



Canunda, Australia

- Profit from operations increased to £125 million from £98 million last year
- First full year of earnings from 1,000 MW Loy Yang B
- 46 MW Canunda wind farm started commercial operation March 2005
- Established 50:50 retail joint venture with EnergyAustralia in Victoria and South Australia
- Valley Power peaking plant sold to Snowy Hydro

	Year ended 31 December 2005	Year ended 31 December 2004
	£m	£m
Revenue	<b>420</b>	231
Profit from operations (before exceptional items)	<b>125</b>	98
Exceptional items	–	–
Profit from operations (post exceptional items)	<b>125</b>	98

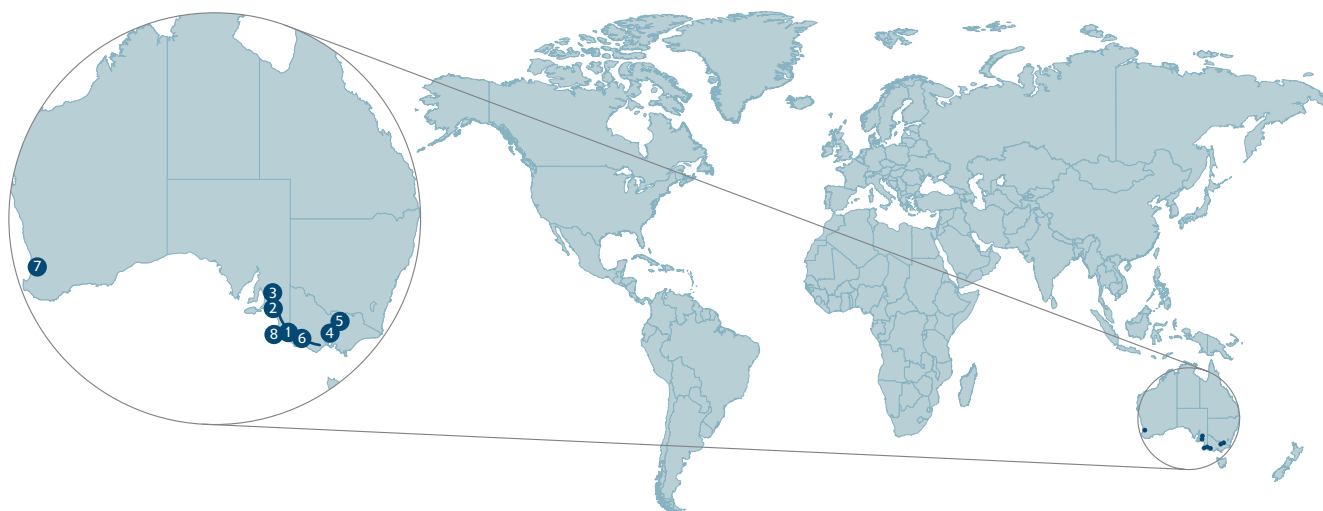
# Regional review

## Australia

Revenue in Australia rose to £420 million in 2005 (2004: £231 million). Profit from operations increased to £125 million (2004: £98 million) reflecting contributions from acquisitions and development projects, principally Loy Yang B, Kwinana, EnergyAustralia and Canunda. As expected, earnings from Hazelwood were down on 2004 due to the completion of contracts placed in prior years. Hazelwood's average achieved price in 2005 was once again ahead of the underlying market price for electricity.

In 2006, we expect to achieve prices at a slightly lower level than 2005. For 2006, some 70% of expected merchant output has been contracted.

Canunda, our new-build 46 MW wind farm in South Australia, successfully started commercial operation in March 2005 and is fully contracted under a long-term PPA. Canunda has 23 wind turbines of 2 MW each, currently the largest wind turbines in Australia, and can produce enough power to supply 30,000 homes.



	Fuel/type	Gross capacity power MW	Net capacity power MW	Gross capacity heat (MWth)	Net capacity heat (MWth)
<b>Assets in operation</b>					
1	Canunda, South Australia	Wind/renewable	46	46	–
2	Pelican Point, South Australia	Gas (CCGT)	485	485	–
3	Synergen, South Australia	Gas/distillate	360	360	–
4	Hazelwood, Victoria	Coal	1,635	1,500	–
5	Loy Yang B, Victoria	Coal	1,000	700	–
6	SEA Gas pipeline, Victoria <sup>(1)</sup>	n/a	n/a	n/a	–
7	Kwinana, Western Australia	Gas (CCGT)	118	58	–
8	EnergyAustralia <sup>(2)</sup>	n/a	n/a	n/a	–
<b>Australia total in operation</b>			<b>3,644</b>	<b>3,149</b>	–

<sup>(1)</sup> 687 km gas pipeline (33% owned by International Power) from Victoria to South Australia.

<sup>(2)</sup> EnergyAustralia (50% owned by International Power) services circa 275,000 electricity and gas retail accounts in Victoria and South Australia.

At Hazelwood, our largest brown coal fired generator in Victoria, the development of our existing open cast mine progressed on plan. Over the last three years, we have progressively been developing a large-scale infrastructure to mine a new area called the West Field, and in June 2005 a milestone was reached where 100% of the coal used by Hazelwood power station (namely 17 million tonnes per annum) was sourced from this new coal field. In September 2005, an agreement was reached with the Victorian government for a mining licence variation to the new West Field mine which allows access to additional coal and in return Hazelwood undertook to limit its life-time emission of CO<sub>2</sub> to 445 million tonnes. This is an important step to provide long-term security of supply of coal for Hazelwood.

International Power and EnergyAustralia, an experienced retailer in the Australian market, established a 50:50 partnership to provide electricity and gas to retail customers in Victoria and South Australia. Since formation in July 2005, this retail partnership has increased the number of power and gas accounts from 175,000 to 275,000. This additional route to customers provides a partial hedge for our generation assets in Australia, and is a further step to develop a stronger and more balanced portfolio.

In accordance with an agreement with the Australian Competition and Consumer Commission (ACCC), we sold the 300 MW Valley Power peaking plant in Victoria to Snowy Hydro in October 2005.





# Loy Yang B

## Australia

Loy Yang B power plant is located in Victoria's Latrobe Valley, 160 km south east of Melbourne. The plant is the state's most recently built base load power station producing 1,000 MW of electricity and supplying 17% of Victoria's power.

Loy Yang B was the first fossil fuelled power station in the world to gain quality accreditation to ISO 9001 and the first Australian power station to gain environmental accreditation to ISO 14001. Today Loy Yang B is accredited to: ISO 9001 - 2000; ISO 14001 - 2004; and has safety accreditation to AS/NZS 4801 - 2001.

As well as operating to stringent environmental standards, the plant administers a corporate Landcare programme on behalf of International Power. Since its commencement in 1997, Landcare has planted approximately 650,000 trees and shrubs together with native grasses. The programme was awarded the Judges Encouragement Award in the 2004 Prime Minister's Awards for Excellence in Community and Business Partnerships.

The integration of Loy Yang B into International Power's Australian portfolio was completed seamlessly. The plant is located just 10 km from our 1,635 MW Hazelwood power plant. With two coal fired plants located in such close proximity, International Power benefits from managerial and operational synergies in Victoria.

