



SSE
Inveralmond House
200 Dunkeld Road
Perth, PH1 3AQ

Ms Rachel Reeves MP
Chair
Business, Energy and Industrial Strategy Committee
House of Commons
London, SW1A 0AA

4 December 2017

Dear Ms Reeves,

Creating a new, independent energy supplier

I am writing in response to your letter of 4th December 2017 to Dr Andrea Coscelli, Chief Executive of the Competition and Markets Authority (CMA), regarding the potential merger between the retail divisions of SSE and Npower. I welcome your interest, and that of the Committee, and I believe strongly that our plan to create a new independent energy supplier is in customers' interests.

In your letter, you called on the CMA to investigate the impacts of the proposed merger on the domestic energy market. As you will know, it is routine for the CMA to review such transactions and, naturally, the proposed merger is subject to the appropriate regulatory approvals. We are already voluntarily in discussions with the CMA and are keen to engage openly with the BEIS Select Committee and all other interested parties as the process progresses.

SSE agrees that competition is in the best long term interests of customers. Already, the energy supply market is highly competitive with over 60 suppliers now actively competing on price and service. Since the start of this year alone, over 4.5 million customers have chosen to switch. We believe the proposed merger will further improve competition by offering customers a completely new model, combining the resources of established players with the agility and innovation of an independent supplier.

SSE recognises that the energy market is changing and we need to do things differently. With its own Board and management team, the new supplier will be better able to meet customers' future needs in what is a rapidly changing market.

We are committed to having transparent and constructive dialogue with all those interested in the merger, including employees, their trades unions and their elected representatives. I would therefore like to reiterate my offer of 13 November to meet to discuss the proposed merger and any concerns you might have. I hope that we can find a time to meet that suits your diary shortly.

Yours sincerely,

A handwritten signature in blue ink that reads 'Alistair Phillips-Davies'.

Alistair Phillips-Davies
Chief Executive Officer, SSE