

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:

Paragraph 5(c) – Changes to NWEN's Articles of Association

The CMA understands certain changes will need to be made to NWEN's articles of association to ensure their continued effectiveness, following the departure of the sellers as shareholders. In addition, it is important that NWEN's articles of association are brought up to date in light of the new shareholder relationship being created as a result of the Transaction. The CMA understands that such changes will have no impact on the day-to-day operation of NWEN.

The CMA consents to a derogation from paragraph 5(c) of the Initial Order to make the amendments to NWEN's articles set out in **Annexes 7A and 7B** to Iberdrola's Request.

The CMA consents to this derogation strictly on the basis that (i) it will not result in any integration between the relevant Iberdrola Group 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