's FY23 TCFD report, but their status will change in subsequent years.

1.17 million customers

rapid east coast customer growth of 500K in 5 years

Local customer service

centres in Perth (WA) and Morwell (VIC)

Leading renewables developer

>4 GW renewables storage and capacity under development, 999 MW renewable energy owned and contracted

Leading energy generator

>3.5 GW owned and contracted

1,130

13 locations across Australia & New Zealand

Australian built digital customer platform

8 power stations

7 wind farms

6 solar farms

1 large scale battery

Decarbonisation milestones of recent years

FY15

- Contracted 196 MW renewable energy from Walkaway wind Farm (WA) and Bald Hills wind farm (Vic)

FY16

- Closed both the Alinta Energy owned and operated coal-fired power station at Port Augusta (SA) and the Leigh Creek coal mine which fuelled it

FY17

- Contracted to develop 214 MW Yandin wind farm (WA)
- Contracted 206 MW renewable energy from Badgingarra and Future Energy wind farms and Collinsville solar farm (WA, Vic and Qld)

FY18

- Installed first grid-forming big battery at Newman (WA) power station (35 MW)
- The Newman battery project won 3 major industry awards for innovation and engineering

FY19

- Set 2025 renewable energy and storage goal[a]
- Set energy efficiency improvement targets for our power stations
- Newman[b] battery won the WA Engineering Excellence Award (Innovation Category)

FY20

- Contracted 10 year GreenPower supply to 14 councils and local government areas (Vic)

FY21

- Launched our pathway to net zero by 2050[c]
- Set 2025 scope 1 and 2 emission reduction targets[a]
- Operations began at 214 MW Yandin wind farm (WA)
- Chichester solar-gas hybrid project installed (Australia's biggest remote solar farm)
- Opened customer service hub in Morwell (Vic) creating new jobs supporting regional transition away from fossil fuels

FY22

- Completed energy efficiency program a year ahead of schedule
- Conducted gap analysis and internal reporting standards for Task Force on climate-related Financial Disclosures (TCFD) reporting
- Updated climate related governance structures with ESC Board subcommittee and Climate and Decarbonisation Management committee.
- Set Enviromental, Social, and Governace (ESG) related targets in management KPI structure

FY23

- Completed scenario analysis for TCFD reporting
- Publishing our first TCFD report
- Port Hedland[b] 47 MW solar and 35 MW battery achieves final investment decision
- 100 MW Wagerup battery Board approval
- Completed the installation of 14 new high efficiency reciprocating engines at Newman (WA)

a. Our next interim goal cover the period FY26 to FY30 and will be set before December 2024.

b. On 1 November 2023, Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd were sold to APA Group. Consequently, the Pilbara assets at Newman, Chichester, and Port Hedland will be accounted for in Alinta Energy's FY23 TCFD report, but their status will change in subsequent years.

c. Scope 1 and 2.

2 Governance

Alinta Energy's governance framework facilitates discussion and decision making on balancing the complex challenge of reducing greenhouse gas emissions, whilst keeping energy affordable and reliable.

2.1 Alinta Energy Board

The Board serves as the central governing body responsible for addressing climate-related risks and opportunities. Meeting on a monthly basis, it plays a key role in approving Alinta Energy's strategy, overseeing its execution, and supervising its day-to-day operations.

The climate-related opportunities considered during the TCFD scenario analysis process have been integrated into the development of Alinta Energy's business strategy, which is ultimately endorsed by the board.

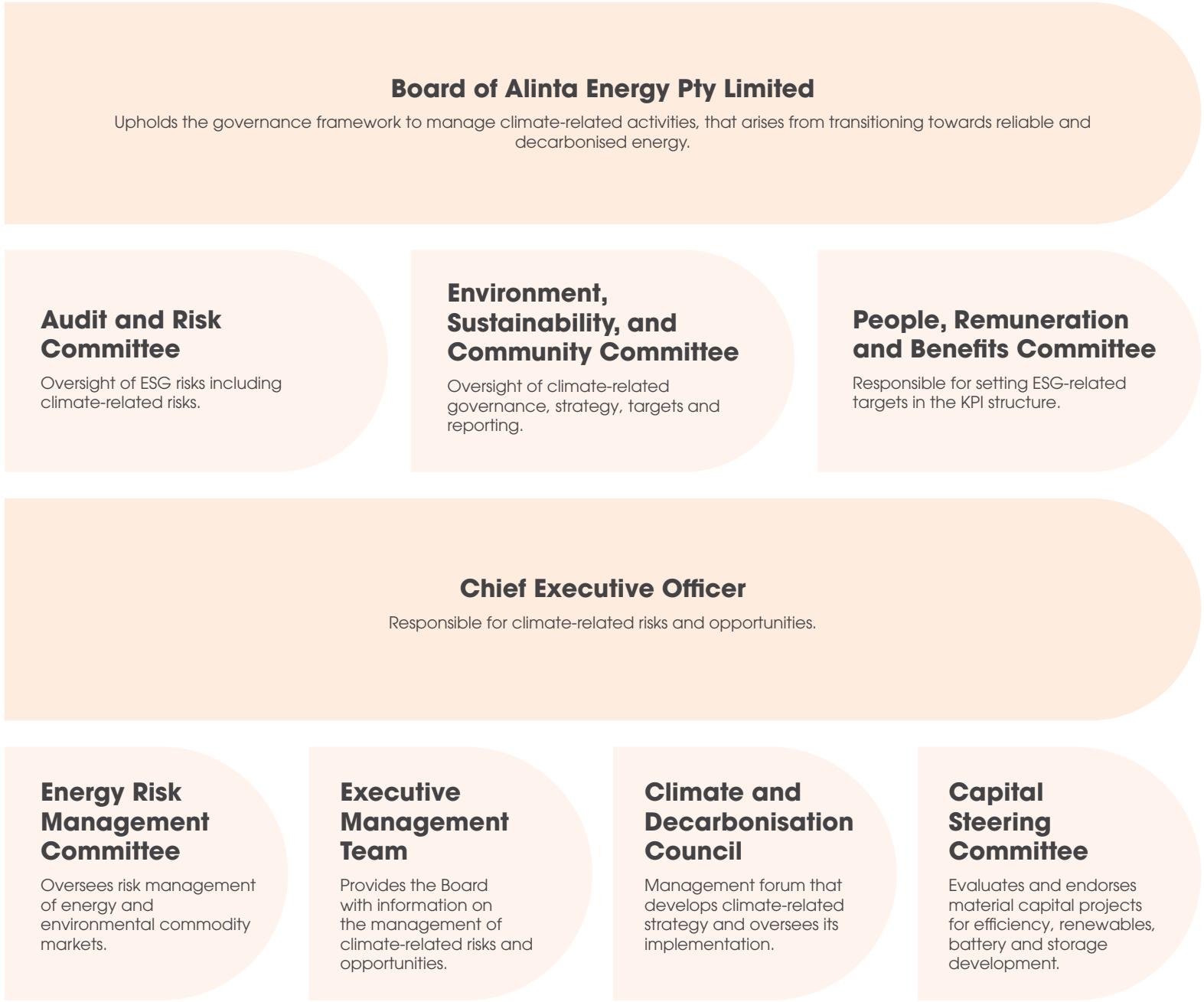
The Board comprises members with diverse industry backgrounds, bolstering their expertise. These skill sets are further enriched by inputs from management and leading experts who provide insights into climate-related matters. Additionally, active participation in industry and governance conferences ensures the Board stays informed of wider policy developments and emerging trends.

Assisting the Board are three dedicated sub-committees, each responsible for distinct operational and risk areas:

- Environment, Sustainability, and Community Committee.
- Audit and Risk Committee.
- People, Remuneration, and Benefits Committee.

Each committee is chaired by an Independent Board member.

For more details about the members of the Board and Environment, Sustainability, and Community Committee, as well as their relevant skills, please visit our website.



2.1.1 Environmental, sustainability and community committee

The Environment, Sustainability, and Community Committee (ESCC) was established by the Board on 23 March 2022, with the aim of enhancing oversight over social and sustainability matters, including climate change. Meeting at least on a quarterly basis, the ESCC provides updates to the Board following each meeting. Its key objectives encompass:

- Recommending to the Board the advancement and refinement of Alinta Energy's climate-related strategies, policies, and objectives.
- Analysing external climate-related trends and associated risks and opportunities, particularly concerning Alinta Energy's physical assets, markets, and operations.
- Overseeing the execution of Alinta Energy's annual work plans, outlining targets and activities for each year.
- Directing Alinta Energy's climate-related external communications, reporting, and the formulation of Climate-related disclosures.
- Addressing additional climate-related concerns referred to the ESCC by the Board.

2.1.2 Audit and risk committee

The Audit and Risk Committee (ARC) oversees ESG-related risks, including climate change risk, through the Enterprise Risk Management Framework (ERMF) protocol. Climate-related risks identified during TCFD scenario analysis are integrated into this process. The ERMF assigns risk management objectives to senior management and subjects each risk to a thorough re-assessment twice annually in collaboration with the Executive Leadership Team and Chief Executive Officer. The outcomes of this ERMF evaluation undergo review and endorsement by the ARC.

Additionally, the ARC governs Alinta Energy's internal audit program, which includes ESG concerns, such as climate-related disclosure requirements.

2.1.3 People, remuneration and benefits committee

This Committee is responsible for setting Executive and senior manager's key performance indicators that includes ESG related performance targets. The achievement of annually established ESG related targets developed within the KPI structure drives a proportion of Executive and senior managements short term incentive payments.

2.2 Management team

2.2.1 Responsible senior officer

Alinta Energy's Chief Executive Officer (CEO) is the most senior person responsible for the identification and management of Alinta Energy's climate-related risks and opportunities.

2.2.2 Executive leadership team

Alinta Energy's CEO is supported by an experienced executive management team responsible for overseeing the company's business units. Together, they form the Executive Leadership Team (ELT), convening monthly to provide strategic and operational oversight. This includes setting the strategic direction aligned with achieving net zero by 2050 and enabling the necessary actions. They approve ESG-related targets in annual work plans monitored by the Board.

The ELT's collective experience spans risk management, engineering, technology, finance, and policy. This expertise underpins their role in driving decarbonization while ensuring energy reliability. Their diverse skill sets are evident in engagements with bodies like the Clean Energy Council, collaborations with entities like the Australian Renewable Energy Agency, and active involvement in complex renewable and storage megaprojects.

Additionally, the ELT assumes the role of providing the Board with comprehensive insights into managing Alinta Energy's climate-related risks and opportunities, and its performance.

2.2.3 Energy risk management committee

The Energy Risk Management Committee (ERMC) is a management level committee that oversees our energy financial market and compliance activities, including the risk management associated with energy and environmental commodity markets such as carbon offsets. It is chaired by the Chief Risk Officer.

2.2.4 Climate and decarbonisation council

Alinta Energy's Climate and Decarbonisation Council (CDC) is a management level body chaired by the CEO. It plays a pivotal role in fostering effective communication and collaboration regarding climate-related matters.

The CDC meets on a quarterly basis and is responsible for governing climate-related and decarbonisation matters. This includes:

- Reviewing strategies and policies pertinent to the Board's ESCC, particularly in the context of climate scenario analysis.
- Identifying and responding to risks and opportunities associated with climate-related issues.
- Overseeing project execution and resource allocation for initiatives driving Alinta Energy's transition towards becoming a low-carbon enterprise.
- Establishing climate-related targets and closely monitoring their performance.

2.2.5 Capital steering committee

The Capital Steering Committee (CSC) is a management level committee and is responsible for analysing substantial capital proposals, evaluating their risks, benefits, and strategic alignment. This entails monitoring the extensive pipeline of large-scale renewable projects and supervising proposals slated for Board approval. The committee also assesses capital expenditures for new projects, significant outages, and upgrades concerning existing assets. Often these upgrades are reducing the emission intensity of energy production or enhancing asset flexibility to swiftly respond to demand fluctuations and thereby facilitate improved integration of renewables within the grid.

2.2.6 Other management committees

Alinta Energy also has three other Management Committees including the Ethical sourcing working group, Wellbeing Committee and Community Development Committee. However, these have not been expanded on as they do not have a direct impact on our climate change risk and opportunity management.

3 Strategy

3.1 Decarbonisation strategy

Alinta Energy's strategies and actions towards achieving net zero by 2050[a] are summarised below.

Pathway to achieving net zero by FY50[a]

	1. Invest in clean energy technologies.	2. Establish and track against interim emission reduction targets.	3. Help customers meet their climate ambitions.	4. Commit to no new coal assets.
Strategies				
Targets*	Support the development of 1,500 MW of renewable generation and energy storage capacity by FY25	2020-2025 interim targets: • Reduce our Scope 1 emission intensity by 40% from 0.667 tCO_{2-e}/MWh in the FY18 base year, to 0.400 tCO_{2-e}/MWh by FY25. • Offset any residual scope 1 emissions voluntarily surrendering credible carbon offsets and/or renewable energy certificates by 2050. • Offset any residual scope 2 emissions by voluntarily surrendering credible carbon offsets and/or renewable energy certificates by 2025. *Set 2030 interim targets by FY25.	Offer Climate Active Carbon Offset products for mass market and commercial and industrial customers. Leverage our experience in the development of renewable energy projects to support other large customers on their decarbonisation journey.	No consideration to develop new coal assets.
FY23 Progress	• 999 MW renewable and storage capacity reached final investment decision (FID) against a target of 1,500 MW (FY22: 860 MW). • A pipeline of 5,865 MW of potential new renewable and storage projects undergoing evaluation or planning before seeking FID.	• A steady reduction in net scope 1 emissions intensity to 0.419 (FY22: 0.444). • 50% of total Scope 2 emissions offset using Climate Active certified offsets.	• Commenced pre-sales on our new Carbon Balance plan (Est. August 2023). • Launched a new team to provide innovative products like behind-the-meter solar PV, battery storage solutions and direct investment into high-quality carbon offset projects.	Continue to pursue lower carbon energy generation and not develop new coal assets.

a. Scope 1 and 2.
* Set 2030 interim targets by FY25.

3.2 Targets and metrics

Alinta Energy has set large scale renewable energy and scope 1 and 2 decarbonisation targets.

The energy industry faces the challenge of collaborating among various stakeholders to build out the required new renewable energy and storage solutions. Governments, regulators, grid operators, and project developers need to work together to decarbonise the industry, whilst ensuring Australia's energy supply remains reliable and affordable. At the same time, companies that manage existing energy assets are working with similar stakeholders and within market dynamics to invest in these assets so that they are available when needed to support intermittent renewable generators.

Alinta Energy recognises the urgency of responding to climate change, and therefore has established large scale renewable energy and decarbonisation targets. The faster new renewables and energy storage assets are developed, the sooner fossil fuel generation can be reduced and eventually phased out, which is why we support renewable generation through both direct development and underwriting new projects through power purchase agreements.

As the proportion of renewable energy increases and coal-fired generators close, alternative sources of firming capacity and ancillary services, such as inertia, frequency control and dispatchability, will be required to maintain a reliable, stable power grid. We are developing new storage projects like large-scale batteries and pumped hydro that have the capacity to stabilise the grid and deliver reliable energy.

3.3 Experience matters

There is a difference between knowing what you should do and having done it.

Alinta Energy holds unique experience in energy grid decarbonisation. This journey spans from the closure of the Leigh Creek coal mine and adjoining Port Augusta power stations in South Australia to the development, construction, and optimisation of the Newman low emission 'mini grid' in Western Australia. The Newman grid connects to the Chichester solar farm and serves as a prototype, showcasing the interaction between prioritised large-scale solar, battery, and gas generation assets that are both affordable and reliable. The insights gained here are invaluable for the broader decarbonisation of interconnected grids across Australia.

These factors underscore Alinta Energy's unwavering focus on long-term, large-scale renewable ventures. Notable among these are the Spinifex offshore wind farm near Portland in Victoria and the Oven Mountain pumped hydroelectric storage facility near Armidale in NSW, both currently in development. These significant projects not only exemplify commitment but also provide promising career prospects for talented employees in the competitive renewable development labour market.

Alinta Energy has also established a dedicated 'New markets' team focussed on individual large customer product and technical solutions aimed at reducing their carbon emissions.

3.4 Strategy development

Alinta Energy's climate-related strategy is developed within a strong governance framework.

3.4.1 Risks and opportunities

Alinta Energy's climate-related risks and opportunities are identified by drawing insights from across the business. The company's strategy to managing these risks and opportunities is informed by a wide range of information, including trends in domestic and international energy markets and climate modelling.

3.4.2 Scenario analysis

Alinta Energy employs scenario analysis to comprehensively evaluate the company's climate-related risks and opportunities across a spectrum of potential future scenarios. The risk and opportunities featured in this report incorporates three scenarios that align with both the Australian Energy Market Operator's (AEMO) 2022 Integrated Systems Plan (ISP) and the climate scenarios published by the United Nations' Intergovernmental Panel on Climate Change (IPCC).

The "Step Change" scenario, utilised in this report to assess transitional risks, remains consistent with the objective outlined in Article 2, Part 1(a) of the United Nations' Paris Agreement (2015) of:

"Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change".

The primary purpose of Alinta Energy's scenario analysis is to test the resilience of Alinta Energy's climate-related strategies and to identify if or how our strategy might need to evolve under each scenario.

On the right is a summary of the assumptions used in our scenario analysis.

Alinta Energy's climate-related risks and opportunities were assessed at various timeframes to 2050 in a series of workshops involving key business units. These assessments were based on the following:

- Alinta Energy's corporate risk matrix, which examines likelihood and consequences for each risk and opportunity.
- The 'consequence' of each risk or opportunity was characterised by its potential impact on Alinta Energy's earnings in the specific future year under assessment.
- Each risk or opportunity underwent assessment from a 'residual' perspective, which means that the risk assessment process considered the impact of proposed risk controls.
- A corporate calibration process was undertaken following the series of business unit workshops, to ensure consistency across the business.

	Transition	Physical
Scope of business		
Key business units		Wind farms[a] Solar farms Gas fired power stations[a] Transmission lines Gas pipelines Offices and call centres
Scenarios		
	AEMO ISP Step Change (SSP1-2.6) The world rapidly transitions to low-carbon economy with coordinated action. **AEMO ISP Steady Progress (SSP2-4.5)** Globally, policies become more ambitious but a gap between NDCs and decarbonisation remains resulting in global warming exceeding 1.5°C.	**AEMO ISP Delayed Transition (RCP8.5)** A high warming scenario for worst case physical impacts. It is a recommended scenario by Electricity Sector Climate Information (ESCI); WA Department of Water and Environmental Regulation (DWER), NSW Department of Planning and Environment (DPE) and Task Force for Climate-related Financial Disclosures (TCFD) and others.
Timeframe		
	2030, 2050	2030, 2050
Scope of assessment		
	•Policy risk •Legal risk •Technology risk •Market risk •Reputation risk	Acute risks: •Cyclones •Heat waves •Bushfires Chronic risks: •Change in precipitation patterns •Change in average temperatures •Sustained higher temperatures •Drought •Sea level rise
Climate scenario analysis		
	Climate related risks	**Climate related opportunities**
	Existing Alinta Energy Enterprise Risk Management Framework	Existing Alinta Energy Strategy and Planning Framework

a On 1 November 2023, Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd were sold to APA Group. Consequently, the Pilbara assets at Newman, Chichester, and Port Hedland will be accounted for in Alinta Energy's FY23 TCFD report, but their status will change in subsequent years.

3.4.3 Identifying and assessing climate-related risks and opportunities

The workshops identified 24 transitional risks, 13 transitional opportunities and 202 physical risks. These were allocated a risk rating low, medium, high or extreme, using Alinta Energy's risk matrix. The material climate-related risks and opportunities identified by this process are summarised below.

3.4.4 Limitations

This document is not intended to be used as financial or investment advice, nor does it offer guidance on future performance. Any forward-looking statements are grounded in current expectations, assumptions, and estimates of Alinta Energy's management as at the date this report was released. These statements are not guarantees or predictions of future performance, relying on subjective judgment and assumptions regarding future events, which may or may not be under Alinta Energy's control. No explicit or implicit representation or warranty is given concerning the accuracy, completeness, likelihood of achievement, or reasonableness of the forward-looking information in this document.

This document incorporates three distinct climate change scenarios. These scenarios neither reflect Alinta Energy's preferences nor constitute predictions for the future. Instead, they explore an anticipated future Australian energy market within the framework of these climate change scenarios. It's important to note that inherent limitations in scenario analysis include:

- Assumptions that may or may not prove accurate, and there could be additional factors or events significantly influencing these scenarios.
- Scenarios do not capture all potential outcomes; they encompass a spectrum of possibilities to support Alinta Energy's strategy and planning amid the context of Australia's energy transition.

	Description	Potential impact/benefit	Management
Risks	Transitional risks		
	1. Retail shift from gas to electricity in WA Risk time horizon: Short - Long term	Domestic and industrial electrification is expected to shift energy demand away from natural gas in WA over the long term and there is a risk in predicting and managing the speed and scale of that change over time.	Our Customer Strategy & Insights team monitor customer energy usage trends and develop products products for their current and future energy needs. We also advocate for full retail contestability among all WA electricity customers, to increase competition and ensure Alinta's energy products can evolve with changing customer needs.
	2. Market reform and/or government policy may not support renewable and storage development Risk time horizon: Short - Medium term	The development of some renewable energy projects may not be commercially viable due to increasingly unpredictable wholesale electricity markets. Without market reforms and/or government support, it may be difficult to attract key development partners, such as shareholders, financiers and customers.	Alinta Energy mitigates this risk by working constructively with government agencies to ensure the right market signals are present in the future to support the transition to clean energy. We proactively monitor proposed government policies to adapt our business systems and processes to ensure compliance. Furthermore, our successful track record in delivering complex renewable and storage projects has fostered productive relationships with development partners.
	3. Limitations associated with the transmission infrastructure needed to support renewables Risk time horizon: Short - Medium term	Due to constraints in existing transmission network infrastructure and/or delays in the construction of the new transmission needed to support renewables, there is a risk that key development partners, such as shareholders, and financiers will become reluctant to proceed with new projects if revenues are difficult to predict over the life of the asset.	We work closely with government, regulators, and transmission operators to negotiate network access agreements for our renewable and storage projects. While this risk is expected to continue in the short to medium term, it should decrease as renewable energy zones develop, new transmission lines are built in strategic locations, and network capacity allocation rules mature. This will give investors more confidence in predicting revenues at the final investment decision (FID) stage.
	4. Financing Risk time horizon: Short - Medium term	If Alinta Energy does not meet financier's decarbonisation requirements and transition plan, this could result in limited access to financing options and/or increased cost of capital.	We actively engage with financial institutions to ensure clear communication and disclosure of our climate change strategy, goals, and aspirations. Our voluntary TCFD report exemplifies our dedication to transparency and cooperation.

	Description	Potential impact/benefit	Management
Risks	Transitional risks		
	5. Supply chain risk Risk time horizon: Short - Medium term	The increased demand for materials and minerals could result in supply shortages leading to renewable energy project delays and/or increased costs.	We maintain strong working relationships with leading Engineering, Design, and Construction (EPC) contractors in the renewable energy industry. We also negotiate and agree on project costs with our EPC contractors prior to construction commencement.
	6. Lack of technical resources Risk time horizon: Short - Medium term	As demand increases for renewable energy, there is a risk we cannot attract talent from a small market of technical expertise to appropriately manage the construction and/or operation of renewable assets.	We prioritise investments in talent, capabilities, and our organisational culture to ensure we continue to attract and retain skilled employees. We continuously evaluate our skill needs and invest in areas that enhance our existing strengths. In the current year, we restructured our Merchant Energy team into two separate business units: Power Generation and Development, and Trading and Portfolio Management. This restructuring aligns with our increased focus on development activities.
	7. Slow transition due to community resistance Risk time horizon: Short - Medium term	There is an industry wide challenge in obtaining the social licence required to build new clean energy generation and transmission infrastructure. Community resistance could slow the approvals process and increase the cost of constructing new renewable energy generation assets.	We engage with local communities, landholders, and traditional custodians of the land around our new clean energy projects. When appropriate, we also seek external expertise that reflects the diversity of our local communities to enhance our engagement efforts. Additionally, we engage with a broader range of stakeholders to effectively address environmental and social risks, including those related to climate.
	Physical risks		
	8. Physical assets are negatively affected by a changing climate. Risk time horizon: Short - Long term	Existing and proposed generation, transmission and distribution assets may be damaged or operate less effectively due to the increased prevalence of extreme weather events.	Alinta Energy manages physical climate risks in multiple ways. These include implementing engineering controls at generation assets, maintaining business continuity plans for severe weather disruptions, remote operation capabilities to reduce energy supply interruptions, and transferring financial risks through property damage and business interruption insurance with FM Global, our long-term insurance partner.

	Transitional opportunities		
Opportunities	**1. Supply of carbon offsets** Time horizon: Short - Medium term	Alinta Energy has an opportunity to provide customers in 'hard-to-abate' industries with carbon offset certificates to help them achieve their decarbonisation commitments.	Alinta Energy is expanding its capacity to support customers by creating and trading carbon offsets.
	2. Electricity supply sector growth due to expansion of electric vehicle market, electrification of other sectors and the closure of large generation assets. Time horizon: Short - Medium term	The demand for electricity and Alinta Energy's market share has the potential to increase due to: - Electric vehicle as fuel efficiency standards accelerates and Australia adopts them. - Large coal fired generation assets close. - The electrification and decarbonisation of other industry sectors.	Alinta Energy's expertise in renewables, storage, and flexible gas generation positions the company for growth as the low emissions market expands and coal-fired assets phase out.
	3. Investment in energy storage technologies Time horizon: Short - Medium term	Battery storage and pumped hydro are likely to become more valuable to the energy market, which provides an opportunity for Alinta Energy to invest in new energy storage assets.	We built the 35 MW battery at the Newman power station in the Pilbara, which is the largest for industrial use in Western Australia. We're also expanding with projects like the 100 MW Wagerup big battery. Additionally, we're planning the 900 MW Oven Mountain pumped hydro in NSW, with construction anticipated to start in late 2025 and finish in 2030.
	4. Electricity market reform may support firming energy generators and reliability. Time horizon: Short - Medium term	There is recognition that the 'energy only' design of the National Energy Market is not designed to transition the Australian energy sector to clean energy, and therefore it is considered likely that market reforms will take place to help encourage investment in firmed energy generators and reliability, supporting Alinta Energy's assets and project pipeline.	Alinta Energy publicly advocates for the expansion of ancillary markets to ensure Australia's power system remains reliable as coal-fired power stations close down. Leveraging strategically located gas-fired power stations, Alinta Energy is well placed to provide these services. Batteries and storage are also a key part of the growth strategy and investment continues to increase in this area.

Key

Policy and Legal

Technology

Market

Reputation

Physical – chronic

Physical – Acute

4 Risk Management

4.1 Alinta Energy's enterprise risk management framework

Alinta Energy's Enterprise Risk Management Framework (ERMF) is aligned with the standards AS/NZS ISO 31000 and the Committee of Sponsoring Organizations' Enterprise Risk Management – Integrated Framework (COSO II). This framework governs the process by which we identify, analyse, evaluate, address, monitor, and communicate risks. Risks are categorized as financial, strategic, operational, or reputational, and they undergo assessment using consequence and likelihood rating criteria.

Business units compile risk reports encompassing prevailing, novel, and emerging risks, as well as the progress of mitigation measures. This reporting takes place twice a year and adheres to a bottom-up approach, fostering individual accountability for risk. A divisional risk register review, encompassing all business leaders, is also conducted. Divisional risks are reported to the Board and its Audit and Risk Committee.

Incorporating Climate-related risks into Alinta Energy's ERMF ensures active work to mitigate these risks where possible as well as alignment with the approach used for managing other risks within the company. Given Alinta Energy's focus on decarbonisation in recent years, many of the transitional and physical risks identified in the processes outlined in this report were already being managed in Alinta Energy's ERMF process. Climate-related risks identified through these processes were therefore reconciled with our existing risks, and new risks are being integrated into the ERMF process.

4.1.2 Insurance markets

Alinta Energy has a comprehensive insurance program, including policies that cover property damage, business interruption, combined liability and directors' and officers' liability. We maintain insurance policy deductibles and limits at levels we believe are adequate, reasonable, consistent with our risk profile and align with industry practice.

Alinta Energy engages directly with its insurers on a regular basis to understand their objectives and to communicate Alinta Energy's decarbonisation strategy.

4.1.3 Emergency response plans

Thorough planning is undertaken to eliminate or minimize interruptions from events that could affect the ability to operate, including natural disasters like bushfires, cyclones, and changing weather patterns. Our operating facilities have site-specific emergency response plans that include details such as contact numbers, alarm procedures, authority notifications, initial response protocols, roles and responsibilities, emergency equipment, communication guidelines, drills, training, and post-incident recovery. A corporate crisis management plan is also in place for emergency situations. These are continuously reviewed at regular intervals.

5 Metrics and targets

Alinta Energy has demonstrated its commitment by setting a series of climate-related targets and metrics.

5.1 Performance against metrics and targets

The information in the table below outlines Alinta Energy's Climate-related metrics and performance against its existing 2025 and 2050 decarbonisation targets.

For more sustainability data, please visit our website.

5.2 Senior leader remuneration

Achieving Environment, Social and Governance (ESG) targets and objectives contributes towards Alinta Energy's Executive and senior leaders' annual achievement goals and short-term incentive payments. This demonstrates the importance that Alinta Energy's board and executive leadership team place on embedding the principles of sustainability into the way the company does business.

	Target	FY23	FY22	Status
Renewables				
Renewable generation and storage (MW)	FY25: 1,500	999	860	On track (1)
Emission intensity				
Scope 1 emission intensity (tCO2-e/MWh)	FY25: 0.4	0.419	0.444	On track (2)
Greenhouse gas emissions				
Scope 1				
Scope 1 emissions (tCO2-e)		1,045,155	1,155,596	(3)
Scope 2				
Scope 2 emissions (tCO2-e)		7,062	8,857	
Less scope 2 offsets (tCO2-e)		(3,531)	(2,214)	
Net scope 2 emissions (tCO2-e)	FY25: net zero	3,531	6,643	On track (4)
Operated scope 1 & 2 emissions (tCO2-e)	FY50: net zero	1,048,686	1,162,239	On track
Material Scope 3				
Scope 3 emissions associated with owned but not operated facilities in Australia (tCO2-e)		1,299,677	921,917	(5)
Scope 3 emissions associated with gas sold to end-use customers in Australia (tCO2-e)		2,602,965	2,344,480	(6)
Scope 3 emissions associated with contracted electricity (tCO2-e)		7,355,411	7,541,163	(7)
Scope 3 emission intensity associated with contracted electricity (tCO2-e/MWh)		0.96	0.94	(8)

Notes:

(1) Since setting our FY25 target of 1,500 MW of combined renewable generation and/or energy storage capacity in FY19, we have made total progress of 999 MW. Over the last three years, we have completed construction on several renewable projects, and we are now focusing on progressing new projects through to final investment approval. Projects such as the proposed Oven Mountain pumped hydro storage facility and Spinifex offshore wind farm are in their early stages and have not yet reached final investment approval, meaning they aren't reflected in our progress towards our renewables target. If and when these projects reach this level, they will represent a significant step change in our progress to achieving our targets. We have also actively assessed a number of other major projects, which haven't progressed for various reasons e.g., environmental impact or community concerns. Therefore, the only projects being counted are those where we have the greatest confidence around successful progression.

(2) We are on track and reduced our actual Scope 1 emissions intensity for the year to 0.419 tCO2-e/MWh. This represents a cumulative reduction of 37% since the FY18 base year.

(3) Scope 1 emissions reported in the table are based on the facilities under the operational control of Alinta Energy Pty Limited, in line with its National Greenhouse and Energy Reporting submissions. Loy Yang B Power Station is under the operational control of Pioneer Sail Holdings Pty Limited, which is the parent company of Alinta Energy Pty Limited, therefore is not included. However, Yandin Wind Farm is under the operational control of an Alinta Energy Pty Limited subsidiary Alinta Servco Pty Limited and therefore is included.

(4) Scope 2 greenhouse gas emissions relate to electricity purchased from the grid and used by the offices and power stations under our operational control, in line with our NGER reporting. In FY23, Alinta Energy offset 50% of its Scope 2 emissions using ACCUs generated from the Jandra/Nulty Regeneration Project (Project ERF101511). This reduced its 'net' Scope 2 emissions from 7,062 to 3,531 tCO2-e.

(5) This relates to Pinjarra power station which is embedded in Alcoa's facility and operated by Alcoa. It includes natural gas emissions for electricity generation and other emissions not for the purpose of generating electricity.

(6) Combustion and upstream extraction emissions are calculated based on factors included in the National Greenhouse Account Factors published by the Department of Industry, Science, Energy and Resources. T

(7) This relates to emissions associated with contracted purchases of electricity from a capacity agreement with Loy Yang B power station that is not owned and operated by Alinta Energy.

(8) This relates to emissions associated with contracted purchases of electricity from specific generation assets that are not owned and operated by Alinta Energy. It includes a capacity agreement with Loy Yang B power station and wind and solar generation. The renewables do not have any material emissions associated with their electricity generation, but they reduce our overall emissions intensity.

6 Basis of Preparation

6.1 Scope

This report has been prepared on behalf of Alinta Energy Pty Limited and Renewable Energy Investment Fund Pty Ltd (collectively, 'Alinta Energy' or 'the company').

6.2 About Alinta Energy

Ownership

Alinta Energy Pty Ltd and Renewable Energy Investment Fund Pty Ltd are subsidiaries of Chow Tai Fook Enterprises Limited (CTFE) and Pioneer Sail Australia Pty Limited (ABN 91 617 846 385) (Pioneer Sail Australia).

Pioneer Sail Australia

Pioneer Sail Australia also owns Latrobe Valley Power (Holdings) Pty Ltd (Latrobe Valley Power), which owns and operates the 1,200 MW Loy Yang B power station, located in the Latrobe Valley in Victoria. Alinta Energy Pty Limited does not have operational control of Latrobe Valley Power. Alinta Energy Pty Limited has a capacity agreement with Loy Yang B to purchase a share of its output. They have separate boards, each chaired by independent non-executive directors. Preparation work is being done to do climate-related disclosures for Latrobe Valley Power in future years.

Yandin Wind Farm

Renewable Energy Investment Fund Pty Ltd (REIF) is also a subsidiary of Pioneer Sail Australia. REIF holds a 30% interest in the Yandin Wind Farm. Alinta Energy Pty Limited's subsidiary contracts for the output of the Yandin Wind Farm and manages its operations. Therefore, Alinta Energy has NGER operational control of REIF and Yandin Windfarm is a part of Alinta Energy Pty Limited's report.

6.3 Sustainability report

Alinta Energy discloses a series a metrics that are aligned to GRI standards and the United Nations Sustainable Development Goals as part of its annual sustainability reporting program, including those related to carbon emissions, energy usage, energy generation, water, land use, and waste management.

Alinta Energy's annual sustainability reports are available on its external website.

Report feedback

We welcome feedback and suggestions regarding our sustainability reporting program and performance, which can be submitted via the following contact details:

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Sydney NSW 2000

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