

Press release: SSE/Npower merger provisionally cleared after in-depth review

An inquiry group of independent Competition and Markets Authority (CMA) panel members has investigated how the merger would affect householders, following [initial concerns](#) about the potential impact on 'standard variable tariffs' (SVTs) – the most common and expensive energy tariff.

As part of its in-depth review, the inquiry group has provisionally decided to clear the deal after finding that SSE and Npower do not compete closely on SVT prices.

Anne Lambert, Chair of the Inquiry Group, said:

It is vital that householders have a range of energy suppliers to choose from so they can find the best deal for them. With more than 70 energy companies out there, we have found that there is plenty of choice when people shop around.

But many people don't shop around for their energy. So, we carefully scrutinized this deal, in particular how it would impact people who pay the more expensive standard variable prices.

Our analysis shows that the merger will not impact how SSE and Npower set their SVT prices because they are not close rivals for these customers.

Looking ahead, Ofgem's price cap is also expected to protect SVT customers.

The CMA found that the number of people switching energy provider is the highest in a decade and the proportion on SVTs has fallen.

However, as previously outlined in its energy market investigation, the CMA has found that those people who do not switch, for whatever reason, are usually on one of the large energy suppliers' SVTs and pay higher prices. Therefore, the CMA carefully examined whether the merger would change how the large energy suppliers set these prices.

The CMA has found:

- if SVT customers switch, they usually change to a cheaper, non-SVT, tariff
- the risk of losing customers as a result of an SVT price rise will not change with the merger
- evidence that few customers switch between SSE and Npower, instead

- preferring to move to other suppliers
- SSE and Npower do not compete closely on SVT prices
- SVT prices are mainly driven by changing wholesale costs

Therefore, the merger is not expected to have a significant impact on SVT pricing.

As part of its assessment, the CMA examined evidence from the six large energy suppliers; smaller suppliers; customer groups; and regulators. This included hearings with consumer groups and suppliers in Scotland where SSE has a large share of consumers. None of these raised substantive concerns about the effects of the merger on householders.

The CMA now welcomes views and evidence on its provisional decision by 20 September 2018 before coming to a final view. The statutory deadline for the CMA's final report is 22 October 2018.

Further details are available on the investigation [case page](#).

Notes to editors

1. This merger investigation is into the proposed deal between SSE Retail and Npower. Any future energy mergers – if they qualify for CMA investigation – will be scrutinized in relation to the specifics of the case.
2. The proposed merger primarily relates to SSE Retail and Npower's energy supply activities to domestic customers in GB. SSE plc's other interests (for example in generation and distribution, and supply to business customers) are not included in the proposed merger.
3. The CMA investigated the energy market in 2014-2016 and found many consumers and microbusinesses were paying more than they needed to. The CMA made recommendations to modernise and reform the market. These recommendations are being taken forward by Ofgem and will support consumers' increasing engagement with the market.
4. The decision-maker on CMA Phase 2 inquiries like this one is the Inquiry Group. The appointed Inquiry Group is chosen from the CMA's independent panel members who come from a variety of backgrounds, including economics, law, accountancy, business, and public/consumer policy. The membership of an inquiry group reflects a mix of expertise and experience.
5. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. For CMA updates,

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6. Media enquiries to the CMA should be directed to press@cma.gov.uk or 020 3738 6460.