



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2021/08/862)

9 September 2021

Notice under Section 6(2) of the Competition Act, 2002 given by GAIL (India) Limited

CORAM:

Mr. Ashok Kumar Gupta

Chairperson

Ms. Sangeeta Verma

Member

Mr. Bhagwant Singh Bishnoi

Member

Order under Section 31(1) of the Competition Act, 2002

1. On 10 August 2021, the Competition Commission of India (**‘Commission’**) received a notice under Section 6(2) of the Competition Act, 2002 (**‘Act’**), given by GAIL (India) Limited (**‘GAIL/Acquirer’**). The notice was given pursuant to communication received by GAIL on 5 June 2021 regarding its selection as the successful bidder pursuant to Invitation of EOI by Infrastructure Leasing and Financial Services Limited (**‘IL&FS’**) in order to monetise the investments made by the IL&FS Group in the ONGC Tripura Power Corporation Limited (**‘OTPC/Target’**).
2. The proposed combination relates to the acquisition of 26% equity share capital of the **OTPC/Target** by the Acquirer from IL&FS Energy Development Company Limited



(‘**IEDCL**’) and IL&FS Financial Services Limited (‘**IFIN**’) (Together, IEDCL and IFIN are referred as ‘**Sellers**’/‘**IL&FS Group**’) (**Proposed Combination**). The Acquirer and Target are collectively referred to as ‘**Parties**’.

3. Subsequent to the notice, GAIL submitted voluntary clarifications dated 25 August 2021 and 26 August 2021.
4. GAIL was incorporated in August 1984 as a Central Public Sector Undertaking (**CPSU**) under the Ministry of Petroleum & Natural Gas (**MoPNG**). GAIL is a natural gas company with diversified interests across the natural gas value chain of trading, transmission, LPG production and transmission, LNG re-gasification, petrochemicals, city gas, E&P, etc. It owns and operates a network of around 13,718 km of natural gas pipelines spread across the length and breadth of the country. It is also engaged in power-generation activities through renewable sources of wind and solar energy.
5. OTPC is a public limited company incorporated under the laws of India. It is engaged in the business of generation and supply of electricity through a 726.6 MW natural gas-fired power plant at Palatana, Tripura, which supplies power in North-East India. It holds a 26% equity stake in North East Transmission Company Limited (‘**NETCL**’), which is engaged in the transmission of electricity. NETCL has developed a 1325.6 circuit kilometre, 400 KV interstate transmission line in the north-eastern states of Assam, Meghalaya and Tripura, from the Palatana project site to the substation of the Power Grid Corporation of India Limited.
6. The Commission observed that both the Target and the Acquirer are engaged in generation of power, and therefore, the activities of the Parties exhibit horizontal overlaps in the market of generation of power in India. However, in the narrower segments of generation of power, the Acquirer is engaged in the generation of power through renewable sources of energy, viz., solar and wind, whereas the Target is engaged in generation of power through non-renewable energy *i.e.*, natural gas.



7. The Commission decided to leave the exact delineation of the relevant market open, as it was observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the relevant markets.
8. Based on the submissions of the Acquirer, it is noted that the combined market share of the Parties in the market of power generation in India is [0-5%]. Further, there are no existing vertical/complementary relationships between the Target and Acquirer. However, there may be two potential vertical relationships between Acquirer and Target, viz., i) supply of natural gas by Acquirer (upstream level) and power generation by Target (downstream level); and ii) power generation by Acquirer (upstream level) and transmission of power by NETCL (downstream level). In relation to the first potential vertical relationship, it is noted that the Target already has a long-term supply agreement with ONGC regarding natural gas supply and in relation to the second, it is noted that NETCL has a transmission line between Palatana, Tripura and Bongaigaon, Assam which was specifically set up for the evacuation of power from OTPC's Palatana plant, whereas GAIL has power plants in Rajasthan, Karnataka and Tamil Nadu, where NETCL does not have any transmission lines. Further, power generated by GAIL is not transmitted to the North-East region, where the Target operates. Accordingly, based on the foregoing, it appears that the Proposed Combination is not likely to foreclose competition in any market.
9. Considering the material on record, including the details provided in the notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
10. This order may be revoked if, at any time, the information provided by the Acquirer is found to be incorrect.



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11. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
12. The Secretary is directed to communicate to the Acquirer accordingly.