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OFGEM CLOSES COMPETITION ACT 1998 CASE AGAINST SCOTTISH POWER AND SCOTTISH AND SOUTHERN ENERGY

Energy regulator Ofgem has decided to close a Competition Act 1998 (CA 98) case into the behaviour of Scottish Power and Scottish and Southern Energy in the wholesale electricity market.

Ofgem identified concerns during the investigation regarding the behaviour of the two companies in this market. However it considers that going forward, there are more effective ways of addressing these issues.

Ofgem launched the investigation into the two companies last April. This followed allegations that during a four-week period in 2007, SP and SSE abused a position of dominance that arose from constraints on the high-voltage network between England and Scotland.

When the case was opened the allegations were that SP and SSE withheld generation plant from the forward wholesale market while using the same plant to supply electricity at excessive prices to National Grid to keep electricity supply and demand in balance.

Ofgem has decided that continuing the investigation would be an inefficient use of resources as the likelihood of making an infringement decision under the CA 98 is low. Ofgem has identified other actions which could address the concerns more effectively. It intends to consult on additional powers and / or specific policy proposals by the end of March 2009.

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Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, and the Energy Act 2004, as well as arising from directly effective European Community legislation.

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