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Mr Ben Woodside
Office of Gas and Electricity Markets
9 Millbank
London SW1P 3GE
By E-mail: ben.woodside@ofgem.gov.uk

2 July, 2002

Dear Mr Woodside

London Electricity Group's proposed acquisition of SEEBOARD Group plc

The Major Energy Users' Council, which represents approximately 200 commercial and industrial organisations, has a number of concerns regarding the proposed acquisition of SEEBOARD by London Electricity

Edf, the owner of London Electricity has the resources and backing of state ownership and seeks to hold a dominant position throughout the European electricity market, whilst at the same time its government ensures that its home market remains substantially closed. This cannot be in the interests of our members, who support the development of free and competitive markets.

We appreciate that on a superficial examination the transaction may not appear to have much effect on the level of competition within the UK gas and electricity markets. However London will have 35% of the total HV connections to the electricity distribution networks in GB and 21.6% of supply to the non-domestic sector. (*Your figures*)

On the latter point you have suggested that there are 20 suppliers active in the non-domestic supply sector. The reality is that there are 5 or 6 if British Energy is included, the remainder being small niche players, having just a very few percent of the market between them.

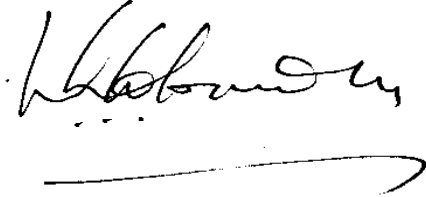
These 5 players are endeavouring to dominate through vertically integrating their generation and supply businesses and as a consequence we believe it will result in:

- A reduction of market liquidity
- Less transparency
- Barriers to new entry
- Loss of customer focus and less choice
- Cross-subsidy and predatory pricing
- Weakening of the position of independents

I n f o r m a t i o n i s p o w e r

The MEUC therefore urges Ofgem to reconsider its initial view that the proposed transaction does not raise any significant competition concerns in relation to non-domestic electricity supply.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H.R.G. Conway', with a long horizontal flourish extending to the right.

H.R.G. Conway
For the Major Energy Users' Council

Copy: Director General Energy, DTI

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