

EU clears RWE takeover of EON electricity generation assets

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The takeover is cleared

The EU on Tuesday approved RWE's acquisition of fellow German energy company EON's renewable and nuclear generation assets as part of a major asset swap.

The European Commission's competition authorities said the proposed transaction, which will see RWE acquire a 16.67 percent minority share in EON along with the bulk of its nuclear and renewable generation assets, raised "no competition concerns".

Germany's own competition watchdog also gave its approval to the deal, which forms part of a complex exchange between the two companies announced in March last year that will see RWE move to focus on generation and wholesale and EON concentrate on the distribution and retail of electricity and gas.

EU competition officials looked at how the transaction would affect the generation and wholesale supply of electricity, particularly in Germany—the main country where RWE and EON's activities overlap.

The probe found that the acquisition would increase RWE's 20 percent market share only very slightly and would not allow it to influence market prices by withholding electricity supply.

"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," the commission said in a statement.

EON's acquisition of RWE's distribution and retail business is still being assessed separately by the commission.

The RWE-EON deal has the backing of Chancellor Angela Merkel, who last year welcomed the two companies' efforts to find "the best ways" to assure "the supply of sustainable energy" and respond to the country's energy shift away from fossil fuels.

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