Application for clearance of an acquisition of shares and assets under section 66 of the Commerce Act 1986

Proposed acquisition by Elgas Limited (or another group company) of shares in Liquigas Limited and assets of On Gas Limited

21 August 2024

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EXECUTIVE SUMMARY

Proposed Acquisition

1. Under section 66(1) of the Commerce Act 1986, Elgas Limited (**Elgas**) gives notice seeking clearance from the Commerce Commission (**Commission**) for a proposed business acquisition under which Elgas (or another group company) will acquire 60.25% of the shares in Liquigas Limited (**Liquigas**) from Vector Investment Holdings Limited (**VIHL**) as well as the assets of On Gas Limited (**OnGas**) from Vector Limited, including its subsidiaries and related parties (together, but excluding Liquigas, **Vector**) (the **Proposed Acquisition**). Together Elgas and Vector are referred to as the **Parties**.

The Parties and Liquigas

2. Elgas and OnGas are active in the supply of liquid petroleum gas (**LPG**) in New Zealand.

3. Elgas is a subsidiary of BOC, an industrial gases company owned by Linde plc, a global industrial gas and engineering company. Elgas is present in both Australia and New Zealand. In New Zealand, Elgas is active in the wholesale and retail supply of LPG to a range of commercial and residential customers.

4. OnGas is Vector's wholesale and retail supplier of LPG in New Zealand. Like Elgas, OnGas supplies a range of commercial and residential customers with both bulk LPG and LPG cylinders.

5. Liquigas is a service provider to gas suppliers. Liquigas was founded in 1981, initially started as a joint-venture between LPG producers and wholesalers at the time. Liquigas is the sole nationwide distributor of LPG from LPG producers to LPG wholesalers, providing wholesalers with reliable and safe delivery and storage. It is operated separately from its shareholders, who are customers of Liquigas, pursuant to arrangements put in place after a settlement with the Commission in 2003. Liquigas' current shareholders comprise Vector (via VIHL), Elgas, Rockgas Limited (**Rockgas**, a wholesale and retail supplier of LPG) and Gas Services NZ Midco Limited (**Gas Services NZ**, the sole shareholder of Rockgas).

Overlap Between the Parties

6. Elgas and OnGas overlap at the wholesale and retail functional levels of the LPG supply chain. Elgas' proposed acquisition of Vector's existing majority shareholding in Liquigas will also give it a majority shareholding in Liquigas, which distributes LPG from producers to wholesalers.

7. Consistent with the Commission's previous approach to market definition in past clearance applications involving this industry, the Parties consider that the relevant markets for assessing the competitive effects of the Proposed Acquisition are:

   (a) A national market for the distribution of LPG (the **LPG Distribution Market**);

   (b) A national market for the wholesale supply of LPG to large customers (the **Wholesale LPG Supply Market**); and

(c) Separate markets for retail supply of LPG in each of the regional areas of overlap in Elgas' and OnGas' retail supply operations (each a **Retail LPG Supply Market** and, together, the **Retail LPG Supply Markets**).

No Substantial Lessening of Competition in Any Relevant Market

8. In relation to the distribution of LPG, the Proposed Acquisition will not result in any horizontal aggregation in the LPG Distribution Market. Nor will the Proposed Acquisition give rise to vertical effects that would result in a substantial lessening of competition, given that:

   (a) Elgas could not engage in any foreclosure strategy via Liquigas to the detriment of its downstream competitors, due to various provisions contained in Liquigas' governing documents which will remain in place post-acquisition. These provisions are effective as can be seen in the fact that, despite Vector's current majority ownership of Liquigas and Vector's ownership of Elgas' competitor OnGas, this has not affected the ability of Elgas nor Rockgas (the smallest shareholder but largest customer of Liquigas) to compete in any respect. Amendment of the key provisions would require a special resolution of shareholders, and would therefore require Rockgas' consent; and

   (b) In any event, Elgas does not have an incentive to engage in any vertical foreclosure, given that, if Elgas were to seek to foreclose competition from Rockgas (or other suppliers of LPG), it would lose or reduce a significant source of revenue from Liquigas.

9. In relation to the Wholesale LPG Supply Market, the Proposed Acquisition will result in aggregation that is outside the Commission's concentration indicators. However, the Proposed Acquisition will not result in a substantial lessening of competition in this market, given that:

   (a) The merger involves the third and fourth largest participants in this market – with OnGas having [**Redacted**] market share and Elgas [**Redacted**] (i.e. a combined market share post-acquisition of [**Redacted**]);

   (b) The merged entity will continue to be constrained post-acquisition by the existing largest incumbents Rockgas ([**Redacted**] market share) and Genesis ([**Redacted**]). Both competitors can, and do, supply LPG to similar customers to the merged entity, and there is competition between all market participants for wholesale customers;

   (c) Both Rockgas and Genesis have established LPG infrastructure, meaning that they face limited barriers to expansion; and

   (d) Wholesale customers are large commercial customers and LPG retailers, which are able to exercise countervailing buyer power against wholesalers.

10. In relation to the Retail LPG Supply Markets, the Proposed Acquisition will result in aggregation in some (but not all) regional markets that is outside the Commission's concentration indicators:

(a) There is one regional market where there is no overlap, being the West Coast, where Elgas is active but OnGas is not;

(b) There is one regional market, being Otago, where the Proposed Acquisition falls within the Commission's concentration indicators, and only minimal aggregation (i.e. only [**Redacted**] above OnGas' existing share) will result;

(c) There are three regional markets where the Proposed Acquisition falls outside the Commission's concentration indicators, but only results in minimal aggregation (i.e. aggregation of [**Redacted**] above OnGas' existing share). These are Taranaki, Canterbury and Southland; and

(d) There are seven regional markets where the Proposed Acquisition falls outside the Commission's concentration indicators and results in more than minimal (i.e. [**Redacted**] or greater) aggregation. These are Northland, Auckland, Bay of Plenty & Waikato, Hawke's Bay, Manawatu-Whanganui, Wellington and Nelson & Marlborough.

11. In those seven regional Retail LPG Supply Markets, the Proposed Acquisition will not result in a substantial lessening of competition given that:

(a) The merged entity will continue to be constrained by at least one of (and most commonly both) Rockgas and Genesis in the relevant regional markets. In almost all regional markets, Rockgas and Genesis have higher market shares (by volume) than Elgas, and similar (often higher) market shares than OnGas;

(b) Potential entrants to the Retail LPG Supply Markets face limited barriers to entry. LPG in itself is a relatively cheap product, and entry on a regional basis is sufficient – the ability to enter into LPG supply agreements with wholesalers (which operate on a national basis and often facilitate the delivery to the retail supplier) means that there are limited infrastructure requirements for a potential entrant; and

(c) It is a relatively straightforward process for residential and domestic customers to switch LPG suppliers in response to an increase in price. There are protocols in place which allow customers to swap or refill an LPG cylinder with a supplier where that cylinder was initially sourced from another supplier. Residential and domestic customers are also not usually subject to long-term contracts. Instead, domestic and residential arrangements may be subject to short-term contracts (having terms of less than two years), contracts without a set term and the ability to terminate without penalty after the first 12 months, and in some instances not being contracted at all. Smaller commercial customers tend not to be on long-term supply contracts, typically purchasing LPG on an as needed basis. Given LPG is a homogenous and inexpensive product, customers tend to choose their LPG supplier on price and service levels, and generally have several alternative sources of supply. Therefore, the merged entity is unlikely to be able to increase prices without losing a significant number of customers to alternative suppliers.

No Risk of Coordinated Effects

12. The Commission has previously considered the relevant markets to not be prone to coordination, and Elgas considers that this continues to be the case.

13. At both the wholesale and retail supply levels, the merged entity will continue to face strong competition from Rockgas and Genesis post-acquisition, as well as a long tail of smaller market participants at the retail supply level.

PARTIES' DETAILS

Elgas

14. Elgas' contact details are:

Elgas Limited
Cis Agility Building
56 Cawley Street
Ellerslie
Auckland 1051
NEW ZEALAND

Attention: [**Redacted**]
Mobile: [**Redacted**]
Email: [**Redacted**]

15. All correspondence and notices to Elgas in respect of this application should be directed in the first instance to:

Simpson Grierson
Level 27, Shortland &
Fort Building
88 Shortland Street
Private Bag 92518
Auckland 1010
NEW ZEALAND

Attention: James Craig / Henry King
Telephone: (09) 977 5125
Mobile: (021) 497 713
Email: james.craig@simpsongrierson.com
henry.king@simpsongrierson.com

Vector / OnGas

16. Vector's and OnGas' contact details are:

Vector Limited
110 Carlton Gore
Road
Newmarket
Auckland 1023
NEW ZEALAND

Attention: [**Redacted**]
Telephone: [**Redacted**]
Mobile: [**Redacted**]
Email: [**Redacted**]

17. All correspondence and notices to OnGas in respect of this application should be directed in the first instance to:

Webb Henderson
Level 17, HSBC Tower
188 Quay Street
Auckland 1010
NEW ZEALAND

Attention: Sarah Keene / Lucy Wright
Mobile: (027) 535 5034
Email: sarah.keene@webbhenderson.com
lucy.wright@webbhenderson.com

Liquigas

18. Liquigas' contact details are:

Liquigas Limited
Level 3, New Plymouth District Council Civic Centre
84 Liardet Street
New Plymouth 4340
NEW ZEALAND

Attention: [**Redacted**]
Email: [**Redacted**]

THE PROPOSED ACQUISITION

19. This section contains:

    (a) A description of the Proposed Acquisition;

    (b) An explanation of the rationale for the Proposed Acquisition; and

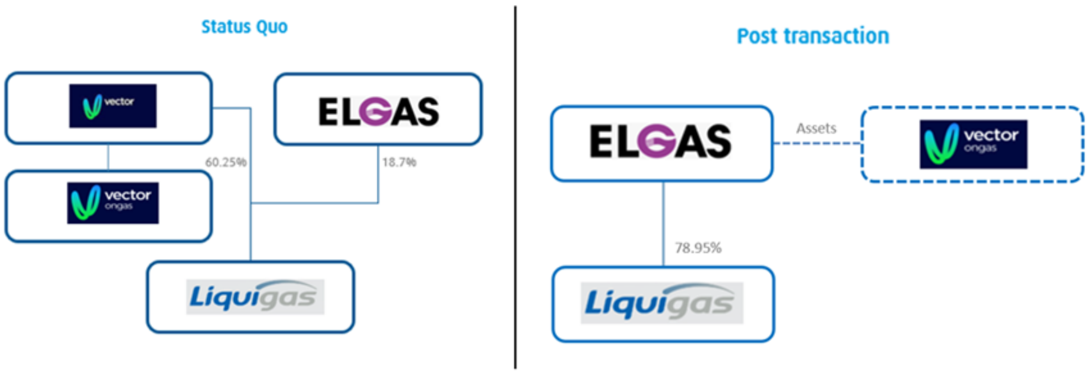
    (c) A summary of the remaining information included in the Appendices to this application.

Proposed Acquisition

20. Under section 66(1) of the Commerce Act, Elgas gives notice seeking clearance from the Commission for the Proposed Acquisition under which Elgas will acquire 60.25% of the shares in Liquigas (being acquired through Vector's wholly owned subsidiary, Vector Investment Holdings Limited) and the assets of OnGas from Vector.

21. Elgas currently holds 18.7% of the shares in Liquigas. Following the Proposed Acquisition, it will hold 78.95% of the shares, in addition to the assets it will acquire from OnGas. The diagram below sets out the change in corporate structure from the Proposed Acquisition.

Ownership structure chart before and after the Proposed Acquisition



22. The Parties signed a sale and purchase agreement regarding the Proposed Acquisition on 25 July 2024. The Proposed Acquisition is conditional on (amongst other matters) clearance being obtained from the Commission.

Rationale for the Proposed Acquisition

23. Currently Elgas is the fourth largest participant in the supply of LPG in New Zealand, and the Proposed Acquisition would enable Elgas to consolidate its position in the relevant markets and better compete for the wholesale and retail supply of LPG.

24. There are significant overlaps in the operating models of Elgas and OnGas which also present Elgas with synergy opportunities. These can be achieved by:[**Redacted**

].

25. The Proposed Acquisition will also assist Elgas to spread overhead cost across a larger volume of sales.

26. From Vector's perspective, the rationale for the sale of its shares in Liquigas and OnGas is that:[**Redacted**

].

Other competition authorities being notified

27. The Proposed Acquisition relates solely to New Zealand. Accordingly, there are no other competition agencies being notified.

Required documents / information

28. We provide in the Appendices to this application the following further documents / information referred to in the Commission's clearance application form:

    (a) Transaction Documents;

    (b) Corporate Structure Charts;

    (c) Financial information for the Parties;

    (d) Details of the Parties' Customers and Competitors;

    (e) Elgas' Market Share Estimates; and

    (f) Confidentiality Schedule.

COUNTERFACTUAL

29. Elgas submits that the Proposed Acquisition is best assessed against a status quo counterfactual, in which:

    (a) Vector would continue to hold its existing shareholding in Liquigas and continue to own OnGas; and

    (b) The Parties would continue to compete in the wholesale and retail supply of LPG.

30. [**Redacted**

]

OVERVIEW OF LPG SUPPLY

31. This section provides:

   (a) An overview of the supply of LPG in New Zealand;

   (b) A summary of the activities of each of the Parties; and

   (c) A summary of the activities of other key industry parties.

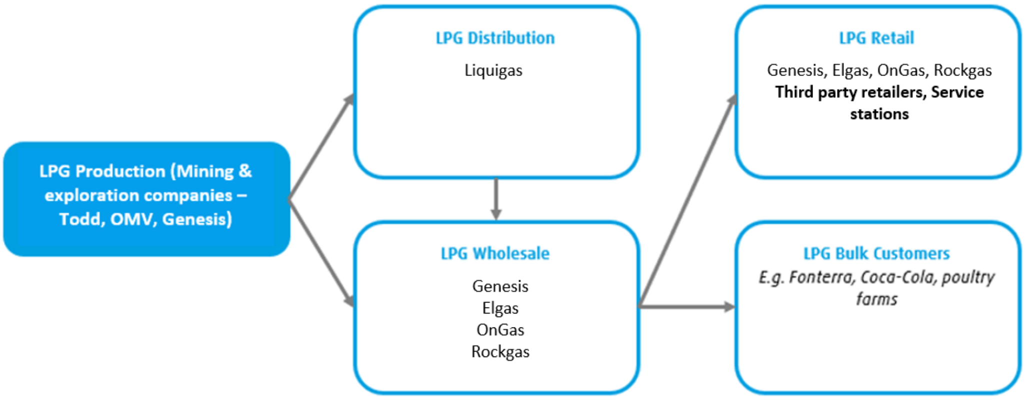
Overview of the Supply of LPG in New Zealand

32. The Parties are involved in the distribution and supply of LPG in New Zealand across the various functional levels. LPG is a fuel that is created as a by-product of natural gas and the crude oil refining process, made up of a mixture of propane and butane.

33. LPG is expressly included in the definition of "gas" in the Gas Act 1992.[1] While this brings it under the scope of that legislation, it is excluded from a number of the more stringent rules and regulations concerning the production and transportation of gas in New Zealand.[2]

34. The supply of LPG in New Zealand is characterised by several functional levels, with multiple parties participating in one or more levels of the supply chain. The table below sets out the relevant functional levels and the key market participants.

Functional levels of the LPG supply chain



Production

35. LPG demand in New Zealand is currently met by ~90% domestic production and the remaining ~10% by imports. New Zealand's domestic supply of LPG is derived from the gas production of onshore and offshore fields located in the Taranaki Basin, North Island. Around half of this domestic LPG supply is extracted from the Kupe gas field production. The remainder is predominantly extracted from the Maui, Mangahewa

1 Gas Act 1992, s 2(1).
2 Ibid, s 3(2).

and Kapuni gas fields production. The Proposed Acquisition does not involve the production functional level of the LPG supply chain.

36. Given LPG is a by-product of other production processes, the amount of LPG produced can vary depending on demand and pricing in the oil and natural gas markets. Where domestic LPG supply is not able to meet customer demand, suppliers are able to import LPG, typically from Australia. As was the case in previous Commission consideration of the LPG supply markets, imports remain a relatively uncommon situation at present.[3]

37. The upstream Oil & Gas industry in New Zealand is a mature and shrinking industry (declining licence holdings, small number of active exploration and production companies and low exploration well drilling). Both gas and LPG production have declined from peaks in the early 2000s. LPG production broadly correlates with gas production. Current producing fields carry limited "proven plus probable" (known as "2P") LPG reserves. Wood Mackenzie forecasts LPG production to be [**Redacted**

].

Distribution

38. While LPG is exempt from a number of the requirements for gas under the Gas Act, it is still a hazardous substance that requires careful handling and specialised equipment. Furthermore, as the majority of domestically produced LPG comes from Taranaki, there are logistical issues with getting LPG from producers through to end-users.[4]

39. Suppliers can either acquire LPG from producers and facilitate delivery themselves or, more commonly, acquire LPG from producers and use Liquigas' national LPG distribution network. Liquigas does not acquire LPG from producers or sell LPG to suppliers – its role is limited to facilitating delivery of LPG from producer to supplier through its trucking and piping networks, charging a tolling fee for this service.

40. The existence of Liquigas means that LPG suppliers do not need their own logistics network for acquiring LPG from oil/natural gas producers, though Genesis does carry out some of its own distribution. As discussed in more detail below, Liquigas is the sole distributor of LPG from oil/natural gas producers to wholesale suppliers in New Zealand, noting as stated above that Liquigas does not trade in LPG.

41. More detail about Liquigas' operations is provided below.

Wholesale / Retail Supply of LPG

42. The four main suppliers of LPG in New Zealand are (in decreasing order of size):

    (a) Rockgas (part of the Clarus group of companies owned by overseas interests);[5]

3 See the discussion of the *BOC/Shell* clearance decision below.

4 Gas Industry Company, *Retail Competition in the LPG market* (September 2018), page 14.

5 Rockgas was previously owned up until the end of 2018 by Contact Energy Limited.

(b) Genesis (part of the wider Genesis Energy Limited business);

(c) OnGas (owned by Vector); and

(d) Elgas (owned by BOC Limited (**BOC**)).

43. Each of these suppliers has a nationwide presence, meaning they can service customers across New Zealand.

44. LPG is typically supplied to customers in either bulk or cylinder format. Expanding on both forms of supply:

(a) Bulk LPG tends to be delivered to customers by truck, pumping LPG directly into dedicated storage tanks (known as “bullets”), underground bulk storage tanks, or large 222 kg cylinders located on a customer’s premises, supplied by bobtail tanker.

An example of an LPG bullet tank.

(b) LPG cylinders are generally available in four formats, being the three set out below as well as 222kg cylinders referred to in the bulk section above:

45 kg bottles	
15-20 kg forklift cylinders	
9 kg bottles	

45. Bulk LPG is purchased by large industrial customers such as Coca-Cola and Fonterra directly from the four LPG wholesalers. These large companies generally have the space required to install bullets on their premises, as well as the demand for a significant volume of LPG.

46. Contracts for supply of bulk LPG to these large industrial customers tend to be for nationwide supply to the customer and are typically for a period of three to five years, with the relevant wholesaler providing the tanks and associated infrastructure which it will repossess at the end of the contract. LPG is also supplied to small-medium enterprise customers in bulk, though this is typically on a purchase-by-purchase basis rather than as part of a long-term supply contract. Elgas [**Redacted**].

47. LPG cylinders are a smaller format product, and so tend not to be a practical option for large industrial customers or most SMEs. Instead, customers that use LPG cylinders are generally small commercial customers such as restaurants purchasing a pair of 45 kg bottles for a commercial kitchen, and residential customers such as those purchasing 45 kg bottles to power home heating or cooking systems, or a 9 kg bottle for a gas BBQ.[6]

48. Resellers can operate a "bottle swap" model, where customers pay a given price for a filled 9 kg LPG bottle and, once it is empty, they can bring the bottle back to the reseller (or another supplier of LPG) in exchange for a new filled bottle at a lower price. Alternatively, when there is a bulk tank at a reseller like a service station, customers can take their cylinders to any site for refill (this is referred to as the "refiller" model). The ability to contract with wholesalers (being the four key suppliers) means that retailers can operate an LPG reseller business without their own LPG infrastructure such as storage equipment and distribution networks.

49. LPG is also supplied via reticulated gas networks in some parts of the country. These deliver gas directly via underground pipes. For industrial and commercial customers in and around city centres, their premises may have had specially built piping installed to pipe LPG directly into their premises. Some reticulated gas networks also feed into residential properties, therefore servicing retail customers as well.

50. The reticulated gas networks are owned by the wholesale LPG suppliers (i.e. Elgas, OnGas, Rockgas and Genesis), with the largest networks being owned by Rockgas and Genesis. The owner of a reticulated network supplies LPG on that network on an exclusive basis. As there is no third-party access to these, there is no competition for supply on a given network. While it is possible for a customer to source LPG through a reticulated network, these networks only make up a small fraction of the total supply of LPG both by reference to areas serviced by reticulated networks, and nationwide. They are therefore unlikely to have a significant effect on competition, particularly when, in most cases, customers also have the ability to substitute to LPG cylinders.[7] For some commercial customers which have premises connected to reticulated networks, there is also the ability to substitute to bulk LPG.

51. In addition to the key suppliers, LPG cylinders are also distributed by third-party resellers throughout the country, such as petrol stations, hardware stores and supermarkets. These resellers typically contract with one of the four key suppliers for supply of LPG cylinders which they on-sell to customers.

52. Lastly, for completeness, Elgas notes that LPG can be used as a fuel source for some vehicles (this is known as **Autogas**). The supply of Autogas in New Zealand has been declining significantly in recent years, and is expected to disappear entirely within the next few years as vehicles using Autogas go off the road. In any case, both of the Parties have a minimal presence in the supply of Autogas in New Zealand. The primary supplier of Autogas in New Zealand is Rockgas – Elgas estimates that Rockgas would have around [**Redacted**] market share for Autogas. Given the declining market for Autogas, and the minimal volumes of Autogas supplied by the Parties, Elgas has not dealt further with Autogas in this application.

6 Gas Industry Company, *Retail Competition*, ibid, page 6.
7 Ibid, page 18.

The Parties

Elgas

53. Elgas is a subsidiary of BOC, an industrial gases company. BOC itself is a subsidiary of Linde plc, a global industrial gas and engineering company publicly listed on the NASDAQ.

54. In Australia, Elgas is the largest retailer of LPG. In New Zealand, Elgas supplies bulk LPG to commercial customers, and LPG cylinders under its own brand and the "Swap 'n' Go" brand. Given that it does not have its own distribution operation in New Zealand, Elgas uses Liquigas for its distribution, in which it currently has an 18.7% shareholding.

55. [**Redacted**]

56. Elgas is headquartered in New Zealand in Auckland, and has a total staff of 34 full-time employees (with around 110 contractors also employed). In the most recent financial year, it generated revenues of NZ$[**Redacted**]. Within this total revenue figure, Elgas generated:

    (a) NZ$[**Redacted**] for wholesale supply of LPG; and

    (b) NZ$[**Redacted**] for retail supply of LPG.

57. Elgas also operates relatively small reticulated networks [**Redacted**] in Te Anau and Christchurch, as well as another separate network in Christchurch.

58. Further financial information for Elgas is set out at **Appendix 3** of this application. Further information about Elgas generally can be found on its website at www.elgas.co.nz.

OnGas

59. OnGas is a wholly-owned subsidiary of Vector. Similar to Elgas, it supplies both bulk LPG directly to customers through its 20 depots located around the country, and LPG cylinders both directly and through more than 850 resellers in New Zealand.

60. OnGas is headquartered in Auckland, and has a total staff of 195 employees. In the most recent financial year (FY23), it generated sales revenue of NZ$[**Redacted**]. This can be broken down further into:

(a) NZ$[**Redacted**] for sales of bulk LPG; and

(b) NZ$[**Redacted**] for sales of LPG cylinders (to both resellers and direct to end-users).

61. OnGas also operates a number of reticulated networks in Auckland (Snells Beach), Canterbury (Christchurch, Kaiapoi, Pegasus, Robinsons Bay, Prebbleton, Lincoln, Rolleston, Ashburton and Tekapō – with those it operates in Christchurch not overlapping with the network operated by Elgas), and Otago (Queenstown and Wanaka).

62. Further financial information for OnGas is set out at **Appendix 3** of this application. Further general information about OnGas can be found on its website at www.vectorongas.co.nz.

Other Key Industry Parties

Liquigas

Liquigas

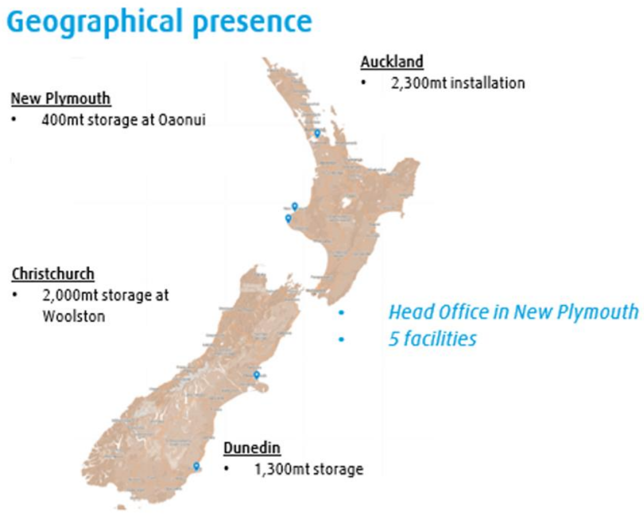
63. Liquigas is the sole nationwide distributor of LPG from oil/natural gas producers to suppliers via tolling arrangements in New Zealand.

64. Liquigas is majority-owned by Vector which has a 60.25% shareholding. The minority shareholdings are held by Elgas at 18.7%, Rockgas at 8% and Gas Services NZ Midco Limited (the direct shareholder of Rockgas) at 13% (i.e. interests related to Rockgas have a combined 21% shareholding in Liquigas).

65. Originally established as a wholesaler, Liquigas has shifted to providing LPG toll distribution infrastructure to parties involved in the LPG supply chain on an "open access" basis. It is important to note that Liquigas does not purchase LPG from producers and on-sell it to wholesalers. Rather, wholesalers purchase LPG directly from producers, and utilise Liquigas' distribution network to transport LPG from the producer to the relevant wholesaler's facility. Liquigas charges the relevant wholesaler a tolling fee for its services.

66. Liquigas also provides storage for wholesalers at terminals in Auckland, Taranaki, Christchurch and Dunedin, and facilitates the importing of LPG on behalf of wholesalers when necessary.

67. Liquigas' network and operations are set out in the map below.



68. Liquigas is headquartered in New Plymouth and has a total staff of 32 employees. In the most recent financial year, it generated sales revenue of [**Redacted**].

69. Financial information for Liquigas is set out at **Appendix 3** of this application. Further general information about Liquigas can be found on its website at www.liquigas.co.nz.

Rockgas

70. Rockgas describes itself as "*New Zealand's largest LPG retailer serving over 140,000+ customers from 10 branches and a network of 25 franchises throughout the country*".[8] It supplies both bulk LPG and LPG cylinders, and operates reticulated gas networks in Canterbury (Christchurch CBD) and Otago (Queenstown CBD).

71. In addition to trading directly itself, Rockgas has a network of independently owned businesses that trade under the Rockgas name as part of a franchise model (**Rockgas Agencies**). Examples include:[9]

(a) Rockgas Alexandra Limited, trading as Rockgas Alexandra;

(b) LM Kremer & QJ Welsford Limited, trading as Rockgas Te Anau; and

(c) NDS 2013 Limited, trading as Rockgas North.

72. As far as Elgas is aware, Rockgas does not hold any shares in the Rockgas Agencies. Elgas has therefore treated the Rockgas Agencies as separate to Rockgas for the purposes of assessing the state of competition in the retail supply markets in the discussion below.

8 Rockgas, *About us* (https://rockgas.co.nz/about-us/).
9 Searching "Rockgas" on the Companies Register shows a fuller list of agencies (www.companies-register.companiesoffice.govt.nz).

73. Rockgas is part of Clarus, which includes a group of companies involved in the energy sector in New Zealand that are owned by overseas interests in Australia, the Cayman Islands and Canada. Prior to 2018, Rockgas was owned by Contact Energy, another vertically integrated energy company.

74. Rockgas and its direct shareholder, Gas Services NZ, have an 8% and 13% shareholding in Liquigas respectively (i.e. 21% in total).

75. Further general information about Rockgas can be found on its website at www.rockgas.co.nz.

Genesis

76. Genesis is a vertically integrated energy company which operates at multiple levels of the LPG supply chain. It entered the LPG markets following its joint-venture with Origin Energy, New Zealand Oil and Gas, and Mitsui in the development and operation of the Kupe gas field in Taranaki.

77. As well as its role in the production of LPG, Genesis acquired the LPG business of Nova in 2015. This established its presence in the supply of both bulk LPG and LPG cylinders in New Zealand, as well as in reticulated gas supply in Canterbury (Farringdon) and Otago (Dunedin CBD).

78. Genesis makes its own arrangements for transporting LPG between the North and South Islands (i.e. independent of Liquigas).

79. Further general information about Genesis, including its LPG business, can be found on its website at www.genesisenergy.co.nz.

Resellers

80. Resellers acquire LPG from one of the four wholesale suppliers, and then on-sell it (usually in cylinders) to customers.

81. Resellers can typically be classified into two main groups:

    (a) Businesses that supply LPG as a standalone unit of their existing operations: i.e. resellers for which the retail supply of LPG (or other similar gas products such as CO_2) is not their primary business. The most common examples are the retail fuel companies which operate bottle swaps and bottle refill services at many of their petrol stations nationwide. Other similar resellers include hardware stores and supermarkets; and

(b) Dedicated gas retailers: i.e. companies such as Matagas and KiwiGas which supply LPG cylinders, as well as providing refilling services from tanks on their premises, either as their primary business or as part of a wider gas retail business. These resellers typically operate on a regional basis (either in one region or neighbouring regions). Examples include:

(i) Matagas, which services customers in Auckland, Waiheke Island, Tauranga and Christchurch, including a bottle swap system in Auckland;[10]

(ii) KiwiGas, which services customers in the Christchurch and wider Canterbury region, including a refill outlet in Christchurch;[11]

(iii) Far North Gas, which services customers in Northland, including refill stations for 9 kg LPG cylinders;[12] and

(iv) Metrogas, which services customers in Auckland and Hamilton, including a direct to door delivery/bottle swap service.[13]

10 Matagas (www.matagas.co.nz).
11 KiwiGas (www.kiwigas.co.nz).
12 Far North Gas (www.farnorthgas.co.nz).
13 Metrogas (www.metrogas.co.nz).

MARKET DEFINITION

82. This section contains:

(a) A summary of past consideration of the relevant markets by the Commission; and

(b) Confirmation of the relevant markets applicable to the Proposed Acquisition.

Past Consideration of LPG Supply by the Commission

83. The three decisions below are the most recent clearance decisions of the Commission which are relevant to the supply of LPG.

Rockgas Limited / Energy Supply Limited – 1998

84. The Commission granted clearance to Rockgas in 1998 to acquire the stock and fixed assets of Energy Supply Limited (***Rockgas/ESL***). In reaching its decision, the Commission considered that the markets relevant to its assessment were separate markets for each of:[14]

(a) Wholesale supply of LPG on a national level; and

(b) Retail supply of LPG in the greater Wellington area (including the Wairarapa).

85. With regard to market definition, the Commission noted:

(a) There was a separate product dimension for LPG. Although demand-side substitution to alternative energy sources was feasible in some cases, there was limited supply-side substitution due to the different production method of LPG compared to other energy sources;[15]

(b) The geographic dimension of the market for the wholesale supply of LPG was national. Wholesalers, being suppliers that sell LPG to large customers and LPG retailers, operate nationwide, typically pricing on a national basis.[16] Any competitive effects would therefore be felt nationally, rather than in a particular region; and

(c) The geographic dimension of the markets for the retail supply of LPG was regional. Retail customers of relatively small quantities of LPG were unlikely to travel outside of their own region to purchase LPG at a lower price and, due to the weight/low-volume characteristics of LPG, transport costs were likely to deter suppliers from servicing customers outside of the relevant region.[17]

14 NZCC, *Decision No.323, Rockgas Ltd and Energy Supply Ltd* (27 April 1998), at [32]-[45].
15 Ibid, at [33]-[34].
16 Ibid, at [25] and [38].
17 Ibid, at [44].

Shell New Zealand Limited / The Gas Company Limited – 2002

86. The Commission granted clearance to Shell in 2002 to acquire the assets and interests of The Gas Company Limited (***Shell/TGC***). In reaching its decision, the Commission took the same market definition approach as it did in *Rockgas/ESL*, defining a regional retail market for supply of LPG in the Christchurch region.[18]

87. The Commission's reasoning underpinning its approach to market definition in this case was consistent with *Rockgas/ESL*. In particular:

(a) LPG was in a separate product market to other fuel types;[19] and

(b) With regard to the geographic dimension to the relevant retail supply market, LPG must be stored near or close to customers to ensure cost-effective and timely supply. From the demand-side, retail customers do not tend to purchase significant volumes of LPG to justify travelling outside of their particular region.[20]

BOC Limited / Shell New Zealand Limited – 2007

88. The most recent clearance decision by the Commission in relation to domestic supply of LPG was its decision to grant clearance in 2007 to BOC to acquire Shell's LPG business and shareholdings in Liquigas (**BOC/Shell**). The Commission took a similar approach to the one it adopted in *Rockgas/ESL* (and followed in *Shell/TGC*), defining markets for the retail supply of LPG in regions where the merger parties overlapped.[21]

89. In particular:

(a) LPG was in a separate product market to other fuel types;[22]

(b) Production, distribution and sale of LPG occurred at distinct functional levels. Within the sale of LPG, there were separate functional levels for distribution, wholesale and retail supply, which the Commission defined in the same way as in *Rockgas/ESL* (noting that only retail markets were directly relevant to its decision in *BOC/Shell*);[23] and

(c) It applied the Commission's approach in *Shell/TGC*, that competition in the retail supply markets occurred on a regional basis.[24] On the demand-side, customers were unlikely to travel significant distances to purchase LPG. On the supply side, LPG retailers, even those vertically integrated firms with nationwide presence, tended to be located within close proximity to their customer-base to ensure effective and timely supply.

18 NZCC, *Decision No.456, Shell New Zealand Limited and The Gas Company Limited* (1 March 2002), at [62].
19 Ibid, at [51].
20 Ibid, at [57]-[58].
21 NZCC, *Decision No.597, BOC Limited and Shell New Zealand Limited* (21 February 2007), at [42].
22 Ibid, at [30]-[32].
23 Ibid, at [33]-[35].
24 Ibid, at [38]-[40].

Relevant Markets Applicable to the Proposed Acquisition

90. Elgas considers that the Commission's consistent past approach to market definition in each of *Rockgas/ESL*, *Shell/TGC* and *BOC/Shell* remains the correct approach, and so has assessed the effects of the Proposed Acquisition against the national distribution, national wholesale and regional retail markets as defined in those decisions.

Distribution of LPG

91. There is no horizontal overlap in this market, as Elgas is not active in the toll distribution of LPG other than through its existing relatively small shareholding in Liquigas (i.e. Elgas does not facilitate distribution from producers to other wholesale suppliers). However, distribution is relevant to the assessment of the vertical effects of the Proposed Acquisition.

92. Elgas considers that the appropriate geographic dimension of the market for the distribution of LPG is national. Customers who use Liquigas' distribution network are the four wholesale suppliers of LPG in New Zealand. Given that each of these suppliers has a nationwide presence, and buys LPG to service their national network, a national market is appropriate.

Wholesale Supply of LPG

93. Elgas and OnGas overlap in the supply of LPG to large commercial customers and LPG retailers (i.e. retail fuel companies and dedicated gas retailers). The four wholesale suppliers operate on a national basis, and supply a mixture of large commercial customers and LPG retailers, meaning that a national market is appropriate.

94. Elgas does not consider that the characteristics of the wholesale supply market have changed materially since *Rockgas/ESL*, *Shell/TGC* and *BOC/Shell* to justify departing from the Commission's approach in those decisions to market definition.

Retail Supply of LPG

95. Elgas and OnGas overlap in the supply of both bulk LPG and LPG cylinders to retail customers (i.e. small-medium enterprises and residential customers) in regions throughout New Zealand.

Product dimension

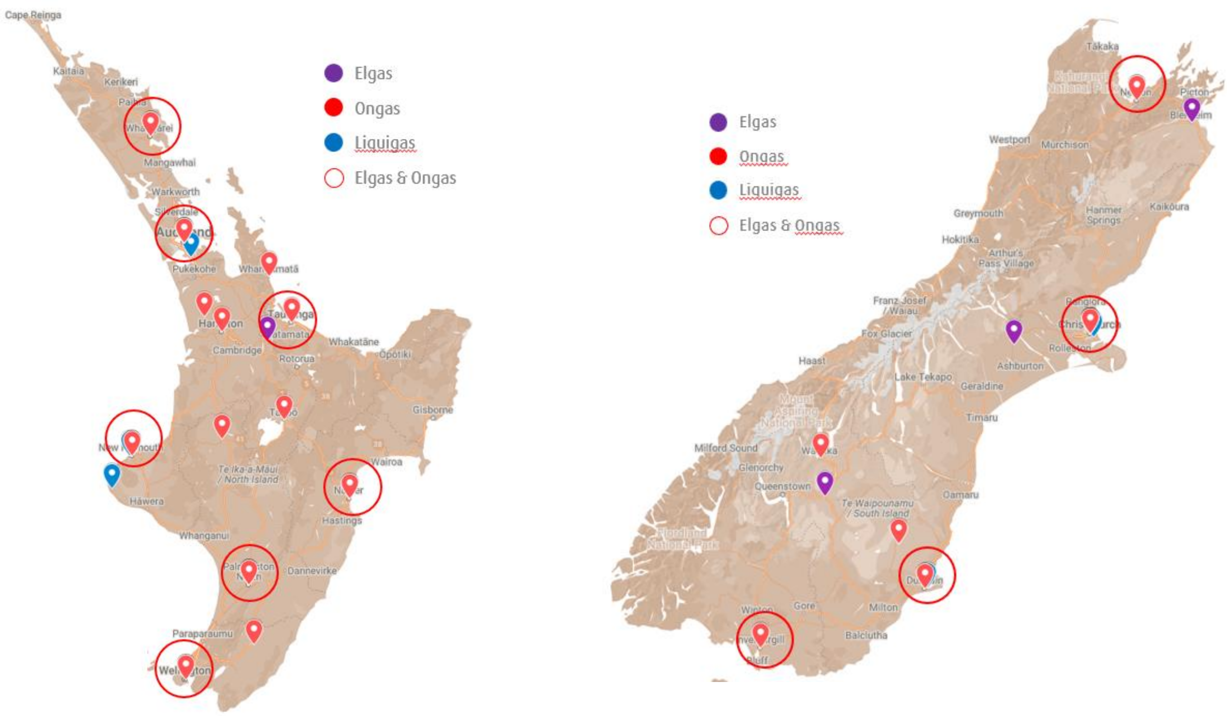
96. Elgas considers that the Commission's approach in *Rockgas/ESL*, *Shell/TGC* and *BOC/Shell* with regard to markets for the retail supply of LPG remains the correct approach.

Geographic dimension

97. Elgas considers that the regional geographic dimension as applied by the Commission in *Rockgas/ESL*, *Shell/TGC* and *BOC/Shell* remains applicable, as it accounts for the particular characteristics of the retail supply of LPG in New Zealand, which have not materially changed since the Commission's decision in *BOC/Shell*.

98. As set out in the diagram below, Elgas and OnGas have a nationwide presence in the retail supply of LPG in New Zealand (as do Rockgas and Genesis). Consistent with the Commission's approach in *Rockgas/ESL*, *Shell/TGC* and *BOC/Shell*, Elgas considers that the markets are separated into each regional area of overlap in Elgas' and OnGas' operations. The locations circled in red show the relevant geographic areas of overlap in Elgas' and OnGas' retail supply operations.

Figure 1: Elgas, Liquigas and OnGas locations in New Zealand



99. Based on the maps above and the market share figures provided in **Appendix 5** to this application, Elgas and OnGas overlap in the retail supply of LPG in the following regions:[25]

(a) Northland;

(b) Auckland;

(c) Bay of Plenty/Waikato;

(d) Taranaki;

(e) Hawkes Bay;

(f) Manawatu-Whanganui;

(g) Wellington;

25 We note that Elgas is also active on the West Coast, where it competes with Rockgas. OnGas does not have a presence on the West Coast, so we do not consider this regional market any further.

(h) Nelson/Marlborough;

(i) Canterbury;

(j) Otago; and

(k) Southland.

100. Accordingly, the Parties consider that the New Zealand markets relevant to the competition analysis of the Proposed Acquisition are the following markets:

(a) A national market for the distribution of LPG (the **LPG Distribution Market**);

(b) A national market for the wholesale supply of LPG to large customers (the **Wholesale LPG Supply Market**); and

(c) Regional markets for retail supply of LPG in each of the regional areas of overlap noted above (each a **Retail LPG Supply Market** and, together, the **Retail LPG Supply Markets**).

NO SUBSTANTIAL LESSENING OF COMPETITION IN THE LPG DISTRIBUTION MARKET

101. In this section, we set out the reasons why the Proposed Acquisition will not have the effect or likely effect of substantially lessening competition in the LPG Distribution Market due to:

(a) Horizontal effects; or

(b) Vertical effects.

No Horizontal Aggregation

102. Elgas does not have any presence in the distribution of LPG, other than its existing shareholding in Liquigas. Therefore, the Proposed Acquisition will not result in any horizontal aggregation in the LPG Distribution Market.

No Vertical Effects

103. Post-acquisition, Elgas will hold c.78% of the shares in Liquigas (up from 18% currently), with interests related to Rockgas holding the remaining shares.

104. Despite this majority shareholding in Liquigas, Elgas will not have the ability or incentive to foreclose its competitors in the downstream markets (most relevantly, at the wholesale supply level) for the supply of LPG.

No Ability to Foreclose

105. Elgas would not have the **ability** to foreclose or otherwise disadvantage its competitors in the downstream markets post-acquisition through its increased shareholding in Liquigas.

106. This is due to protections contained in Liquigas' governing documents, and other documents relevant to Liquigas' operations. Elgas has set out the relevant protections in each of these documents below and why they would prevent Elgas from engaging in any foreclosure strategy post-acquisition.

Liquigas' Constitution

107. Clause 11.2 of Liquigas' constitution relates to shareholder voting procedures.[26] Any resolution other than a special resolution requires the support of shareholders holding not less than 60% of the issued ordinary shares of the company. A special resolution (as defined in the Companies Act 1993) requires a unanimous vote of all shareholders.[27]

26 Liquigas, *Constitution of Liquigas Limited* (23 May 1997).

27 Companies Act 1993, s 106. A special resolution is required under the Companies Act when shareholders exercise the power to a) adopt, alter or revoke the constitution; b) approve a major transaction; c) approve an amalgamation of the company; or d) put the company into liquidation.

108. Therefore, in relation to:

(a) An ordinary resolution, Elgas will have no increased ability to pass these, relative to the status quo counterfactual in which Vector has a 60.25% shareholding; and

(b) A special resolution, Elgas would require the unanimous support of Liquigas' other shareholders, which would include Rockgas and Gas Services NZ (itself the shareholder of Rockgas).

109. While Genesis is not a shareholder in Liquigas, and Genesis' consent is therefore not required for the passing of a special resolution, this remains the case under the status quo counterfactual. In any event, Genesis does self-supply some distribution of its LPG.

<u>Liquigas Heads of Agreement</u>

110. Prior to its incorporation as a company in New Zealand, Liquigas was operated as a joint-venture by its "Groups of Shares", being producers and wholesalers of LPG at the time the venture was established.

111. The Liquigas Heads of Agreement (**HOA**) sets out the terms on which the venture parties agreed to operate Liquigas and, other than to the extent that the terms have been amended by way of resolution (including the establishment of the Independent Committee, which is discussed in greater detail below), continue to apply to the shareholders today.[28] Clause 4.1 of the HOA sets out the objectives and principles for Liquigas. Relevant objectives and principles include:

(a) Clause 4.1.1: to establish a bulk LPG distribution and trading venture and to facilitate the orderly wholesale supply and national availability of LPG throughout New Zealand; and

(b) Clause 4.1.4: that all activities of the Venture (being the agreement to operate Liquigas) relating to Liquigas shall be directed to secure the maximum commercial advantage for Liquigas consistent with sound and safe LPG handling practices.

112. Under clause 4.2 of the HOA, Liquigas' objectives and principles cannot be changed without the unanimous consent of its shareholders, which would require Rockgas and Gas Services NZ to support Elgas in any change to clause 4.1.

113. The HOA, as initially drafted, applied to Liquigas prior to the establishment of the Independent Committee, the effect of which is discussed in greater detail below. Elgas nevertheless considers these clauses help to show Liquigas' shareholders' longstanding commitment to ensuring that competition is not adversely affected by their shareholding in Liquigas:

(a) Clause 10.2 of the HOA requires a unanimous vote of directors when proposing to take certain courses of action. Clause 10.2.10 of the HOA notes

28 Liquigas, *Head Agreement for the Establishment of a New Zealand LPG Joint Venture* (25 June 1981).

that one such course of action requiring unanimous support is the criteria on which any contract or other arrangements concerning the distribution of LPG will be negotiated.

(b) Any decision to foreclose a wholesale competitor of Elgas, either by increasing prices for Liquigas' services or refusing to supply, would therefore require the unanimous support of its directors. Under clause 7.1 of the HOA, all shareholders have the right to appoint at least one director, meaning that directors appointed by Rockgas and Gas Services NZ would have to support such a proposal.

(c) Clause 13.4 of the HOA concerns information relating to the competitive marketing activities of a "Wholesaler of LPG" (a party which has entered into a supply agreement with Liquigas) that is provided to Liquigas management on a confidential basis. Under clause 13.4, management shall not release this information to any other person, including the directors of Liquigas, without the prior consent of the relevant wholesaler.

(d) Clause 16.1 of the HOA requires that Liquigas follows and applies the pricing policy as set out in the HOA. Clause 16.2 prevents any change to this policy without the unanimous consent of its shareholders.

(e) If Elgas sought to foreclose its downstream competitors by increasing the price of Liquigas' services, this would constitute a departure from the pricing policy that Liquigas must follow. Therefore, to be able to engage in such a strategy, Elgas would require the support of both Rockgas and Gas Services NZ. As will be discussed below, the establishment of the Liquigas Independent Committee restricts Elgas' ability to engage in foreclosure by way of increasing prices.

(f) Clauses 17.1 and 17.2 of the HOA contain similar protections to those in clauses 16.1 and 16.2, except that they relate to the requirements for and allocation of product.

(g) This protects Elgas' downstream competitors in relation to any potential foreclosure strategy by restricting or refusing to supply Liquigas' distribution services to downstream competitors. As was the case with pricing, Elgas would require the support of both Rockgas and Gas Services NZ for any change to this.

(h) Lastly, clause 18.5 of the HOA requires the unanimous consent of Liquigas' shareholders to change or amend a Wholesale Agreement entered into under clause 18.2 (i.e. Rockgas entering an agreement with Liquigas to use its distribution services).

(i) If Elgas sought to amend Liquigas' agreements with Elgas' downstream competitors, such as by restricting distribution and storage volumes, or increasing prices, it would require the unanimous support of Rockgas and Gas Services NZ.

Liquigas Independent Committee

114. In January 2003, Liquigas amended its constitution, under a settlement agreement with the Commission. One such amendment was the establishment of an independent "Pricing Committee", now known as the Independent Committee (the **Committee**).[29]

115. The Committee is comprised of three directors, being an independent director and a director nominated by each shareholder of Liquigas.[30] Each shareholder has the right to nominate one director to be eligible for selection.

116. The Committee has the sole power and authority to set and negotiate prices, independent of Liquigas' shareholders, with the stated intention of ensuring Liquigas' compliance with all legal requirements, including those under the Commerce Act.[31] This includes the price Liquigas charges for its distribution and storage services, and the terms and conditions (other than price) for the supply of such services.[32]

117. Where a director is interested in a particular transaction requiring the Committee's approval, that director must withdraw from the Committee for the purposes of the transaction.[33] Any information received or created by the Committee during negotiations of a transaction is considered strictly confidential and must not be disclosed to any person outside the non-interested members of the Committee, other than to give effect to the decisions of the Committee.[34]

118. The effect of the Committee is that Liquigas' shareholders (and therefore Elgas) are constrained in their ability to interfere in the negotiation of supply agreements with their downstream competitors, particularly with regard to price. This therefore acts as an additional constraint on foreclosure by Elgas.

No Incentive to Foreclose

119. Elgas would not have the **incentive** to foreclose its downstream competitors post-acquisition.

29 Liquigas, *Notice of Adoption, Alteration, or Revocation of Constitution, Appendix: Pricing Committee* (31 January 2003), page DR4. See Liquigas, *Independent Committee Terms of Reference* (August 2021), for the most recent terms under which the Independent Committee operates.
30 Liquigas, *Independent Committee Terms of Reference* (August 2021), at [6].
31 Ibid, at [2] and [3.1].
32 Ibid, at [4].
33 Ibid, at [6].
34 Ibid, at [7.1.4.1].

120. A key revenue driver for Liquigas is provision of services to Rockgas and "Others", as set out in the diagram below. [**Redacted**

]

121. If Elgas were to seek to foreclose competition from Rockgas (or other suppliers of LPG), it would lose or reduce that significant source of revenue for Liquigas.

122. The lack of incentive to engage in such a foreclosure strategy must also be read in conjunction with Elgas' lack of ability to foreclose its downstream competitors post-acquisition which is discussed above.

123. Evidence of this in practice can be seen in the fact that, despite Vector's majority ownership of Liquigas to date and Vector's ownership of Elgas' competitor OnGas, Elgas has not been foreclosed from competing with OnGas even though it needs to use the Liquigas distribution network. The position will remain the same post-acquisition in the present case.

NO SUBSTANTIAL LESSENING OF COMPETITION IN THE WHOLESALE LPG SUPPLY MARKET

124. In this section, we set out the reasons why the Proposed Transaction will not have the effect or likely effect of substantially lessening competition in the Wholesale LPG Supply Market.

Market Shares

125. Elgas' internal estimates of its market share in the Wholesale LPG Supply Market, as well as the market shares of its relevant competitors, including an aggregated share for the merged entity post-acquisition are as follows:

Elgas' market share estimates for Wholesale LPG Supply Market

Provider	**Market Share (2021)**	**Market Share (2022)**	**Market Share (2023)**
Elgas	[**Redacted**]	[**Redacted**]	[**Redacted**]
OnGas	[**Redacted**]	[**Redacted**]	[**Redacted**]
Merged entity	[**Redacted**]	[**Redacted**]	[**Redacted**]
Rockgas	[**Redacted**]	[**Redacted**]	[**Redacted**]
Genesis	[**Redacted**]	[**Redacted**]	[**Redacted**]

126. This is based on a wholesale market in which wholesalers supply LPG to both large commercial customers (i.e. Fonterra and Coca-Cola etc) and resellers (i.e. the retail fuel companies and dedicated gas retailers).

127. The market share of the merged entity at [**Redacted**] will fall outside the applicable 20% concentration indicator threshold. However, as discussed below, there are several reasons why the Proposed Acquisition will not raise competition concerns in the Wholesale LPG Supply Market.

Existing Market Participants Will Continue to Constrain the Merged Entity Going Forward

128. Based on the market shares above, Elgas and OnGas are currently the third and fourth largest market participants in the Wholesale LPG Supply Market.

129. The two largest competitors in the Wholesale LPG Supply Market are Rockgas and Genesis, with [**Redacted**] respectively.

130. Both Rockgas and Genesis supply LPG to a range of large commercial customers, including Goodman Fielder (Rockgas) and Danone (Genesis). Genesis also supplies LPG to resellers such as Matagas, while both Genesis and Rockgas supply bulk LPG to the retail fuel companies, including bp, Caltex and Mobil petrol stations, enabling those petrol stations to provide LPG refilling services for retail customers. Rockgas also supplies 9 kg cylinders to Caltex and Mobil petrol stations around the country, as evidenced by the images on the following page.

Figure 2: Rockgas 9 kg cylinder bottle swap cage (Caltex Tīrau)

Figure 3: Rockgas on-premises bulk tank, bottle refill advertisement and 9 kg cylinder bottle swap cage (Mobil Manukau Road)

131. Post-acquisition, the merged entity will become the second largest LPG wholesaler by market share, remaining behind Rockgas, with Genesis still being a significant third largest competitor. Both Rockgas and Genesis will therefore continue to offer a serious competitive constraint on the merged entity's ability to increase prices in the future.[35]

132. Based on Elgas' recent internal win/loss data, it competes closely with Rockgas and Genesis for similar customers in the Wholesale LPG Supply Market, and this will remain the case post-acquisition. For example:[**Redacted**

]

Low Barriers to Expansion for Existing Market Participants

133. The existence of Liquigas means that a potential entrant into the wholesale market does not need to establish an upstream distribution network to source LPG from producers.

134. For existing market participants, the ability to expand is also strongly influenced by economies of scale. Existing wholesalers are relatively unconstrained in expanding their operations, as they have already established significant scale and associated fixed cost bases. Competitors could therefore pick up supply to the merged entity's customers if it increased its prices post-acquisition. Reasons include (but are not limited to):

(a) LPG is a relatively cheap product, meaning that a wholesaler is able to increase the amount it purchases from producers (either domestic or overseas through imports) without significant effects to its costs of supply;

(b) Liquigas' distribution and storage services mean that wholesalers do not need to incur major infrastructure costs for upstream supply;

(c) Wholesalers already service large customers nationwide, meaning that they are able to supply additional customers without any gaps in their supply operations;

(d) Certain customers already have reticulated infrastructure on their premises, meaning that some or all of those customers' LPG needs can be met without additional infrastructure cost; and

35 Consistent with the Commission's approach, when we refer to "increase prices", we are also referring to any reduction in the quality of supply.

(e) As noted above, Elgas' win/loss data for the period 2019-2023 shows it [**Redacted**].

Countervailing Customer Power

135. As discussed above, wholesale customers are a mixture of large commercial customers and LPG retailers. Elgas' top five wholesale customers (as set out in **Appendix 3** to this application) comprise around $[**Redacted**], being around [**Redacted**] of the c.$[**Redacted**] total revenue it generates in the Wholesale LPG Supply Market.

136. Customers therefore have significant countervailing buyer power.

NO SUBSTANTIAL LESSENING OF COMPETITION IN THE RETAIL LPG SUPPLY MARKETS

137. In this section, we set out the reasons why the Proposed Acquisition will not have the effect or likely effect of substantially lessening competition in the regional Retail LPG Supply Markets.

Market Shares

138. Elgas has provided its estimates of market shares in the regional Retail LPG Supply Markets in **Appendix 5** to this application.

139. As is evident from those market shares:

(a) There is one regional market where there is no overlap, being the West Coast, where Elgas is active but OnGas is not. That regional market is not considered further in this application.

(b) There is one regional market, being Otago, where the Proposed Acquisition falls within the Commission's concentration indicators, and only minimal aggregation ([**Redacted**]) will result.

(c) There are three regional markets where the Proposed Acquisition falls outside the Commission's concentration indicators, but only minimal aggregation will result. These are:

(i) Taranaki, where OnGas and Elgas are the second and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with only minimal aggregation ([**Redacted**]);

(ii) Canterbury, where OnGas and Elgas are the third and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition (including Elgas' reticulated network), with only minimal aggregation ([**Redacted**]); and

(iii) Southland, where OnGas and Elgas are the third and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with only minimal aggregation ([**Redacted**]).

(d) This leaves seven remaining regional markets which fall outside the Commission's concentration indicators, and involve the merged entity having a combined market share post-acquisition in the range of [**Redacted**]. These are:

(i) Northland, where OnGas and Elgas are the second and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with aggregation of [**Redacted**];

(ii) Auckland, where OnGas and Elgas are the third and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with aggregation of [**Redacted**];

(iii) Bay of Plenty & Waikato, where OnGas and Elgas are the second and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with aggregation of [**Redacted**];

(iv) Hawke's Bay, where OnGas and Elgas are the second (equal) and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with aggregation of [**Redacted**]

(v) Manawatu-Whanganui, where OnGas and Elgas are the second and fifth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with aggregation of [**Redacted**]; and

(vi) Wellington, where OnGas and Elgas are the third and fourth largest participants and would have a combined market share of [**Redacted**] post-acquisition, with aggregation of [**Redacted**].

(vii) In Nelson & Marlborough, unlike the case for the other regional markets, the Proposed Acquisition involves the two largest retail suppliers of LPG in the region. Elgas and OnGas are the largest and second largest participants respectively and would have a combined market share of [**Redacted**] post-acquisition, with aggregation of [**Redacted**].

140. Elgas notes that this estimated market share data for the regional retail markets is the most granular level of data that it holds. It does not for instance have narrower market shares for each of bulk and cylinder supply in these regional retail markets. That said, Elgas would expect that market shares for each of bulk and total cylinder supply for the various regions would be similar to those set out above and in **Appendix 5**.

141. In addition, as noted earlier, in the market share tables in **Appendix 5**, Elgas has provided estimates for both Rockgas and the relevant Rockgas Agencies, given Elgas' understanding that the Rockgas Agencies are owned independently from Rockgas.

Existing Market Participants Will Continue to Constrain the Merged Entity Going Forward

142. As set out in the preceding section, there are only seven regional markets where the Proposed Acquisition falls outside the Commission's concentration indicators and results in more than minimal aggregation in the total regional Retail LPG Supply Markets. These are Northland, Auckland, Bay of Plenty & Waikato, Hawke's Bay, Manawatu-Whanganui, Wellington and Nelson & Marlborough.

143. However, the Proposed Acquisition will not result in a substantial lessening of competition in these seven regional Retail LPG Supply Markets, given that the merged entity will continue to be constrained by at least one of (and most commonly both) Rockgas and Genesis in all of these regional markets (additional constraints will be provided by the Rockgas Agencies, which also operate in four of the regional markets). In particular:

(a) In Northland, the current leading retailer by market share is the Rockgas Agencies at [**Redacted**], with Genesis also having substantial market share at [**Redacted**];

(b) In Auckland, Rockgas and Genesis are the leading two current retailers by market share at [**Redacted**] and [**Redacted**] market share respectively;

(c) In Bay of Plenty & Waikato, Genesis is the largest retailer by market share at [**Redacted**]. While Rockgas is only the third largest individual retailer by market share at [**Redacted**], the Rockgas Agencies also have around [**Redacted**] market share;

(d) In Hawke's Bay, Rockgas and Genesis are the first and second equal largest retailers by market share at [**Redacted**] and [**Redacted**] share respectively;

(e) In Manawatu-Whanganui, Rockgas and Genesis are the second equal largest retailers at [**Redacted**] share each, with the Rockgas Agencies holding a further [**Redacted**] share making them the largest retailer by market share;

(f) In Wellington, Rockgas and Genesis are the first and second equal largest retailers by market share at [**Redacted**] and [**Redacted**] share respectively; and

(g) In Nelson & Marlborough, Rockgas and Genesis are the third and fourth largest retailers by market share at [**Redacted**] and [**Redacted**] respectively, with the Rockgas Agencies having a further [**Redacted**] share.

144. Rockgas and Genesis will provide a strong constraint on the merged entity's ability to raise prices for the supply of LPG post-acquisition in these markets post-acquisition, given their size and established market position. Both Rockgas and Genesis operate nationwide in both the wholesale and retail supply of LPG. In each of Canterbury and Otago, Rockgas and Genesis also operate reticulated gas networks which customers in those areas that are serviced by reticulated networks are able to access.

145. As noted above, Rockgas also makes LPG available through the Rockgas Agencies. These agents are independently owned but operate under the Rockgas trading name. Elgas understands that the Rockgas Agencies focus on residential and small commercial LPG sales, with their services generally limited to delivering LPG on Rockgas' behalf.

146. Competition is already strong with Rockgas (and the Rockgas Agencies) and Genesis, and will continue to be strong, as evidenced by the strong churn in customers between all suppliers across the country.

147. Elgas understands that Rockgas facilitates cylinder refilling services at its own sites (as well as its Agencies). For instance, Rockgas' website suggests that refill services are offered at Rockgas Agencies nationwide.[36]

148. In addition to the constraint provided by Rockgas and Genesis in these regional markets, there is a long tail of LPG resellers which, while individually having relatively low market shares, cumulatively exercise significant constraint on the larger market participants. Elgas' estimated market shares in Northland, for example, show that other resellers such as Foodstuffs and Mitre 10 are active in the Retail LPG Supply Market there.[37] These businesses have high traffic and frequent customer interactions, generally being stores that customers will go to at least once a week (particularly in relation to Foodstuffs). Customers for 9 kg cylinders will therefore have opportunities to purchase LPG at such retailers, without needing to make a dedicated shopping mission to acquire LPG.

149. Resellers which have bulk tanks set up at their premises can also offer cylinder refilling services (i.e. they do not need to sell/swap a cylinder with every customer). For instance, Elgas understands that Genesis supplies dedicated gas retailers including Matagas (which also on-sells some of this LPG to resellers including the retail fuel companies) and Bobs Gas and Cylinder Services, which is active around the Bay of Plenty/Waikato region. There are no additional legislative or regulatory barriers to providing refilling services compared to bottle swap, meaning resellers are able to offer these services side-by-side without additional requirements. Further information is provided about this below.

150. While Elgas and OnGas are currently the main suppliers of 9 kg cylinders, alternative options remain available for customers needing 9 kg cylinders apart from going to the merged Elgas/OnGas entity, including Rockgas[38] and Matagas[39]. Customers are also not required to swap or refill a cylinder through the same supplier the cylinder was purchased from – for example, a customer could take an empty Elgas cylinder to another supplier's premises offering bottle swap (i.e. a Rockgas supplied petrol station) and exchange the Elgas cylinder for a full Rockgas cylinder.

Nelson & Marlborough

151. Elgas acknowledges that the aggregation in the Nelson & Marlborough Retail LPG Supply Market (where post-acquisition the merged entity would have [**Redacted**] market share) is greater than in other regional markets.

152. In *BOC/Shell* the Commission specifically considered the effects on competition at the retail supply level in Nelson & Marlborough. In its decision, the Commission held that competition from a "number of vertically integrated companies" and third-party retailers would continue to constrain the merged entity.[40] Elgas considers that the

36 See Rockgas, *Find a Rockgas Outlet* (www.rockgas.co.nz/get-connected/find-a-rockgas-outlet/). Also refer to Genesis, *Bottled Gas* (www.genesisenergy.co.nz/for-home/products/bottled-gas) which states for instance that "our partner Bobs Gas is operating refilling from our Kopu depot".

37 Elgas notes that it currently supplies Foodstuffs in Northland, while Mitre 10 is currently supplied by OnGas.

38 Refer to "Refilling your BBQ gas bottle - Rockgas"; and "Find a Rockgas outlet - Rockgas".

39 Refer to "9KG/BBQ LPG Cylinder Re-Fill & Delivery | Cylinder Re-fill. (matagas.co.nz)".

40 *BOC/Shell*, ibid, at [52].

same conditions as considered by the Commission at that time, continue to apply in Nelson & Marlborough.

153. In particular, the Proposed Acquisition will not affect competitors' ability to compete with the merged entity in Nelson & Marlborough on an ongoing basis. Both Rockgas and Genesis are also active in Nelson & Marlborough. While Rockgas and Genesis are the fifth and third largest retailers by market share at [**Redacted**] and [**Redacted**] respectively, the Rockgas Agencies also have a further [**Redacted**] share.

154. In 2023, Elgas [**Redacted**

].

155. Also active in this regional market are a diverse range of LPG resellers, including the retail fuel and grocery companies, and dedicated gas retailers such as Fire & Safety Systems.[41]

Low Barriers to Entry and Expansion

156. As noted in the Gas Industry Company's report on retail competition in the LPG market from 2018, there are low barriers to entry in the Retail LPG Supply Markets.[42] In that report, the Gas Industry Company stated variously:

> "*However, the existence of Liquigas, an open-access LPG distributor, and the ability of retailers to enter into distribution agreements with other parties mean that retailers do not individually need to meet the costs of standalone distribution systems. LPG retailers can enter and compete in the market without having to establish their own LPG distribution and delivery infrastructure. So while economies of scale are a feature of the LPG market, they do not appear to create undue barriers to entry or competition because of the way that the industry is organised and operates*." (p3)
>
> "*A number of retailers emphasised the competitiveness of the LPG market; they compete on customer service as well as price. When asked about possible barriers to competition, retailers reported that they felt able to compete in the current environment. They considered that any regulatory intervention would make the market less fair – even when those interventions could benefit them individually*." (p4)
>
> "*Gas Industry Co has not identified of any barriers to entry in the LPG market; that is, any costs or impediments that are not faced by all LPG retailers. There do appear to be economies of scale in the distribution of LPG, and the industry has evolved ways to rationalise the LPG delivery infrastructure, potentially allowing competition by retailers who would otherwise be unable to compete in the market. LPG retailers do face costs in terms of LPG bottles, bullets, and reticulated systems, but these costs are faced by all retailers, not just new entrants. There is an industry protocol for the return of LPG bottles, which may*

41 Fire & Safety Systems (www.firesafetysystems.co.nz).

42 Gas Industry Company, *Retail Competition*, ibid, page 19.

help to minimise the number of bottles (and therefore the cost) that an LPG retailer needs to own in order to service its customers. There are no equivalent protocols for LPG bullets or access to reticulated systems, but Gas Industry Co does not perceive that there is a need or a justification for such arrangements, and, further, there would be practical difficulties with putting such arrangements in place. Taking all these factors into account, Gas Industry Co does not consider that there are any aspects of the retail LPG market that need to be addressed at this time." (p4)

157. This remains the case today.

158. A significant factor lowering barriers to entry is the presence of large-scale wholesale suppliers (like Rockgas, Genesis and post-acquisition the merged entity) that can enter into distribution agreements with resellers for the supply of LPG. A new entrant does not need to make significant investments in upstream infrastructure that allow it to source, handle and store large volumes of LPG. Instead, a potential entrant can enter into a supply agreement with one of the wholesale suppliers of LPG in New Zealand, which will deliver to the reseller, and only needs the space on its premises to store the LPG, which will either be one or both of a bulk tank and/or a cage to store LPG cylinders.[43]

159. Regional entry is also sufficient for a potential entrant. Given that competition at the retail supply level occurs on a regional basis, a potential entrant does not need to establish a national presence. This is evidenced by resellers such as the dedicated gas retailers, which generally operate in a particular region or neighbouring regions. A recent example of entry is Farmlands, which entered in 2023, and is in the process of setting up a bottle swap operation across its rural stores, with a total network expected to be [**Redacted**]. Any of the major retail chains could readily replicate Farmlands' expansion into retail cylinder distribution.

160. LPG is also a relatively simple product. While there are health and safety requirements around the storage and sale of LPG, it is a homogenous product with little/no capacity for innovation. Competition therefore focuses on price and customer service, rather than any particular product differentiation.[44]

161. Furthermore, as discussed above, many LPG resellers have existing customer bases for other products that they can leverage to gain a foothold in the market. For example, the retail fuel companies, major grocery retailers and building supplies stores have significant customer bases, and an LPG bottle swap at their stores is complementary to their existing offerings. These resellers are therefore not starting from a zero base of attracting customers. In fact, one such attraction these resellers can promote is that purchasing from them avoids a dedicated shopping mission to purchase LPG.

162. The bottle swap/return/refill system (discussed in more detail below) also allows efficient use of LPG cylinders by retailers, avoiding occurrences of bottles going missing

43 Gas Industry Company, *Retail Competition*, ibid, page 14. Examples of each of these can be seen in Figures 2 and 3 which show Rockgas bulk tanks and cylinder cages at petrol stations it supplies.

44 Ibid, page 19.

or taking significant time to get back to the relevant retailer. Retailers therefore do not need to build up as much inventory of LPG cylinders (and therefore do not need to make as much capital investment) as they would if these systems were not in place.[45]

163. Established market participants are also well-positioned to expand, with little incremental investment required, meaning that there are limited barriers to expansion.

164. For example, Rockgas and Genesis are large scale competitors that have a nationwide presence and established infrastructure in both wholesale and retail supply. Expansion in a particular regional market for these competitors is likely to require only an increase in inventory and/or some investment in additional distribution infrastructure. Relative to the total size of their respective businesses, increasing supply and/or investment in infrastructure in a given regional market is unlikely to represent significant outlay.

165. Even for LPG resellers, there are limited barriers to expansion. While reliant on wholesale suppliers for LPG supply, a reseller should be able to position itself to expand simply by increasing purchasing volumes from its wholesale supplier. For a wholesale supplier, the increase in purchasing volumes by a reseller is unlikely to be so significant that it is not able to fulfil the order.

Customers Can and Do Freely Switch Suppliers

166. There are several conditions of the Retail LPG Supply Markets that mean the merged entity would not be able to increase prices without risking customers switching suppliers.

167. First, for customers at the retail supply level, there are almost always no long-term supply contracts in place. Retail customers generally purchase LPG as needed, rather than as part of any long-term supply agreement. Therefore, customers are relatively unencumbered in switching suppliers if they are offered a more competitive price. With customers having alternative sources of supply in all regional markets, Elgas has faced [**Redacted**]. Elgas notes that [**Redacted**].

168. The freedom to switch suppliers is a characteristic of the Retail LPG Supply Markets that is further enabled by the bottle swap and return protocols and refills in place nationwide:

(a) <u>Bottle swap protocol</u>: customers are able to take an empty 9 kg cylinder from any supplier to a retailer offering a bottle swap service, and swap this for a filled cylinder, regardless of whether the cylinders came from the same supplier. For example, a customer could take an empty 9 kg Elgas cylinder to another supplier's premises offering a bottle swap (i.e. a petrol station supplied with Rockgas 9 kg cylinders), and exchange the Elgas cylinder for a full Rockgas cylinder. When the cylinder is swapped, it will be cleaned and relabelled with the new brand;

45 Ibid, page 15.

(b) Bottle return protocol: when a customer switches supplier for 45 kg LPG cylinders, the new supplier collects the previous supplier's cylinders when making its first delivery and organises return to the previous supplier.[46] This removes any burden of arranging return for the customer and allows a more efficient circulation of LPG cylinders. As noted by the Gas Industry Company:

> *"The LPG industry, aided by the LPG Association, now has a protocol in place that governs what happens when a customer switches supplier. Under the protocol, when making the first delivery to a new customer, the incoming retailer collects the previous retailer's bottles, so that they can be returned to the retailer that owns them. Forklift bottles and 45 kg bottles used for commercial customers are also covered under the bottle return protocol.*
>
> *This protocol accomplishes a number of objectives. It makes the process of switching LPG retailer easier for the customer, since there is no need to coordinate the pickup and delivery of two different sets of bottles. …*
>
> *The protocol also allows retailers to use their bottles more efficiently. Without the protocol, retailers' bottles sometimes went missing or took a long time to be returned to their owners. With the protocol, retailers can recirculate their bottles more quickly, potentially reducing the overall number of bottles they need to purchase. In this way, the bottle return protocol acts to minimise the capital outlay required to be spent on LPG bottles."* (p15)

(c) Bottle refills: LPG resellers with a bulk LPG storage tank (such as service stations) also provide refilling services, which allows customers to simply refill their existing LPG cylinders without the need to swap these out for new ones. The customer owns the cylinder, not the supplier.

169. Second, for certain uses of LPG, customers have the ability to switch to alternative sources of energy. As noted by the Gas Industry Company in its 2018 report, "*While LPG retailers are competing against each other, they are also competing against alternative fuel types*".[47] Other than being at the lower end of the price range relative to alternatives, LPG does not have any particular characteristics for retail customers that cannot be met by alternative energy/fuel sources.[48] For example, a residential customer currently heating their home with LPG could switch to (amongst other alternatives) electricity (i.e. a heat pump or electric heater), wood or even natural gas to heat their home.[49] Switching to alternative sources of energy for indoor heating in particular has increased following the movement away from unflued indoor cabinet heaters, which are fuelled by 9 kg LPG cylinders. These heaters are now banned in

46 Gas Industry Company, *Retail Competition*, ibid, page 15.

47 Gas Industry Company, *Retail Competition*, ibid, page 16.

48 Ibid. The Commission also noted in *Shell/TGC* that certain applications are only dependent on LPG when natural gas is not available (at [43]).

49 Ibid, page 10.

Australia and, while still legal to sell in New Zealand for the present, are no longer sold by most mainstream retailers due to the health risks they pose.[50]

170. Third, and as a flow on from the previous points, LPG is a relatively homogenous product. There is limited scope for differentiation with LPG other than price, service, and convenience. Customers therefore tend to choose their supplier based on these three factors, meaning that they are typically not sticky when choosing their source of supply.

50 Stuff, *"Unflued gas heaters are selling on TradeMe - how is that still legal?"* (https://www.stuff.co.nz/environment/climate-news/132072175/unflued-gas-heaters-are-selling-on-trademe--how-is-that-still-legal).

NO COORDINATED EFFECTS

Wholesale LPG Supply Markets

171. The Wholesale LPG Supply Market has the following characteristics that mean it is not prone to coordination. In particular:

   (a) Rockgas and Genesis will continue to compete with the merged entity for supply to wholesale customers. When supply contracts come up for renewal, there is clear evidence in Elgas' win/loss data that suggests [**Redacted**];

   (b) Supply contracts tend to be on a relatively long-term basis, meaning that there are fewer repeat transactions; and

   (c) Pricing for supply contracts is not publicly available.

Retail LPG Supply Markets

172. In *BOC/Shell*, BOC submitted that the factors that rendered "collusion" (equivalent to coordinated conduct) unlikely at the retail supply level were:[51]

   (a) Moderate seller concentration;

   (b) Price conscious consumers;

   (c) Limited excess capacity; and

   (d) Potential new entrants.

173. The Commission did not take issue with this in its decision to grant clearance.

174. Elgas considers that these factors continue to apply in the Retail LPG Supply Markets, and therefore that the Proposed Acquisition would not result in coordinated effects in any relevant Retail LPG Supply Market.

51 BOC, *Commerce Act 1986: Business Acquisition Section 66: Notice Seeking Clearance* (15 December 2006), at [23.1].

CONFIDENTIALITY

175. Both public and confidential versions of this clearance application have been provided to the Commission.

176. Confidentiality is sought in respect of the information in the confidential version of this application that is highlighted in coloured shading. Confidentiality is sought under:

   (a) Section 9(2)(b)(ii) of the Official Information Act 1982 (**OIA**) on the grounds that the making available of that information would be likely unreasonably to prejudice the commercial position of the Party who supplied or is subject to the information;

   (b) Section 9(2)(ba)(i) of the OIA on the grounds that the information is subject to an obligation of confidence, and the making available of the information would be likely to prejudice the supply of similar information and it is in the public interest that such information should continue to be supplied; and

   (c) Section 9(1) of the OIA on the basis that the good reasons for withholding information on the grounds above are not outweighed by other considerations which render it desirable in the public interest to make that information available.

177. A schedule is provided in **Appendix 6** to this application which identifies the confidential information and sets out the reasons for each confidentiality request with reference to the grounds in the OIA.

178. The Parties request to be notified of any request made to the Commission under the OIA for release of the confidential information, and that the Commission seeks its views (and those of Liquigas / OnGas where applicable) as to whether the information remains confidential and commercially sensitive at the time responses to those requests are being considered.

179. The above applies equally in respect of any additional information subsequently provided to the Commission that is expressed to be confidential.

DECLARATION

I, Gareth O'Brien, have prepared, or supervised the preparation, of this notice seeking clearance.

To the best of my knowledge, I confirm that:

- all information specified by the Commission has been supplied;
- if information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to the applicant that is relevant to the consideration of this notice has been supplied; and
- all information supplied is correct as at the date of this notice.

I undertake to advise the Commission immediately of any material change in circumstances relating to the notice.

I understand that it is an offence under the Commerce Act to attempt to deceive or knowingly mislead the Commission in respect of any matter before the Commission, including in these documents.

I am an officer of the applicant and am duly authorised to submit this notice.

Name and title of person authorised to sign:

Sign:___________________________________ **Date:**__________________________________

Gareth O'Brien

Director

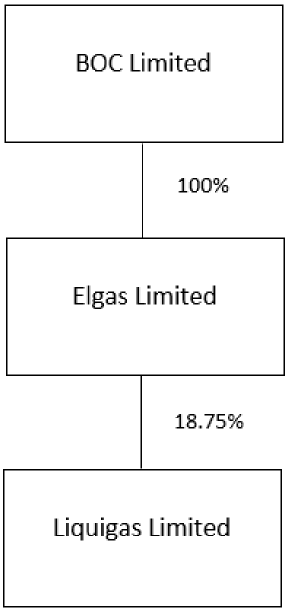
Elgas

APPENDIX 1 – TRANSACTION DOCUMENTS

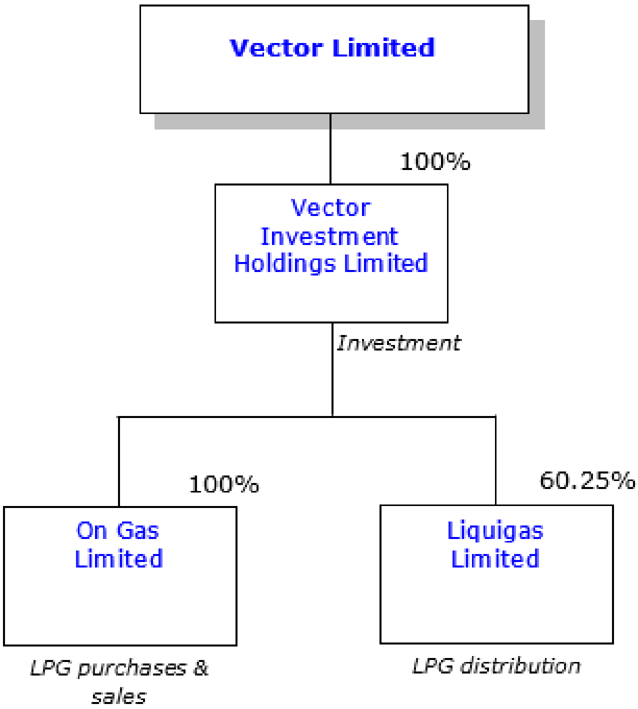
[**Redacted**]

APPENDIX 2 – CORPORATE STRUCTURE CHARTS

Elgas



Vector / OnGas / Liquigas



180. In relation to Liquigas, Elgas notes that Liquigas is not a wholly owned subsidiary of Vector, is not under Vector's control, and largely operates on its own according to its governing documents, as discussed in the application.

APPENDIX 3 – FINANCIAL INFORMATION OF THE PARTIES

[**Redacted**]

APPENDIX 4 – DETAILS OF PARTIES' COMPETITORS AND CUSTOMERS

Key Other Wholesale Suppliers of LPG

Name	Contact Details
Rockgas	Clarus 42 Connett Road New Plymouth 4312 NEW ZEALAND Contact: [**Redacted**] Telephone: 0800 762 542 Email: [**Redacted**]
Genesis	Genesis Energy Limited 155 Fanshawe Street Auckland 1010 NEW ZEALAND Contact: [**Redacted**] Telephone: 0800 600 900 Email: [**Redacted**]

Key Other Retail Suppliers of LPG

Name	Contact Details
Rockgas	As above.
Genesis	As above.
Matagas	Contact: [**Redacted**] Email: [**Redacted**]
Kiwigas	Contact: [**Redacted**] Email: [**Redacted**]
Get Gas	Contact: [**Redacted**] Email: [**Redacted**]

Key Customers – Elgas

Name	Revenue earned in 2023 (NZ$)	Contact Details
[**Redacted**]	$[**Redacted**]	[ ]

[**Redacted**]	$[**Redacted**]	[**Redacted**]
[**Redacted**]	$[**Redacted**]	[**Redacted**]
[**Redacted**]	$[**Redacted**]	[**Redacted**]
[**Redacted**]	$[**Redacted**]	[**Redacted**]

Key Customers – OnGas

[**Redacted**]

Industry Trade Associations

Association	Contact Details
GasNZ	Contact: [**Redacted**] Email: [**Redacted**] Refer to www.gasnz.org.nz.

APPENDIX 5 – ELGAS' MARKET SHARE ESTIMATES

[**Redacted**]

[**Redacted**]

[**Redacted**]

[**Redacted**]

[**Redacted**]

[**Redacted**]

[**Redacted**]

[**Redacted]**

APPENDIX 6 – CONFIDENTIALITY SCHEDULE

PARAGRAPH	REASON FOR CONFIDENTIALITY	OFFICIAL INFORMATION ACT
9	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
10	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
14	[**Redacted**]	**Section 9(2)(a)**
16	[**Redacted**]	**Section 9(2)(a)**
18	[**Redacted**]	**Section 9(2)(a)**
24	[**Redacted**	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**

	]	
26	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
30	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
37	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
46	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
52	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
55	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
56	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**

57	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
60	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
68	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
120	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
125	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
127	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
129	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
132	[**Redacted**	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**

]

134	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
135	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
139	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
143	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
151	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
153	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
154	[**Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**

159	**[Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
167	**[Redacted**]	**Sections 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
171	**[Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
Appendix 1	**[Redacted**]	**Section 9(2)(b)(ii)** **Section 9(2)(ba)(i)**
Appendix 3	**[Redacted]**	**Section 9(2)(b)(ii)**
Appendix 3 – Elgas' financial information	**[Redacted**]	**Section 9(2)(b)(ii)**
Appendix 3 – Liquigas' financial information	**[Redacted**]	**Section 9(2)(b)(ii)**

Appendix 3 – OnGas' financial information	**[Redacted]**	**Section 9(2)(b)(ii)**
Appendix 4 – Key Other Wholesale Suppliers of LPG	**[Redacted]**	**Section 9(2)(a)** **Section 9(2)(b)(ii)**
Appendix 4 – Key Other Retail Suppliers of LPG	**[Redacted]**	**Section 9(2)(a)** **Section 9(2)(b)(ii)**
Appendix 4 – Key Customers – Elgas	**[Redacted]**	**Section 9(2)(a)** **Section 9(2)(b)(ii)**
Appendix 4 – Key Customers – OnGas	**[Redacted]**	**Section 9(2)(a)** **Section 9(2)(b)(ii)**
Appendix 4 – Industry Trade Associations	**[Redacted]**	**Section 9(2)(a)** **Section 9(2)(b)(ii)**
Appendix 5	**[Redacted]**	**Section 9(2)(b)(ii)**