

NEWS RELEASE



Australian
Competition &
Consumer
Commission

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A.C.C.C. NOT TO OPPOSE ALINTA/AGL JOINT MERGER PROPOSAL

The Australian Competition and Consumer Commission will not oppose the proposed Alinta/AGL joint merger proposal, after accepting court enforceable undertakings from Alinta in relation to the proposal pursuant to section 87B of the *Trade Practices Act 1974*, ACCC Chairman, Mr Graeme Samuel, said today.

On the 16 June 2006 the ACCC issued a Statement of Issues in relation to the proposed transaction which identified a number of concerns the ACCC had in relation to the proposal.

"Our concerns arose principally in relation to the aggregation of ownership interests in gas pipeline interests in New South Wales and Western Australia", Mr Samuel said. "In particular, the ACCC was concerned about aggregation of interests in the Eastern Gas Pipeline and the Moomba to Sydney Pipeline and aggregation of interests in the Dampier to Bunbury Pipeline and the Parmelia Pipeline.

"By ring fencing Alinta's interests in the Australian Pipeline Trust, the owner of the Moomba to Sydney Pipeline and Parmelia Pipeline, and providing for the eventual divestment of that interest, Alinta has alleviated these gas pipeline aggregation competition concerns.

"Alinta has also committed to divest AGL's contracts for the supply of management and operational services to the Moomba to Sydney Pipeline and Parmelia Pipeline. However, the ACCC will conduct further market inquiries to determine whether divestment of these contracts is required. The ACCC invites comments from market participants on this aspect of the proposed transaction before it makes a decision on whether divestment of the contracts is required to address competition concerns".

The undertaking will be available on the ACCC's website shortly. A Public Competition Assessment will be available on the ACCC's website in due course.

Media inquiries

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General inquiries

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MR 172/06

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BACKGROUND

Section 50 of the *Trade Practices Act 1974* prohibits mergers and acquisitions that would have the effect, or be likely to have the effect, of substantially lessening competition in a market.

Section 87B of the *Trade Practices Act 1974* states that the ACCC may accept a written undertaking in connection with a matter in relation to which the ACCC has a power or function under the Act, including section 50. Undertakings given under section 87B are court-enforceable.

On 16 June 2006, the ACCC accepted undertakings from AGL in relation to its proposal to acquire Alinta. That proposal was considered separately from the AGL Alinta Joint Merger Proposal.