

COFECE-014-2021

## **COFECE investigates relative monopolistic practices in the market of generation, wholesale commercialization and supply of electric energy and associated products**

**Mexico City, May 6, 2021.-** The Investigative Authority of the Federal Economic Competition Commission (COFECE or Commission) published today in the Federal Official Gazette and on its website, the notice of initiation of an investigation by complaint for possible relative monopolistic practices in the market for the generation, wholesale commercialization and supply of electric energy and associated products, in addition to services and activities related to these markets in the national territory. Since 2014 the constitutional framework allows the participation of public and private companies in the generation and supply (commercialization) of electricity.

Relative monopolistic practices are acts, contracts, agreements, or procedures carried out by one or several economic agents with substantial market power and who have, or may have, as purpose or effect unduly displacing other market agents, substantially impeding their access or establishing exclusive advantages in favor of one or more economic agents. Examples of these practices are tied purchases or sales, exclusivities, discriminatory prices or treatment, raising costs for other economic agents, refusal to deal, among others.

This investigation, file number DE-027-2020, is an independent and different procedure from the constitutional controversy that COFECE filed against the *Decree by which several provisions of the Electric Industry Law are reformed*, which is centered on how the legal modifications proposed in the *Decree* could be contrary to Article 28 of the Political Constitution of the United Mexican States. The present investigation will be focused on determining if the actions of any economic agent or agents with substantial power in the investigated market violated the Federal Economic Competition Law.

This investigation shall not be understood as a prejudgment on the responsibility of any economic agent, since so far no violations to the Federal Economic Competition Law have been identified, nor the subject(s) who, if applicable, would be considered as probable responsible at the end of this investigation.

The timeframe for this inquiry is of up to 120 working days, starting on March 26 2021, date in which the investigation began, this timeframe can be extended for an equal term up to four times.

If by the end of the investigation no elements that presume the realization of said anticompetitive practice are found, the Board of Commissioners may resolve its closure. In

case that elements that presume an infringement of the Law are found, those who result probable responsible will be called to a trial-like procedure to present their defense.

If a relative monopolistic practice is confirmed, economic agents may be sanctioned with fines of up to 8% of their income and the order to suppress the conduct.

Extract of the agreement of initiation DE-027-2020 (in Spanish)

**What is a relative monopolistic practice?** (in Spanish)

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#### **MORE COMPETITION FOR A STRONGER MEXICO**

*The Federal Economic Competition Commission is responsible for ensuring competition and free market access. In this way, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, COFECE seeks better conditions for consumers, greater output and better services and a “level playing field” for companies.*