

CNMC approves Cepsa's acquisition of Ballenoil, subject to commitments

- The transaction concerns the retail distribution of motor fuels (petrol and diesel) through service stations, as well as the market for the supply of motor fuels.
- The CNMC has detected risks to competition in 3 of the 249 retail distribution environments analysed in Spain, due to high horizontal overlaps or the lack of a sufficient number of independent service stations with prices similar to or lower than those charged by Ballenoil.
- To address these risks, Cepsa has committed to divest 4 acquired service stations to a buyer approved by the CNMC and not to repurchase them for the next 10 years.

Madrid, 23 May 2024.- The CNMC has authorised, subject to commitments, the acquisition of sole control of Ballenoil S.A. (Ballenoil) by Compañía Española de Petróleos S.A. (Cepsa). As a result, Cepsa will control 249 Ballenoil service stations, which will be managed independently for at least 3 years ([C/1463/24](#)).

Having concluded the investigation, the CNMC considers that the commitments offered by Cepsa are sufficient to remedy the competition concerns raised by the merger in the sectors affected.

Market investigation

The transaction concerns the market for the retail distribution of motor fuels (petrol and diesel) through service stations, where the parties have a combined market share of 14.2% in terms of number of stations at the national level. However, the CNMC has already found in previous cases that competition in this market is established at the local level based on driving environments around the service stations concerned.

In this context, the CNMC has analysed the 249 environments corresponding to the service stations acquired by Cepsa and has identified significant horizontal overlaps in some of them.

The merger also affects the market for the supply of motor fuels to service stations, where Cepsa has a market share of 16,1 %, which will be increased by 1,9 % after the transaction.

Risks to competition

The CNMC has identified competition risks in three areas or environments, located in the towns of Barbate (Cadiz), Chipiona (Cadiz) and Nerja (Malaga): the acquired service stations give rise to significant horizontal overlaps,

especially high in the first two areas with market shares above 50% in the number of service stations and 60% in sales volume.

In these areas, no service station is exerting competitive pressure on prices equivalent to that exerted by the acquired service stations, which are the cheapest in their respective environments. Especially in the Nerja area, Ballenoil's service station offers significantly lower prices than the other service stations in the area.

Therefore, the merger would result in a highly significant loss of competitive pressure in these environments, with the consequent risk of price increases in these areas.

Commitments offered by Cepsa

In order to address the risks identified in the Barbate, Chipiona and Nerja areas, Cepsa has offered commitments to divest four Ballenoil service stations to Petronet España S.A.U. (Autonetoil). The CNMC has pre-approved the buyer and considers that the commitments are sufficient to remedy the competition concerns identified.

The divestment will take place simultaneously with the approval of the merger, or within a maximum of 15 calendar days after the approval of the transaction, for two of the service stations to be divested. This will address the risks virtually simultaneously and simplify monitoring by the CNMC.

As regards the divestment of the two remaining service stations, which cannot be divested simultaneously due to their corporate situation, Cepsa offers automatic management through a pricing formula: this will ensure the continuity of the low-cost model in place before the merger while eliminating potential problems of access to sensitive information until the divestment is executed.

To ensure the continuity of the low-cost management model of the four service stations, the buyer will not be able to sell them, nor sign flagging or exclusive supply agreements with any wholesale operator considered to be the main operator in the fuel sector for five years from the execution of the transaction.

In addition, Cepsa may not acquire these service stations for a period of 10 years from the approval of the merger.

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- [C/1463/24](#): Cepsa/Ballenoil
- [Blog](#) (29/09/2023): At the CNMC we monitor mergers between companies