



Australian
Competition &
Consumer
Commission

GPO Box 3131 Canberra ACT 2601
23 Marcus Clarke Street Canberra ACT
tel: (02) 6243 1111 fax: (02) 6243 1199
www.accc.gov.au

NEWS RELEASE

ACCC TO NOT OPPOSE THE PROPOSED ACQUISITION BY AGL OF AUSTRALIAN POWER AND GAS

The Australian Competition and Consumer Commission will not oppose the proposed acquisition by AGL Energy Limited (AGL) of Australian Power and Gas Company Limited (APG).

“The ACCC has concluded that the proposed acquisition is not likely to substantially lessening competition in the relevant markets,” ACCC Chairman Rod Sims said.

“The ACCC formed the view that the removal of APG as an independent retailer was not likely to substantially reduce the competitiveness of price and non-price offerings in the relevant retail energy markets.”

The ACCC considered the impact of the proposed acquisition primarily in state-based retail markets for the supply of electricity and gas in Victoria, New South Wales and Queensland.

While APG’s customer base is predominantly based in Victoria, the ACCC found that the collective presence of a number of other second tier retailers in that state would continue to drive competition.

“Our review indicated that second tier retailers are the primary drivers of competition in retail energy markets. The ACCC recognises that a sufficient number of second tier retailers are required to constrain the pricing of the major retailers. The ACCC is very concerned to ensure that acquisitions in the energy sector do not result in the removal of second tier retailers that play a significant role in driving pricing, discounting activity or innovation in energy offerings,” Mr Sims said.

“However, after a close review, it became apparent that the removal of APG was not likely to substantially reduce the overall competitiveness of the relevant markets.”

First tier retailers are in essence those energy retailers that acquired government-owned ‘host’ retailers at privatisation. The first tier retailers are AGL, EnergyAustralia and Origin. Second tier retailers are in essence those retailers that have subsequently entered in competition with host retailers following the introduction of full retail contestability.

Further information is available at www.accc.gov.au/MergersRegister

Media inquiries

Mr Duncan Harrod (02) 6243 1108 or 0408 995 408

General inquiries

Infocentre: 1300 302 502

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