

NEWS RELEASE



Australian
Competition &
Consumer
Commission

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A.C.C.C. NOT TO OPPOSE AGL ENERGY ACQUISITION OF A 30% STAKE IN QUEENSLAND GAS COMPANY

The Australian Competition and Consumer Commission today announced it would not oppose AGL Energy Limited acquiring up to 30% of Queensland Gas Company Limited, ACCC Chairman, Mr Graeme Samuel, said today.

"The proposed acquisition is unlikely to substantially lessen competition under section 50 of the *Trade Practices Act 1974*," Mr Samuel said.

AGL and QGC announced on 5 December 2006 that they had agreed to a number of proposed arrangements, which provided for AGL to take an initial 27.5 % stake in QGC. This stake could be permitted to rise to 30%. As part of the proposed arrangements AGL will be able to appoint three of the nine directors to a newly expanded QGC board of nine directors.

"The ACCC took into consideration AGL's relatively limited involvement in gas production in southern Queensland," Mr Samuel said. "The ACCC also analysed the vertical integration that would occur due to AGL's recent acquisition of SunGas, which has large interests in Queensland gas retailing. The ACCC decided that the existence of Origin and Santos as key competitors in gas production would be likely to lessen any possible competition effects."

The ACCC understands additional arrangements also provide for AGL and QGC to enter into a gas sale agreement for AGL to purchase 540 petajoules of gas over 20 years, with an additional option of 200 petajoules. Furthermore, AGL will also enter into a gas market development services agreement with QGC, whereby QGC will obtain rights to use AGL's excess pipeline capacity.

Media inquiries

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