



Australian  
Competition &  
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Commission

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# NEWS RELEASE

## ACCC NOT TO OPPOSE AGL'S ACQUISITION OF LOY YANG POWER

The Australian Competition and Consumer Commission will not oppose the proposed acquisition by AGL Energy Limited (AGL) of Great Energy Alliance Corporation Pty Limited (GEAC), which owns Loy Yang Power (LYP) (owner of the Loy Yang A power station).

"The ACCC concluded that the proposed acquisition is not likely to have the effect of substantially lessening competition in the relevant markets," ACCC chairman Rod Sims said.

"The ACCC carried out a comprehensive review, involving extensive inquiries with a range of interested parties, including competing retailers, generators and prospective new entrants and formed the view that the proposed acquisition was unlikely to result in a substantial lessening of competition," Mr Sims said.

The ACCC considered whether the aggregation of AGL and LYP's generation assets would be likely to result in a substantial lessening of competition in markets for the wholesale supply of electricity. The ACCC concluded that the strong competition provided by all the remaining generators as well as some potential for investment in new generation would be likely to preserve competitive tension in relevant markets.

The ACCC considered whether the removal of LYP as a standalone generator and its vertical integration with AGL's existing retail base would be likely to raise barriers to entry and expansion for prospective and existing generators and retailers. The ACCC concluded that this vertical integration would not be likely to have the effect of substantially lessening competition in relevant markets, having regard to existing levels of competition in generation and retailing in Victoria and the potential for new entry and expansion following the proposed acquisition.

AGL currently owns a 32.54 per cent interest in GEAC, but is not involved in the contracting, marketing and dispatch of electricity from the Loy Yang A power station, which is currently managed by Loy Yang Marketing Management Company Pty Ltd (LYMMCo).

AGL is not involved in LYMMCo's operations in accordance with undertakings previously given to the Federal Court limiting AGL's economic interest in LYP to 35 per cent and AGL's involvement in, and knowledge of, the dispatch and marketing activities of LYP.

To proceed with the proposed acquisition of the remaining 67.46 per cent of issued share capital in GEAC (which would result in AGL owning all the issued share capital in GEAC), AGL will need to seek an order from the Federal Court to have these undertakings discharged.

The ACCC will not object to AGL seeking such an order. In the event of the court making this order, undertakings previously given to the ACCC to enable it to monitor compliance with the court undertakings will also cease to operate.

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A Public Competition Assessment outlining the ACCC's reasons for its decision will be available on the ACCC's website, [www.accc.gov.au](http://www.accc.gov.au), in due course.

**Media inquiries**

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**General inquiries**

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