

NEWS RELEASE



Australian
Competition &
Consumer
Commission

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A.C.C.C. NOT TO RELIEVE ALINTA OF ITS UNDERTAKING TO DIVEST AGILITY SERVICE CONTRACTS

The Australian Competition and Consumer Commission has decided not to relieve Alinta of the requirement to divest the Agility service contracts which operate over the Moomba to Sydney and Parmelia Pipeline, ACCC Chairman, Mr Graeme Samuel, said today.

On 2 August 2006, the ACCC approved the Alinta AGL joint merger proposal subject to Alinta's eventual divestiture of the whole of its interest in the Australian Pipeline Trust and divestiture of the Agility service contracts which operated over the MSP and Parmelia Pipeline.

Whilst Alinta has since proposed an alternative undertaking where its interest in the Australian Pipeline Trust is retained, but with removal of any interest in the MSP, Parmelia Pipeline or GasNet, under both scenarios the ACCC agreed to consider whether it was necessary for Alinta to divest the Agility service contracts which operate over the MSP and Parmelia Pipeline.

The Agility contracts relate to a whole suite of services including pipeline operation, maintenance and reporting functions.

"The ACCC has concluded that the contracts would allow Alinta significant scope for control of the MSP and Parmelia pipelines even in the absence of any direct ownership and would alter the competitive incentives in relation to the pipelines", Mr Samuel said.

"The ACCC is concerned that ownership of the Agility contracts would give Alinta access to sensitive information regarding the operations of the MSP and Parmelia pipeline".

Market participants contacted confirmed that the contracts would provide considerable scope for Alinta to access information relating to the pricing and flow of gas on the MSP and Parmelia and that this would affect competition for the supply of wholesale gas.

The ACCC is also concerned that Alinta's involvement in augmentation planning and the regulatory process, as would occur under the Agility contracts, would be in conflict with Alinta's interests in the Eastern Gas Pipeline and the Dampier to Bunbury Natural Gas Pipeline. Market inquiries in relation to these functions revealed that these concerns were held by many market participants.

In relation to the maintenance and other functions which may impact on pipeline constraints, the ACCC is concerned that these will give Alinta scope to influence the effective operation of the MSP and Parmelia pipelines to the detriment of competition.

The ACCC is continuing its assessment of Alinta's new proposed alternative undertaking.

Media inquiries

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