

# Mergers: Commission approves RWE's acquisition of E.ON electricity generation assets

RWE and E.ON are both energy companies based in Germany and are active across the whole electricity supply chain, from generation and wholesale to distribution and retail of electricity. The two companies are engaged in a complex asset swap. Following this asset swap, RWE will be primarily active in upstream electricity generation and wholesale markets, whereas E.ON will focus on the distribution and retail of electricity and gas.

As part of the asset swap, RWE would acquire (i) the majority of E.ON's renewable and nuclear generation assets and (ii) a 16.67% minority interest in E.ON as part payment for the assets it is selling to E.ON in the context of the asset swap .

E.ON's acquisition of RWE's distribution and retail business is being assessed separately by the Commission and is still under review (case [M.8870](#)).

## **The Commission's investigation**

The Commission assessed the impact of the transaction on the **generation and wholesale supply of electricity**. Its assessment focused on **Germany**, the main country where the activities of RWE and E.ON's electricity generation assets overlap.

During its investigation, the Commission received feedback from a large number of competitors and customers of RWE and E.ON, as well as regulators, municipalities, grid operators and energy exchanges.

The Commission's investigation found that the transaction is:

- **Unlikely to hinder effective competition in the generation and wholesale supply of electricity**. RWE has a market share slightly above 20% (and approximately 30% in conventional power generation only), but the increment created by the transaction is very small (less than 1% overall and also less than 1% based on conventional power generation only). In addition, part of the increment would only be temporary in nature since the nuclear capacity transferred to RWE will have to be decommissioned by end of 2022, at the latest.
- **Unlikely to affect RWE's ability and incentives to influence market prices** through withholding electricity supply, as the increment is too small to materially enhance RWE's incentives do so.

The Commission therefore concluded that the transaction would raise no competition concerns as RWE would continue facing effective competition after the transaction on the markets for generation and wholesale supply of

electricity, and cleared the case unconditionally.

During its investigation, the Commission also cooperated closely with the Bundeskartellamt, the German competition authority, and the Competition and Markets Authority, the UK competition authority, as RWE's acquisition of the 16.67% minority stake in E.ON is notifiable to these authorities under national law.

### **Companies and products**

**RWE**, based in Germany, is an energy company currently active across the whole electricity supply chain. Following the completion of the asset swap with E.ON, RWE will be primarily active in the generation and wholesale supply of electricity.

**E.ON**, based in Germany, is an energy company also currently active across the whole electricity supply chain. Following the completion of the asset swap with RWE, E.ON will focus on the distribution and retail of electricity and gas.

### **Merger control rules and procedures**

The transaction was notified to the Commission on 22 January 2019.

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

A non-confidential version of today's decision will be available on the Commission's [competition](#) website, in the [public case register](#) under the case number [M.8871](#).