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HD **Exiting EA boss blasts ACCC on merger view**

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The outgoing head of the country's third-biggest **energy** retailer has accused the competition regulator of standing in the way of urgently needed consolidation between power plant owners that would allow the closure of high-polluting, surplus capacity.

Richard McIndoe, who will step down as managing director of **Hong Kong**-owned EnergyAustralia at the end of June, said the Australian Competition and Consumer Commission was ignoring the radical change in the market driven by the increased use of rooftop **solar** PV and declining demand.

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Those trends had resulted in overcapacity, low wholesale prices and high costs, but needed closures of plant weren't able to occur in the "extremely fragmented" industry, he said.

"I don't think they are fighting the battles that need to be fought," Mr McIndoe said in an interview.

"If you have an industry structure that doesn't allow a rational response [to overcapacity] then you're inevitably going to come to a crisis at some point in the future."Court case

Mr McIndoe is leaving EA after being caught up in what he described as a personally "painful" court process last year, when a former senior employee complained of unfair dismissal.

The claims, which were dismissed by a Victorian Federal Court judge, involved allegations of sexual harassment by former EA chief financial officer Kevin Holmes and allegations of inappropriate behaviour by Mr McIndoe.

Mr McIndoe said the **company**, owned by CLP Group, was determined to resist the action.

"It was a challenging time for the industry and quite painful personally but it was the right thing to do and we were vindicated," he said.

An appeal against the decision is ongoing.

Mr McIndoe said the court case was unrelated to his decision late last year to leave EA after eight years in the role and almost 13 years with CLP.

He will take the role of executive chairman at an unlisted **energy** technology business based in **Hong Kong**, while former BG Group chair Catherine Tanna was named last month as his replacement.

Mr McIndoe said Ms Tanna, with her experience in the **energy** industry and good relationships with government, was "an excellent choice" to take EA through the many challenges facing the sector over the next few years.IPO plans dropped

EA had been slated for a $3 **billion**-plus IPO by CLP in 2012. But problems with a new billing system, industrial action and flooding at the Yallourn power plant in Victoria along with regulatory uncertainty, tough retail competition and weak wholesale power prices, caused CLP to drop the plans.

Mr McIndoe said he expected CLP would look again to access other sources of capital to grow EA, but the problems with the industry structure would "need to be worked through" before an IPO came back onto the table.

Since beginning with a single asset in Yallourn in 2002, CLP's business in Australia has grown to almost rival AGL **Energy** and Origin **Energy**, owning a 2.7 **million** customer retail base and assets of over $8 **billion** including **coal** and gas-fired power plants, **wind** farms and a 30 per cent **stake** in Santos's **coal** seam gas venture in NSW.

Mr McIndoe pointed to the potential for a further rounding out of the portfolio, saying EA was under-represented in Queensland, the only growth market for retailing. It was outbid for retailers sold by the state in 2006-07. He suggested EA could be interested in retail and generation assets set to be sold by the Queensland government, depending on how the sales were structured.

EA's efforts to integrate into upstream gas have meanwhile been hampered by the slow development of CSG resources in NSW, which Mr McIndoe described as "immensely frustrating" given the state's demand for its own gas sources. "The logic of NSW not having its own gas supplies there escapes me," he said.

His comments on consolidation come as AGL is appealing the ACCC's veto of its $1.5 **billion** takeover of NSW generator Macquarie Generation. He also suggested the federal government should consider financial assistance to power plant owners to help with closing high carbon-emitting plants.

CO sretpl : EnergyAustralia Pty Ltd | auccc : Australian Competition and Consumer Commission | chlp : CLP Holdings Ltd

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