

# Wisenergy



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22 April 2002

Lisa Vango  
Ofgem - by fax 020 7901 7077

Dear Ms Vango

## Acquisition of Innogy by RWE

I refer to Ofgem's consultation paper on the proposed acquisition of Innogy Holdings by RWE Group, dated April 2002.

I would observe that the very tight timescale for response on the issue, while not entirely within Your hands, places a severe limitation on the ability of respondents to comment, and may result in important issues being missed altogether. You may wish to consider bringing this to the attention of the appropriate authorities.

Innogy group is a large player in the GB electricity business. This is especially so in supply, where the group has no less than three of the ex-REC supply companies. There is a clear comparison here with EDF's supply business - the difference being that EDF have access to the cross-channel interconnector, while RWE would find this difficult given the continuing closed nature of the electricity business in France. This could easily result in the two companies competing on an uneven footing, with RWE forced to balance its generation and supply portfolios through Elexon, while EDF brings in its requirements from France. The same observation would also apply to the takeover of Powergen by E.ON.

All suppliers now have to comply with the renewable supply obligation. I would welcome advice as to how this is to be controlled, within the limits of GB and EU legislation, so that all suppliers have equal (or, alternatively, nil) access to European mainland renewable generation, and equal (or, again, nil) access to the cross-channel interconnector in order to bring it to the British market to fulfill its supply obligations.

Supply of electricity in GB is now effectively down to just 10 main suppliers, which represents a significant diminution in the numbers existing just a few years ago. What controls are there to prevent a merger between, say, two German companies (ie, within the legislation of a single state) which would then bring about a further reduction in the choice available to GB customers? It need not even be a full merger to have this effect.

Within European energy markets, the position of France remains anomalous, while British companies seem rapidly to be being taken over by companies from outside these shores. There is very little evidence of British electricity companies making successful acquisitions in the European market. This drives one to question whether the various markets are in fact equally open. If they are, all well and good; if they are not, then we should not consent to the sale of more of our industry until such time as all EU markets are equally open to competition, acquisition, merger, etc.

Yours sincerely,

Chris Thomas

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