

The JFTC Issued a Cease and Desist Order and Surcharge Payment Orders, etc. against Participants for City Gas Quotations, ordered by Large-scale Users located in the Distribution Area of Toho Gas Co., Ltd., etc.

March 4, 2024
Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter referred to as the "JFTC") today issued a cease and desist order and surcharge payment orders against Chubu Electric Power Co., Inc. (hereinafter referred to as "Chubu Electric Power") and Chubu Electric Power Miraiz Co., Inc. (hereinafter referred to as "Chubu Electric Power Miraiz") pursuant to the provisions of the Antimonopoly Act (hereinafter referred to as the "Act"). These two business operators and Toho Gas Co., Ltd. (hereinafter referred to as "Toho Gas") participated in quotations, etc. of the Specific large-scale city gas ^(Note 1).

(Note 1) The term "Specific large-scale city gas" means city gas which is ordered by the large-scale users in the distribution area of Toho Gas in ways of comparing quotations, etc.

In addition, the term "large-scale user" means a city gas user whose annual consumption of city gas at a specific service point is expected to be 100,000 cubic meters or more.

The JFTC found (i) that Chubu Electric Power (or Chubu Electric Power Miraiz after the absorption-type company split on April 1, 2020 ^(Note 2)) and Toho Gas had exchanged information on their business activities on large-scale city gas, and had coordinated prospective winners of the quotations, etc. which they selected considering each other's interest out of the large-scale city gas since some time ago; (ii) that they had agreed to decide prospective winners in quotations, etc. of the Specific large-scale city gas and to allow the winners to be successful in the quotations, etc. ; (iii) that based on the agreement, they allowed a prospective winner for each procurement to be successful in the procurement by deciding the prospective winner through the discussion, etc.; (iv) that the conduct as stated in (ii) and (iii) had been done since November 25, 2016 at the latest. By engaging in this conduct, they substantially restrained competition in the field of the Specific large-scale city gas, contrary to the public interest.

(Note 2) Chubu Electric Power Miraiz succeeded business on retail supply of electricity and city gas from Chubu Electric Power by the absorption-type company split on April 1, 2020. Chubu Electric Power haven't done the business since then.

The conducts fall under unreasonable restraint of trade prescribed in Article 2, paragraph 6 of the Act and the participants violated Article 3 of the Act. The total amount of surcharge is 26.78 million yen.

The JFTC also today issued warnings to Chubu Electric Power Miraiz, Toho Gas and Cenergy Co. (hereinafter referred to as "Cenergy"), because they were likely to be in violation of the Article 3 of the Act.

(i) Considering the liberalization of the city gas supply for residential scheduled on April 1, 2017, Chubu Electric Power and Toho Gas discussed that Toho Gas would announce the city gas rates for residential use including discount for contracting electricity as well ahead of Chubu Electric Power and after that Chubu Electric Power would announce the lower rates. In the discussion, Chubu Electric Power required Toho Gas not to cut their rates lower than those of Chubu Electric Power after the Chubu Electric Power's announcement.

(ii) Considering the purchase period of electricity under the FIT System ^(Note 3) scheduled to be expired sequentially from November 2019, Chubu Electric Power and Toho Gas discussed that Chubu Electric Power would announce the purchase price of electricity after the expiration (hereinafter referred to as "Graduated FIT Price") ahead of Toho Gas. In the discussion, Chubu Electric Power required Toho Gas not to sharply exceed their Graduated FIT Price.

(Note 3) The term "FIT System," or Feed-In Tariff System, means a system under which electricity suppliers are required to purchase electricity generated with renewable energy for a certain period and at a certain price.

(iii) Chubu Electric Power Miraiz (it means Chubu Electric Power before March 31, 2020.), Cenergy and Toho Gas decided prospective winners for each procurement of liquefied natural gas (LNG) supply which is delivered by lorry cars to users located in Aichi, Gifu and Mie Prefectures, and allowed the winner to be successful in the procurement.

(Note 4) There were several LNG suppliers for users located in Aichi, Gifu and Mie Prefectures other than Chubu Electric Power, Chubu Electric Power Miraiz, Cenergy and Toho Gas.

Furthermore, the JFTC provided the Electricity and Gas Market Surveillance Commission with information on the facts found as a result of the investigations in order to promote proper competition in the city gas and electricity markets.

* This announcement is a tentative translation. Please refer to the original text written in Japanese for more details.