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Neoen innovates with grid-scale virtual battery offer, inking first contract with AGL for 70 MW

- Neoen inks an innovative 7-year virtual battery agreement with AGL Energy, a leading Australian energy generator and retailer, for a capacity of 70 MW in Australia's New South Wales region.
- The offtake gives AGL Energy the ability to hedge its customer load by virtually charging and discharging a battery of 70 MW as and when it chooses, a highly flexible solution designed by Neoen.
- Neoen will leverage its 100 MW Capital Battery in Canberra to provide this solution while retaining the ability to deliver network services.

Neoen (ISIN: FR0011675362, Ticker: NEOEN), one of the world's leading producers of exclusively renewable energy, has signed an innovative 7-year virtual battery agreement with AGL Energy, a leading Australian generator and retailer, to provide 70 MW / 140 MWh of virtual battery capacity in the New South Wales (NSW) region of Australia's National Electricity Market.

First of its kind in Australia, the virtual battery offer is a solution designed by Neoen to allow a large electricity user or retailer to mimic a grid-scale battery, without having to build or own one. Neoen is able to offer this solution to AGL by combining its expertise in energy management and its own physical assets, in this case its 100 MW / 200 MWh Capital Battery in Canberra, which will in parallel continue to deliver valuable services to the network. Construction of the Capital Battery commenced in December 2021 and the asset is expected to start operating in the first half of 2023. Neoen committed to building the Capital Battery as part of its winning bid in the Australian Capital Territory's 2020 renewable energy auction, where it won a 100 MW power purchase agreement for Goyder South Stage 1 Wind Farm in South Australia.

This offtake will enable AGL to hedge its customer load by virtually charging or discharging the battery at any time over 5 minutes trading intervals. It is ideally suited to managing the increasing challenges of the "duck curve" and evening peaks faced by large electricity users and retailers. The increasing penetration of rooftop solar capacity results in oversupply of electricity in the middle of the day. At the same time, meeting peak demand in the evening can be more challenging, especially in summer. This innovative and flexible offtake is extremely useful for a large electricity user or retailer by conceptually "charging" the battery during low demand periods and "discharging" it during high demand periods. This offtake can be scaled to precisely accommodate the size that the customer needs. In addition, Neoen has designed a bespoke and dedicated interface that allows the customer to submit live orders or use sophisticated predesigned dispatch strategies.

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AGL operates Australia's largest electricity generation portfolio and is committed to decarbonisation. The agreement with Neoen is key to AGL's strategy of delivering the energy supply mix of the future and builds on AGL's \$4.8 billion investment in renewable and firming generation and addition of more than 2,350 MW of new generation capacity that has been added to the grid since 2003.

In Australia, Neoen owns a battery storage portfolio of 576 MW in operation or under construction, positioning Neoen as the country's leading owner and operator of big batteries. In addition to the Capital Battery, Neoen also owns and operates the recently completed 300 MW / 450 MWh Victorian Big Battery in Geelong, and the 150 MW / 193.5 MWh Hornsdale Power Reserve in South Australia. Neoen's ambition is to have at least one large-scale battery operating in each state of Australia's National Electricity Market.

Louis de Sambucy, Neoen Australia's Managing Director said: *"We are delighted to have AGL as our first customer for this innovative bespoke solution. The virtual battery is an ideal firming tool which will become a core Neoen product and a key element in the success of our expanding range of client offerings. With the Capital Battery currently under construction, we will soon be operating grid-scale batteries in three of the five states of the National Electricity Market and have multiple storage projects in development across Australia."*

Markus Brokhof, AGL Chief Operating Officer said the partnership was part of AGL's strategy to support the delivery of reliable energy through a variety of sources. *"As we continue with our plans for an orderly and responsible energy transition, we're conscious of the need for flexible capacity that meets the energy needs of our customers to ensure they continue to have access to affordable and reliable energy. Neoen's solution suits our needs perfectly. Our aim is to strike a balance between meeting Australia's current and future energy needs while transitioning in a responsible way. AGL's energy transition will be powered by innovations like this, bringing flexible capacity into the market and supporting increased investments in renewable energy, allowing us to prioritise customer supply while we make progress towards net zero."*

Xavier Barbaro, Neoen's Chairman and Chief Executive Officer concluded: *"Large-scale batteries are a critical element of the energy transition, and we are proud of our leadership in this sector. Drawing on our expertise in energy management, the virtual battery offer once again demonstrates Neoen's capacity to propose new and differentiated energy solutions to its customers, such as AGL. By innovating and capturing additional economies of scale, Neoen is both unlocking economic value and accelerating its contribution to the energy transition worldwide."*

About Neoen

Neoen is one of the world's leading independent producers of exclusively renewable energy. Neoen has over 5.4 GW of solar, wind and storage capacity in operation or under construction in Australia, France, Finland, Mexico, El Salvador, Argentina, Ireland, Portugal, Jamaica, Mozambique, and Zambia. The company is also active in Croatia, Ecuador, Italy, Sweden, and the USA. Neoen's flagship assets include France's most powerful solar farm in Cestas (300 MWp), and two of the world's largest lithium-ion batteries: Hornsdale Power Reserve (150 MW / 193.5 MWh) and the Victorian Big Battery (300 MW / 450 MWh), in Australia. Neoen is targeting more than 10 GW capacity in operation or under

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construction by the end of 2025. Neoen (ISIN Code: FR0011675362, ticker: NEOEN) is listed in Compartment A of the regulated market of Euronext Paris.

For more information: www.neoen.com

About AGL Energy

Proudly Australian for more than 180 years, AGL supplies around 4.5 million energy and telecommunications customer services*. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as Australia's leading private investor in renewable energy to now lead the business of transition to a low-emissions, affordable and smart energy future in line with the goals of our Climate Statement. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

** Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.*

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