

Court agrees with the Competition Authority to fine the National Gas Supplier

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On 2 September, the Administrative Regional Court confirmed the Competition Council's (CC) decision to impose the only natural gas supplier in Latvia – AS „Latvijas Gāze” – remedies to change the practice of debt collection and a fine in the amount of 2.2 million euros for abusing the dominant position.

[In 2013, the CC stated](#) that AS „Latvijas Gāze” has abused its dominant position by refusing to conclude natural gas vendor contracts with new clients before debts accumulated by previous clients were paid. During the investigation, the CC received complaints for such infringement from consumers and enterprises on more than 500 occasions.

In the decision the CC explains that without recovering debts from consumers, who have caused the debt, AS „Latvijas Gāze” shifted to the new consumers not only the debt itself, but also the costs of debt recovery. Such actions increased the amount of debts, as the consumers were aware that they will not be held responsible for their debts and thus were not motivated to pay for the gas. Likewise, AS „Latvijas Gāze” was not motivated to initiate debt recovery and to minimize the amount of debts.

The court has agreed with the decision of the CC. Furthermore, the court pointed out that despite the fact that AS „Latvijas Gāze” operates in a regulated industry, the CC had rights to assess the operation of the gas supplier in accordance with the Competition Law. Therefore, the CC reminds to all undertakings that operates in regulated industries to comply with the Competition Law.

In the judgement, the court recognises imposed remedies to discontinue application of unjustified terms. The court stresses that there is no competitive pressure for AS „Latvijas Gāze” to eliminate unfair practice, therefore the intervention of the CC is required.

The Administrative Regional Court reviewed the matter on the merits. The judgement can be appealed to the Supreme Court within one month.

Natural gas consumers, both households and enterprises that have incurred damages as a result of the illegal conduct, can claim compensation from AS „Latvijas Gāze”. In case compensation is refused, consumers may claim damages in court. Compensation claims could have been submitted immediately after the decision of the CC, as well as when the decision of the CC enters into the force after the judgement of the court.

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