

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

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 21 October 2024.

Completed acquisition by Iberdrola, S.A. ("Iberdrola"), through its subsidiary Scottish Power Energy Networks Holdings Limited ("SPENH"), of North West Electricity Networks (Jersey) Limited ("NWEN") (the "Transaction").

We refer to your letter dated 3 October 2024 ("**Iberdrola's Request**"), as subsequently updated on 17 October 2024, requesting that the CMA consents to certain derogations to the anticipated Initial Enforcement Order (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 from the CMA, Iberdrola is required to hold its group ("**Iberdrola Group**", which includes the ScottishPower group ("**SP Group**") in the UK) separate from NWEN and the rest of the Electricity North West group ("**ENW Group**") and refrain from taking any pre-emptive action which might prejudice a reference under section 22 or 68B of the Enterprise Act 2002 (the "**Act**"), or impede the taking of any remedial action following such a reference, unless written consent is provided by the CMA.

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, Iberdrola may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(b), 5(c), 5(d), 5(e), 5(h), 5(i) and 5(k) and 8 of the Initial Order - Exclusion of Iberdrola's International Businesses

The CMA understands that Iberdrola requests exclusions for certain provisions of the Initial Order from applying to the businesses of the Iberdrola Group carried on outside of the UK (the "**Iberdrola International Businesses**", which are comprised of Iberdrola, S.A. and its non-UK subsidiaries (as set out in **Annex 3** to Iberdrola's Request)), given the distinct and separate nature of the Iberdrola International Businesses, which are of no material relevance to the ongoing competitive capability of the SP Group and whose activities are unrelated to those of the ENW Group.

The CMA consents to excluding the Iberdrola International Businesses from the scope of paragraphs 5(b), (c), (d), (e), (h) (i) and (k) and 8 of the Initial Order, on the understanding that:

- The business activities of the Iberdrola International Businesses do not overlap with the business activities of the ENW Group which are entirely UK based;
- The Iberdrola International Businesses are operated separately and independently by entities which are entirely distinct, both legally and functionally, from the SP Group which is active in the UK; and

- There are also no substantive links between the Iberdrola International Businesses and the SP Group.

The CMA consents to this derogation strictly on the basis that (i) it will not result in any integration between the Iberdrola International Businesses and the ENW Group; and (ii) it will not prevent any remedial action which the CMA may need to take regarding the Transaction.

Joanne Webb

Assistant Director, Mergers

21 October 2024