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## **Proceeding initiated against MAVIR for alleged abuse of dominant position?**

**The Hungarian Competition Authority (GVH) initiated a proceeding against MAVIR regarding alleged violation of the articles of the Competition Act on the prohibition of abuse of a dominant position.**

On 21 April 2009 the GVH initiated a competition supervision proceeding against the MAVIR Hungarian Transmission System Operator Company Ltd. (MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság, hereinafter referred to as MAVIR) in connection with its conduct manifested in the course of allocating Ukrainian-Hungarian cross-border capacities. In the past few years Hungary has been qualified as a net importer of electricity, it still imports a significant quantity. The initial successes relating to the opening of the electricity market were due almost exclusively to the favourable import prices; the free market still procures electric energy mostly from this source. Based on market prices, electric energy flows from the North to the South and from the North-East to the South-West, i.e. Hungary imports electricity mostly from Slovakia and Ukraine. According to the information available for the GVH, in the course of allocating cross-border capacities, the system operator at the Ukrainian-Hungarian interconnections – particularly between April 2008 and January 2009 – manifested a conduct that was allegedly capable of limiting electricity trade from Ukraine to Hungary.

Although during the last period MAVIR's practice has radically changed compared to the conduct practised during the period under investigation (between May 2008 – January 2009), its behaviour at that time was potentially capable of limiting electricity trade of the whole country. The reason for that was that during the period under investigation electric energy imported from Ukraine to Hungary could only arrive, partly or wholly, by a roundabout way, through at least another Member State (Slovakia or Romania). The harmful effect of the potential infringement might emerge in the electricity market by making one of the most favourable import sources more expensive. Furthermore, by excluding competitors, this practice allegedly decreased the volume of current imported to Hungary, which was capable of influencing the conditions of competition in an unfavourable way on the wholesale market of electric energy, which suffers from liquidity problems anyway. The fact that in the meantime MAVIR has changed its practice at the interconnection in question does not mean that its earlier conduct would not have had a restrictive effect, which also influences the present ongoing processes.

The initiation of the competition supervision proceeding does not mean that the undertakings in question actually committed the infringement. The proceeding targets the clarification of the facts and thus to prove that the infringement assumed has been committed. According to the Act these proceedings must be closed within 180 days, however this time limit can be extended two times by further 180 days, depending on the complexity of the case.

Case number: **Vj-52/2009**.

Budapest, 29 April 2009

Hungarian Competition Authority  
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