

E.ON UK Limited / OVO Energy Limited

Decision on relevant merger situation and substantial lessening of competition

ME 7153/26

The CMA's decision on reference under section 33 of the Enterprise Act 2002 given on 1 October 2026. Full text of the decision published on 6 October 2026.

Please note that [X] indicates confidential information which has been excluded from this published version of the decision. Some numbers have been replaced by a range, which are shown in square brackets.

1. THE PARTIES AND THE TRANSACTION

1. On 11 May 2026, E.ON SE (via its wholly owned subsidiary, E.ON UK Limited (**E.ON**)) agreed to acquire OVO Energy Ltd (**OVO**) from OVO Group Limited (the **Merger**).^{1,2}
2. E.ON and OVO overlap in supply of electricity and gas to retail customers across Great Britain (**GB**).³ The Parties are also active in a number of energy-related ancillary services including, but not limited to, (a) regulatory-mandated services (eg meter asset provision (**MAP Services**) and Smart Export Guarantee schemes) and value-add services (such as residential vehicle (**EV**) chargers and solutions, heat pumps, solar panels and battery storage), also to customers GB-wide.⁴

2. JURISDICTION

3. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation. Each of E.ON SE

¹ Final Merger Notice submitted to the CMA on 2 September 2026 (**FMN**), paragraph 27. E.ON and OVO are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

² The CMA commenced its phase 1 investigation on 2 September 2026 following voluntary notification by the Parties. The Parties informed the CMA that the Merger is also the subject of review by competition authorities in Denmark (FMN, paragraph 46).

³ FMN, paragraphs 24 and 25. The CMA notes that neither Party is active in Northern Ireland (FMN, paragraph 196).

⁴ FMN, paragraph 203 and 204.

and OVO is an enterprise⁵ and these enterprises will cease to be distinct as a result of the Merger. The turnover test is met.⁶

3. COUNTERFACTUAL

4. OVO submitted that it has been a weaker competitive force due to regulatory restrictions it has been operating under as a result of being unable to meet Ofgem's minimum 'Capital Target' (CT) requirement.^{7,8} OVO has been subject to these restrictions since the CT requirement came into effect on 31 March 2025, initially under Ofgem's 'default transitional controls' and subsequently through capitalisation plans agreed with Ofgem.⁹ Since November 2025, and under the current capitalisation plan agreed with Ofgem (CP), OVO [has been under certain restrictions that limit its competitive strength].¹⁰
5. The CMA considered whether, absent the Merger, OVO would continue to operate under the prevailing conditions of competition (ie below the CT and subject to restrictions),¹¹ or if it would meet the CT either on its own or through an acquisition by an alternative purchaser (meaning it would no longer be subject to restrictions such that it would provide more competitive constraint):
 - (a) Meeting the CT organically: Internal documents submitted by OVO suggest that [redacted].¹² Ofgem noted to the CMA that OVO struggled to meet the CT in 2025 and was unlikely to meet it by 2031.¹³ The CMA considers that it is unlikely that OVO would be able to meet the CT on its own within a reasonable period.
 - (b) Alternative purchasers: Although OVO's retail energy business attracted interest from other potential purchasers,¹⁴ the Parties submitted that [redacted].¹⁵ The CMA considers that there is some uncertainty that OVO would have met the CT through an acquisition by an alternative purchaser.
6. On a cautious basis, in its competitive assessment, the CMA considered the Merger against a counterfactual of prevailing conditions of competition (where

⁵ FMN, paragraph 69.

⁶ See s23 of the Enterprise Act 2002 (the Act). OVO has a UK turnover of approximately £5 billion for FY2025 (FMN, paragraph 70).

⁷ See, [Financial resilience | Ofgem](#) (last accessed on 1 October 2026).

⁸ FMN, paragraph 4.

⁹ Annex 539 to the FMN, 'Consolidated response to Request for Information 1 received on 8 July 2026', paragraphs 37-55.

¹⁰ FMN, paragraph 42.

¹¹ OVO submitted that, absent the Merger, OVO would continue to be subject to regulatory restrictions constraining its ability to compete effectively, as Ofgem's 'default transitional controls' would apply until OVO agrees a new recapitalisation plan with Ofgem (which would likely involve similar restrictions on [redacted]). FMN, paragraphs 124-127.

¹² See for instance, OVO's Internal Document, Annex 476 to the FMN '[redacted]', August 2025, slide 1; OVO's Internal Document, Annex 503 to the FMN '[redacted]', March 2026, slide 1.

¹³ Call between the CMA and Ofgem, 16 July 2026.

¹⁴ FMN, paragraph 107.

¹⁵ FMN, paragraphs 109 and 110.

OVO continues to operate under regulatory restrictions and is a weaker competitive force), as well as against conditions of competition in which OVO is a stronger competitive constraint (where OVO is no longer subject to regulatory restrictions).¹⁶ The CMA has, however, not been required to conclude on the specific counterfactual as, for the reasons explained below, the Merger does not give rise to competition concerns on any plausible basis.

4. COMPETITIVE ASSESSMENT

7. In light of the Parties' overlaps, the CMA's investigation focused on horizontal unilateral effects in the retail supply of electricity and gas to domestic customers in GB.¹⁷
8. The CMA and its predecessors have previously considered that the retail supply of energy to domestic customers in GB can be segmented into the supply of electricity and gas, given the material demand-side and supply-side differences in relation to these products.¹⁸ On a cautious basis, previous CMA decisional practice has further segmented the retail supply of gas and electricity by prepayment (**PPM**) customers and customers using other payment methods (**non-PPM**) due to limited demand- and supply-side substitution.¹⁹ Past decisional practice did also not distinguish between customers on default tariffs and customers using acquisition tariffs.²⁰ Lastly, in the past, the CMA has looked at these markets on a GB-wide basis and has received no evidence to depart from this geographic frame of reference.²¹
9. While there have been some market developments since the CMA last considered this market, the evidence gathered as part of this investigation does not indicate that it is appropriate to deviate from the previously adopted approach to product market definition:

¹⁶ The CMA considered that the conditions of competition in 2024 (ie prior to restrictions being imposed on OVO) are likely to be a good proxy for conditions of competition in a counterfactual where OVO meets the CT and is no longer subject to regulatory restrictions.

¹⁷ As noted above, the Parties also overlap in the wholesale supply and retail of energy in GB, and the supply and purchase of MAP services in GB. The CMA received a complaint following its invitation to comment on the supply of MAP services and whether the merger could result in disruption to existing contractual and commercial arrangements between suppliers and independent metering providers. However, on the basis of the evidence gathered by the CMA, including E.ON's limited activity in wholesale generation and MAP services, and OVO's declining importance as a MAP customer, the CMA considered at an early stage in its investigation that there was no realistic prospect of competition concerns in relation to these areas. These issues are therefore not discussed further in this Decision.

¹⁸ See [OVO/SSE final report](#), paragraphs 42-44; [RWE AG/E.ON SE final report](#) paragraph 83; and [SSE Retail/Npower, final report](#), paragraphs 7.5-7.15.

¹⁹ This decision in OVO/SSE was based on evidence of persistent differences in the competitor set and in supplier interactions, with fewer competitors supplying prepayment customers. Furthermore, in defining separate markets for PPM and non-PPM customers in OVO/SSE, the inquiry group also took into account the findings in Ofgem's [State of the energy market report](#), which referred to technical constraints involved in issuing new tariffs for prepayment customers and the higher costs associated with acquiring prepayment customers. [OVO/SSE final report](#) paragraph 45a

²⁰ Rather, any differences between the relevant tariff types were considered in the competitive assessment. See [OVO/SSE final report](#), paragraph 45b and [SSE Retail/Npower, final report](#), paragraphs 7.21-7.24.

²¹ See OVO/SSE final report, paragraphs 49-53.

- (a) While many customers now generally procure both electricity and gas from a single supplier,²² suggesting competitive conditions in the supply of electricity and gas may be similar,²³ other evidence indicates that certain differences in competitive dynamics between fuels still remain. In particular, suppliers compete on a wider range of product features in the supply of electricity, with a greater scope for differentiation relative to the supply of gas.²⁴
- (b) While the smart meter rollout may facilitate switching between PPM and non-PPM and may increase the extent to which customers might substitute between the different payment options,²⁵ the evidence received indicates that certain customer segments, such as customers in debt, are unable to switch away from PPM,²⁶ limiting the extent of demand-side substitution to other payment methods.^{27,28}
10. For the reasons set out above, the CMA has considered whether the Merger would give rise to horizontal unilateral effects in: (1) the supply of electricity to domestic PPM customers in GB, (2) the supply of electricity to domestic non-PPM customers in GB, (3) the supply of gas to domestic PPM customers in GB, and (4) the supply of gas to domestic non-PPM customers in GB. In any event, it has not been necessary for the CMA to conclude on the precise definition of the product market, as no competition concerns arise on any plausible basis.
11. Having considered a range of evidence, including shares of supply, switching data, the Parties' internal documents and third-party views, the CMA has found that the Parties do not compete particularly closely with each other and face constraints from several strong alternative suppliers in each of the four markets outlined above. The overall assessment of the most recent evidence does not materially differ from the assessment of the 2024 evidence, although it indicates OVO's competitive position weakening following the implementation of the CP.
12. The CMA received shares of supply estimates from the Parties for the four relevant markets.²⁹ The 2025 share of supply estimates indicate that E.ON and OVO are the fifth and third largest suppliers across the PPM segments, and the

²² Specifically, a number of suppliers told the CMA that their customers predominantly purchase dual fuel products, with one large supplier stating that 90% of all sales are derived from dual fuel products. Note of a call with a third party, July 2026, paragraph 10; Note of a call with a third party, August 2026, paragraph 8; Note of a call with a third party, July 2026, paragraph 11; and Note of a call with a third party, August 2026, paragraph 10.

²³ CMA, Merger Assessment Guidelines (**CMA129**), 18 March 2021, paragraph 9.8.

²⁴ Note of a call with a third party, July 2026, paragraph 11; Note of call with a third party, July 2026; paragraph 6 and Note of call with a third party, August 2026, paragraph 7.

²⁵ Note of a call with a third party, August 2026, paragraph 8; Note of a call with a third party, July 2026, paragraph 7.

²⁶ In Q1 2026, 2.9% of all electricity customers and 2.9% of all gas customers were repaying a debt to their supplier. Of that, 40% of electricity and 37% of gas customers were making their debt repayments through a prepayment meter. See, [Debt and arrears indicators | Ofgem](#) (last accessed on 1 October 2026).

²⁷ Note of a call with a third party, August 2026, paragraph 18; Note of a call with a third party, August 2026, paragraph 8c.

²⁸ Further, the evidence received indicates that some suppliers specialise by payment type (see paragraph 17 below), indicating that supply-side substitution is more limited between PPM and non-PPM customers.

²⁹ The CMA considers that the Parties' shares of supply estimates appear broadly consistent with the electricity and gas market shares data from Ofgem. See, [Retail market indicators | Ofgem](#) (last accessed on 1 October 2026).

third and fourth across the non-PPM segments respectively, alongside other material suppliers (British Gas, Octopus Energy, EDF, Scottish Power across both PPM and non-PPM, and Utilita in the PPM segments) and a long tail of smaller suppliers.³⁰ The estimates for 2024, 2025 and the first half of 2026 also indicate that OVO's shares of supply decreased over this period in the non-PPM segments, albeit only slightly,³¹ consistent with other evidence considered below on OVO's competitive position weakening following the implementation of the CP.

13. As noted in previous cases, shares of supply in the domestic retail energy market likely reflect the historic incumbent positions of some of the suppliers and the fact that many customers may have never switched supplier or may have not switched recently.³² The CMA has therefore placed more weight on its analysis of switching data which is more likely to capture current competitive interactions.
14. The CMA received switching data estimates from the Parties.³³ Across the four relevant markets, the 2025 switching data shows that the Parties generally lose to, and gain more from, several other large suppliers, rather than to each other. While the relative position of suppliers varies across the relevant markets, the Parties are, at most, each other's third largest source of switching. Across the four segments, [Energy Supplier A] generally accounts for the largest portion of switching to/from the Parties, alongside other suppliers which further account for a significant proportion of switching.³⁴ This evidence also indicates that the Parties are not particularly close competitors when more narrow segments are considered.³⁵ The 2024 switching data is similar to that of 2025 with the Parties generally gaining and losing more customers to [Energy Supplier B] and [Energy Supplier A] relative to each other. However, across all relevant markets, OVO lost materially more customers (in absolute numbers), including to E.ON, and gained fewer customers in 2025 compared to 2024, consistent with other evidence on the weakening position of OVO following the implementation of the CP.

³⁰ In the supply of electricity to domestic PPM customers, the Merged Entity will hold a share of [20-30]%, with an increment of [5-10]%. For non-PPM customers, the Merged Entity will hold a share of [30-40]% with an increment of [10-20]%. The Merged Entity will be the largest supplier across the PPM and non-PPM segments in electricity, followed by British gas ([20-30]%) and Utilita ([10-20]%) in the PPM segment, and Octopus ([20-30]%) and British Gas ([20-30]%) in the non-PPM segment. In the supply of gas to domestic PPM customers, the Merged Entity will hold a share of [20-30]% with an increment of [5-10]% and become the second largest supplier, behind British Gas at [20-30]%. For non-PPM customers, the Merged Entity will hold a share of [20-30]% with an increment of [10-20]%, becoming the third largest supplier behind British Gas and Octopus, both holding [20-30]%.

³¹ As noted below, the retail energy market is characterised by consumers displaying a degree of inertia. As such any impact on shares from OVO's weakening position following implementation of the CP is likely to be observed over a longer time horizon.

³² See [OVO/SSE Final Report](#), paragraph 64 and [SSE Retail and Npower, Final Report](#), paragraphs 7.10 and 9.61.

³³ The CMA considers that the Parties' switching data estimates appear broadly consistent with the data received from Ofgem email to the CMA, 7 August 2026.

³⁴ For example, [Energy Supplier B], [Energy Supplier C] and [Energy Supplier D] account for material proportions of switching across the PPM and non-PPM segments, alongside [Energy Supplier E] in PPM and losses to [Energy Supplier F] in non-PPM. [Energy Supplier B] generally accounts for greater proportions of switching than the other Party in the non-PPM segments, while [Energy Supplier D], [Energy Supplier B] (for losses) and [Energy Supplier E] (for OVO's gas gains) do so in the PPM segments.

³⁵ On a cautious basis, the CMA assessed switching data across additional segmentations, including by tariff type and region. The results were broadly consistent with the findings of the switching analysis presented above.

15. Consistent with the above, the evidence from internal documents also indicates that the Parties are not particularly close competitors. Specifically, the Parties' internal documents show they generally monitor Octopus Energy, British Gas, EDF and Scottish Power equally as closely as they monitor each other.³⁶ More recent documents also monitor competitive constraints from new entrants such as Fuse.^{37,38}
16. While nearly all competitors that responded to the CMA's questionnaires identified the Parties as competitors, OVO was viewed as a somewhat weaker competitor than E.ON. While E.ON was identified as a strong or a very strong competitor across both PPM and non-PPM offerings by nearly all competitors, over half of competitors identified OVO as a very weak to moderate competitor in the non-PPM segment, and nearly all as a moderate to strong competitor in the PPM segment.³⁹ Consistent with other evidence suggesting OVO's weakening competitive position after the implementation of the CP, third parties highlighted OVO's historic strengths as an innovator but suggested that financial constraints have since reduced OVO's ability to compete as strongly.⁴⁰
17. Furthermore, consistent with the switching analysis above, competitors identified several strong alternative suppliers across PPM and non-PPM segments, including Octopus, British Gas, EDF, Scottish Power, as well as Fuse Energy which was noted for its rapid growth.⁴¹ A limited number of respondents also identified certain smaller and specialist suppliers as moderate to strong competitors.^{42,43}
18. The majority of third parties did not express concerns with the Merger. However, two third parties raised more generalised concerns in relation to increased market

³⁶ E.ON's Internal Document, Annex 177 to the FMN '[>]', 2025, slide 3; OVO's Internal Document, Annex 372 to the FMN '[>]', 2024, slide 9.

³⁷ E.ON's Internal Document, Annex 220 to the FMN '[>]', 2026, slide 17; OVO's Internal Document, Annex 417 to the FMN '[>]', 2026, slide 17.

³⁸ E.ON's more recent internal documents also describe a weakening of OVO's financial and competitive position relative to earlier periods, consistent with other evidence on OVO's competitive positioning weakening following the implementation of the CP. E.ON's Internal Document, Annex 201 to the FMN '[>]', 2025, slide 26; E.ON's Internal Document, Annex 255 to the FMN '[>]', 2025, slides 18-33.

³⁹ Responses to the CMA questionnaire from a number of third parties, September 2026, question 3.

⁴⁰ Responses to the CMA questionnaire from a number of third parties, September 2026, question 3; Note of a call with a third party, July 2026, paragraph 14; Note of a call with a third party, August 2026, paragraph 21a.

⁴¹ Among respondents that identified them as competitors, Octopus and Fuse were rated as strong or very strong by all respondents across the PPM and non-PPM segments, and British Gas by nearly all. Scottish Power was rated strong by nearly all respondents in the PPM segments, and moderate by nearly all respondents in the non-PPM segments.

⁴² Responses to the CMA questionnaire from a number of third parties, September 2026, question 3.

⁴³ Generally, smaller specialist suppliers were rated as strong to moderate competitors in the PPM segment (Utilita and E Energy). In comparison, a longer tail of smaller specialist suppliers was identified in the non-PPM segment, noted for their green focus, but were generally ranked as weaker competitors compared to the larger suppliers in this segment.

concentration and the loss of a major supplier, with one noting that consolidation has become a feature of the energy sector.^{44,45}

DECISION

19. On the basis that the parties are not particularly close competitors and that the Merged Entity would continue to face sufficient alternative constraints, the CMA has found that the Merger would not give rise to a realistic prospect of a substantial lessening of competition as a result of horizontal unilateral effects in the retail supply of electricity and gas to domestic (PPM and non-PPM) customers on a GB-wide basis.
20. The Merger will **not be referred** under section 33 of the Act.

Alex Hazell

Director, Mergers

Competition and Markets Authority

1 October 2026

⁴⁴ Note of a call with a third party, August 2026, paragraph 23; Response to the CMA questionnaire from a third party, September 2026, question 6.

⁴⁵ The CMA received evidence that barriers to entry and expansion are driven primarily by regulatory requirements. In particular, third parties noted the capital adequacy requirements, and reduced profitability arising from the price cap and increasing operational complexity associated with developments like the smart meter rollout. One third party noted that these conditions have contributed to ongoing consolidation within the sector. Responses to the CMA questionnaire from a number of third parties, September 2026, question 4. However, as noted above, Fuse is a relatively recent entrant to the market, yet was rated strong or very strong by all third-party respondents across PPM and non-PPM.