

COMPLETED ACQUISITION BY PENNON GROUP PLC OF BOURNEMOUTH WATER INVESTMENTS LIMITED

Terms of reference

1. In the exercise of its duty under section 32(b) of the Water Industry Act 1991 (the **Act**) the Competition and Markets Authority (**CMA**) believes that:
 - (a) it is or may be the case that a merger of two or more water enterprises has taken place, in that a water enterprise carried on by or under the control of Pennon Group plc has ceased to be distinct from a water enterprise carried on by or under the control of Bournemouth Water Investments Limited;¹ and
 - (b) the exclusion stipulated in section 33(1) of the Act does not apply, because the value of the turnover of the water enterprise being taken over and the water enterprise already belonging to Pennon Group plc both exceed £10 million.

2. Therefore, the CMA, in exercise of its duty under section 32(b) of the Act, hereby makes a reference to it chair for the constitution of a group under Schedule 4 of the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report on the following questions in accordance with paragraph 3(2) of schedule 4ZA to the Act² and section 35(1) of the Enterprise Act 2002:³
 - (a) whether a water merger has taken place; and
 - (b) if so, whether the merger has prejudiced, or may be expected to prejudice, the ability of the Water Services Regulation Authority (Ofwat), in carrying out its functions by virtue of the Act, to make comparisons between different water enterprises.

Sheldon Mills
Senior Director, Mergers
Competition and Markets Authority
8 June 2015

¹ Named Sembcorp Bournemouth Water Investments Limited until 16 April 2015.

² As given effect to by The Water Mergers (Modification of Enactments) Regulations 2004 (as amended).

³ As modified and applied to water mergers by The Water Mergers (Modification of Enactments) Regulations 2004 (as amended).