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Dear Hannah

**Consultation on the suspension, pending review, of Ofgem's existing merger policy for mergers between energy network companies**

This is the response of National Grid Gas plc ("NGG") and National Grid Electricity Transmission plc ("NGET") to the above consultation.

Each of NGG and NGET are energy network companies:

- NGG owns and operates the gas National Transmission System as well as owning four of the eight major gas distribution networks; and
- NGET owns the electricity transmission system in England and Wales and operates the electricity transmission system throughout Great Britain.

NGG and NGET understand Ofgem's desire to consider the appropriateness of its existing merger policy and, as such, welcome and support Ofgem's decision to suspend the existing policy pending review.

In developing any new policy, we believe that Ofgem should consider:

- what "legitimate interests" need to be protected which are not protected through the merger control process;
- developing principles that ensure that transactions are treated in a manner which is predictable and consistent for all transactions so that investors are able to determine in advance what regulatory issues are likely to arise; and
- the compliance of any new policy with the provisions of the EU Merger Regulation.

Ofgem should also consider that suspending the existing policy will introduce uncertainty for companies and investors and a return to a position of clarity and predictability is desirable. While not perfect, the existing policy did provide some clarity for certain classes of transaction. As such we would encourage Ofgem to publish its consultation on its proposed approach as the earliest opportunity.

I hope this is helpful, but if you have any queries about this letter, please do not hesitate to contact either me or my colleague, James Wynn-Evans on 01926 655448.

Yours sincerely

By e-mail

**Paul Whittaker**

**UK Director of Regulation**