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Friday 27 April 2007

GAS AND ELECTRICITY MARKETS AUTHORITY ISSUES SUPPLEMENTARY STATEMENT OF OBJECTIONS AGAINST NATIONAL GRID FOLLOWING COMPETITION ACT INVESTIGATION

The Gas and Electricity Markets Authority has today (Friday) issued a Supplementary Statement of Objections¹ against National Grid as part of a Competition Act investigation into the provision of domestic gas meters.

The statement sets out the Gas and Electricity Markets Authority's⁶ proposed findings that National Grid has entered into long-term exclusive contracts for the provision of domestic gas meters with energy suppliers. The contracts are considered to lock suppliers into National Grid for a significant share of their gas meter requirements and thereby restrict the development of competition. The Gas and Electricity Markets Authority believes that National Grid's conduct amounts to an abuse of dominance, which infringes competition law³.

The Gas and Electricity Markets Authority has given National Grid eight weeks to make written representations on the statement, with the subsequent opportunity of making oral representations. These representations will be taken into account before a final decision is made.

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Notes to Editors:

1. A Statement of Objections gives notice of a proposed infringement decision under the Competition Act 1998 to the party being investigated. The party (in this case National Grid) then has the opportunity to make written and oral representations in response to the case set out by Ofgem. No assumption should be made that there has been an infringement of the Competition Act 1998. An initial Statement of Objections was issued on 17 May 2006.

2. The Gas and Electricity Markets Authority proposes to find that National Grid has infringed the Chapter II prohibition of the Competition Act 1998 and Article 82 of the EC Treaty. The Authority has concurrent powers with the Office of Fair Trading (OFT) under the Competition Act 1998 to investigate and take enforcement action in relation to suspected infringements of UK and EC competition law.

3. Chapter II of the Competition Act 1998 prohibits the abuse of a dominant position in a market by one or more undertakings which may affect trade within the UK. Article 82 of the EC Treaty prohibits the abuse of a dominant position in a market by one or more undertakings which may affect trade between Member States.

4. Information about how the Authority applies the Competition Act 1998 can be found in the Competition Act 1998 guideline, 'The application in the Energy Sector'. An electronic version of this guideline can also be obtained using the link in the further reading section. Guidance issued by the OFT on the Competition Act 1998 can be obtained from the website www.offt.gov.uk.

5. Third parties that commented on Ofgem's proposed findings in the initial Statement of Objections will receive a non-confidential version of the Supplementary Statement of Objections, once it is available.

6. The Gas and Electricity Markets Authority is the regulator of the gas and electricity industries in Great Britain. It is supported by Ofgem, which is the Office of the Gas and Electricity Markets. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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