

The JFTC Issued Cease and Desist Orders and Surcharge Payment Orders against Participants in Bidding for Overhead Transmission Line Works and Underground Transmission Line Works Ordered by KEPCO

January 31, 2014
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) today issued cease and desist orders and surcharge payment orders against the engineering companies participating in bidding for particular overhead transmission line works ^(Note 1) and particular underground transmission line works ^(Note 2) ordered by Kansai Electric Power Company, Incorporated (KEPCO) (hereinafter collectively referred to as "the works"), finding that they substantially restrained competition in the fields of the works by, in concert with one another, designating successful bidders and managing to have the designated successful bidders win the biddings. The total amount of the surcharge to be paid is 2,370.48 million yen.

Meanwhile, the JFTC found that KEPCO's employees in charge of ordering the works induced or facilitated the violations in such ways as informing sales representatives of the companies participating in the biddings, of design costs, or their approximate values, which can be used as the basis for presuming upper limit prices. Such information was not disclosed to the public. The JFTC therefore urged KEPCO to take appropriate measures to prevent recurrence of the conducts mentioned above.

Before issuing the cease and desist orders and the surcharge payment orders, the JFTC notified the said enterprises of the contents of the planned orders and provided them with opportunities to present their opinions and submit evidence. The JFTC issued the orders taking the opinions and the evidence submitted into consideration. The recipients dissatisfied with the orders may request, within sixty days of the date on which the transcript of the orders were served, the JFTC to initiate hearing procedures regarding the orders.

(Note1) "Overhead transmission line works" means those ordered sub nomine by KEPCO among engineering works on overhead transmission lines; engineering works on overhead distribution lines between a substation or a transmission line and an institutional customer's

facility; or their relevant services.

(Note2) "Underground transmission line works" means those ordered sub nomine by KEPCO among engineering works on underground transmission lines; engineering works on underground distribution lines between a substation or a transmission line and an institutional customer's facility; or their relevant services.