

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 22 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 28 November 2024 requesting that the CMA consents to certain derogations to the 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 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, the Parties may carry out the following actions, in respect of the specific paragraph:

Paragraph 5(c) and 5(i) of the Initial Order – Resignation of Christopher Johns as member of the NWEN board

The CMA understands that certain changes to the NWEN board of directors are required to ensure the ENW Group complies with its obligations under certain finance documents. In this context, the CMA consents to a derogation from paragraphs 5(c) and 5(i) of the Initial Order for Christopher Johns (who is the Chief Financial Officer of the ENW Group) to resign from the board of NWEN.

The CMA consents to this derogation strictly on the basis that it will not:

- i. result in any disruption to, or impact the viability of, the ENW Group (including any ENW Group business);
- ii. result in any integration between the Iberdrola Group and the ENW Group;
- iii. result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decision on a reference; and
- iv. prevent any remedial action which the CMA may need to take regarding the Transaction.

Joanne Webb
Assistant Director, Mergers
6 December 2024