



## **OPINION**

of the **ADVISORY COMMITTEE on MERGERS**

given at its meeting of **31 August 2015**

regarding a draft decision relating to

**Case COMP/M. 7278- GENERAL ELECTRIC / ALSTOM (THERMAL POWER - RENEWABLE  
POWER & GRID BUSINESS)**

**Rapporteur: UNITED KINGDOM**

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### **Operation**

1. The Advisory Committee agrees with the Commission that the Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

### **Union Dimension**

2. The Advisory Committee agrees with the Commission that the Transaction has a Union dimension pursuant to Article 1(2) of the Merger Regulation.

### **Product and Geographic Market**

3. The Advisory Committee agrees with the Commission's definitions of the relevant product and geographic markets as stated in the draft decision.
4. In particular the Advisory Committee agrees with the Commission's conclusions that, for the purpose of assessing the Transaction, 50 Hz Heavy Duty Gas Turbines ("HDGTs") with an output above 90 MW, including (i) the associated initial servicing and (ii) the supply of the gas turbine control system, constitute a separate relevant product market.
5. In particular the Advisory Committee agrees with the Commission's conclusions that the issue whether the 50 Hz HDGT market shall be further segmented on the basis of different output classes (Medium, Large and Very Large) and on the basis of different plant configurations (Combined Cycle and Simple Cycle) can be left open.
6. The Advisory Committee agrees with the Commission's conclusions as to the following relevant product markets:
  - 6.1. For the servicing of each of the Parties' HDGT mature frame;
  - 6.2. For generators for thermal power plants;

- 6.3. For servicing of generators;
  - 6.4. For large steam turbines ("LSTs");
  - 6.5. For the servicing of steam turbines;
  - 6.6. For Heat Recovery Steam Generators for thermal power plants;
  - 6.7. For plant and unit control systems for thermal power plants;
  - 6.8. For transmission and distribution products (namely, fixed series compensation and network management systems).
7. The Advisory Committee agrees with the Commission's conclusions that, for the purpose of assessing the Transaction, the issue whether the geographic scope of the market for 50 Hz HDGTs, (including the associated initial servicing and the supply of the gas turbine control system) and its potential segments should be considered as worldwide (excluding China and Iran) or EEA-wide can be left open.
  8. The Advisory Committee agrees with the Commission's conclusions as to the following relevant geographic markets:
    - 8.1. The market for generators bundled with 50 Hz HDGTs,
    - 8.2. The overall market for generators for thermal power plants,
    - 8.3. The market for steam turbines bundled with 50 Hz HDGTs,
    - 8.4. The overall market for steam turbines for thermal power plants,
    - 8.5. The market for plant and unit control systems,
    - 8.6. The market for HRSGs,
    - 8.7. The market for the servicing of mature HDGTs,
    - 8.8. The market for the servicing of generators,
    - 8.9. The market for the servicing of steam turbines,
    - 8.10. The market for the transmission and distribution products.

### **Competitive Assessment**

9. The Advisory Committee agrees with the Commission's assessment that the Transaction leads to a significant impediment to effective competition in the market for 50 Hz HDGTs, and in particular in the Large and Very Large 50 Hz HDGT segments
10. The Advisory Committee agrees with the Commission's assessment that the Transaction leads to a significant impediment to effective competition in the market for generators bundled with 50 Hz HDGTs.

11. The Advisory Committee agrees with the Commission's assessment that the Transaction leads to a significant impediment to effective competition in the market for LSTs bundled with 50 Hz HDGTs.
12. The Advisory Committee agrees with the Commission's assessment that the Transaction leads to a significant impediment to effective competition in the market for servicing GE's 9FA HDGTs, and its segments (i.e. the three core services and upgrades).
13. The Advisory Committee agrees with the Commission that the final commitments offered by the notifying party on 6 August 2015 address the competition concerns identified by the Commission.
14. The Advisory Committee agrees with the Commission that, subject to the full compliance with the final commitments offered by the notifying party on 6 August 2015, the Transaction is not likely to significantly impede effective competition in the internal market or in a substantial part of it.
15. The Advisory Committee agrees with the Commission's assessment that the notified transaction is unlikely to give rise to horizontal effects that would lead to a significant impediment of effective competition in the following affected markets and potential markets: (i) the markets for other components of thermal power plants (namely, generators, steam turbines, HRSGs, plant and unit control systems); (ii) the market for the servicing of generators; (iii) the market for the servicing of steam turbines; (iv) the potential markets for network management systems, energy management systems and wide area management systems; (v) the potential markets for fixed series compensation systems.

#### **Compatibility with Internal Market**

16. The Advisory Committee agrees with the Commission that the Transaction should therefore be declared compatible with the internal market and the functioning of the EEA Agreement in accordance with Article 2(2) and 8(2) of the Merger Regulation and Article 57 of the EEA Agreement.

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