

Press release: SSE/Npower merger receives final clearance after consultation

The decision comes after a [provisional clearance](#) from the inquiry group of independent Competition and Markets Authority (CMA) panel members, who investigated how the merger would affect householders. The group specifically examined competition concerns around how the deal would impact 'standard variable tariff' prices.

Following a period of consultation, the CMA has decided to clear the merger after finding that SSE and Npower are not close rivals for customers on these tariffs.

Anne Lambert, Chair of the Inquiry Group, said:

With many energy companies out there, people switching away from expensive standard variable tariffs will still have plenty of choice when they shop around after this merger.

But we know that the energy market still isn't working well for many people who don't switch, so we looked carefully at how the merger would affect SVT prices. Following a thorough investigation and consultation, we are confident that SSE and Npower are not close rivals for these customers and so the deal will not change how they set SVT prices.

The CMA found that the number of people switching energy provider is the highest in a decade and the proportion on SVTs has fallen, with customers usually switching to a cheaper, non-SVT, tariff.

However, as those who do not switch are usually on one of the large energy suppliers' already expensive SVTs, the CMA carefully examined whether the merger would change how larger suppliers set these prices.

It found that SVT prices are mainly driven by changing wholesale costs, but the large energy suppliers take account of each other's tariff changes when choosing the size and timing of their own. Bad publicity from being the first to increase charges or make bigger increases means more of their customers switch away. The CMA therefore carefully considered whether a reduction in the number of large suppliers would encourage larger or earlier tariff changes.

It found that in this case SSE and Npower do not pay special attention to each other, consistent with the evidence that they are not close rivals for SVT customers, who instead prefer to move to other suppliers. Therefore, the merger is not expected to have a significant impact on SVT pricing.

Looking ahead, Ofgem's price cap is also expected to protect people on standard variable tariffs.

As part of its assessment, the inquiry group examined evidence from the six large energy suppliers; smaller suppliers; customer groups; and regulators, before going on to consult on its provisional clearance. It received no evidence during the consultation that altered the provisional decision.

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

Notes to editor

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