

DETERMINATION OF MERGER NOTIFICATION M/24/071 – BORD GÁIS ENERGY / SWYFT ENERGY

Section 21 of the Competition Act 2002

Proposed acquisition by Bord Gáis Energy Limited of sole control of Ardrar Holdings Limited

Dated: 24 December 2024

Introduction

1. On 18 November 2024, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Bord Gáis Energy Limited (“BGE”) would acquire the entire issued share capital, and thus sole control, of Ardrar Holdings Limited (the “Target”) (the “Proposed Transaction”).¹

The Proposed Transaction

2. The Proposed Transaction will be implemented by way of a share purchase agreement dated 15 November 2024 between the Sellers² and BGE, a share purchase agreement dated 15 November 2024 between Enterprise Ireland and BGE, and a share purchase agreement dated 15 November 2024 between the Sellers³ and BGE (the “SPAs”). Following implementation of the Proposed Transaction, BGE will acquire 100% of the issued share capital of Ardrar Holdings Limited.

The Undertakings Involved

The Acquirer – BGE

3. BGE is ultimately owned by Centrica plc (“Centrica”), an international energy and services company headquartered in the United Kingdom.

¹ BGE and Ardrar Holdings Limited are referred to collectively in this determination as the “Parties”.

² [...].

³ [...].

4. BGE generates, sells and trades energy for use in the State. BGE's other service offerings are the sale and installation of boilers, servicing and repair of boilers, and the installation of solar photovoltaic ("solar PV") systems. The company also provides services relating to heat pumps, smart heating and electric vehicle charging.
5. BGE's business activities consist of the following:
 - Boiler services: This includes the sale, installation and replacement of boilers, on-demand boiler servicing and repair, and the installation of smart heating controls. These services are provided to domestic customers.
 - Solar PV systems: BGE installs solar panel systems and ancillary products such as battery storage, hot water diverters and electric vehicle chargers for domestic customers, and agricultural and small-scale commercial clients.
6. In relation to the provision of boiler services in the State by BGE, the Parties provided the following information in the Notification form: *"BGE employs [...] engineers on a permanent basis. BGE also provides the public with a panel of approximately [...] engineers which members of the public can engage directly. The panel of engineers appears on a website called Local Heroes. These engineers (or 'Heroes') are all vetted for insurance and appropriate qualifications by BGE. BGE provides the materials (e.g. the replacement boiler) to carry out the work, however, the contract for services is between the customer and the 'Hero' engineer. BGE does not control the prices charged by the 'Hero' engineer to perform the work. Prior to 2022, BGE used Local Heroes as its sole route to market. Since 2022, BGE sells its services directly to consumers (e.g. through its own website), and through Local Heroes."*
7. For the financial year ending 31 December 2023, Centrica's total worldwide turnover was approximately €30.4 billion, of which approximately €1.65 billion was generated in the State.

The Target – Ardrar Holdings Limited

8. Ardrar Holdings Limited is a holding company with sole control of two companies: Ardrar Limited (trading as Swyft Energy) and Ardrar Technology Limited (trading as Pipelyne).
9. Swyft Energy's business activities consist of the following:

- Boiler services: Swyft Energy's activities relating to boilers are almost exclusively in boiler installations. It also carries out minimal boiler maintenance, and the installation of smart heating controls.
 - Solar PV systems: Swyft Energy installs solar panel systems and ancillary products such as battery storage, hot water diverters and electric vehicle chargers. These products are provided to domestic, agricultural, commercial, and industrial customers.
10. Pipelyne directly and wholly owns the customised customer relationship management ("CRM") software that is custom built for Swyft Energy and which is designed to support the two workstreams set out in paragraph 9. Pipelyne currently licenses the lead generation aspect of the CRM software to [...] customers at a monthly income of between €[...] and €[...] per customer (totalling revenue of €[...] in 2023).
11. For the financial year ending 31 December 2023, Ardrar Holdings Limited's total worldwide turnover was approximately €[...] million, of which approximately €[...] million was generated in the State.

Rationale for the Proposed Transaction

12. In the notification form, the Parties state the following:

"The Purchaser intends to develop its technical and engineering capacity to deliver a high-class solar PV installation business in line with its Net Zero ambitions. Since 2021, the Target has grown a business in solar PV installations for domestic clients. The Purchaser would like to grow the Target's business and to extend the provision of solar PV installations to clients in the commercial and agri sectors."

"In particular, the Purchaser anticipates efficiencies and improved 'ways of working' by adopting the Target's operations model. The Target provides the market with a developed 'end to end' service which includes consultation, installation, grant management and post installation support. This service is delivered through a customised CRM platform (i.e., a software solution that helps manage, track, and store information related to the Target's current and

potential customers). The Purchaser has adopted technology to improve its customers' experience (e.g., by streamlining supply chain processes through its Simplified Integrated Planning and Dispatch system). [...]."

Contact with the undertakings involved

13. During the review of the Proposed Transaction, the Commission requested and received further information and clarifications from the Parties.

Third-Party Submissions

14. No third-party submissions were received.

Competitive Analysis

Horizontal overlap

15. There is a horizontal overlap between the Parties in the State in the provision of boiler services, including boiler installations and boiler maintenance, and in the provision of solar PV systems.

Vertical relationships

16. There is a minor vertical relationship between the Parties in the State since Swyft Energy purchases a small number ([...]) of smart heating control products from the Centrica group.⁴ There is also a minor potential vertical relationship between the Parties in the State as BGE purchases certain boiler maintenance and smart heating control products from within the Centrica group rather than from third-party merchants.

Relevant Markets

Relevant Product Markets

17. In relation to the provision of boiler services, the Commission has not firmly concluded upon a relevant product market in previous determinations. In *M/07/030 - Glen Electric Limited/Glen Dimplex Group/Applied Energy Holdings Limited*, the Commission's predecessor, the Competition Authority (the "Authority"), identified the relevant product market as at least the provision of electric, gas-fired and oil-fired primary space heating products.⁵

⁴ Swyft Energy uses these products as inputs into the provision of solar PV systems in the State.

⁵ *M/07/030 – GDG/AEPL*, paragraph 3.28.

18. In *M/18/027 - SSE Airtricity/Marron Activ8*, the Commission considered an acquisition involving companies which were both involved in the provision of solar energy systems. The Commission did not define precise relevant product markets, as it was not necessary to do so. However, the Commission did analyse the impact of that transaction by reference to the following potential product markets: (i) the provision of solar thermal systems, and (ii) the provision of solar PV systems.⁶
19. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product markets because doing so will not alter the Commission's assessment of the likely competitive impact of the Proposed Transaction. For the purposes of its competitive assessment, the Commission has assessed the Proposed Transaction by reference to the following three potential product markets:
- The provision of boiler installation services;
 - The provision of boiler maintenance services; and,
 - The provision of solar PV systems.

Relevant Geographic Market

20. In *M/07/030 - Glen Electric Limited/Glen Dimplex Group/Applied Energy Holdings Limited*, the Authority took the view that the relevant geographic market for the provision of electric, gas-fired and oil-fired primary space heating products was at least the State.
21. In *M/18/027 - SSE Airtricity/Marron Activ8*, the Commission analysed the competitive impact of that transaction in the potential market for the provision of solar PV systems in the State.
22. In this instance, it is not necessary for the Commission to define precise relevant geographic markets because doing so will not alter the Commission's assessment of the likely competitive impact of the Proposed Transaction. For the purposes of its competitive assessment, the Commission has assessed the competitive impact of the Proposed Transaction on a national basis.

⁶ *M/18/027 – SSE AIRTRICITY /MARRON ACTIV8*, paragraphs 19-21.

Conclusion on Relevant Markets

23. The Commission has assessed the likely competitive impact of the Proposed Transaction by reference to the following three potential markets:

- The provision of boiler installation services in the State;
- The provision of boiler maintenance services in the State; and,
- The provision of solar PV systems in the State.

Competitive Assessment

Horizontal Effects

The Provision of Boiler Installation Services in the State

24. Tables 1 and 2 below provide estimated shares for the Parties in the provision of boiler installation services in the State in 2023.

Table 1: Boiler Installations in the State in 2023, by value

UNDERTAKING	TURNOVER (€)	ESTIMATED SHARE (%) ⁷	ESTIMATED SHARE INC. LOCAL HEROES (%) ⁸
Bord Gais Energy Limited	[...]	[0-5]%	[10-15]%
Swyft Energy	[...]	[0-5]%	[0-5]%
Total	[...]	[5-10]%	[15-20]%

⁷ The Parties provided the following explanation in the merger notification form as to how they calculated the total size, by value, of the potential market for the provision of boiler installation services in the State in 2023: "There is no publicly available definitive data from which to calculate market shares. ... In 2023, there were approximately 21,000 gas boilers installed at average revenue of €2500. This equates to a total market value of €52.5m."

⁸ The Parties state the following in the merger notification form: "Installations booked through the Local Hero platform is a contract for services between the customer and the 'Hero' engineer. [...]. For completeness, we have included this revenue in the market shares." The share estimate of [10-15]% for BGE therefore comprises the sum of the turnover generated by BGE in the provision of boiler installation services in the State in 2023 plus the turnover generated in the provision of boiler installation services in the State in 2023 through the Local Heroes platform.

Source: The Parties

Table 2: Boiler Installations in the State in 2023, by volume

UNDERTAKING	NUMBER OF BOILER INSTALLATIONS	ESTIMATED SHARE (%) ⁹	ESTIMATED SHARE INC. LOCAL HEROES (%) ¹⁰
Bord Gáis Energy Limited	[...]	[0-5]%	[10-15]%
Swyft Energy	[...]	[0-5]%	[0-5]%
Total	[...]	[5-10]%	[15-20]%

Source: The Parties

25. As set out in Tables 1 and 2 above, BGE's share in the provision of boiler installation services in the State following implementation of the Proposed Transaction will not exceed [...].¹¹ Furthermore, the increment in BGE's share in the provision of boiler installation services in the State following implementation of the Proposed Transaction will be only [0-5]% by value (or [0-5]% by volume).

26. Following implementation of the Proposed Transaction, BGE will continue to face competition from a number of suppliers of boiler installation services in the State, including Gaswise Limited, Harris Heating and Renewables, DeWAR Gas Service, Dublin Gas Works, and Gas Junction. The Parties state in the Notification Form that the Registered Gas Installer website¹² lists 662 companies active in the provision of boiler installation services in the State.

27. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the provision of boiler installation services in the State.

⁹ The Parties provided the following explanation in the merger notification form as to how they calculated the total size, by volume, of the potential market for the provision of boiler installation services in the State in 2023: "Market share calculated on the basis of that the total estimated number of installations nationally in 2023 was 21,000."

¹⁰ The share estimate of [10-15]% for BGE comprises the sum of the total number of boiler installations carried out by BGE in the State in 2023 plus the total number of boiler installations carried out through the Local Heroes platform in the State in 2023.

¹¹ As noted in Table 1 above, the share estimate of [15-20]% attributed to BGE for 2023 includes turnover generated in the provision of boiler installation services in the State in 2023 through the Local Heroes platform. [...]. It is therefore likely that the share estimate of [15-20]% attributed to BGE in the State in 2023 is a significant overestimate.

¹² www.rgi.ie

The Provision of Boiler Maintenance Services in the State

28. Tables 3 and 4, below, provide estimated shares for the Parties in the provision of boiler maintenance services in the State in 2023.

Table 3: Boiler Maintenance in the State in 2023, by value

UNDERTAKING	TURNOVER (€)	ESTIMATED SHARE ¹³ (%)
Bord Gais Energy Limited	[...]	[15-20%]
Swyft Energy	[...]	[0-5%]
Total	[...]	[20-25%]

Source: The Parties

Table 4: Boiler Maintenance in the State in 2023, by volume

UNDERTAKING	NUMBER OF BOILERS SERVICED	ESTIMATED SHARE ¹⁴ (%)
Bord Gais Energy Limited	[...]	[20-25%]
Swyft Energy	[...]	[0-5%]
Total	[...]	[20-25%]

Source: The Parties

29. Swyft Energy generated minimal turnover in the State in 2023 in the provision of boiler maintenance services.¹⁵ The increment in BGE's share in the provision of boiler maintenance

¹³ The Parties provided the following explanation in the merger notification form as to how they calculated the total size, by value, of the potential market for the provision of boiler maintenance services in the State in 2023: "There were approximately 185,000 gas boilers serviced in 2023 at an average cost of €100. This equates to a total market value in the Boiler Maintenance market of €18.5m."

¹⁴ The Parties provided the following explanation in the merger notification form as to how they calculated the total size, by volume, of the potential market for the provision of boiler maintenance services in the State in 2023: "Market share calculated on the assumption that there are approximately 690,000 gas boilers in Ireland (MRSO data), of which approximately 185,000 are serviced each year."

¹⁵ Information provided to the Commission by the Target indicates that Swyft Energy also generated minimal annual turnover in the provision of boiler maintenance services in the State in 2021 and 2022.

services in the State following implementation of the Proposed Transaction will be less than [0-5]%. BGE's share in the provision of boiler maintenance services in the State following implementation of the Proposed Transaction will not exceed [20-25]% by value or by volume.

30. Following implementation of the Proposed Transaction, BGE will continue to face competition from a number of suppliers of boiler maintenance services in the State, including Gaswise Limited, Harris Heating and Renewables, DeWAR Gas Service, Dublin Gas Works, and Gas Junction. The Parties state in the Notification Form that the potential market for the provision of boiler maintenance services is fragmented and serviced by many independent contractors.

31. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the provision of boiler maintenance services in the State.

The Provision of Solar PV Systems in the State

32. In the Notification Form, the Parties provided share estimates in the provision of solar PV systems in the State in 2023.¹⁶ These are presented in Table 5 below.

Table 5: Solar PV Systems by number of installations in the State, 2023

UNDERTAKING	SOLAR PV INSTALLATIONS	ESTIMATED SHARE (%)
Bord Gáis Energy Limited	[...]	[0-5]%
Swyft Energy	[...]	[0-5]%
Activ8 Solar Energies		10
PV Generation Limited		3-8
Electric Ireland		2

¹⁶ The Parties stated at paragraph 5.2 of the merger notification form that "Market share calculated on the basis of that the total estimated number of solar PV installations nationally in 2023 was 22,214".

Pinergy Solar Electric		3
Local installers		55-60
Ashgrove Renewables		2
Alternative Energy Ireland		2
Caldor Solar		2
JFW Solar		6
NRG Panel		6
Ecoplex		3
Epower		2
Local Power		2
Solarstream		2
Woodco Renewable Energy		2
Total estimated number of solar PV installations in the State in 2023	22,214	

Source: The Parties

33. BGE had a negligible share in the provision of solar PV systems in the State in 2023, carrying out only [...] solar PV installations in total, with an approximate combined value of €[...]m.
34. The increment in BGE's share in the provision of solar PV systems in the State following implementation of the Proposed Transaction will be only [0-5]%.

35. Following implementation of the Proposed Transaction, BGE will continue to face competition from a number of suppliers of solar PV systems in the State, including Activ8 Solar Energies, PV Generation Limited, Electric Ireland, and Pinergy Solar Electric.

36. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the provision of solar PV systems in the State.

Non-Horizontal Effects

Vertical Relationship

37. As noted above, there is a minor vertical relationship between the Parties in the State since Swyft Energy purchases a small number of smart heating control products from the Centrica group. There is a minor potential vertical relationship between the Parties in the State as BGE purchases certain boiler maintenance and smart heating control products from within the Centrica group rather than from third-party merchants.¹⁷ There is no prospect, however, of the Proposed Transaction raising any vertical foreclosure concerns since, as set out in Tables 1, 2 and 5 above, BGE's share in the provision of boiler installation services in the State following implementation of the Proposed Transaction will not exceed [10-15]% by value or by volume and will be less than [0-5]% in the provision of solar PV systems in the State. As noted above, there are many competing suppliers of boiler installation services and solar PV systems currently active in the State.

38. Therefore, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion of Competitive Analysis

39. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

40. No ancillary restraints were notified.

¹⁷ The Target does not supply any of these products; rather, it purchases such products from third party merchants (and, in some cases, from the Centrica group) as inputs into the provision of boiler installation services and the provision of solar PV systems in the State.

Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Bord Gáis Energy Limited would acquire the entire issued share capital, and thus sole control, of Ardrar Holdings Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission.

Úna Butler

Member

Competition and Consumer Protection Commission