25th March 2009: Electricity supply market in the Grenoble region

Published on April 01, 2009

The Autorité de la concurrence fines Gaz and Electricité de Grenoble for abusing its dominant position in the market for the supply of electricity to small businesses

> Version française

Following a referral from the French energy regulator (Commission de régulation de l'énergie), the Autorité de la concurrence has issued a decision imposing a 320,000 euro fine on Gaz et Electricité de Grenoble (GEG), a local semi-public company owned jointly by the city of Grenoble (50%), Suez Énergie Services (38.22%), EDEV, a subsidiary of EDF (4.31%) and COGAC, a subsidiary of GDF (4.31%). The company was found to have abused its dominant position in the market for supplying electricity to small businesses in 2005.

GEG issued a press release defaming its sole competitor, Poweo, with the aim of confiscating a market that has recently been opened up to competition

The Autorité took the view that GEG, which had held the monopoly for supplying electricity in the Grenoble region until 1st July 2004, abused the dominant position it enjoyed as incumbent operator, by engaging in practices in 2005 that were intended to defame its competitor Poweo. In addition to this, GEG also ran an institutional communication campaign that sustained confusion between its activities as a public service utility, and those it performed as a supplier subject to competition.

On two occasions, GEG published a press release in Le Dauphiné Libéré, warning the residents of Grenoble against the new electricity distributor, which it

accused of having a "highly relative conception of quality of service", resorting to "unscrupulous methods" and following a "strictly financial" approach, whilst claiming for itself a prestigious image as an incumbent operator, committed to defending public service principles.

These practices had a practical impact, since words appearing in the press release were used in a number of cancellation letters from clients who had recently signed supply contracts with Poweo.

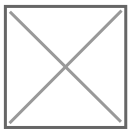
A fine of 320,000 euros

The Autorité took the view that the practice committed by GEG was a serious one, since it enabled the company to exclude a new player from a market which had recently been opened up to competition.

Following these practices, Poweo, the first alternative operator to seek clients in the electricity market for small businesses, saw its growth slowed and subsequently halted, so much so that it decided to abandon its sales activity in Grenoble. GEG was therefore able to consolidate its dominant position, and regain the monopoly it had enjoyed in the relevant market prior to 1st July 2004, with the loss of just 190 clients.

In light of these considerations, the Autorité de la concurrence fined GEG a total of 320,000 euros.

> For more details: see the full text of the decision 09-D-14



> See decision of the Paris court of appeal (23rd March 2010)