



**Jersey Competition Regulatory Authority ('JCRA')**

**Decision C /001/05**

**Prime Infrastructure Management Limited /**

**International Energy Group Limited**

## **The Notified Transaction**

1. On 3 May 2005, the JCRA received an application for approval under Articles 20 and 21 of the Competition (Jersey) Law 2005 ('the Law') in respect of a proposed acquisition by Prime Infrastructure Management Limited ('PIM') of the whole of the issued share capital of International Energy Group Limited ('IEG') ('the Application').
2. The JCRA published a notice of its receipt of the Application on its website and in the Jersey Gazette, on 5 May and 6 May respectively, inviting comments on the proposed acquisition. The JCRA has received no comments in respect of the proposed acquisition.

## **The Parties**

### **(a) PIM**

3. PIM is described in its 2004 Annual Report as a '*diversified investment vehicle listed on the Australian stock exchange*' with its stated purpose being to '*invest in quality infrastructure assets*'. PIM's 2004 Annual Report also states that PIM '*remains committed to strong future growth through the efficient identification, acquisition, management and enhancement of an extensive portfolio of strategic investments in high quality infrastructure assets with long-term stable revenues*'. All of its assets according to the Annual Report were located in Australia and New Zealand. According to the Application PIM is not involved in any gas wholesale or other related activities in the Channel Islands, the United Kingdom or Europe, nor does it appear that there is any member of PIM's group of companies with any such interests. It was subsequently confirmed to the JCRA on behalf of PIM that its only activities in these geographical areas consist of an indirect interest in a number of wind farms in Spain and Germany.

**(b) IEG**

4. IEG's 2004 Annual Report states that its principal activity is the distribution and transportation of liquefied petroleum gas (LPG) and natural gas in the United Kingdom, Portugal, the Channel Islands and the Isle of Man, principally to domestic customers. The application states that IEG's two Jersey-based operating companies, each wholly owned by IEG, are Jersey Gas Company Limited ('Jersey Gas') and Kosangas (Jersey) Limited ('Kosangas'). The principal activities of Jersey Gas are gas production, distribution and related activities, while those of Kosangas are the distribution of liquefied petroleum gas and related activities.

**The Requirement for JCRA Approval**

5. Jersey Gas has a share of over 40% of the supply of gas for domestic consumption by Jersey residents. On this basis, pursuant to the Competition (Mergers and Acquisitions) (Jersey) Order 2005, the JCRA's approval is required before the proposed acquisition may be executed.

**Assessment**

6. Under Article 22(4) of the Law, the JCRA may refuse to approve the proposed acquisition if it is satisfied that it would substantially lessen competition in Jersey or in any part of Jersey.
7. In considering whether the proposed acquisition would substantially lessen competition, the JCRA has taken into account the fact that PIM does not currently have any activities in Jersey or adjacent areas, whether in the energy sector or otherwise, nor is there any vertical relationship between the IEG and PIM groups (e.g. in the capacity of supplier or customer) which could give rise to competition

concerns as a result of the proposed acquisition. In short, the proposed acquisition appears to be in the nature of a strategic investment by PIM.

8. Accordingly, the JCRA has concluded that the proposed acquisition is not likely to lessen competition substantially in Jersey or in any part of Jersey, and hereby approves the proposed acquisition.

**16 May 2005**

**By Order of the JCRA Board**