

BABCOCK & BROWN POWER

Babcock & Brown Power Limited · ABN 67 116 665 608
Babcock & Brown Power Services Limited · ABN 37 118 165 156
As responsible entity for Babcock & Brown Power Trust · ARSN 122 375 562
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia · T +61 2 9229 1800 · F +61 2 9372 2610
Level 25 Waterfront Place · Eagle Street · Brisbane QLD 4000 Australia · T +61 7 3011 7600 · F +61 7 3011 7610
www.bbpower.com

26 June 2009

WA GAS TARIFF INCREASES IN LINE WITH BBP'S EXPECTATIONS

Babcock & Brown Power (ASX:BBP) today announces that the Western Australian State Government confirmed late yesterday that it will increase the cap on regulated gas tariffs for residential and small business customers in Western Australia from 1 July 2009. The new gas tariff caps are in line with BBP's expectations.

For residential customers in the South-West and Mid-West supply areas with median gas consumption, the increase in gas tariffs will increase bills by approximately 22.9%.

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

ENDS

Further Information:

Ross Rolfe AO

Chief Executive Officer

Ph + 61 2 9372 2627

Peter Brook

Chief Financial Officer

Ph + 61 2 9372 2623

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 12 operating power stations representing approximately 2,800MW¹ of installed generation capacity. BBP has interests in a number of other associated power assets including the WA retail assets Alinta.

¹ Some assets have minority shareholders.

Alinta – Media Release

Gas Tariff Review



25 June 2009, 18:00 WST

Background

The State Government has approved Alinta's proposal for an increase in gas tariffs.

The cost of supplying gas to the end customer has increased significantly in the last few years, and the Office of Energy's Further Interim Report concluded that existing gas tariffs did not reflect the true costs of supplying gas.

Due to the explosion at the Varanus Island gas processing facility in June 2008, the State Government has also agreed that for 2009-10 only, there should be a further small increase in gas tariffs to allow Alinta to recover a portion of the additional costs that were incurred in maintaining gas supplies to tariff customers during this time.

Alinta General Manager Retail Sales, Ralph Bates said the changes to tariffs were likely to see a typical household's gas bill increase by \$1.70 per week.

"While price increases are never welcome, Alinta is committed to ensuring that customers who are experiencing payment difficulties or genuine financial hardship are supported and assisted."

In addition, the Gas Customer Code, which takes effect on 1 July 2009 further ensures that these customers are protected.

Why gas tariff increases?

- Significant increases in Alinta's operating costs, particularly wholesale gas commodity charges, transmission and distribution network charges, and retail operating costs (including labour costs) have had a substantial impact on the cost of delivering gas to consumers.
- Regulated tariff caps need to be at cost reflective levels in order to ensure there is ongoing investment in the Western Australian energy industry, resulting in the delivery of a more secure and reliable supply of gas and more choice for end use customers.

A safety net for customers experiencing financial difficulty

- Alinta is committed to assisting customers experiencing genuine financial hardship.
- Customers can call Alinta on 13 13 58 to discuss a payment arrangement or payment extension. Alinta provided assistance to over 68,000 customers in relation to payment extensions in 2008-09.
- Alinta also offers flexible credit management and payment processes, direct debit and monthly bill smoothing. More than 115,000 customers currently benefit from direct debit and bill smoothing options.

- In addition, 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 reviews its contribution year on year.

How will the increase affect customer accounts?

A typical household currently pays around \$390 each year for their gas. The new tariff will mean an increase of \$1.70 per week for them.

Consumption Level	Current Average 3 Month Bill	New Average 3 Month Bill
Low	\$59.00	\$73.00
Medium	\$97.00	\$119.00
High	\$147.00	\$181.00

What can customers do to manage their gas use?

For advice on reducing energy consumption, customers can visit the Sustainable Energy Development Office (SEDO) website – www.sedo.energy.wa.gov.au

MEDIA ENQUIRIES:

Please contact **Gemma Ruello** - 0423 760 288