

**DEROGATION LETTER  
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED  
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002**

Please note that [X] indicates figures or text which have been deleted or replaced in ranges for reasons of commercial confidentiality.

**Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 9 June 2021**

**Acquisition by National Grid Holdings One plc of PPL WPD Investments Limited ('the Transaction')**

We refer to your emails and accompanying notes of 8 June 2021 and 21 June 2021 requesting that the CMA consents to derogations to the Initial Enforcement Order of 9 June 2021 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, National Grid plc ('**National Grid**'), National Grid Holdings One plc ('**NGHO**'), and PPL WPD Investments Limited ('**WPD HoldCo**') are required to hold separate the National Grid business from the WPD HoldCo business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, National Grid, NGHO and WPD HoldCo may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 6(a) and 6(l) of the Initial Order**

In order to ensure that the National Grid business is able to exercise some oversight over the commercial activities of the WPD HoldCo business to ensure that it is being maintained as a going concern, National Grid has sought the CMA's consent to enter into a delegation of authority arrangement with WPD HoldCo in the form set out in Annex 1 (**the Delegation of Authority**).

Under the Delegation of Authority, WPD HoldCo would be required to seek approval from National Grid for any proposed course of action relating to the WPD HoldCo business which exceeds their Delegation of Authority. National Grid expects that the thresholds for such approvals will be triggered only infrequently, if at all and that the Delegation of Authority will not restrict the ability of the WPD HoldCo business to operate independently from the National Grid business during the period in which the Initial Order is in force.

The individuals at National Grid that WPD HoldCo would have to seek approval from are limited to:

1. [REDACTED] (in respect of items A to M in Annex 1); and
2. [REDACTED] (in respect of items G, H and N in Annex 1).

(together the '**Authorised Individuals**').

The CMA consents to a derogation from paragraphs 6(a) and 6(l) of the Initial Order, to permit WPD HoldCo to seek approval from the relevant Authorised Individual (or both of them in the case of items G or H in Annex 1) for any proposed action which exceeds its Delegation of Authority, subject to the implementation of the following safeguards:

- i) each of the Authorised Individuals will enter into an NDA in a form agreed with the CMA;
- ii) without prejudice to the Authorised Individuals being permitted to decline to approve any of the limited matters described in Annex 1 pursuant to these derogations, the Authorised Individuals shall not use any information provided by the WPD HoldCo business in any way to intervene in the management or operation of the WPD HoldCo business or the National Grid business;
- iii) no additions or changes to the Authorised Individuals shall be made under this derogation without the prior written consent (including via email) of the CMA;
- iv) National Grid will implement strict access controls with the Authorised Individuals to prevent anyone else within the National Grid business (or each other, save in respect of items G and H) from accessing information relating to the WPD HoldCo business obtained pursuant to this derogation. Specifically, the Authorised Individuals will store the information obtained pursuant to this derogation in a specific electronic folder which is inaccessible by those not entitled to have access, and ensure that any physical copies are securely stored;

- v) the Authorised Individuals shall not consult with any other individual within the National Grid business in taking decisions on the specific matters where WPD HoldCo's Delegation of Authority has been exceeded, save in respect of items G and H in Annex 1 where they may consult with each other;
- vi) the CMA can amend the Delegation of Authority at any time in writing (including via email) if it subsequently reaches a view that any one of the actions requiring approval from National Grid under the Delegation of Authority, as listed in Annex 1, is impacting upon the independent operation of the WPD HoldCo business;
- vii) the CMA will be notified at least 24 hours in advance of WPD HoldCo seeking approval from the Authorised Individual(s) in each instance where a proposed action exceeds the Delegation of Authority;
- viii) the information shared by WPD HoldCo with the Authorised Individuals is no more than is strictly necessary to allow them to reach a view on the specific matter at hand and shall not include any commercially sensitive information, without the prior written consent (including via email) of the CMA;
- ix) the CMA may, at its discretion, request a template for the sharing of information between WPD HoldCo and National Grid under this derogation; and/or a copy of the information shared by WPD HoldCo with one or both of the Authorised Individuals pursuant to this derogation;
- x) the CMA is notified of any proposed veto and the reasons for this at least 24 hours in advance of any such veto being exercised;
- xi) should the Transaction be prohibited, or remedial action required, any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received by National Grid from WPD HoldCo for the purposes of this derogation will be returned to WPD HoldCo and any copies destroyed, except to the extent that record retention is required by law or regulation;
- xii) this derogation will not result in any integration between the WPD HoldCo business and the National Grid business; and this derogation shall not prevent any remedial action which the CMA may need to take regarding the Transaction.

Yours sincerely,

Imogen Ditchfield

Assistant Director, Mergers

6 July 2021

## ANNEX 1

### DELEGATION OF AUTHORITY

The CMA consents to WPD HoldCo seeking approval from National Grid for any proposed course of action relating to the WPD HoldCo business which exceeds the Delegation of Authority limits set out below:

Ref	Scope of Delegation of Authority
A.	[X].
B.	[X].
C.	[X].
D.	[X].
E.	[X].
F.	[X].
G.	[X]: <ul style="list-style-type: none"> <li>• [X];</li> <li>• [X];</li> <li>• [X].</li> </ul> [X].
H.	[X]: <ul style="list-style-type: none"> <li>• [X];[X];[X].</li> </ul> [X].
I.	[X]: <ul style="list-style-type: none"> <li>• [X];[X].</li> </ul> [X].

Ref	Scope of Delegation of Authority
J.	[X].
K.	[X].
L.	[X].
M.	[X].
N.	[X].