

The GVH has eliminated a cartel on the electricity market

30 March 2021, Budapest – The Hungarian Competition Authority (GVH) imposed a fine of approximately HUF 130 million in total on the 13 undertakings which shared tenders among each other in relation to the design, construction, and operation of electricity networks.

A GVH investigation established that the 13 undertakings infringed the law by coordinating their activities in connection with public procurement and other tender procedures for the design, construction, and operation of high and low voltage systems and networks. Focusing primarily on the Southern Transdanubia region, the undertakings used a variety of methods for sharing the market as well as for determining bid prices and the winners of tenders in advance. In several cases, one of the undertakings prepared the bids of the other undertakings as well, with higher prices, which the relevant undertakings submitted without any changes, thereby pretending to compete. In other cases, the undertakings sent their bids to their competitors in order to allow them to submit their own bids with higher prices. On occasion, the members of the cartel negotiated with each other in advance to decide who would win certain tenders and they prepared their bids accordingly.

Such secret collusion between competitors to share the market and fix prices is one of the most severe competition law infringements, which causes significant harm to the society. The formation of cartels is illegal in all cases, regardless of the size of the market or the undertakings involved.

The GVH imposed a fine of HUF 130 million in total on the 13 undertakings participating in the cartel for the infringement, which will be paid into the central budget of Hungary. When determining the amount of the fine, the competition council of the GVH took into account the market position and financial performance of the undertakings among other considerations and thus limited the portion of the fine payable by the undertakings qualifying as SMEs in order to help ensure that jobs would not be destroyed in the process. The Authority also granted fine reduction for the fact that several involved undertakings acknowledged the infringement and waived their right to seek a legal remedy.

The official registration number of the case is: **VJ/54/2017**.

GVH Press Office