

## Media Release

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### **Update on Z Energy's application to acquire Chevron NZ**

On 1 July 2015, Z Energy Limited (Z Energy) registered an application with the Commerce Commission seeking clearance to acquire 100% of the shares in Chevron New Zealand (Chevron), the owner of the Caltex brand in New Zealand.

The Commission's role is to assess whether the proposed acquisition is likely to substantially lessen competition in the relevant fuel markets in New Zealand. This includes any potential for Z Energy to exercise market power to raise its prices, decrease its service or disadvantage competitors.

The merger application is complex and involves a number of markets throughout the fuel supply chain. We have identified and notified Z Energy of several areas that we are continuing to investigate. These include storage terminals, aviation fuel, bitumen and the supply of diesel to customers who purchase it in bulk or through truck stops. Further work is also required to investigate the retail supply of petrol and diesel, as there are a number of retail sites where, if the merger proceeded, few options would remain for consumers.

We are assessing the competition effects of the proposed merger in these markets in consultation with Z Energy and market participants.

Commissioners set an indicative timeframe for their decision to be made on 18 December 2015 and have not yet sought to alter this timeframe. However, due to the complexity of the merger and number of outstanding issues, it is possible an extension will be sought. We will provide a further update if this is the case.

The Commission cannot comment further on the application at this time.

## **Background**

When considering a proposed merger or acquisition, the Commission must decide whether the competition that is lost in a market when two businesses merge is substantial.

We will give clearance to a proposed merger only if we are satisfied that the merger is unlikely to have the effect of substantially lessening competition in a market.

A fact sheet explaining how the Commission assesses a merger application is available on the [clearances page](#).

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