

May 2002

**Proposed merger of National Grid
Group plc and Lattice Group plc to
create National Grid Transco plc**

A consultation paper

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1. Introduction

Purpose of this document

1.1 This document:

- ◆ gives details of the proposed merger of National Grid Group plc and Lattice Group plc to create National Grid Transco plc;
- ◆ explains the merger control process for the proposed transaction; and
- ◆ requests comments on any regulatory and competition issues, relating to electricity and gas, arising from the proposed transaction.

1.2 There is a distinction to be drawn between competition issues arising out of the proposed transaction and the regulatory issues that may arise if the transaction is allowed to proceed. This document:

- ◆ considers the competition issues that may arise as a result of the proposed transaction, in order to provide advice to the Director General of Fair Trading (DGFT) on whether the transaction should be allowed to proceed; and
- ◆ gives preliminary consideration to some of the regulatory issues that may arise if the proposed transaction is allowed to proceed.

1.3 Further work will be required to consider in more detail the regulatory issues identified in this paper and any additional regulatory issues identified by respondents to this consultation. If the transaction proceeds, Ofgem will consult further on any ongoing regulatory issues raised by the transaction in the next few months.

1.4 Ofgem will make recommendations to the DGFT in relation to any competition issues arising as a result of the proposed transaction. In order to allow comments to be considered Ofgem needs to receive these **no later than 5pm on Tuesday 28 May 2002**.

2. Details of the proposed acquisition

- 2.1 National Grid Group plc (National Grid) is the owner of The National Grid Company plc (NGC) which owns and operates the electricity transmission system for England and Wales and has interests in electricity interconnectors. In addition, National Grid owns EnMO Limited (which operates the on-the-day commodity market (OCM) in gas), has various telecommunications interests and owns electricity transmission and distribution and electricity and gas supply businesses in the United States (US).
- 2.2 Lattice Group plc (Lattice) is the owner of Transco plc (Transco) which owns and operates the majority of the gas transportation system in Great Britain (GB). Transco also operates all of the Liquefied Natural Gas (LNG) storage facilities in GB, provides metering and meter reading services for gas suppliers, provides connections to the gas network and has various telecommunications interests in GB and continental Europe.
- 2.3 On 22 April 2002, National Grid and Lattice announced their intention to merge to create National Grid Transco plc (National Grid Transco). National Grid will issue new National Grid shares to Lattice shareholders in consideration of their shares in Lattice. Lattice will then issue 100% of its shares to National Grid and will become a wholly owned subsidiary of National Grid. National Grid will be renamed National Grid Transco.
- 2.4 On 10 May 2002, National Grid and Lattice notified the proposed transaction to the Office of Fair Trading (OFT) for a decision by the Secretary of State to clear the proposed transaction or to refer it to the Competition Commission.

3. Merger control process

- 3.1 The proposed transaction falls within the scope of UK merger control law as the value of Lattice's assets exceeds the £70 million threshold under the Fair Trading Act 1973 (FTA). The proposed transaction will, therefore, be assessed under the provisions of the FTA and the Secretary of State for Trade and Industry may refer the proposed transaction to the Competition Commission if it may, in the Secretary of State's opinion, give rise to significant competition concerns.
- 3.2 It is the responsibility of the OFT, headed by the DGFT, to advise the Secretary of State as to whether a transaction should be referred to the Competition Commission. In accordance with the concordat between the OFT and Ofgem, the OFT will consult Ofgem before advising the Secretary of State. Where the OFT advises that a transaction should be referred to the Competition Commission, the OFT may in lieu of such a reference advise that the Secretary of State invite binding undertakings from the parties to the transaction which would remedy any adverse effects on competition identified by the OFT.
- 3.3 If the Secretary of State decides to refer the transaction to the Competition Commission, the Competition Commission has to consider whether the transaction operates, or is likely to operate, against the public interest. If the Competition Commission finds in favour of the transaction, the Secretary of State must clear the transaction. However, if the Competition Commission makes an adverse finding, the Secretary of State may (but does not have to) take remedial action.
- 3.4 If the transaction is cleared Ofgem will need to consider what modifications might be needed to the licences held by National Grid and Lattice in relation to any ongoing regulatory issues that may arise as a result of the proposed transaction.

4. Details of the parties

National Grid

4.1 National Grid is a global energy company with considerable interests in GB and the US. In addition, National Grid has a number of interests in the telecommunications sector, including the provision of communication towers for mobile operators. In relation to National Grid's energy interests its principal businesses include:

- ◆ **electricity transmission** – through NGC, owns and operates the electricity transmission system for England and Wales. The network consists primarily of high voltage lines and electrical plant for the conveyance of electricity from electricity generation stations to electricity distribution systems. The network also transmits electricity to customers (generating stations or large I&C customers) that are connected directly onto the transmission system. NGC's transmission system comprises around 4,500 miles of overhead lines, 400 miles of underground cables and some 300 sub-stations. In 1999/2000, NGC transmitted 295.5TWh of electricity across its network;
- ◆ **balancing services** – through its role as system operator under the New Electricity Trading Arrangements (NETA), NGC is responsible for ensuring that the generation of electricity and the demand for electricity are balanced. In fulfilling this role NGC is involved in the buying and selling of electricity on the wholesale electricity markets in order to ensure that the system is in balance;
- ◆ **interconnectors** – through NGC, National Grid (with RTE, the french transmission system operator) owns and operates the England-France electricity interconnector which is capable of transmitting 2,000MW of electricity. In addition National Grid owns the England side of the England-Scotland interconnector;
- ◆ **gas trading** – through EnMO Limited (EnMO), operation of the OCM in gas. The OCM is used by gas shippers to buy and sell gas in order to

balance their interests. Transco, as system operator, also buys and sells gas on the OCM to balance the system; and

- ◆ **overseas interests** – National Grid’s US operations include electricity transmission and distribution systems in Massachusetts, Rhode Island, New Hampshire, Nantucket and New York State. Through its recent acquisition of Niagara Mohawk, National Grid also supplies electricity to around 1.5 million electricity customers and around 500,000 gas customers. National Grid also holds an interest in the New England-Quebec interconnector. National Grid also has electricity transmission interests in South America and Africa.

Lattice

4.2 Lattice was formed in 2000 by the demerger of BG Group plc and is primarily involved in gas transportation. Lattice also has interests in telecommunications (including the provision of communication towers for mobile operators), vehicle leasing and property services and provides advanced technology and system solutions for energy and utility companies. In relation to its GB energy interests Lattice’s principal businesses include:

- ◆ **gas transportation** – through Transco, owns and operates the high pressure gas transmission system in GB (the National Transmission System (NTS)). Transco also owns and operates the majority of the low pressure gas distribution system. Transco’s gas distribution system is divided into twelve local distribution zones (LDZs)¹. In 2001/02, Transco transported 108,961 mcm of gas through the NTS and the LDZs;
- ◆ **balancing services** – through its role as system operator under the New Gas Trading Arrangements (NGTA), Transco is involved in the buying and selling of gas on the wholesale gas markets in order to ensure that the system is in balance;
- ◆ **connections** – through First Connect, Lattice provides a gas connection service to the gas network for domestic and I&C customers;

¹ Transco is in the process of reorganising the twelve LDZs into eight regional networks.

- ◆ **metering** – through Transco, provides metering and meter reading services to gas suppliers. Transco’s metering services include meter provision, meter installation and maintenance;
- ◆ **electricity generation** – through Lattice Energy Services, constructs, operates and maintains on-site combined heat and power (CHP) plants under contract. Lattice Energy Services currently operate three CHP plants with a combined capacity of 25MW. Lattice also has on-site generation capacity at a number of its premises and sells any surplus generation from those sites to electricity suppliers.
- ◆ **LNG Storage** – through Transco, owns and operates five LNG storage facilities in GB, which are connected to the NTS. These storage facilities are capable, in aggregate, of providing 812GWh of gas per day;
- ◆ **interconnectors** – Transco’s gas transportation system is connected, through interconnectors, to gas transportation systems in the Republic of Ireland and also in Belgium. Transco does not hold any interest in either of these interconnectors.

5. Issues arising from the proposed transaction

5.1 The purpose of this paper is to consider the issues raised by the proposed transaction in relation to the gas and electricity sectors. The paper does not give consideration to any potential competition or regulatory issues arising in relation to other sectors, for example, the telecommunications sector. To the extent that any issues arise in relation to these sectors they are being considered by the OFT.

Competition issues

5.2 In examining proposed mergers, acquisitions, or other comparable transactions it is important to consider what effect the proposed transaction may have on the level of competition present within any relevant part of the GB gas and electricity sectors.

5.3 In particular a merger or acquisition might raise concerns for Ofgem when the companies involved in the proposed transaction have overlapping activities within GB as the overall level of competition within a particular sector may be reduced if two companies combine.

5.4 National Grid, through NGC, owns and operates the electricity transmission system for England and Wales, transmitting 295.5 TWh of electricity in GB in 1999/2000. Lattice, through Transco, owns and operates the majority of the gas transportation system in GB, transporting 108,961 mcm of gas across the NTS and LDZs in 2001/02.

5.5 Considering whether any overlap arises between the two network businesses, it is appropriate to consider two separate areas of activity: the ownership and development of the electricity and gas transmission and gas distribution networks; and the operation of electricity and gas transmission systems.

5.6 In relation to the ownership and development of electricity and gas transmission and gas distribution networks it is Ofgem's initial view that NGC and Transco are not in direct competition with each other given that the networks deliver substantially different products.

- 5.7 In relation to the operation of the electricity and gas transmission systems, NGC and Transco, as the system operators for electricity and gas respectively, perform similar roles. NGC is required to operate its transmission system in an efficient, economic and co-ordinated manner. Since the introduction of NETA, NGC has through its role as system operator been responsible for balancing the electricity transmission system, buying and selling electricity on the wholesale market in order to ensure that the generation of electricity and the demand for electricity are balanced. Similarly, in relation to gas, Transco is responsible for ensuring the efficient operation of the gas transmission system. Transco's role as system operator includes: buying and selling gas on the wholesale gas markets in order to ensure that the system is balanced: and managing constraints on its system through the New Gas Trading Arrangements (NGTA) entry capacity regime.
- 5.8 Ofgem would welcome views as to whether the proposed transaction raises any competition concerns with regard to an overlap in activity, in particular between the two network businesses as system operators.
- 5.9 In addition to considering areas where there is a potential overlap of activity between National Grid and Lattice it is appropriate, given the increasingly close links between the gas and electricity industries as a whole, to consider whether there are any activities undertaken by National Grid or Lattice which may raise competition concerns in relation to the proposed transaction. In particular:
- ◆ whether the proposed merger would give the parties access to information which may give them an unfair advantage in relation to other businesses; and
 - ◆ whether the parties are engaged in other activities which may raise competition concerns if carried on within the combined group.

Access to information

- 5.10 At present some exchange of information takes place between NGC and Transco in relation to network issues. For example, NGC receives information from Transco about the likelihood of Transco interrupting the supply to gas-fired power stations. Given the increasing interactions between the gas and electricity sectors (in 2001 gas fired generation plant accounted for 33.7% of total GB generation capacity (26,179MW)) such sharing of information can be

beneficial in ensuring the efficient, effective and secure operation of the two networks. To the extent that the proposed merger would improve such lines of communication and would seek to develop new interactions between the two businesses this would seem to be a positive development.

- 5.11 While such information sharing may have positive effects, it is also necessary to consider whether any part of the proposed new entity of National Grid Transco may, if the transaction proceeds, have access to information which could give it an unfair advantage over others, for example, when trading gas or electricity. Special Condition AA4 (Licensee's procurement and use of balancing services) of NGC's electricity transmission licence prevents NGC from engaging in speculative trades and from discrimination in the procurement or use of balancing services. Proposals to include similar restrictions in Transco's licence, through the introduction of Special condition 26 (Prohibited procurement activities) are currently out to statutory consultation².
- 5.12 Ofgem also has concurrent powers with the DGFT, as a competition authority, in relation to anti-competitive agreements or behaviour under the Competition Act 1998. These powers may allow Ofgem to take action if the activities of the merged entity in this (or any other respect) are shown to have an anti-competitive effect.
- 5.13 Ofgem would welcome views on whether the increased potential for information sharing between the two network businesses, which would result from the proposed transaction, might operate to the disadvantage of other parties and to what extent, if any, steps may be required to address this. This is also a regulatory issue.

Other activities

- 5.14 Both National Grid and Lattice are engaged in other activities within the gas and electricity industries. For example, National Grid owns EnMO which operates the OCM in gas. Lattice, through Lattice Energy Services, operates CHP plants with a generation capacity of 25MW generation. NGC's electricity transmission licence does not allow NGC (or affiliated or related undertakings) to hold

² Section 23 statutory consultation notice published on 12 April 2002.

electricity generation interests without Ofgem's consent³. In addition to these activities National Grid has interests in the Scotland-England interconnector and the England-France interconnector. Lattice also provides gas metering and connections services.

- 5.15 Ofgem would welcome views on whether there are any activities undertaken by either National Grid or Lattice which may, if included within the combined group, raise competition concerns. Ofgem would also appreciate views as to what extent, if any, steps may be required to address any such issues – such as the ringfencing of particular businesses within the combined group. This is also a regulatory issue.

Regulatory issues

- 5.16 The Gas and Electricity Markets Authority, through Ofgem, is responsible for the regulation of the GB gas and electricity sectors. As network monopoly businesses both NGC and Transco are regulated in terms of their conduct (through licence conditions and statutory obligations placed upon the network businesses through the Electricity Act 1989 or the Gas Act 1986) and in terms of the prices that they are able to charge for use of their networks. These companies will continue to be so regulated for the foreseeable future.
- 5.17 In considering the proposed transaction Ofgem has identified a number of possible regulatory issues that may need to be addressed in order to regulate National Grid Transco effectively. Further work will be required on these issues, and any other issues that might be identified by respondents, as part of Ofgem's ongoing regulation of the gas and electricity sectors. Ofgem intends to consult further on these issues in the next few months, if the transaction proceeds. Initially, Ofgem has identified for consideration questions in relation to security of supply, the synchronisation of work programmes (including price controls) and the role of comparators.

³ Standard condition C2 of the standard licence conditions for electricity transmission licensees. Special condition AA3 (Supplementary prohibited activities) provides that the prohibition does not apply to National Grid's purchase of electricity from the Kielder hydro-electric generating station.

Security of supply

- 5.18 Ofgem has (with the Secretary of State) a principal objective to protect the interests of consumers, wherever appropriate by promoting effective competition. In addition they have a range of secondary duties, including duties relating to ensuring secure and diverse energy supplies, which are particularly relevant to this discussion⁴. The continued and effective operation of the network businesses is fundamental to ensuring that producers are able to bring their energy to the marketplace and in ensuring that supplies can be delivered to customers. NGC is the sole electricity transmission licensee in England and Wales. Transco owns and operates the high pressure NTS network in GB and owns and operates the majority of the low pressure gas distribution system in GB. As such electricity and gas supply within GB is largely dependent upon the networks operated by National Grid and Lattice.
- 5.19 National Grid and Lattice expect that, in addition to the estimated £100 million annual efficiency savings arising from operational efficiencies, the proposed merger will provide significant operational synergies. These operational synergies, arising through the sharing of expertise and best practice between the two network businesses and through increased joint working (such as in relation to emergency planning) may bring benefits to all customers in terms of increased system security and performance. In addition, Ofgem will expect customers to benefit from the merger as efficiency savings are passed back to customers through the price control process.
- 5.20 It is Ofgem's view that any positive effects that the proposed merger may have on security of supply and efficiency would bring benefits to all customers and to the gas and electricity industries as a whole.
- 5.21 However, in considering the potential effects of the proposed transaction, it is also necessary to consider whether the inclusion of the two network businesses within a combined group could have a detrimental effect on security of supply.
- 5.22 For example, concerns may arise that, as a result of the proposed transaction, an event (for example, the financial failure of the network businesses' parent

company) which would previously have had an impact on one of the network businesses will now impact on both networks. When considering issues associated with the financing of the businesses' network operations it is important to note that the network businesses of both NGC and Transco are currently 'ringfenced' from other activities that may be carried on within their respective groups⁵. These conditions have been designed to ensure the continuing financial stability of the network businesses which would continue to be able to finance the operation of their networks.

- 5.23 National Grid has recently completed several acquisitions in the US where it holds interests in the transmission, distribution and supply of gas and electricity. It has been widely reported that one of the shareholder benefits that would result from the proposed transaction would be the increased potential for further acquisitions in the US.
- 5.24 Such acquisitions may raise concerns regarding the extent to which managerial resources may be diverted away from the regulated businesses to other areas of the group, in particular to the US business. Such reassignment of staff responsibilities or focus may cause concerns for Ofgem if it is likely to affect adversely the operation of the regulated GB businesses, for example if key personnel from NGC or Transco were being increasingly employed on overseas group operations. Similarly such acquisitions may raise concerns regarding the allocation of group resources to the regulated GB businesses, for example the extent to which certain businesses within a combined group might receive preferential treatment in the allocation of group resources.
- 5.25 Ofgem would welcome views on whether the proposed transaction raises any issues in relation to the security of electricity and gas supplies and more generally the efficient and effective operation of both networks and if so to what extent, if any, steps may need to be taken to address any concerns.

⁴ Section 4AA of the Gas Act 1986 and section 3A of the Electricity Act 1989.

⁵ These ringfencing conditions are included in NGC's electricity transmission licence as special conditions and in Transco's gas transportation licence as standard licence conditions and amended standard licence conditions.

Synchronisation of regulatory work programmes

5.26 The proposed transaction might be considered to have an impact on Ofgem's regulation of the gas and electricity sectors in a number of areas. Ofgem has identified three such areas (although there may be others):

- ◆ the setting of transmission operator price controls/quality of supply issues;
- ◆ the setting of system operator price controls, including system operator incentives; and
- ◆ LNG.

5.27 Ofgem's planned work programmes for each of these areas is set out below.

Transmission operator price controls/quality of supply issues

5.28 Both NGC and Transco are subject to price controls which are set by Ofgem on a five yearly basis. The existing NGC control began in April 2001 and will run until 31 March 2006. Licence modifications relating to Transco's price control are currently out to statutory consultation⁶ and if those modifications are made the price control will run until 31 March 2007.

5.29 As stated in Ofgem's final proposals on Transco's price control from 2002⁷, Ofgem will over the next eighteen months be taking forward work on the introduction of separate price controls for each of the LDZs. Ofgem intends to publish an initial consultation on LDZ price controls in June 2002 with a view to introducing separate LDZ controls from April 2004.

System operator price controls and incentives

5.30 In March 2001, Ofgem introduced a series of incentives for NGC in relation to the internal and external costs incurred in its role as system operator under NETA. The internal costs include the costs of its control centre, systems and staff. The external costs cover the costs of procuring and using balancing services. The internal cost aspect of the incentive scheme is due to expire on 31

⁶ Section 23 notice published on 12 April 2002.

⁷ 'Review of Transco's price control from 2002 – final proposals' Ofgem September 2001.

March 2006 while the external cost aspect was due to expire on 31 March 2002. However, the external system operator incentive scheme has been reviewed and substantially rolled-over to cover the period to 31 March 2003.

- 5.31 Similar incentives in relation to the operation of the gas transmission system for Transco are currently out to consultation. It is expected that these proposals will be introduced shortly.
- 5.32 The Transco day-to-day system operator incentives schemes seek to incentivise Transco to carry out a number of NTS system operator functions efficiently, through rewards for over-performance and penalties for under performance against a series of targets. These incentives cover residual gas balancing, system balancing (shrinkage and system storage), entry capacity constraint management and the system operator's (internal) operating and capital costs. These incentives will operate for two years, at which point elements of the incentives will be reviewed.
- 5.33 In addition to these system operator incentives Ofgem has sought to improve the incentives on Transco to meet changes in the demand for network capacity in a timely and efficient manner. At entry, they provide Transco with the opportunity to earn additional returns, above its regulated cost of capital, where it delivers firm capacity rights greater than an agreed baseline level. Under the incentive Transco would be able to earn incentive revenues for a rolling five year period from the date when the additional capacity is delivered. Ofgem has proposed that the parameters of Transco's entry capacity investment incentive be reviewed as part of Transco's periodic price control review from April 2007.
- 5.34 At exit, the proposed incentives are designed to encourage Transco to consider alternatives to pipeline investment (such as the use of interruptible contracts and local storage), where it is more efficient to do so.
- 5.35 Ofgem's aim is to introduce a revised incentive scheme for NGC consistent (where appropriate) with developments in relation to Transco's proposed system operator incentive scheme⁸. This work is being taken forward with a view to the introduction of an enhanced incentive scheme for NGC in April 2003. Ofgem

intends to consult in the coming months on the form, scope and duration of an appropriate 'deeper' system operator incentive scheme to apply from April 2003.

LNG

- 5.36 Transco currently owns and operates five LNG storage facilities. These facilities are connected to Transco's NTS and are capable, in aggregate, of providing 812GWh of gas a day. Services offered by these storage facilities are sold to gas shippers and to Transco. Shippers use LNG storage to meet customer demand at peak times. Transco uses LNG storage to help operate the system and as a substitute for pipeline capacity.
- 5.37 Lattice has recently proposed to transfer ownership of its LNG storage facilities from Transco into Lattice. An effect of this move would be to move LNG outside of the regulated business. Ofgem initially welcomed this proposal, as this separation of the LNG facilities may help to ensure that all users of LNG facilities can obtain capacity on a non-discriminatory basis.
- 5.38 Ofgem believes that it is necessary to consider, taking account of its market position, what, if any, form of regulation is necessary in the future for the LNG facilities. Ofgem also believes that it will be necessary to consider the implications of this form of regulation for Transco's system operator functions' purchases of LNG holdings. Ofgem intends to consult on this proposal in June 2002, and to indicate its conclusions on the proposal in the Summer.
- 5.39 Ofgem would welcome views as to whether, in the light of the proposed merger, there is anything that suggests that the timing or content of these work programmes should be altered.
- 5.40 In addition Ofgem would welcome views as to whether the timing or content of any other areas of Ofgem's work in regulating the gas and electricity sectors might need to be altered in the light of the proposed transaction.

⁸ 'Transco's price controls and the NTS SO incentives 2002-07: explanatory notes to accompany the section 23 notice of proposed changes to Transco's gas transporter licence' Ofgem April 2002.

Role of comparators

5.41 Ofgem has considered the role played by comparators in regulating NGC and Transco and the extent to which comparisons between the two businesses have been made. At the time of the last price control review, the only comparisons made by Ofgem between the two companies were made in determining the cost of capital. This is in contrast to the setting of price controls in electricity distribution where extensive use is made of comparative assessment in relation to operating expenditure, capital expenditure and quality of supply issues. Ofgem proposes⁹ to compensate customers for the detriment associated with the loss of a comparator caused by the merger of electricity distribution businesses. However, Ofgem does not consider that it would be appropriate to seek such compensation in this instance given the limited use of NGC and Transco as comparators for each other in setting the NGC and Transco price controls.

Other issues

5.42 In addition Ofgem would welcome views on any other competition or regulatory issues that may arise as a result of the proposed transaction.

⁹ 'Mergers in the electricity distribution sector: A policy statement': Ofgem May 2002.

Conclusion

6.1 Ofgem is seeking the views of interested parties on any competition or regulatory issues arising out of the proposed merger of National Grid and Lattice to create National Grid Transco. The views of respondents are required so that:

- ◆ Ofgem may make recommendations to the DGFT in relation to any competition issues arising from the proposed transaction; and
- ◆ Ofgem may take forward work on considering the potential regulatory issues arising from the proposed transaction and how such issues ought to be addressed, with a view to consulting further on these issues in the next few months.

6.2 In particular, Ofgem would welcome views as to whether:

- ◆ the proposed transaction raises any competition concerns with regard to an overlap in activity within the gas and electricity sectors, in particular between the two network businesses as system operators (5.8);
- ◆ the increased potential for information sharing between the two network businesses might operate to the disadvantage of other parties and to what extent, if any, steps may be required to address this (5.13);
- ◆ there are any activities undertaken by either National Grid or Lattice which may, if included within the combined group, raise competition concerns and to what extent, if any, steps may be required to address this (5.15);
- ◆ the proposed transaction raises any issues in relation to the security of gas and electricity supplies and more generally the efficient and effective operation of both markets and to what extent, if any, steps may need to be taken to address any concerns (5.25);
- ◆ in the light of the proposed merger, there is anything that suggests that the timing or content of Ofgem's work programmes on transmission operator price controls/quality of supply issues, system operator price controls (including incentives) and LNG should be altered (5.39);

- ◆ the timing or content of any other areas of Ofgem's work in regulating the gas and electricity sectors might need to be altered in the light of the proposed transaction (5.40); and
- ◆ there are any other competition or regulatory issues that may arise as a result of the proposed transaction (5.42).

6.3 Responses will normally be made available in the Ofgem library and on the Ofgem website unless respondents request that they should remain confidential. Respondents should mark any part of their response (or the whole response) which is to remain confidential, if this is the case, and where possible should consign any confidential material to appendices.

6.4 Comments on the acquisition should be sent, **by 5pm on 28 May 2002**, to:

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