



Tettye Zrt. abused its dominant position

According to the decision of the Hungarian Competition Authority (GVH), Tettye Forrásház Zrt. (Tettye Zrt.) abused its dominant position by setting, from May 2011, excessive prices for its consumers for the proficiency test of subsidiary water-meters (also including the provision of safety lock) and the call-out. The GVH imposed a fine of HUF 1.3 million for the infringement and prohibited the continuation of the unlawful conduct.

The GVH established as a fact that **Tettye Zrt. has a monopolistic position in its service territory** (with almost 170000 potential consumers in Pécs and in the surrounding area) having regard to the public utility nature of water-supply, the service and the regulation of the proficiency test of the related subsidiary water-meters.

On the basis of **economic analysis methods** the **GVH considered** that Tettye Zrt.'s

- fee for the provision of the service is significantly higher than the reasonable costs incurred and the level of fair profit;
- certain costs included in its computation of its costs are excessively high compared to the costs of other examined undertakings, moreover its fee also involves costs which are charged related to other services and which undertakings providing similar services do not charge. In this respect, Tettye Zrt. did not prove that these costs were needed for the provision of the service;
- fee is much higher than the base of comparison defined by the benchmark method and the fees of other examined undertakings.

As a result the GVH found that Tettye Zrt. had set **discriminative, unfair** and **excessive** prices on its consumers.

When imposing the fine, the GVH took as a starting point the turnover of Tettye Zrt. during the period May 2011 to March 2015, and when determining the amount of the fine it took into consideration, inter alia, that:

- the behaviour of Tettye Zrt. had a direct impact on the local market due to its 100% market share;
- during the competition supervision proceeding Tettye Zrt. had further increased the expenses being imposed on consumers despite being aware of the preliminary position of the Competition Council and the former decisions of the GVH in similar cases.

In 2013, the year of the commencement of this case the GVH gave priority to the fostering of the functioning of local markets and it therefore initiated more competition supervision proceedings in cases where regulation leaves a large amount of scope for the conduction of competition law actions.

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Hungarian Competition Authority

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