# ANTICIPATED ACQUISITION BY MACQUARIE ASSET MANAGEMENT OF ENERGY ASSETS GROUP

## Summary of phase 1 decision

**ME/7141/26**

## OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Macquarie Asset Management (**MAM**) of Energy Assets Group Holdings Limited together with its subsidiaries (**EAG**), gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) in the supply of non-domestic, non-smart gas metering services in Great Britain (**GB**) as a result of horizontal unilateral effects.

2. MAM has agreed to acquire EAG pursuant to a share purchase agreement entered into on 3 February 2026 (the **Merger**). MAM is the asset management business division of Macquarie Group Limited (**Macquarie**). Macquarie and EAG are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

3. As the CMA has found that the Merger gives rise to a realistic prospect of an SLC, the Parties have until 2 October 2026 to offer undertakings in lieu of a reference (**UILs**) to the CMA that will remedy the competition concerns identified. If no such undertakings are offered, then the CMA will refer the Merger pursuant to sections 33(1) and 34ZA(2) of the Enterprise Act 2002 (the **Act**).

### Who are the businesses and what products/services do they provide?

4. MAM has controlling interests in various utility companies in GB, including in energy sector companies such as National Gas Transmission and its wholly-owned subsidiary National Gas Metering (**NGM**). Other Macquarie divisions also hold direct investments in the energy sector, including a minority interest in Stark Software International (Holdings) Limited (**Stark**).

5. EAG provides electricity and gas metering services, data services, and independent installation and adoption services for network connections.

6. Gas metering services relate to the installation and operation of meters, as well as the collection of consumption data from meters to facilitate billing customers. Both energy suppliers and end customers (eg owners of a property) purchase gas metering services.

7. The CMA has focused its investigation on one of the areas in which NGM, EAG and Stark overlap: the supply of non-smart gas metering services to non-domestic customers, which includes traditional and advanced gas meters. In comparison to smart gas meters that record and communicate near real-time gas consumption, traditional meters are analogue without inbuilt data processing or communication capabilities and advanced meters record consumption periodically, eg every half hour but not in real time.

8. While most domestic customers currently use smart meters, smart gas meters are a viable alternative for only a subset of non-domestic customers. Accordingly, only a small portion of such customers are migrating to smart meters. In total, the non-domestic, non-smart gas metering services market in GB is worth over £100 million annually.

## Why did the CMA review this merger?

9. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the United Kingdom, provided it has jurisdiction to do so. In this case, the CMA has concluded that the CMA has jurisdiction to review this Merger because a relevant merger situation has been created: Macquarie and EAG are each an enterprise that will cease to be distinct as a result of the Merger and the turnover test is met.

## What evidence has the CMA looked at?

10. In assessing this Merger, the CMA considered a wide range of evidence in the round.

11. The CMA gathered information about the Parties' businesses and how the market works. The CMA received several submissions and responses to information requests from the Parties. The CMA also examined the Parties' own internal documents, which show how they currently run their businesses, their plans for the businesses absent the Merger and how they view their rivals in the ordinary course of businesses.

12. The CMA spoke to, and gathered evidence from, the Parties' customers, competitors and Ofgem to understand the competitive landscape, customers' requirements and to get their views on the impact of the Merger.

## What did the evidence tell the CMA…

### …about what would have happened had the Merger not taken place?

13. In order to determine the impact that the Merger could have on competition, the CMA has considered what would have happened had the Merger not taken place. This is known as the counterfactual.

14. In this case, the CMA has assessed the Merger against a counterfactual of the prevailing conditions of competition. In this counterfactual, NGM would likely become a stronger and more commercial operator in the foreseeable future, after some of its current regulatory restrictions are lifted.

### …about the effects on competition of the Merger?

*Horizontal unilateral effects in the supply of non-domestic, non-smart gas metering services in GB*

15. The CMA considers that the Merger gives rise to a realistic prospect of a SLC as a result of horizontal unilateral effects in the supply of non-domestic, non-smart gas metering services in GB.

16. The supply of non-domestic, non-smart gas metering services is concentrated. EAG is currently the largest supplier of these services, and the Merged Entity would be the largest supplier of these services after the Merger, with a very high combined share.

17. While NGM does not currently bid for new contracts, it is the incumbent provider and competes for meter replacement and some new installations of non-domestic, non-smart gas meters. The CMA has also found that, absent the Merger, NGM would likely become a stronger and closer competitor of EAG in the foreseeable future, after some of its current regulatory restrictions are lifted.

18. The main alternative suppliers to NGM and EAG are Stark and SMS. Stark is a strong alternative for end-customers, but a weaker competitor for energy supplier contracts. The CMA has considered whether Macquarie's minority interest in Stark would affect the constraint posed by Stark on NGM and EAG. Stark sits in a different division of the Macquarie group than the division that will own NGM and EAG after the Merger. While these divisions operate separately with information barriers between them, the CMA could not rule out that the Macquarie group would have the ability and incentive to align the competitive strategy and soften

competition between Stark, NGM and EAG. In any event, the CMA has found that the Merger raises competition concerns, even if Stark were treated as a fully independent competitor and, therefore, did not have to reach a conclusion on the impact of MGL's minority interest in Stark.

19. There are only a few smaller suppliers of non-domestic, non-smart gas metering services, which are viewed as weak alternatives by most customers.

20. Self-supply by energy suppliers and suppliers of smart gas metering services to non-domestic customers would also not pose a material constraint on the Merged Entity. There are only a limited number of additional smart gas meter providers to non-domestic customers, in addition to EAG and SMS.

**…about any entry or expansion?**

21. The CMA has found that entry or expansion was unlikely to prevent an SLC, given the high barriers to entry and expansion. Existing suppliers have considerable incumbency advantages, and customers face high switching costs, making it difficult for new suppliers to win customers. Significant upfront costs required to offer gas metering services to non-domestic customers, in the context of a declining market, also make entry less attractive.

## What happens next?

22. As a result of these concerns, the CMA believes the Merger gives rise to a realistic prospect of an SLC in the supply of non-domestic, non-smart gas metering services. The Parties have until 2 October 2026 to offer undertakings which might be accepted by the CMA to address the SLC. If no such undertakings are offered, or the CMA decides that any undertakings offered are insufficient to remedy its concerns to the phase 1 standard, then the CMA will refer the Merger for an in-depth phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Act.