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London Electricity's proposed acquisition of SEEBOARD.

EIUG's views about consolidation in the electricity supply market are well known. We have expressed our concerns in response to a number of recent consultations on mergers and acquisitions, noting that the reduction in the number of competitors threatens competition in the longer term, even if each incremental stage in the process appears innocuous. This would appear to be another such example in a trend that shows no signs of decelerating.

EIUG believe that the effect of this acquisition on competition in the industrial and commercial supply market merits further attention. According to Ofgem's own figures, the combined business would have nearly a quarter of this market. Unless the effects of such a concentration can be shown to be benign, approval would be inappropriate.

EIUG is concerned that London Electricity's owner, EdF, continues to have the advantages of state sponsorship and a closed home market which are unavailable to independent competitors. It is unacceptable that this state of affairs has been allowed to persist for so long, in the face of existing (let alone proposed) European directives. Customers, needless to say, are the ones who suffer from the absence of open markets and fair competition. Recent developments in gas demonstrate that the absence of effective competition in largely unliberalised markets has implications for UK consumers. We recognise that this is as much of an issue for the European Commission, and the UK government, as for Ofgem.

We trust that these concerns will be treated seriously and that the proposed acquisition will not merely be 'waved through'.

cc Joan MacNaughton (Director General, Energy, DTI)