

Case ME/7118/24

**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 11 October 2024 ("**NWEN's Request**") 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, NWEN is required to hold its business and that of its subsidiaries (which includes Electricity North West Limited ("**ENWL**")), (the "**ENW Group**") separate from Iberdrola and the rest of the Iberdrola group, (which includes the ScottishPower group in the UK) 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, NWEN and SPENH may carry out the following actions, in respect of the specific paragraphs:

**Paragraph 5(l) of the Initial Order – Exclusion for Compliance with Regulatory Requirements**

The CMA understands that SPENH and ENWL are subject to legal and Ofgem regulatory requirements which may require coordination between SPENH and ENWL in the event of an emergency. Additionally, the CMA understands that standard condition 7a of the DNO licence includes the obligation to cooperate and coordinate with other electricity distributors and transmission licensees including by sharing information and developing processes to improve efficiency across the whole network.

The CMA consents to a derogation to paragraph 5(l) of the Initial Order for ENWL and SPENH to exchange confidential information to the extent strictly necessary to comply with their legal and regulatory requirements to:

- (a) coordinate in response to an emergency; and
- (b) share information as required in the ordinary course of business by their respective Ofgem DNO licenses.

The CMA consents to this derogation strictly on the basis that the cooperation and information sharing is strictly limited to that which is necessary to fulfil the Parties' legal and regulatory obligations.

**Joanne Webb**

Assistant Director, Mergers

21 October 2024