

Date: 25 May 2017

Alba Ziso
Competition and Markets Authority
Victoria House
37 Southampton Row
London WC1B 4AD

By email to alba.ziso@cma.gsi.gov.uk

Dear Alba,

CONSULTATION ON MERGERS: EXCEPTION TO THE DUTY TO REFER IN MARKETS OF INSUFFICIENT IMPORTANCE

Pennon Group plc welcomes the opportunity to respond to the CMA on its proposals for exceptions to the duty to refer. We are a large FTSE 250 company which operates and invests in water and sewerage services and waste management through two main subsidiaries; South West Water Limited and Viridor Waste Management Limited. We have recently expanded South West Water's operations through merger with Bournemouth Water, and are in the process of establishing a joint venture for our non-household retail operation, Pennon Water Services Limited, with South Staffordshire Water Business (currently under a CMA Phase I investigation).

Pennon is supportive of the CMA's proposals to increase the market size thresholds over which the CMA considers that the market(s) concerned will generally be of sufficient importance to justify a reference, and below which the CMA will generally not consider a reference justified. We agree with the potential benefits of these proposals as described and note that these proposals have been based on growing evidence from existing markets. In this regard we consider that the CMA should be encouraged to continually review the situation to consider whether the thresholds can be increased further.

We trust that these comments are helpful; please do not hesitate to contact us if you would like to discuss any aspect of our response further.

Yours sincerely,

Helen Barrett-Hague
Group General Counsel and Company Secretary