

# The Sydney Morning Herald

SE Business  
HD **ACCC backs Snowy to take on big three**  
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WC 452 words  
PD 13 October 2014  
SN The Sydney Morning Herald  
SC SMHH  
ED First  
PG 25  
LA English  
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**Energy** - Power struggle

The competition regulator has thrown its weight behind the privatisation of Snowy Hydro, which it argues could create a viable competitor to the big three **energy** groups nationally.

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In a speech to be given on Monday, Australian Competition and Consumer Commission chairman Rod Sims pushes back against the need for "gas reservation", which some groups argue for as a means of stemming the rise in gas prices, especially on the east coast.

Last month, Snowy Hydro paid \$600 **million** to acquire most of the Australian **energy** assets of Infratil, which more than doubled to close to one **million** its number of household customers in the national electricity market.

Snowy Hydro has emerged as the fourth-largest **energy** retailer in the country, ranking behind only AGL, Origin **Energy** and the **China**-controlled EnergyAustralia.

"One new element in the competitive dynamics of the market is the growing role of Snowy Hydro," Mr Sims will tell an **energy** conference on Monday. "At some stage it would help to privatise Snowy Hydro and clearly it should not be sold to any of Origin, **Energy** Australia or AGL. With privatisation it would have the capital to be an even more vigorous competitor with the big three."

Snowy Hydro is owned by the Victorian, NSW and federal governments. A plan to privatise the **company** was shelved following opposition from Canberra. The heightened role of Snowy Hydro comes as the Queensland government is moving to sell off its power assets, with attention on its power generators, which will give any acquirer significant control over the local market.

"The focus for [the ACCC] clearly will be on the generation assets," Mr Sims will say.

Stanwell and CS **Energy** control two-thirds of the output as well as servicing 84 per cent of small residential customers, if Ergon is excluded, Mr Sims says.

"Breaking up Stanwell and CS **Energy** for privatisation into, say, three competitors ... would clearly improve competitive outcomes and make ACCC approval a smoother path, as it would allow a competitive generation market. But the identity of the buyers will also be critical.

"If non-big three players **purchase** some of the generation assets, or some assets were listed via an IPO [initial public offering], it would support a more competitive generation sector."

The **sale** of the Queensland power industry assets "in a way that promotes competition will clearly result in the best outcome for Queensland electricity consumers in the long term", Mr Sims will say. The rise in domestic gas prices to international levels means "that we not seek a 'quick fix' that distorts the competitive operation of gas markets".

**CO** boral : Origin Energy Ltd | sretpl : EnergyAustralia Pty Ltd | chlp : CLP Holdings Ltd

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**AN** Document SMHH000020141012eaaad00014