

BABCOCK & BROWN POWER

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ASX Release

23 June 2008

WA GAS TARIFF INCREASES IN LINE WITH BBP'S EXPECTATIONS

Babcock & Brown Power (ASX:BBP) today announces that the Western Australian State Government confirmed on Friday afternoon that it will increase the cap on gas tariffs for residential and small business customers from 1 July 2008. These increases are in line with BBP's expectations.

The WA Office of Energy recently undertook a review of gas tariffs. Alinta, the largest retailer of natural gas in WA, worked closely with the Office of Energy during the review process to help establish a fair and reasonable tariff increase that reflected the cost of gas delivery while being sensitive to the needs of householders and small businesses.

For residential customers in the South-West and Mid-West the increase in gas tariff will range from 5.4% for smaller gas users to 16.5% for bigger users, with the median increase approximately 9%.

For further information, please refer to the attached Alinta Media Release.

ENDS

Further Information:

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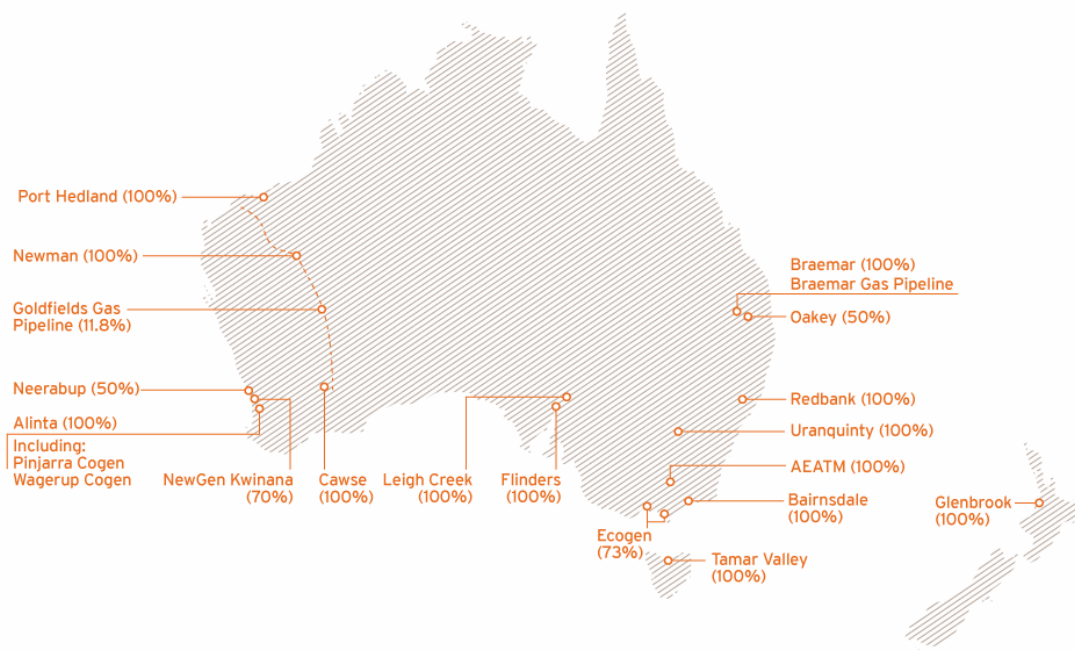
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About Babcock & Brown Power

Babcock & Brown Power (ASX:BBP) is a power generation business, with assets diversified by geographic location, fuel source, customers, contract types and operating mode. Its aim is to grow returns to its securityholders through optimisation of its existing power generation business and the addition of further generation assets and associated businesses via a combination of new construction and strategic acquisitions.

The portfolio has interests in 14 operating power stations representing over 4,000MW¹ of installed generation capacity and five power stations under construction. BBP has interests in a number of other associated power assets including the WA retail assets Alinta. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

Portfolio Summary



For further information please visit our website: www.bbpower.com

¹ Some assets have minority shareholders.

Alinta

Gas Tariff Review

20 June 2008



Background

The Office of Energy recently undertook a review of Gas Tariffs to small use customers (households and small business customers) in the areas covered by the Tariff Regulations. These areas include the South West (including the Perth metropolitan area), Albany and Kalgoorlie-Boulder.

Alinta worked closely with the Office of Energy during the review process to help establish a fair and reasonable tariff increase that reflected the increased cost of gas delivery while being sensitive to the needs of householders and small business.

Alinta supports the tariff increases introduced by Government and believes the appropriate checks and balances are in place to ensure customers experiencing financial hardship or difficult life circumstances receive the necessary support for their situation.

Why gas tariff increases?

- The major costs incurred by Alinta are wholesale gas commodity charges, transportation charges, network charges and labour costs.
- Significant increases in these costs, particularly wholesale gas commodity, have had a substantial impact on the cost of delivering gas to consumers.

Building a market that encourages competition

- While there may be further increases in these costs going forward, Alinta will be working closely with all market participants to keep these to a minimum. A smaller impact is possible if strong competition can occur amongst upstream gas producers.
- Alinta supports the move towards a competitive gas marketplace, in order to improve the efficient use of gas across the network, encourage the entry of new players, and encourage existing players to continue to invest in new services and infrastructure.
- Alinta strongly believes a cost reflective tariff system would encourage new entrants to the retail energy market, ultimately improving the level of service delivery and gas usage efficiencies. This can only be achieved if tariffs are set at cost-reflective levels.

Encouraging efficient, sustainable gas usage

- Historically, Alinta's gas tariffs have benefitted high volume gas users. Nowadays, Alinta is committed to promoting efficient gas consumption by households and small businesses.
- Tiered tariff increases have been designed to have little impact on low level gas users and encourage more efficient practices amongst medium and high level gas users.
- Tariff increases will also be applied to small business customers. To find out ways to reduce monthly bills, small businesses are encouraged to contact Alinta.

A safety net for customers experiencing financial difficulty

- Customers can call Alinta on 13 13 58 to negotiate a payment arrangement or payment extension at any time. Alinta provided assistance to over 60,000 customers in relation to payment extensions in 2007.
- Alinta also offers flexible credit management and payment processes, direct debit and monthly bill smoothing. More than 90,000 customers currently benefit from direct debit and bill smoothing options.
- Referral to support agencies is available to customers who may be experiencing financial difficulties. Alinta provides funding support to emergency relief agencies, financial counsellors and welfare support agencies in Western Australia via the AlintaCARE programme. AlintaCARE has been running since 2003 and Alinta has increased its contribution year on year.

How the increase affects customer accounts

Consumption Level	(Old) Typical 90-day Account	New Typical 90-day Account
Low	\$56.00	\$59.00
Medium	\$89.00	\$97.00
High	\$126.00	\$147.00

For more information

Alinta - 13 13 58 to discuss flexible payment arrangements or www.alintacustomer.com.au

Office of Energy - Gas Tariff Review http://www.energy.wa.gov.au/2/3248/64/gas_tariffs_rev.pm