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Attention: Energy writers

A.C.C.C. ACCEPTS ALINTA UNDERTAKING ON ALINTA/APT MERGER PROPOSAL

The Australian Competition and Consumer Commission has accepted Alinta's offer of revised new court-enforceable undertakings about its proposal to potentially retain an interest in APT, ACCC Chairman, Mr Graeme Samuel, said today.

On 8 November 2006, the ACCC began market inquiries about a new draft undertaking. After considering comments from market participants and significant improvements to the undertaking, the ACCC will now accept Alinta's new undertaking. The new undertaking replaces the undertaking accepted by the ACCC on 3 August 2006.

"The 3 August 2006 undertaking required Alinta to divest APT and the former AGL-Agility contracts for the provision of management and operational services to the Moomba to Sydney Pipeline and the Parmelia Pipeline", Mr Samuel said.

"The new undertaking also requires these divestments, but with one exception. The exception is that in the event that APT divests its interests in the Moomba to Sydney Pipeline, Parmelia Pipeline and GasNet, Alinta will not have to divest its interest in APT.

"The replacement undertaking involves different ring-fencing and 'hold-separate' provisions. The 3 August undertaking did not permit Alinta to vote on any appointments to the board of APT's governing entity, APL. The replacement undertaking allows Alinta to vote on the appointment of APL board members so long as the proposed board members are fully independent of Alinta. The 3 August undertaking also contained quite general hold separate and ring-fencing provisions. The replacement undertaking contains specific and detailed hold separate and ring-fencing provisions to ensure the competitive dynamic is protected. The ring-fencing and hold-separate provisions only operate up until the divestment of the assets out of APT or the divestment of all of APT by Alinta.

"This is not an undertaking containing long term behavioural arrangements", Mr Samuel said. "The behavioural commitments are only temporary to ensure that competition is protected in the interim before divestment".

"The ACCC is satisfied that all of the key competition issues arising from Alinta's interest in APT will be addressed by this court-enforceable undertaking", Mr Samuel said.

"In particular, the competition issues in the market for the wholesale supply of gas to the greater Sydney region (arising from aggregation of interests in the Eastern Gas Pipeline, Moomba to Sydney Pipeline and GasNet) are addressed. Further, the competition issues in the market for the wholesale supply of gas to south-west Western Australia, arising from aggregation of interests in the Parmelia pipeline and the Dampier to Bunbury Natural Gas Pipeline, have been addressed".

The signed replacement undertaking will be available on the ACCC's website, www.accc.gov.au, shortly by following the link to *Mergers, Mergers register* and then *Recently Completed*.

A Public Competition Assessment, relating to the AGL-Alinta decisions and the Alinta-APT decisions will be available on the website in due course.

Media inquiries

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