

FILE No
DATE
WARS/PRISM

FORM G
Regulation 9

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 – Sub-section 93(1)

EXCLUSIVE DEALING

NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47 (6) or (7) of that Act in which the person giving notice engages or proposes to engage.

1. (a) Name of person giving notice:

AGL ACT Retail Investments Pty Limited and ACTEW Retail Limited,
trading as "ActewAGL Retail" ABN 46 221 314 841 (ActewAGL).

(b) Short description of business carried on by that person:

The business currently conducted by ActewAGL (and its related companies) includes the provision of:

- electricity and natural gas utility based in the ACT;
- supplier of electricity to customers in the ACT, and contestable customers outside the ACT;
- supplier of natural gas to ACT, Queanbeyan and Nowra and Capital Region customers (including the Bega Valley, Bombala, Boorowa, Cooma Monaro, Crookwell, Eurobodalla, Goulburn, Gunning, Harden, Mulwaree, Shoalhaven, Queanbeyan, Snowy River, Tallanganda, Tumut, Yarrowlunla, Yass and Young shires);
- supplier of water and sewerage billing services to ACT customers on behalf of ACTEW Corporation Ltd (network asset owner);

(c) Address in Australia for service of documents on that person:

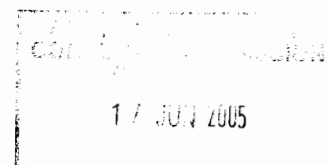
ActewAGL House, 221-223 London Circuit, Canberra City, 2601

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

See Attachment A.

(b) Description of the conduct or proposed conduct:

See Attachment A.



3. (a) Class or class of persons to which the conduct relates:

Existing and potential small business customers of ActewAGL within the ACT but excluding small business customers currently on a negotiated electricity and/or natural gas contract.

(b) Number of those persons:

(i) at present time:

Nil, bundled product below has not yet been released to ACT market.

(ii) estimated within the next year:

The number of persons to which the proposed conduct will relate within the next year is not known, but it is likely to exceed 50.

(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:

Not applicable.

4. (a) Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:

Ian L. Male
Senior Legal Adviser
ActewAGL House
221-223 London Circuit
Canberra City ACT 2601

Date: 15 June 2005

Signed by / on behalf of the person giving this notice:



Ian L. Male
Senior Legal Adviser
ActewAGL

ATTACHMENT A

1. EXECUTIVE SUMMARY

ActewAGL and TransACT Capital Communications Pty Limited (TransACT) intend entering into an agreement under which the parties will co-operate to contribute one or more of the services they supply to small business customers (“Customers”) throughout the ACT and the surrounding regions. Customers may select various combinations of available services and will receive a discount on the pricing applicable to the particular services.

ActewAGL is seeking statutory immunity under section 93 of the *Trade Practices Act 1974* for the proposed conduct. ActewAGL is aware that TransACT has also lodged a notification with the Commission to this effect.

2. CORPORATIONS INVOLVED

2.1 ActewAGL

ActewAGL Retail (ABN 46 221 314 841) is a partnership between ACTEW Retail Limited and AGL ACT Retail Investments Limited, subsidiaries of ACTEW Corporation Limited (ABN 86 069 381 960) (ACTEW) and the Australian Gas Light Company (ABN 052 167 405) (AGL) respectively.

ACTEW is a Territory Owned Corporation of the ACT Government. AGL is an energy company supplying energy products and services including natural gas, electricity and liquid petroleum gas to customers in Australia and overseas through various subsidiaries.

ActewAGL provides:

- electricity to customers in the ACT, and contestable customers outside the ACT;
- natural gas to ACT, Queanbeyan and Nowra customers;
- water and sewerage billing services to ACT customers on behalf of ACTEW Corporation Ltd (network asset owner); and
- dial-up and broadband internet service in partnership with TransACT Communications Pty Limited.

ActewAGL is authorised to supply natural gas to ACT and NSW customers, and electricity to customers in the ACT and NSW.

Further information regarding ActewAGL may be obtained from www.actewagl.com.au

2.2 TransACT Capital Communications Pty Ltd

TransACT Capital Communications Pty Limited (ABN 23 093 966 888) is a wholly owned subsidiary of TransACT Communications Pty Limited (ABN 32 091 752 297).

TransACT Communications Pty Ltd is jointly owned by ACTEW Corporation Limited, TVG Transact Holdings Limited, AGL TransACT Pty Limited, Marconi Corporation plc, Australian Capital Ventures Limited, Commonwealth Bank of Australia, MTAA Superannuation Fund (TransACT) Utilities Pty Ltd and Westscheme Pty Ltd.

TransACT Capital Communications Pty Ltd owns and operates a broadband communications network in the Australian Capital Territory, which is capable of delivering voice, data and video (including subscription television).

In addition to the above, TransACT Capital Communications Pty Ltd and ActewAGL Retail operate, in partnership, an ISP service trading as Grapevine (ABN 49 135 731 130).

Further information regarding TransACT Communications Pty Limited may be obtained from www.transact.com.au

2.3 Relationship of the Parties

ACTEW Corporation Limited has a 24.86% shareholding in TransACT Communications Pty Limited.

AGL TransACT Pty Limited has a 16.05% shareholding in TransACT Communications Pty Limited. AGL TransACT Pty Limited is wholly owned by The Australian Gas Light Company.

ActewAGL is a partnership between ACTEW Corporation Limited and the Australian Gas Light Company.

3. DESCRIPTION OF GOODS AND SERVICES IN RELATION TO WHICH THIS NOTICE RELATES

3.1 Description of the Services

The services to be supplied by each of ActewAGL and TransACT to Customers, and to which this notice relates, are as follows:

- ActewAGL services
 - Electricity
 - Gas
 - Broadband ISP services in partnership with TransACT
- TransACT service
 - Fixed line Telephony services
 - Broadband ISP services in partnership with ActewAGL

4. PROPOSED CONDUCT

4.1 Summary of Proposed Conduct

ActewAGL and TransACT would invite Customers within the ACT to acquire services from each of the parties. Depending upon the specific services acquired, the Customer would be eligible for a discount on the price of those services.

Selection of the services is at the option of the Customer.

The discount applicable to the various combinations of selected services is three (3) percent. Each of ActewAGL and TransACT will continue to independently determine the prices at which they sell their respective products and services.

In order to obtain the three (3) percent discount, the Customer must enter into a 24 month service agreement with each party from whom one or more of the services are obtained (noting that electricity is a required service in each bundle). The Customer may enter into a service agreement with ActewAGL (to acquire the ActewAGL services), TransACT (to

acquire the TransACT services) and Grapevine (to access ISP services). Existing payment options would apply.

The discount applicable to the ActewAGL services would be payable by ActewAGL. The discount applicable to the TransACT service would be payable by TransACT. The discount applicable to the Grapevine ISP service would be payable by ActewAGL and TransACT.

The price of each of the services will be readily apparent to the Customer. The Customer would receive a bill from each of ActewAGL and TransACT in relation to the selected services. In relation to Grapevine, the Customer has the option of direct debit or on-line payment.

The services would be jointly marketed by both ActewAGL and TransACT.

4.2 Discount Scheme to be applied

The discount to be applied to the available services is set out below:

Bundled Services		Electricity Account	Natural Gas Account	TransACT Account	ISP Account
EGIT	= Electricity Natural Gas Internet Telephony	3% Discount on supply and consumption charges	3% Discount on supply and consumption charges	3% Discount on telephony access and usage charges	3% Discount on monthly access charges
EGT	= Electricity Natural Gas Telephony	3% Discount on supply and consumption charges	3% Discount on supply and consumption charges	3% Discount on telephony access and usage charges	-
EGI	= Electricity Natural Gas Internet	3% Discount on supply and consumption charges	3% Discount on supply and consumption charges	-	3% Discount on monthly access charges
EIT	= Electricity Internet Telephony	3% Discount on supply and consumption charges	-	3% Discount on telephony access and usage charges	3% Discount on monthly access charges
EG	= Electricity Natural Gas	3% Discount on supply and consumption charges	3% Discount on supply and consumption charges	-	-
ET	= Electricity Telephony	3% Discount on supply and consumption charges	-	3% Discount on telephony access and usage charges	-
EI	= Electricity Internet	3% Discount on supply and consumption charges	-	-	3% Discount on monthly access charges

For ActewAGL services, the applicable discount will appear as a credit on a Customer's electricity account, and natural gas if that service is selected. For TransACT services, the

applicable discount will appear as a credit on the Customer's telephony invoice. Discounts for ISP services will be credited to a Customer's ISP account.

In addition to the above, Customers will be eligible for the following fee waiver(s) if one or more of the services are included in a bundle contract as new service(s).

- Natural gas standard service application fee, \$299
- Grapevine ISP connection fee, \$20
- TransACT standard telephone connection fees, \$150 up to \$2,250 (depending on the selected telephony service).

As an added reward for existing TransACT Customers, who are currently off contract, one month free line rental on eligible telephony services will be offered in return for signing up to the 24 month bundle contract. New Customers will not be eligible for this additional reward.

4.3 Compulsory Requirement of TransACT Service

In order to qualify for the three (3) percent discount on TransACT telephony services, a Customer is required to enter into a TransACT 24 month contract.

4.4 Compulsory Requirement of ActewAGL Service

In order to qualify for the three (3) percent discount on ActewAGL services, a Customer is required to enter into an ActewAGL 24 month contract.

4.5 Compulsory Requirement of Grapevine Service

In order to qualify for the three (3) percent discount on Grapevine services, a Customer is required to enter into a Grapevine ISP 24 month contract.

4.6 Fixed Term Supply Agreement

The supply of services to a Customer is subject to a 24 month term. This lowers the running costs of providing available services by reducing overheads associated with Customer management (eg: customers who terminate services). In order to meet associated administrative costs, an early contract termination fee will be payable by a Customer who terminates a service contract during the term. However this would be waived where it is no longer possible for TransACT, ActewAGL or Grapevine to provide the service(s).

4.7 Provision of Information to Customers

The discount available to TransACT and ActewAGL Customers will be communicated through TransACT and ActewAGL call centres, press campaigns, the parties' respective websites and other means. TransACT and ActewAGL will ensure its Customers are aware of:

- the discount if the Customer elects to acquire services from TransACT, ActewAGL and Grapevine; and
- any limits to the offer.

Customers will therefore be in full possession of all material relevant to a purchase decision prior to purchasing any services.

5. PUBLIC BENEFITS

The impact of the proposed conduct is not such that, under the test laid down in section 93(3A)(b) of the *Trade Practices Act 1974*, the likely benefit to the public will be outweighed by the likely detriment to the public.

The proposed conduct would result in the following major public benefits:

- discounts applied to essential services;
- encouragement of significant investment in advanced, local broadband communications infrastructure; and
- facilitation of competition within the telecommunications industry.

5.1 Rewards applied to Essential Services

Persons who elect to purchase the available services will benefit from the application of rewards, as specified at paragraph 4.2. The specific discount to be applied to the available services depends upon the combination of services selected by the Customer.

The proposed conduct will benefit Customers of electricity, gas, ISP and telephony services by providing them with discounted services.

The electricity, gas, ISP, telephony and other telecommunications services will continue to be available to customers separately from both ActewAGL, TransACT and Grapevine, and through other service providers.

5.2 Costs savings to customers

The bundling of an electricity supply contract with the services of TransACT and/or Grapevine should create a degree of stability in ActewAGL's electricity customer supply base allowing ActewAGL greater scope to secure more competitive electricity pricing.

5.3 Increased competition in the markets in which the ActewAGL services are supplied

ActewAGL believes the proposed conduct may provide Customers with an opportunity of acquiring services from ActewAGL at a lower price than the price currently charged by other competitors. This should, in-turn, stimulate competition in the supply of energy in the ACT and surrounding regions.

5.4 Competition within the Telecommunications Industry

The proposed conduct, through Grapevine, of the ActewAGL and TransACT partnership will promote the long term interests of telecommunications users by increasing competition in the telecommunications industry and promoting investment in advanced broadband communications infrastructure.

The proposed conduct will also encourage competition in the various markets in which other components of the services are supplied. For example, while qualifying for the discount set out in paragraph 4.2, Customers may continue to have other services supplied by other energy providers or telecommunications companies.

The proposed conduct therefore does not reduce the choice available to Customers as it allows them to construct packages of telecommunications services and energy services from a range of providers.

6. PUBLIC DETRIMENT

It is ActewAGL's view that there will be no detriment to the public arising from the proposed conduct. The markets affected by the proposed conduct are those of electricity, gas, telecommunications and internet services.

6.1 No lessening of competition in energy supply

The electricity and natural gas markets in the ACT region are fully contestable. There are a number of authorised suppliers of electricity (AGL Electricity Ltd, AGL Victoria Pty Ltd, Country Energy, ENERGEX Retail Pty Ltd, Energy Australia, Ergon Energy (Vic) Pty Ltd, Ferrier Hodgson Electricity Pty Ltd, Integral Energy Australia, Origin Energy Electricity Ltd, TXU Electricity Ltd, Yallourn Energy Pty Ltd ACN 065 325 224 trading as "Auspower"), and natural gas (Energy Australia, ENERGEX Gas Retail Pty Ltd, Country Energy) in and around the ACT region.

The electricity and natural gas markets in NSW are also fully contestable with numerous suppliers of both gas and electricity.

ActewAGL believes there will be no lessening of competition given the number of energy suppliers in and around the ACT region, the large customer base of many of those suppliers, and that full retail contestability has already occurred in the ACT and NSW with retailers being seasoned operators within a contestable environment.

In ActewAGL's view, it is open to other energy retailers to offer a similar bundling of services with other telecommunication and/or internet service providers within the energy market of the ACT and surrounding areas.

6.2 No Lessening of Competition in the Internet Services Market

The Grapevine partnership between ActewAGL and TransACT (launched 19 April 2005) only has a small share of the internet market.

Grapevine competes with numerous local (iiNet, Netspeed, Apex, Cyber One, Broadband Unlimited, Interact Broadband) and national internet service providers (Telstra, Optus).

The bundled services will not be detrimental to competition given the large number of other internet service providers, and the highly competitive nature of this market.

6.3 ActewAGL is dedicated to customer protection

ActewAGL is committed to ensuring that all customers and potential customers are provided with ample information relevant to the decision to purchase electricity and natural gas.

ActewAGL strives to ensure that its managers, representatives and approved dealers are aware of their responsibilities under the *Trade Practices Act 1974* and their obligations to protect both the competitive process and the interests of consumers.

ActewAGL holds trade practices training sessions for its staff at which issues of consumer protection are discussed. ActewAGL also provides a trade practices compliance guide to employees emphasising these issues.

6.4 Conduct Voluntary

It should be noted that the proposed conduct would be voluntary on the part of the Customer. The services will be available separately from TransACT, ActewAGL and Grapevine.