

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

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.

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

We refer to your submissions dated 25 and 28 June 2021, and 2 July 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 Holdings One plc ("**NGHO**") and PPL WPD Investments Limited ("**WPD HoldCo**") are required to hold separate the National Grid business ("**National Grid**") 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, WPD HoldCo may carry out the following actions, in respect of the specific paragraph:

1. Paragraph 6(f) of the Initial Order

The CMA understands that WPD HoldCo has a number of IT projects ("**Projects**"), as identified in a spreadsheet provided to the CMA on 4 July 2021 ("**Annex 1**"), which may constitute non-routine change and maintenance to WPD HoldCo's software / hardware systems.

WPD HoldCo submits that it is necessary for these Projects to progress whilst the Interim Order is in force, on the basis that these are entirely unrelated to this completed Transaction and NGHO / National Grid; the Projects were part of WPD HoldCo's pre-Transaction strategy; and they are important for WPD HoldCo in order to ensure the business is maintained effectively as a going concern.

The CMA therefore consents to WPD HoldCo continuing the Projects listed at Annex 1.

This consent is provided strictly on the basis that:

- (a) The Projects are necessary to ensure the WPD HoldCo business is maintained effectively as a going concern.
- (b) This derogation will not result in any integration between the National Grid business and the WPD HoldCo business.
- (c) 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

9 July 2021

Annex 1

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