

# Mergers: Commission opens in-depth investigation into E.ON's proposed acquisition of Innogy

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“European households and business customers should be able to buy electricity and gas at competitive prices. Our in-depth investigation aims to ensure that the acquisition of Innogy by E.ON leaves sufficient competition in the market to allow for this and does not lead to price increases.”*

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

As part of the asset swap, E.ON would acquire the distribution and consumer solutions business and certain electricity generation assets of RWE's subsidiary, Innogy.

The Commission approved on 26 February 2019, under the EU Merger Regulation, another part of the asset swap, namely [RWE's acquisition of certain generation assets](#) held by E.ON (case [M.8871](#)).

## **The Commission's competition concerns**

The Commission's initial investigation has shown that the parties have a strong combined market position in several retail markets on a national or sub-national level in Germany, Czechia, Slovakia and Hungary. The proposed acquisition will remove a significant competitor in the retail supply of energy in these four Member States.

At this stage, the Commission is concerned that the remaining competition would be insufficient to constrain the market power of the combined entity and avoid price increases for consumers.

The transaction was notified to the Commission on 31 January 2019. E.ON and Innogy have decided not to submit commitments during the initial investigation to address the Commission's preliminary concerns. The Commission now has 90 working days, until 23 July 2019, to take a decision. The opening of an in-depth inquiry does not prejudice the final result of the investigation.

## **Companies and products**

**E.ON**, based in Germany, is an energy company currently active across the whole energy chain. Following the completion of the asset swap with RWE, E.ON

will focus on the distribution and retail supply of electricity and gas. E.ON is active in several European countries.

**Innogy**, controlled by RWE and based in Germany, is also an energy company active across the energy supply chain, including distribution, retail supply and energy-related activities. Innogy is active in several European countries.

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

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).

In addition to the present transaction, there are currently three other on-going phase II merger investigation: the proposed [acquisition by Vodafone of Liberty Global's business in Czechia, Germany, Hungary and Romania](#), the [proposed acquisition of Whirlpool's refrigeration compressor business by Nidec](#) and the proposed creation of a [joint venture by Tata Steel and ThyssenKrupp](#).

More information will be available on the Commission's [competition](#) website, in the [public case register](#) under the case number [M.8870](#).