

Consultation

Reviewing the Consolidated Segmental Statements – Our Final Proposals

Publication date:	30 th November 2023
-------------------	--------------------------------

Response deadline:	12 th January 2024
--------------------	-------------------------------

Contact:	Andrew Milligan
----------	-----------------

Team:	Retail Financial Monitoring
-------	-----------------------------

Email:	css@ofgem.gov.uk
--------	--

In August 2023 we consulted on our initial proposals to revise the licence condition requiring submission of a Consolidated Segmental Statement (CSS). Following stakeholder feedback, we are now consulting on our final proposals.

We would like views from people with an interest in supplier profits. We particularly welcome responses from suppliers and generators on the proposed licence modifications. We would also welcome responses from consumer groups and charities, other stakeholders, and the public.

This document outlines the scope, purpose, and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

© Crown copyright 2023

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to: psi@nationalarchives.gsi.gov.uk

Contents

Reviewing the Consolidated Segmental Statements – Our Final Proposals

1	
1. Introduction	5
What are we consulting on?	5
Context and related publications	6
Consultation stages	6
Figure 1: Consultation stages	7
How to respond	7
Your response, data and confidentiality	7
How to track the progress of the consultation	9
2. Proposals for modifying the CSS licence requirement	10
What did we consult on?	10
Summary of stakeholder feedback and our final proposals	10
Supplier Thresholds	10
Generation and 'Other' Activities	12
Auditing	14
Reporting and Transition Period	15
3. Summary of our final proposals	17
4. Conclusion and next steps	20
Appendices	21
Appendix 1 – Proposed Licence Modifications	22
Gas SLC 19A: Financial Information Reporting	22
Electricity SLC 19A: Financial Information Reporting	26
Electricity Generation SLC 16B: Financial Information Reporting	29
Appendix 2 – Updated Guidelines	32
Draft revised Guidelines for submitting the CSS	32
Licence Condition	32
Scope and Application of the Licence Conditions	32
Publication and Submissions	32
Interpreting the Financial Information	33
Hedging	34
Treatment of Joint Ventures and Associates	34
Auditing	34
Template for submitting the CSS	34
Appendix 3 – Draft proposed templates	37
Proposed draft CSS template after reconciliation adjustments	37
Proposed draft template displaying reconciling items to the statutory accounts	38
Proposed draft CSS template before reconciliation adjustments	39
Appendix 4 – Privacy notice on consultations	40

Personal data 40

1. Introduction

Section summary

This chapter provides a brief introduction on what we are consulting on and gives details on the consultation stages and how to respond.

What are we consulting on?

- 1.1. On 25 August 2023, we published a policy consultation seeking views on our proposals to revise Standard Licence Condition (SLC) 'Financial information reporting', which requires publication of a Consolidated Segmental Statement (CSS). Our proposals aim to increase transparency of energy company profitability which is key in monitoring whether the market is working well for consumers and is also important in building consumer confidence. Providing third parties access to this information allows them to hold challenge to both suppliers and Ofgem as regulator.
- 1.2. The CSS was introduced in 2009 with the aim of providing a better understanding of the relationship between the generation and energy supply business of vertically integrated companies by reporting each business segment's profitability separately. This was to address concerns of vertically integrated companies cross-subsidising their supply business with their generation activities.
- 1.3. The requirement currently applies only if a 'Relevant Licensee' is a holder of an electricity or gas supply licence (or any Affiliates) granted, or treated as granted, who supplies electricity or gas to more than 250,000 domestic or non-domestic customers and (or any Affiliates) is a holder of a generation licence.
- 1.4. In today's energy market vertical integration no longer a significant feature and only four suppliers currently fall under the obligation to submit a CSS. It has therefore become necessary for us to revise the licence conditions to ensure the CSS can support our work in an evolving energy market.
- 1.5. Accordingly, this Statutory Consultation is accompanied by statutory notices of our intention to modify:
 - SLC 19A of the Gas Supply Licences
 - SLC 19A of the Electricity Supply Licences
 - SLC 16B of the Electricity Generation Licence by removal of licence condition 16B

- The Guidelines for submitting the CSS, see Appendix 2
- 1.6. In light of stakeholder feedback received, we are now consulting on our final proposals to revise the CSS licence conditions. This consultation paper summarizes stakeholder feedback from the policy consultation and sets out our final proposals. Our proposals include future requirements that could apply to suppliers who are not currently captured by the existing licence conditions.
- 1.7. We welcome stakeholder views on any aspect of this consultation.

Context and related publications

- 1.8. Previous CSS Policy and Statutory Consultation:
- Policy Consultation (2020): <https://www.ofgem.gov.uk/publications/reviewing-consolidated-segmental-statements-our-initial-proposals>
 - Statutory Consultation (2021): <https://www.ofgem.gov.uk/publications/final-proposals-and-statutory-consultation-reviewing-consolidated-segmental-statement>
- 1.9. Policy Consultation (2023): <https://www.ofgem.gov.uk/publications/reviewing-consolidated-segmental-statement-our-initial-proposals>
- 1.10. Current guidelines on preparing the CSS: <https://www.ofgem.gov.uk/publications/guidelines-preparing-consolidated-segmental-statements>
- 1.11. Energy companies' Consolidated Segmental Statements under current SLC 19A condition: <https://www.ofgem.gov.uk/publications/energy-companies-consolidated-segmental-statements-css>

Consultation stages

- 1.12. We invite stakeholders to submit comments on any aspect of this consultation on or before 12th January 2024. Depending on the evidence we receive, we expect to publish our decision by early February 2024.
- 1.13. We are proposing for any new licence conditions to go live from the end of March 2024.

Figure 1: Consultation stages

Stage 1	Stage 2	Stage 3	Stage 4
Statutory Consultation open	Statutory Consultation closes (awaiting decision). Deadline for responses	Responses reviewed and published. Publish modification decision	Revised licence modification to take effect (56 days after the modification decision)
30/11/2023	12/01/2024	Feb 2024	Mar 2024

How to respond

- 1.11. We want to hear from anyone interested in this consultation. Please send your responses to the email address css@ofgem.gov.uk by **12th January 2024**.
- 1.12. We’ve asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 1.13. We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

- 1.14. You can ask us to keep your response, or parts of your response, confidential. We’ll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.15. If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we’ll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.
- 1.16. If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK’s withdrawal from the European Union (“UK GDPR”), the Gas and Electricity Markets Authority will be the data controller for

the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

- 1.17. If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

1.18. We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

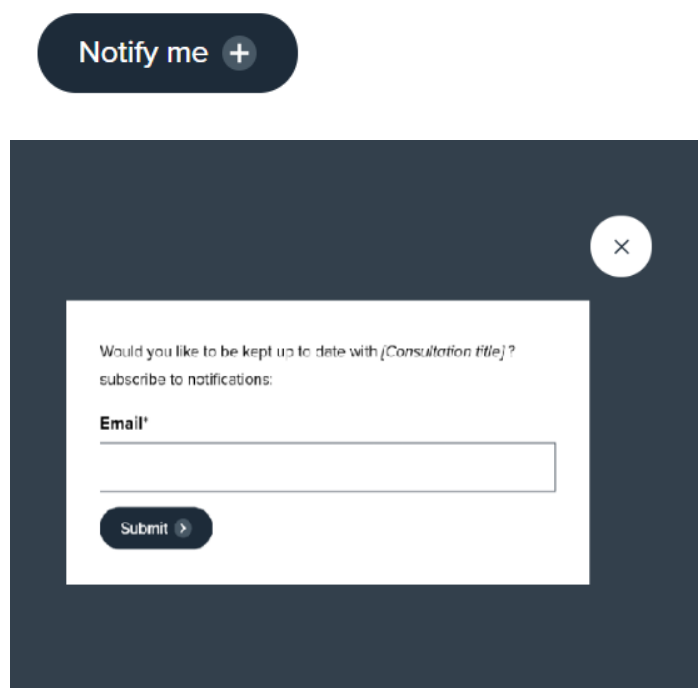
1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website.

[Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)



Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

2. Proposals for modifying the CSS licence requirement

Section summary

We discuss our amendments following the 2023 policy consultation, our consideration of stakeholder feedback and our current proposals for revising the CSS licence requirement.

What did we consult on?

- 2.1. This statutory consultation is following the policy consultation published in August 2023 where we set out our initial proposals to revise the CSS licence conditions. Our initial proposals considered four key changes relating to removing the requirement to hold a generation licence, lowering the domestic and non-domestic threshold levels, removing the audit requirement and to request an additional column reporting on 'other' activities separate to the supply or generation business.
- 2.2. We received a total of 18 responses to our policy consultation and the non-confidential responses are published on our website.¹ We have considered stakeholder responses and have amended some of our proposals as detailed below.

Summary of stakeholder feedback and our final proposals

Supplier Thresholds

Our 2023 policy consultation proposal

- 2.3. We proposed to reduce the thresholds to increase coverage of both the domestic and non-domestic markets to achieve our aim of fulfilling transparency on supplier profitability, ensuring consumers are treated fairly and promoting competition. For the domestic market we proposed to lower the threshold to 50,000 meter points for either gas or electricity. Based on the current market, this means we would be capturing more than 99% of the domestic market.
- 2.4. For the non-domestic market, we proposed to capture at least 90% market share. We proposed to capture suppliers who have a smaller number of customers but supply high volumes by splitting the thresholds for the SME and

¹ Ofgem (2023) Reviewing the Consolidated Segmental Statement - our initial proposals: <https://www.ofgem.gov.uk/publications/reviewing-consolidated-segmental-statement-our-initial-proposals>

I&C markets. The threshold for the SME market would be based on 90% market share of meter points and the threshold for the I&C market would be based on 90% market share of volume supplied. A supplier would be required to submit a CSS where they reach the threshold criteria, in at least one of four market segments; gas SME, gas I&C, electricity SME and electricity I&C.

- 2.5. We proposed to calculate which suppliers fell under the threshold using October data and to publish the list of suppliers in December each year.

Stakeholder Feedback

- 2.6. Many respondents agreed with our aim of increasing transparency on supplier profits but there were differing opinions as to who the CSS obligation should include. Some stakeholders noted that the CSS obligation should be expanded to all suppliers to provide transparency across the entire UK retail energy market, providing a mix of business models.
- 2.7. A respondent who disagreed with lowering the thresholds stated those currently providing the CSS are large companies who are required by legislation to publish account information. They argued extending to smaller companies will require them to publish commercially sensitive information which they are not currently required to do and the costs for producing the CSS are fixed and therefore would be relatively higher for smaller suppliers.
- 2.8. There were mixed views on whether the CSS should be expanded within the non-domestic market with some respondents stating the non-domestic market does not require the same level of monitoring as the domestic market as they argued it is more stable and hasn't experienced supplier failures such as those seen in the domestic market. A respondent stated they did not see the additional value of expanding the CSS within the non-domestic market as Ofgem already has access to financial performance information.
- 2.9. Some respondents requested clarity on the methodology for calculating non-domestic thresholds. They had concerns that, with the proposed methodology being based on market share, non-domestic suppliers would not be able to internally monitor when they may fall under the threshold, and this would create uncertainty. There were concerns that publication of a list of obligated suppliers in December each year would provide suppliers with a December year-end insufficient notice for publishing the CSS four months after close of their financial year. One respondent argued against using October data to calculate the threshold as this is a key contract renewal month.

Our final proposal

- 2.10. The advantage of the CSS is the transparency on supplier profits provided to third parties and access to this information helps to hold both suppliers and Ofgem, as the regulator, to account. It is therefore necessary to provide transparency, and this is not dependent on the stability of the market. For this reason, we are proposing to expand the CSS licence requirement across both the domestic and non-domestic market.
- 2.11. We are remaining with our proposal to lower the domestic threshold level to 50,000 or more meter points in either gas or electricity.
- 2.12. Following feedback on the methodology for calculating obligated suppliers in the non-domestic market we are amending our proposal. We are opting to use a static threshold figure for the non-domestic market, similar to the domestic market threshold. We found 10 meter points, in either gas or electricity, currently provides coverage of around 90% of the suppliers in the non-domestic market and meets our aim of collecting CSS data which is representative of the market. This allows suppliers to internally monitor when they fall under the threshold for CSS submissions. Using a static threshold measure preserves the confidentiality of supplier pricing unlike using volume of supply to calculate market share. We found that using volume of supply could capture suppliers with only a few customers and could show potentially commercially sensitive information. We may periodically review this threshold level if market changes result in the CSS submissions becoming unrepresentative, and any changes would be made following consultation.
- 2.13. The proposed thresholds will include companies who will be publishing statutory accounts to Companies House as is required by private limited companies. We have amended our final proposals, and we believe the current proposals do not pose significant burden to suppliers. Therefore, the information requested within the CSS will provide a top-level view of a companies' energy supply profitability.
- 2.14. We aim for changes to the CSS to be enduring and we aim to capture information that is representative and proportionate in terms of the number and type of suppliers. Our proposals will achieve this and allow us to collect data on suppliers as they grow and, at the same time, strike the right balance between the burden placed upon smaller suppliers and market coverage.
- 2.15. We propose that suppliers will become obligated to submit a CSS if they reach the threshold in the last month of their financial year. Therefore, we expect suppliers to internally monitor their meter point counts accordingly.

Generation and 'Other' Activities

Our 2023 policy consultation proposal

- 2.16. We had proposed to add an additional column within the CSS template for 'other' activities which are not related to the supply or generation segment. Our reasons for requesting information on 'other' activities were based on ensuring transparency from suppliers on the revenues and costs associated with activities that impact on the energy costs for consumers. The profits reported for the retail business segments depends on the allocation of costs between sale of energy versus other activities. We have the power to request this information under section 47(1)(b) of the Electricity Act 1989 and section 34(2)(b) of the Gas Act 1986.
- 2.17. Similarly, the current CSS template includes the requirement to provide generation activities of a supplier if they are vertically integrated. Our proposal was to require both suppliers who are vertically integrated (holding supply and generation licences) and suppliers who hold a supply licence only to report on 'other' activities. Where a supplier is vertically integrated, we were keeping the requirement that it must provide accounts on the generation business of its affiliate generation licensee.

Stakeholder Feedback

- 2.18. Overall respondents were unclear about what the 'other' activities would include and asked for clarity. Many were also concerned about the competitive disadvantages that this requirement may result in.
- 2.19. Similarly, some respondents questioned the need for those with a generation arm to provide generation figures within the CSS as they stated that the objectives of the CSS have changed since it was first introduced to monitor vertically integrated companies.

Our final proposal

- 2.20. We have taken on board the feedback received and we are amending our proposal. Our proposal is to no longer require suppliers to provide 'other' activities within the CSS. In addition, we are removing the information relating to generation activities from the CSS template. Therefore, the CSS will only capture the energy supply business of a supplier.
- 2.21. This amended proposal considers feedback received and recognises that the market has changed significantly. The purpose of the CSS is to ensure transparency in the market and we believe that the supply related activities will provide the transparency required.
- 2.22. Subsequently, we will not be requesting statements on transfer pricing policies and methodologies.

Additional Financial Information

Our 2023 policy consultation proposal

2.23. We decided to remove the additional financial information request previously proposed in the 2020 policy² and 2021 statutory consultation³ as we have since established separate reporting channels where we receive this information.

Stakeholder Feedback

2.24. All stakeholders who responded to this question agreed with the decision to remove the request for additional financial information within the CSS. Some respondents noted that this granular information could reveal sensitive information and risks affecting competition.

Our final proposal

2.25. We are remaining with our proposal to remove the request for additional financial information as we have since developed regular financial reporting via requests for information (RFIs) and following stakeholder concerns that this is potentially commercially valuable information.

Auditing

Our 2023 policy consultation proposal

2.26. We proposed to remove the auditing requirement and instead proposed the CSS must reconcile back to the statutory accounts which undergo a separate audit process. We also reserve the right to require an audit when we have significant concerns.

Stakeholder Feedback

2.27. Most respondents agreed with the removal of the audit requirement as this is less costly for suppliers and will provide sufficient assurance.

2.28. Many respondents noted that the difference in timings for CSS reporting period and statutory accounts submission makes reconciliation impractical and difficult to meet.

² Ofgem (2020), Reviewing the Consolidated Segmental Statements - Our initial proposals: <https://www.ofgem.gov.uk/publications/reviewing-consolidated-segmental-statements-our-initial-proposals>

³ Ofgem (2021), Final proposals and statutory consultation - Reviewing the Consolidated Segmental Statement: <https://www.ofgem.gov.uk/publications/final-proposals-and-statutory-consultation-reviewing-consolidated-segmental-statement>

- 2.29. Some respondents agreed that Ofgem should retain the right to request an audit where there may be cause for concern. Others queried which circumstances would trigger a request for an ad hoc audit.

Our final proposal

- 2.30. We remain with our proposal to remove the auditing requirement and request the CSS to be reconciled back to statutory accounts. We also retain the right to request an audit where there is cause for concern. A cause for concern could be due to, but not limited to, the data quality or we notice obvious omissions or errors. We do not believe the costs involved in an ad-hoc audit should be a deterrent for Ofgem to further investigate whether the financial information published is accurate and robust.
- 2.31. We will address concerns around the timelines for reconciling to statutory accounts in the next section titled 'Reporting and Transition Period'.

Reporting and Transition Period

Our 2023 policy consultation proposal

- 2.32. We proposed to keep the reporting period as set out in the current licence conditions whereby a supplier would submit the revised CSS no later than 4 months after a company's year-end. We proposed not to allow a transition period for the first year of reporting.

Stakeholder Feedback

- 2.33. Most respondents expressed concerns for delivery four months post year-end for the first year. This would require advancement of their statutory account audits at short notice causing additional cost and disruption. Another respondent added that 4 months does not allow for a complete view of energy supply operation returns. Respondents requested the reporting period to be aligned with the publishing of statutory accounts which is 9 months after a company's year-end to facilitate reconciliation.
- 2.34. Some respondents agreed that no transition period would be required based on current proposals, particularly following the removal of the request for additional financial information.

Our final proposal

- 2.35. Following stakeholder feedback, we are proposing to align CSS submission timelines with the publishing of statutory accounts which is 9 months after the company's year-end. This will allow suppliers to keep their auditing processes in place and provide assurance that the CSS submission is accurate.

- 2.36. We remain with our proposal not to allow a transition period for the first year, and as we are now aligning the CSS submission with statutory accounts, we consider this provides sufficient time to prepare the report. In addition, we are now proposing to remove the generation and 'other' activities reporting which further simplifies the report.

3. Summary of our final proposals

- 3.1. We summarise our final proposals for revising the CSS below. The changes we are proposing fall into principal areas: Supplier Thresholds, Generation, 'Other' Activities, Auditing requirement, Reporting and Transition period.
- 3.2. We aim for changes to the CSS to be enduring and we aim to capture information that is representative and proportionate in terms of the number and type of suppliers. Our proposals will achieve this and allow us to collect data on suppliers as they grow and, at the same time, strike the right balance between the burden placed upon smaller suppliers and market coverage.
- 3.3. We conducted a full Impact Assessment in relation to review of the CSS in the statutory consultation in 2021 and it is set out in Appendix 1 to that consultation⁴. The proposals within the 2021 consultation were more extensive, for example it included a request for additional financial information. We are now proposing to reduce the reporting requirements to the supply segment only, and, removing the audit requirement. The Impact Assessment concluded that the benefits of the CSS achieving the aims of transparency, though difficult to quantify, outweighed the costs of the proposals at the time. Therefore, we consider that the previous impact assessment is still valid, given that our current proposals only result in a reduction of costs associated with submitting the CSS. If you consider otherwise, then please let us know and provide any supporting evidence.

Supplier Thresholds

- 3.4. We are proposing that companies who meet the revised customer threshold and hold a supply licence will be obliged to submit a CSS. We are lowering the threshold level for domestic market to 50,000 meter points for either gas or electricity. Based on the current market, this means we would be capturing more than 99% of the domestic market based on meter points.
- 3.5. We are opting to use a static threshold figure for the non-domestic market, 10-meter points, in either gas or electricity, as this provides coverage of around 90% of suppliers in the non-domestic market. Suppliers can internally monitor when they fall under the threshold for CSS submissions and be obliged to submit a CSS if they reach the threshold in the last month of their financial year.

⁴ Ofgem (2021), Final proposals and statutory consultation - Reviewing the Consolidated Segmental Statement:
<https://www.ofgem.gov.uk/publications/final-proposals-and-statutory-consultation-reviewing-consolidated-segmental-statement>

Therefore, we expect suppliers to internally monitor their meter point counts accordingly.

- 3.6. To determine who is obligated to submit under the thresholds, we will use data on gas and electricity meter points which we regularly source from Xoserve and Distribution Network Operators (DNOs). A supplier will fall under the threshold if they hold 50,000 or more domestic meter points in either gas or electricity, or, if they hold 10 or more non-domestic meter points in either gas or electricity. We propose that suppliers will become obligated to submit a CSS if they reach the threshold in the last month of their financial year. Meter point figures are taken as the last day of the month.
- 3.7. We may periodically review this threshold level if market changes result in the CSS submissions becoming unrepresentative, and any changes would be made following consultation.
- 3.8. The table below shows the number of suppliers obligated under our proposals.

Table 1: Estimated number of suppliers captured at threshold levels⁵

Market	Threshold	Number of suppliers
Domestic	50,000 meter points in either gas or electricity	14
Non-Domestic	10 meter points in either gas or electricity	61

Generation & 'Other' Activities

- 3.9. We are no longer proposing suppliers to provide 'other' activities within the CSS. In addition, we are removing the information relating to generation activities from the CSS template. Therefore, the CSS will only capture the energy supply element of a supplier and subsequently we will not be requesting statements on transfer pricing policies and methodologies, although we may consider later, a separate licence condition for generators which will cover more of that market.

Auditing

⁵ This table uses August 2023 data, supplier failures and acquisitions have been taken into account.

- 3.10. We are removing the requirement to audit the CSS. Instead, the CSS must reconcile back to the statutory accounts which undergo a separate audit process (unless suppliers fall under audit exemption⁶).
- 3.11. We will retain the right to request an audit on an ad-hoc basis where there is cause for concern. We do not believe the costs involved in an ad-hoc audit should be a deterrent for Ofgem to further investigate whether the financial information published is accurate and robust.
- 3.12. As part of the current and proposed licence conditions (see Appendix 1, 19A.4 (b)) we request an explanatory note as to how revenues and profits reconcile to the Relevant Licensee's audited figures. We provide a suggested table in Appendix 3 for displaying reconciling items to the statutory accounts to aid in that explanation.

Reporting Period

- 3.13. We are proposing to align CSS submission timelines with the publishing of statutory accounts which is 9 months after the company's year-end.
- 3.14. This means for the first year of reporting under the revised CSS licence requirement (ie submission of 2023 accounts), if a company has a December year-end, we expect to receive their submission by September 2024. If a company has a March year-end, we expect to receive their submission by January 2025.
- 3.15. We are requesting the CSS template, as well as being published to that company's website, is provided to Ofgem in an excel file via email. We may in future request upload to a portal instead.

Transition Period

- 3.16. There will not be a transition period for the first year, the report has been simplified by the removal of the generation and 'other' activities reporting, and we consider that this provides sufficient time to prepare the report.

⁶ Audit Exemptions for private limited companies
<https://www.gov.uk/audit-exemptions-for-private-limited-companies>

4. Conclusion and next steps

- 4.1. We consider that our proposals will improve market transparency and confidence, and ultimately support the better functioning of the retail energy market. This consultation has taken onboard feedback received and provides an opportunity for stakeholders to tell us what they think about our final proposals to increase the effectiveness of the CSS by widening the market coverage.
- 4.2. Once we have reviewed responses to this statutory consultation, we aim to publish our decision by early February 2024. We are proposing for any new licence conditions to go live from the end of March 2024.

Appendices

Index

Appendix	Name of appendix	Page no.
1	Proposed Licence Modifications	22
2	Updated Guidelines	32
3	Draft proposed templates	37
4	Privacy notice on consultations	40

Appendix 1 – Proposed Licence Modifications

Gas SLC 19A: Financial Information Reporting

- 19A.1. The Relevant Licensee must prepare and publish on its Website a Consolidated Segmental Statement in respect of information relating to the revenues, costs and profits of its activities in the ~~generation and~~ supply of electricity and or the supply of gas to any premises taking account of the Guidelines.
- 19A.2. Where applicable, the Relevant Licensee must prepare and publish the Consolidated Segmental Statement referred to in paragraph 1 in conjunction with any Affiliates.
- 19A.3. The Relevant Licensee must, in conjunction with any Affiliates, prepare and publish a Consolidated Segmental Statement
- (a) ~~as soon as reasonably practicable in line with statutory accounts which is nine months after the end of the Relevant Licensee's financial year~~ and no later than ~~four~~ ten months after the end of the Relevant Licensee's financial year;
 - or
 - (b) no later than a date specified by the Authority, which can be no earlier than ~~four~~ nine months after the end of the Relevant Licensee's financial year.
- 19A.4. Subject to complying with this paragraph the Relevant Licensee may, for the purpose of preparing the statement pursuant to paragraph 3, prepare and compile the information according to the licensee's annual accounting procedures. The Relevant Licensee must include in every such statement an explanation of:
- (a) how it defines the terms revenues, costs and profits;
 - (b) how the revenues and profits can be reconciled with its UK statutory accounts;
 - (c) ~~or how~~, if UK statutory accounts are not prepared or published, ~~how~~ the revenues and profits can be reconciled with audited figures (~~prepared under International Financial Reporting Standards~~) in accordance with Generally Accepted Accounting Principles (GAAP) published in Group accounts; and
 - ~~(d) its transfer pricing methodology and how this relates to the revenues, costs and profits information published; and~~
 - (e) where individual business functions are captured in the Consolidated Segmental Statement, as specified by ~~Appendix 2 of~~ in the Guidelines.
- 19A.5. The Relevant Licensee or any Affiliate must ensure that the information prepared and made public pursuant to paragraph 19A.3 includes the cost of fuel used to generate electricity and its share or revenues, costs, profits and volumes of Joint Ventures and Associates.
- 19A.6. Subject to complying with Paragraph 19A.5 the Relevant Licensee must ensure that all the information prepared and made public pursuant to paragraph 19A.3 is in all material respects consistent with the information prepared pursuant to paragraph 19A.4 and the information is presented with a clear and full explanation.

~~19A.7. The Relevant Licensee must, for the purposes of ensuring the transfer pricing methodology is appropriate and up to date:~~

- ~~(a) keep transfer pricing policies and procedures under review; and~~
- ~~(b) ensure that the supporting information that supports the transfer pricing policies remains appropriate and up to date.~~

~~19A.8. The Relevant Licensee must notify the Authority as soon as reasonably practicable of any material changes to transfer pricing policies.~~

~~19A.9. (a) The Authority shall prepare Guidelines in relation to the requirements of this condition and may modify, in whole or in part, the Guidelines following consultation with the Relevant Licensees.~~

~~(b) The Authority shall modify the definition of Consolidated Segmental Statement as described in Appendices 1 and 2 of the Guidelines in accordance with section 23 11A of the Act.~~

~~19A.10. Except and to the extent that the Authority otherwise consents, the Relevant Licensee must include in the Consolidated Segmental Statement a report from an Appropriate Auditor that gives an audited opinion as to the extent to which the Relevant Licensee has properly prepared the Consolidated Segmental Statement in accordance with this licence condition and the Guidelines. Where the Authority considers that the Relevant Licensee has not properly prepared the Consolidated Segmental Statement in accordance with this licence condition and the Guidelines and template, it may require the Relevant Licensee to commission and submit a report from an Appropriate Auditor or to submit a report from an Appropriate Auditor which it has already commissioned.~~

19A.11. For the purposes of this condition:

“Affiliate”

means any holding company or subsidiary of a holding company of the Relevant Licensee, in each case within the meaning of sections 1159 and 1160 of the Companies Act 2006.

“Appropriate Auditors”

means

- (a) in the case of a licensee which is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act;
- (b) in the case of any other licensee which is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to Chapter 2 of Part 16 of the Companies Act 2006, a person so appointed;
- (c) in any other case, a person who is eligible for appointment as a

“Associate”

company auditor under sections 1212 and 1216 of the Companies Act 2006, or in relation to auditors appointed for financial years beginning before 6 April 2008, a person who is eligible for appointment as a company auditor under sections 25 and 26 of the Companies Act 1989

means an entity, including an unincorporated entity such as a partnership, over which the Relevant Licensee has significant influence and that is neither a subsidiary nor an interest in a joint venture.

“Consolidated Segmental Statement”

means a statement as described in ~~Appendices 1 and 2~~ of the Guidelines.

“Guidelines”

means the guidance and procedures in place for preparing the Consolidated Segmental Statements.

“Joint Venture”

mean a contractual arrangement whereby the Relevant Licensees and one or more parties undertake an economic activity that is subject to joint control.

“Relevant Licensee”

means the holder of a supply licence granted or treated as granted under section 7A(1) of the Act if

(a) it supplies, or it and any of its Affiliates jointly supply:

- i. ~~electricity to more than 250,000~~ 50,000 or more domestic customers based on number of meter points; or
- ii. ~~gas to more than 250,000~~ 50,000 or more domestic customers based on number of meter points; or
- iii. ~~electricity to more than 250,000~~ 10 or more non-domestic customers based on number of meter points; or

iv. gas to ~~more than 250,000~~ 10 or more non-domestic customers based on number of meter points, respectively; and

"Website"

~~(b) it or any of its Affiliates is a holder of an electricity generation licence granted or treated as granted under section 6(1)(a) of the Electricity Act 1989.~~
means a website controlled and used by the Relevant Licensee or an Affiliate for the purposes of providing information and communication.

Electricity SLC 19A: Financial Information Reporting

- 19A.1. The Relevant Licensee must prepare and publish on its Website a Consolidated Segmental Statement in respect of information relating to the revenues, costs and profits of its activities in the ~~generation and~~ supply of electricity and or the supply of gas to any premises taking account of the Guidelines.
- 19A.2. Where applicable, the Relevant Licensee must prepare and publish the Consolidated Segmental Statement referred to in paragraph 19A.1 in conjunction with any Affiliates.
- 19A.3. The Relevant Licensee must, in conjunction with any Affiliates, prepare and publish a Consolidated Segmental Statement
- (a) ~~as soon as reasonably practicable in line with statutory accounts which is nine months after the end of the Relevant Licensee's financial year~~ and no later than ~~four~~ ten months after the end of the Relevant Licensee's financial year; or
 - (b) no later than a date specified by the Authority, which can be no earlier than ~~four~~ nine months after the end of the Relevant Licensee's financial year.
- 19A.4. Subject to complying with this paragraph the Relevant Licensee may, for the purpose of preparing the statement pursuant to paragraph 19A.3, prepare and compile the information according to the licensee's annual accounting procedures. The Relevant Licensee must include in every such statement an explanation of:
- (a) how it defines the terms revenues, costs and profits;
 - (b) how the revenues and profits can be reconciled with its UK statutory accounts;
 - (c) ~~or how~~, if UK statutory accounts are not prepared or published, ~~how~~ the revenues and profits can be reconciled with audited figures (~~prepared under International Financial Reporting Standards~~) in accordance with Generally Accepted Accounting Principles (GAAP) published in Group accounts; and
 - (d) ~~its transfer pricing methodology and how this relates to the revenues, costs and profits information published; and~~
 - (e) where individual business functions are captured in the Consolidated Segmental Statement, as specified ~~by Appendix 2 of~~ in the Guidelines.
- 19A.5. The Relevant Licensee or any Affiliate must ensure that the information prepared and made public pursuant to paragraph 19A.3 includes the cost of fuel used to generate electricity and its share of revenues, costs, profits and volumes of Joint Ventures and Associates.
- 19A.6. Subject to complying with Paragraph 19A.5 the Relevant Licensee must ensure that all the information prepared and made public pursuant to paragraph 19A.3 is in all material respects consistent with the information prepared pursuant to paragraph 19A.4 and the information is presented with a clear and full explanation.
- ~~19A.7. The Relevant Licensee must, for the purposes of ensuring the transfer pricing methodology is appropriate and up to date:~~

- ~~(a) — keep transfer pricing policies and procedures under review; and~~
- ~~(b) — ensure that the supporting information that supports the transfer pricing policies remains appropriate and up to date.~~

~~19A.8. The Relevant Licensee must notify the Authority as soon as reasonably practicable of any material changes to transfer pricing policies.~~

~~19A.9. (a) The Authority shall prepare Guidelines in relation to the requirements of this condition and may modify, in whole or in part, the Guidelines following consultation with the Relevant Licensees.~~

- ~~(b) The Authority shall modify the definition of Consolidated Segmental Statement as described in Appendices 1 and 2 of the Guidelines in accordance with section 11A of the Act.~~

~~19A.10. Except and to the extent that the Authority otherwise consents, the Relevant Licensee must include in the Consolidated Segmental Statement a report from an Appropriate Auditor that gives an audited opinion as to the extent to which the Relevant Licensee has properly prepared the Consolidated Segmental Statement in accordance with this licence condition and the Guidelines. Where the Authority considers that the Relevant Licensee has not properly prepared the Consolidated Segmental Statement in accordance with this licence condition and the Guidelines and template, it may require the Relevant Licensee to commission and submit a report from an Appropriate Auditor or to submit a report from an Appropriate Auditor which it has already commissioned.~~

19A.11. For the purposes of this condition:

“Affiliate” means any holding company or subsidiary of a holding company of the Relevant Licensee, in each case within the meaning of sections 1159 and 1160 of the Companies Act 2006.

“Appropriate Auditors” means

- (a) in the case of a licensee which is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act;
- (b) in the case of any other licensee which is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to Chapter 2 of Part 16 of the Companies Act 2006, a person so appointed;
- (c) in any other case, a person who is eligible for appointment as a company auditor under sections 1212 and 1216 of the Companies Act 2006, or in relation to auditors appointed for financial years beginning before 6 April 2008, a person who is eligible for appointment as a company auditor under sections 25 and 26 of the Companies Act 1989.

“Associate” means an entity, including an unincorporated entity such as a partnership, over which the Relevant Licensee has significant influence and that is neither a subsidiary nor an interest in a joint venture.

“Consolidated Segmental Statement” means a statement as described in Appendices 1 and 2 of the Guidelines.

“Guidelines” means the guidance and procedures in place for preparing the Consolidated Segmental Statements.

“Joint Venture” means a contractual arrangement whereby the Relevant Licensees and one or more parties undertake an economic activity that is subject to joint control.

“Relevant Licensee” means the holder of an electricity supply licence granted or treated as granted under section 6(1)(d) of the Act if:

- (a) it supplies, or it and any of its Affiliates jointly supply:
- i. electricity to ~~more than 250,000~~ 50,000 or more domestic customers based on number of meter points; or
 - ii. gas to ~~more than 250,000~~ 50,000 or more domestic customers based on number of meter points; or
 - iii. electricity to ~~more than 250,000~~ 10 or more non-domestic customers based on number of meter points; or
 - iv. gas to ~~more than 250,000~~ 10 or more non-domestic customers based on number of meter points, respectively; ~~and~~
- (b) ~~it or any of its Affiliates is a holder of an electricity generation licence granted or treated as granted under section 6(1)(a) of the Act.~~

“Website” means a website controlled and used by the Relevant Licensee or an Affiliate for the purposes of providing information and communication.

Electricity Generation SLC 16B: Financial Information Reporting

- ~~19A.1. The Relevant Licensee must prepare and publish on its Website a Consolidated Segmental Statement in respect of information relating to the revenues, costs and profits of its activities in the generation and supply of electricity and the supply of gas to any premises taking account of the Guidelines.~~
- ~~19A.2. Where applicable, the Relevant Licensee must prepare and publish the Consolidated Segmental Statement referred to in paragraph 1 in conjunction with any Affiliates.~~
- ~~19A.3. The Relevant Licensee must, in conjunction with any Affiliates, prepare and publish a Consolidated Segmental Statement~~
- ~~(a) as soon as reasonably practicable and no later than four months after the end of the Relevant Licensee's financial year; or;~~
 - ~~(b) no later than a date specified by the Authority, which can be no earlier than four months after the end of the Relevant Licensee's financial year.~~
- ~~19A.4. Subject to complying with this paragraph the Relevant Licensee may, for the purpose of preparing the statement pursuant to paragraph 19A.3, prepare and compile the information according to the licensee's annual accounting procedures. The Relevant Licensee must include in every such statement an explanation of:~~
- ~~(f) how it defines the terms revenues, cost and profits;~~
 - ~~(g) how the revenues and profits can be reconciled with its UK statutory accounts;~~
 - ~~(h) or, if UK statutory accounts are not prepared or published, how the revenues and profits can be reconciled with audited figures (prepared under International Financial Reporting Standards) published in Group accounts;~~
 - ~~(i) its transfer pricing methodology and how this relates to the revenues, costs and profit information published; and~~
 - ~~(j) where individual business functions are captured in the Consolidated Segmental Statement, as specified by Appendix 2 of the Guidelines.~~
- ~~19A.5. The Relevant Licensee must ensure that the information prepared and made public pursuant to paragraph 3 includes the cost of fuel used to generate electricity and its share of revenues, costs, profits and volumes of Joint Ventures and Associates.~~
- ~~19A.6. Subject to complying with Paragraph 5 the Relevant Licensee must ensure that all the information prepared and made public pursuant to paragraph 3 is in all material respects consistent with the information prepared pursuant to paragraph 4 and the information is presented with a clear and full explanation.~~
- ~~19A.7. The Relevant Licensee must, for the purposes of ensuring the transfer pricing methodology is appropriate and up to date:~~
- ~~(a) keep transfer pricing policies and procedures under review; and~~
 - ~~(b) ensure that the supporting information that supports the transfer pricing policies remains appropriate and up to date.~~
- ~~19A.8. The Relevant Licensee must notify the Authority as soon as reasonably practicable of any material changes to transfer pricing policies.~~

~~19A.9.-(a) The Authority shall prepare Guidelines in relation to the requirements of this condition and may modify, in whole or in part, the Guidelines following consultation with the Relevant Licensees.~~

~~(b) The Authority shall modify the definition of Consolidated Segmental Statement as described in Appendices 1 and 2 of the Guidelines in accordance with section 11A of the Act.~~

~~19A.10. Except and to the extent that the Authority otherwise consents, the Relevant Licensee must include in the Consolidated Segmental Statement a report from an Appropriate Auditor that gives an audited opinion as to the extent to which the Relevant Licensee has properly prepared the Consolidated Segmental Statement in accordance with this licence condition and the Guidelines.~~

~~19A.11. For the purposes of this condition:~~

~~“**Affiliate**” means any holding company or subsidiary of a holding company of the Relevant Licensee, in each case within the meaning of sections 1159 and 1160 of the Companies Act 2006.~~

~~“**Appropriate Auditors**” means~~

~~(d) in the case of a licensee which is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act;~~

~~(e) in the case of any other licensee which is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to Chapter 2 of Part 16 of the Companies Act 2006, a person so appointed;~~

~~(f) in any other case, a person who is eligible for appointment as a company auditor under sections 1212 and 1216 of the Companies Act 2006, or in relation to auditors appointed for financial years beginning before 6 April 2008, a person who is eligible for appointment as a company auditor under sections 25 and 26 of the Companies Act 1989.~~

~~“**Associate**” means an entity, including an unincorporated entity such as a partnership, over which the Relevant Licensee has significant influence and that is neither a subsidiary nor an interest in a joint venture.~~

~~“**Consolidated Segmental Statement**” means a statement as described in Appendices 1 and 2 of the Guidelines.~~

~~“**Joint Venture**” means a contractual arrangement whereby the Relevant Licensees and one or more parties undertake an economic activity that is subject to joint control.~~

~~“**Relevant Licensee**” means the holder of an electricity generation licence granted or treated as granted under section 6(1)(a) of the Act if it supplies or any of its Affiliates supply, either jointly or severally:~~

~~i. electricity to more than 250,000 domestic customers; or~~

~~ii. gas to more than 250,000 domestic customers; or~~

~~iii. electricity to more than 250,000 non-domestic customers; or~~

~~iv. gas to more than 250,000 non-domestic customers.~~

~~“**Website**” means a website controlled and used by the Relevant Licensee or an Affiliate for the purposes of providing information and communication.~~

Appendix 2 – Updated Guidelines

Draft revised Guidelines for submitting the CSS

Licence Condition

- A2.1. These Guidelines relate to Standard Licence Condition (SLC) 19A of the Gas and Electricity Supply Licences, 'Financial information reporting'. There is currently one requirement under these conditions, which is the Consolidated Segmental Statement (CSS) and this will be referred to as the CSS licence requirement for the purposes of the Guidelines.
- A2.2. The Guidelines have been prepared by the Office of Gas and Electricity Markets, ('Ofgem'), pursuant to SLC 19A.
- A2.3. These Guidelines are accompanied by a spreadsheet with Templates (see Appendix 3). The Guidelines and Templates will be published on the Ofgem website.

Scope and Application of the Licence Conditions

- A2.4. The requirement to submit a CSS only applies to those companies that are 'Relevant Licensees' as defined in the CSS licence requirement. Where information required under the CSS licence requirement is held by an Affiliate, the Relevant Licensee is required to obtain and publish the information.

Minimum Threshold for Suppliers

- A2.5. To be obligated under the CSS, the following thresholds will apply for Relevant Licensees (as set out in the CSS licence requirement):
- domestic: suppliers must have at least 50,000 domestic gas customers (measured in meter points, MPANs and MPRNs); or
 - domestic: suppliers must have at least 50,000 domestic electricity customers (measured in meter points, MPANs and MPRNs); or
 - non-domestic: suppliers must have at least 10 non domestic gas customers (measured in meter points, MPANs and MPRNs) at the end of the Relevant Licensee's financial year.
 - non-domestic: suppliers must have at least 10 non domestic electricity customers (measured in meter points, MPANs and MPRNs) at the end of the Relevant Licensee's financial year.

Financial Year

- A2.6. As per the CSS licence requirement, the financial year should be interpreted as the Relevant Licensee's current financial reporting year. For the avoidance of doubt, this may differ between companies.

Publication and Submissions

Publication

- A2.7. The majority of suppliers are registered companies, and they are obliged by law to submit their financial statements to Companies House on a yearly basis. This financial information is in the public domain as all companies' accounts are open

and accessible. The information that we require to be published is limited and not confidential. However, where a supplier has a specific concern, they should notify us in advance of publication, and we will advise whether we consider it can be redacted.

- A2.8. The Template should be fully completed as applicable to the Relevant Licensee with all the information.

Submissions

- A2.9. The completed templates (see Templates for Submitting the CSS below) should be submitted in a spreadsheet. Other explanations, analysis and commentary should be submitted in a searchable pdf format, and not an image. The completed template, other explanations, analysis, and commentary should be sent to the following email address:
css@ofgem.gov.uk

Interpreting the Financial Information

- A2.10. Under the CSS licence requirement, a clear and full explanation of how the Relevant Licensee defines the terms 'revenues, costs and profits' should be set out, to enable understanding of what the information published pursuant to the conditions does and does not represent.
- A2.11. The Relevant Licensee should describe the methodology or methodologies used to allocate marketing, shared and corporate costs across the supply elements. The licensee should also describe how, for example, individual costs such as Feed-in-Tariff costs (classified in the income statement as 'Other Direct costs') and Renewable Obligation costs (classified as 'Environmental and Social Obligation costs'), are allocated across the supply business. Where issues pertaining to the data are unexpected or unusually complex these issues should be set out in full.
- A2.12. We would only expect the 'revenues, costs and profits' to reflect company activities relating to that year of operations.
- A2.13. Examples of financial items we would not expect to be included are, but are not limited to, mark to market adjustments; profit or losses on disposal; restructuring costs that have been identified as such in the Group's annual report; and impairment charges.
- A2.14. Where the Relevant Licensee has included any such items for the purpose of reconciliation, or otherwise, a clear and full explanation of the reconciliation to the company accounts of the Relevant licensee(s) must be provided, as to how revenues and profits reconcile to the Relevant Licensee's audited figures.
- A2.15. Revenue and costs for the financial year should be stated on the accruals basis, following Generally Accepted Accounting Practice (GAAP). In order to comply with GAAP, the Relevant Licensee is required to follow the same accounting standards applied in preparing their statutory accounts. If a Licensee applies a version of International Financial Reporting Standards (IFRS) in its statutory accounts, then it should apply the same version of IFRS for preparation of the CSS.
- A2.16. Likewise, if a Licensee applies FRS101 (reduced disclosure under IFRS) or FRS102, it should apply the same standard in preparing the CSS.
- A2.17. The explanation of accounting terms can be based on the accounting standards used in the company accounts and needs to clarify where the figures differ due to the scope of the CSS being limited to operations during the year.

Hedging

- A2.18. The hedging policy of the Relevant Licensee should be described.
- A2.19. The description should include an explanation of the hedging applied to default and active choice tariffs.
- A2.20. The description should also include an explanation as to who bears the volume risk -whether that is the Relevant Licensee, an Affiliate, and the Trading Counterparty or a third party to a financial instrument.

Treatment of Joint Ventures and Associates

- A2.21. Under the CSS licence requirement, the Relevant Licensee must ensure that the information provided in the CSS includes its share of 'revenues, costs, and profits' and volumes of any Joint Ventures and Associates.
- A2.22. The Relevant Licensee should account for Joint Ventures and Associates (which hold supply licence relating to the supply of gas or electricity in the UK) as follows:
- A2.23. the share of revenues of Joint Ventures and Associates to be included within revenue, and
- A2.24. the share of the profit before tax of Joint Ventures and Associates to be included within EBITDA (Earnings before Interest, Tax and Depreciation) and EBIT (Earnings before Interest and Tax).
- A2.25. For each of the items, the Relevant Licensee's share of the income and expenses of a Joint Venture or Associate should be combined line by line with similar items in the Relevant Licensee's CSS or reported as separate line items in the Relevant Licensee's CSS.

Auditing

- A2.26. The CSS must be reconciled to the figures in the audited statutory accounts. A table has been added in the Template for that reconciliation. It follows that the same GAAP accounting standards applied in the statutory accounts should be applied in the CSS in order to facilitate reconciliation.
- A2.27. The Relevant Licensee is not obligated to submit a report from an Appropriate Auditor. However, Ofgem reserves the right to ask for the submission of a report from an Appropriate Auditor where it considers that the Relevant Licensee has not properly prepared the CSS in accordance with the licence conditions, Guidelines and Template.
- A2.28. Where an audit is required, the Relevant Licensee should engage an Appropriate Auditor, as stated in the CSS licence requirement, to review whether the figures in the CSS can be reconciled with the figures in the statutory accounts and that costs are fairly allocated on a basis that, the Auditor is satisfied, is fair to customers in the various business segments. Alternatively, the Relevant Licensee may send us a copy of an audit report from an Appropriate Auditor if they have previously prepared one in relation to the CSS submission in question. The Appropriate Auditor will be engaged by the Relevant Licensee only and will report to the Relevant Licensee only; the Appropriate Auditor will have no contract with Ofgem.

Template for submitting the CSS

- A2.29. The Template is to be filled in annually by the Relevant Licensee. This Template will be in an Excel format or in another format directed by us and contains the following:

- A2.30. fuel types – separate figures for electricity and gas and
- A2.31. domestic and non-domestic customers – separation of ‘revenues, costs and profits’ by domestic and non-domestic customers

General Presentation

- A2.32. All financial figures should be stated in millions of pounds sterling (GBP £m) and rounded to no more than one decimal place. The grey shadings denote summations that can be calculated by using other information within the statement
- A2.33. WACOE should be reported to the nearest pence in £/MWh and WACOG reported to one decimal place in p/kWh. Volumes for electricity to one decimal place in TWh and for gas to one decimal place in MThms
- A2.34. All revenues, costs and depreciation should be entered as positive values with only EBITDA (Earnings before Interest, Tax and Depreciation)’ and EBIT (Earnings before Interest and Tax) displaying negative values in the event of a loss.

Revenue and Cost line items for Supply

- A2.35. ‘Revenue from sale of electricity and gas’ means electricity and gas sales for the respective retail supply segments. Revenue for domestic supply should be less dual fuel discounts where applicable; that is these discounts should be deducted from revenue, with the discount split evenly between electricity and gas. Social tariff costs should also be deducted from domestic supply revenue directly.
- A2.36. ‘Other Revenue’ not covered above means revenue from other activities in the licensee company that is revenue that is not defined in paragraph A2.37. This is to be included in the ‘Other Revenue’ row of the income statement below the ‘Revenue’ row. The description of ‘other revenue’ should continue to be provided in a footnote.
- A2.37. ‘Direct fuel costs’ for supply should include aggregate electricity and gas costs. For the supply businesses, WACOE/G should cover the wholesale energy cost, losses, the energy element of Reconciliation by Difference (RBD) costs, balancing and shaping costs incurred by supply licences.
- A2.38. ‘Other direct costs’ for supply should include network costs, Balancing Services use of System charges (BSUOS), environmental costs (including Renewable Obligation Certificates (ROCs), Carbon Emissions Reduction Targets (CERTs) and the Community Energy Savings Programme (CESP) and the transport element of RBD costs.
- A2.39. ‘Indirect costs’ should be defined as Relevant licensees’ own internal operating costs including sales and marketing costs, bad debt, central services, customer service, costs to serve Priority Services Register (PSR) customers and all metering costs. With Indirect Costs the licensee should also highlight R&D and Innovation costs incurred during the period.
- A2.40. Volumes should be supplier volumes at the meter point (ie net of losses).
- A2.41. WACO E/G means the “Direct fuel costs” line divided by the “Volume” line, shown as £/MWh or p/th.
- A2.42. Customer numbers should be the average number of electricity and gas, domestic and non-domestic meter points (MPANs and MPRNs) during the reporting year. This should be calculated by adding monthly customer numbers as based on meter points and dividing by 12.
- A2.43. The supply aggregation column (aggregation of domestic and non-domestic electricity and gas supply businesses) sums the horizontal supply figures and thereby helps facilitate reconciliation to group accounts.

Appendix 3 – Draft proposed templates

Proposed draft CSS template after reconciliation adjustments.

Results after adjustments						
	Unit	Electricity supply		Gas supply		Aggregate supply business
		Domestic	Non-domestic	Domestic	Non-domestic	
		20XX	20XX	20XX	20XX	
Total revenue	£M					
Revenue from sale of electricity and gas	£M					
Other revenues	£M					
Total operating costs	£M					
Direct fuel costs	£M					
<i>Direct costs:</i>						
Transportation costs	£M					
Environmental and social obligations costs	£M					
Other direct costs						
Indirect costs	£M					
EBITDA	£M					
Depreciation and amortisation	£M					
EBIT	£M					
Volume	TWh, <i>m therms</i>					
WACO E/G	£/MWh, <i>p/th</i>					
Customer numbers	000s					

Proposed draft template displaying reconciling items to the statutory accounts

Adjustments for Reconciling items								
#	Item	Unit	Electricity supply		Gas supply		Aggregate supply business	Adjust in CSS?
			Domestic	Non-domestic	Domestic	Non-domestic		
#1		£M						
#2		£M						
#3		£M						
#4		£M						
#5		£M						
#6		£M						
#7		£M						
#8		£M						
#9		£M						
#10		£M						

Proposed draft CSS template before reconciliation adjustments

Results before adjustments						
	Unit	Electricity supply		Gas supply		Aggregate supply business
		Domestic	Non-domestic	Domestic	Non-domestic	
		20XX	20XX	20XX	20XX	20XX
Total revenue	£M					
Revenue from sale of electricity and gas	£M					
Other revenues	£M					
Total operating costs	£M					
Direct fuel costs	£M					
<i>Direct costs:</i>						
Transportation costs	£M					
Environmental and social obligations costs	£M					
Other direct costs						
Indirect costs	£M					
EBITDA	£M					
Depreciation and amortisation	£M					
EBIT	£M					
Volume	TWh, <i>m therms</i>					
WACO E/G	£/MWh, <i>p/th</i>					
Customer numbers	000s					

Appendix 4 – Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

Ofgem will not be sharing personal data. Consultation responses which are non-confidential will be published to our website.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for six months after the project is closed.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services

- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".