

**The Belgian Competition Authority approves the merger of a number of Flemish inter-municipal organisations**

On 29 November 2024, the Belgian Competition Authority ('BCA') approved the merger of several Flemish inter-municipal organisations. These mergers fit within the framework of the Flemish Energy Decree, which imposes the obligation on municipalities to designate the same distribution system operator for both gas and electricity and also requires the merger of their geographical areas of operation in order to avoid having isolated areas. Inter-municipal organisations are also 'undertakings' within the meaning of Article I.1 of the Economic Law Code and are therefore also required to submit a notification in the event of an acquisition exceeding the legal merger thresholds (these are (1) a combined turnover in Belgium of more than EUR 100 million for all relevant undertakings and (2) a turnover in Belgium of at least EUR 40 million for at least two of the relevant undertakings).

The mergers specifically concern (1) the acquisition of Provinciale Brabantse Energiemaatschappij ('PBE') by Iverlek (Iverlek is active in 31 municipalities in the provinces of Antwerp and Flemish Brabant while PBE is active in 15 municipalities in the province Flemish Brabant), (2) the acquisition of Fluvius West by Gaselwest (Gaselwest is active in 52 municipalities in the provinces of East and West Flanders and Fluvius West is active in 21 municipalities in the province of West Flanders as well as the municipalities of Beerse and Vosselaar in the province of Antwerp) and (3) the acquisition of Fluvius Zenne-Dijle by Sibelgas (Sibelgas is active in 5 municipalities in the province of Flemish Brabant while Fluvius Zenne-Dijle is active in 25 municipalities in the provinces of Flemish Brabant and Antwerp).

The inter-municipal organisations are each responsible for one or more of the following activities: the management of electricity, gas and heat networks as well as public lighting. In practice, the responsibility for operating the electricity and gas grids was entrusted by the inter-municipal organisations to the operating company Fluvius, of which the inter-municipal organisations are also shareholders.

The transactions have been thoroughly examined in the light of their potential impact on competition, particularly on the local markets for the operation of electricity and gas networks, heat networks and public lighting.

After analysis, it appears that none of the undertakings concerned overlap geographically. In addition, the inter-municipal organisations that have a distribution network (for gas and electricity) constituting a natural monopoly are subject to strict regulation under the supervision of the Flemish sector regulator VREG. Finally, as the only operating company in Flanders, Fluvius *de facto* operates the networks, also under the control of the VREG. The BCA therefore concludes that the concentration is permissible as it does not give rise to a significant impediment to effective competition on the Belgian market or in a substantial part of it.

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The Belgian Competition Authority (BCA) is an independent administrative authority that contributes to the definition and implementation of competition policy in Belgium. Concretely, the BCA pursues anti-competitive practices, such as cartels and abuses of a dominant position, and reviews the main merger operations. The BCA cooperates with the other competition authorities of the member states of the European Union and the European Commission within the European Competition Network (ECN)