



TRUenergy

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TRUenergy Climate Change Strategy

Acting now for a sustainable future





“As one of the largest greenhouse gas emitters in the Australian energy sector, TRUenergy faces a more difficult challenge than most to reduce its greenhouse gas emissions. In planning for a low carbon future, our Climate Change Strategy provides a blueprint for action.”

- Richard McIndoe, Managing Director

As a substantial investor, generator and retailer in the Australian energy sector, TRUenergy has a responsibility to take a lead role in the development and implementation of effective carbon reduction solutions.

Why the need to act?

Scientific opinion regarding the effect of greenhouse gas emissions on our climate has reached consensus.

With global acceptance of climate change has come a substantial shift in corporate, community and government thinking, driven by the recognition of new market opportunities and the need to manage climate change risks.

At present, TRUenergy relies on cheap, abundant coal resources for approximately 80 percent of the energy it generates and sells, making it a microcosm of Australia's fossil fuel dependent, greenhouse intensive economy. In this sense, TRUenergy faces the issues that confront Australians as a whole, balancing its responsibility to meet the growing energy needs of customers with its duty to minimise the significant environmental, social and economic impacts of climate change.

TRUenergy understands that its role in mitigating climate change requires significant changes to the way it conducts business, the technologies it uses to generate energy, and to its relationships with customers and stakeholders.

Key assumptions underpinning TRUenergy's Climate Change Strategy

This Climate Change Strategy is predicated on a number of critical assumptions, including:

- a high-level objective to prevent global warming of 2°C or more above pre-industrial average surface temperatures
- modelling that assumes an effective and efficient national emissions trading scheme
- the availability of commercial scale 'clean coal' with carbon capture and storage by 2030
- the assumption that nuclear power will not be part of the generation mix until a comprehensive regulatory framework to support it is put in place.

The achievement of TRUenergy's Climate Change Strategy relies on the introduction of an effective national emissions trading scheme that creates an explicit, market-based price of carbon and preserves existing asset values of those most adversely affected by a carbon charge.

Australia's policy framework should also provide strong incentives for publicly funded research and development of cost-effective emission reduction technologies, as well as a national mechanism to support low and zero emission technologies in their commercialisation phase, ensuring they are deployed in a timely manner.

TRUenergy Climate Change Strategy

Given a supportive policy framework, TRUenergy will reduce emissions across its portfolio by:

- capping carbon intensity with reductions commencing by 2010
- cutting emissions intensity by one-third of 2007 levels (1.2 tonnes/MWh) by 2020
- reducing emissions by 35% by 2035 on a 1990 baseline (proportional to market share)
- reducing emissions by 60% by 2050 on a 1990 baseline (proportional to market share)

- committing to not build any greenfield, traditional technology, coal-fired power stations.

As TRUenergy continues to grow market share, it will take responsibility for its increased proportion of emissions across the National Electricity Market.

TRUenergy will also implement programs to help consumers manage their carbon footprint, through greater focus on energy efficiency and accredited GreenPower products.

TRUenergy's Climate Change Strategy actions

TRUenergy will drive its Climate Change Strategy through early action, including:

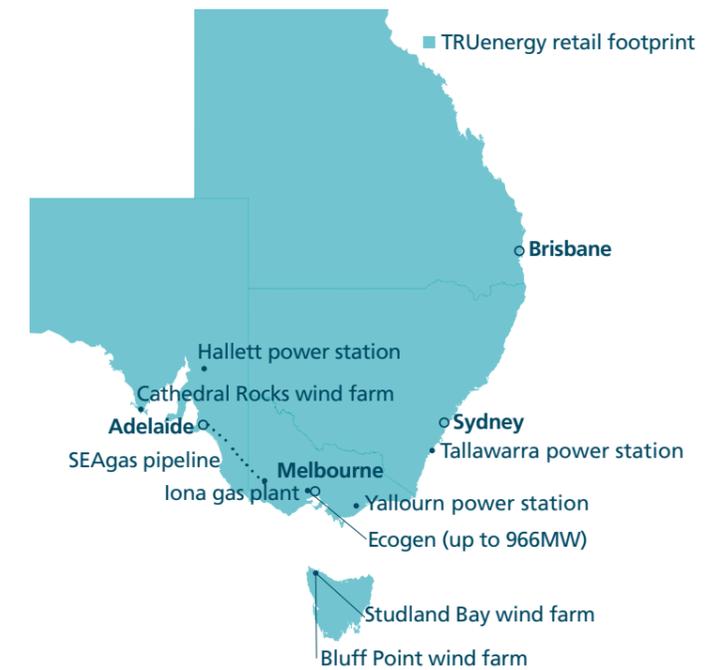
- a comprehensive program to reduce greenhouse emissions at Yallourn power station
- the construction of Tallawarra, Australia's most energy efficient gas-fired power station
- the management of CLP's Roaring 40s renewable energy joint venture
- increasing customer uptake of our range of accredited GreenPower products
- an energy efficiency focus across our whole business, from generation assets to offices to customers
- membership of the Australian Greenhouse Office Greenhouse Challenge Plus Program to help us identify our emissions footprint and manage an action plan to reduce it
- annual measurement and reporting of our greenhouse gas emissions and mitigation strategies.

About TRUenergy

TRUenergy is an integrated energy business that services over 1.2 million residential and business customer accounts. Through its brown coal power station at Yallourn, TRUenergy provides approximately one quarter of Victoria's electricity demand. Our broader portfolio of gas and renewable energy interests provides additional energy and related services to the National Electricity Market and state-based gas markets.

TRUenergy market share

State	Retail	Generation
South Australia	12%	5%
Victoria	24%	27%
New South Wales	2%	0% (800MW pending)
Queensland	Market opened 1 July 2007	



Timeframe: TRUenergy targets

