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Dear Ofgem CSS team,

Good Energy's response to the Ofgem consultation on reviewing the Consolidated Segmental Statements

Thank you for the invitation to respond to this consultation. Good Energy supplies 100% renewable electricity and carbon-neutral gas to homes and businesses across the UK. Good Energy is working towards a renewable future, helping to support technologies including wind, solar, biofuel and hydro. Our purpose is to power the choice of a cleaner, greener future together.

Opening reflections

Good Energy continues to be supportive of Ofgem's work to improve transparency in the retail market.

However, we are disappointed with the proposals and direction set out by Ofgem in this latest consultation. Whilst we appreciate welcome steps on removing some of the problematic data points, a large majority of our concerns from the previous consultation remain outstanding.

These include but are not limited to a rushed implementation, misalignment with existing statutory reporting requirements that suppliers already adhere to, the publication of confidential un-audited information ahead of the statutory reporting period and the overall benefits case for both consumers and Ofgem.

The proposals as currently drafted will place considerable burdens on suppliers – disproportionately so on smaller suppliers. Ofgem should reflect on the feedback provided during this consultation and seek pragmatic solutions – particularly where existing information gathering (through RFIs as an example) and statutory reporting requirements are already being completed by suppliers.

An updated impact assessment is required

The decision not to conduct an updated impact assessment and rely on an assessment from 2021 is a highly unsatisfactory outcome. We believe it is important Ofgem conducts an updated assessment, as the financial reporting landscape – as well as the energy retail market – has changed considerably since 2021.





Specifically in relation to the CSS proposals, we do not see any consideration of the impact of the government scheme audits, which are placing heavy additional burdens on already stretched finance teams. As a reminder, for suppliers with domestic and non-domestic customers, there have been six separate support schemes – which continues to place exceptional pressures, on all suppliers.

An updated assessment is required because of the revised position in this consultation to remove the transition period. As we will also reflect on later, for suppliers with a December-year end, we will be forced to procure external resource to fulfil this requirement as there will not be enough notice to prepare following a decision.

Implementation concerns

We are concerned that Ofgem's position for implementing the revised proposals will add to supplier costs and consumer bills.

For suppliers like Good Energy, who have a December year-end, it is not feasible to complete the first CSS submission by the end of April 2024 with existing resource. If Ofgem presses ahead with this timeline, we will have to procure external resource to fulfil this requirement. These costs will be material given the short notice.

Building on the concerns mentioned above regarding the current financial reporting landscape, **we are calling on Ofgem to reconsider the implementation timelines. A more pragmatic and reasonable solution would be to allow for at least a year's implementation following a decision.** This will allow suppliers to plan and resource our teams appropriately, in addition to agreeing scope expansions with our auditors.

Removing a transition period brings additional burdens and challenges to newly obligated suppliers. Ofgem should reflect again on the impact of this first request coming during the busiest time of year for financial reporting teams – especially for those suppliers with a December year-end.

In addition, because of the very limited notice period suppliers will have from a potential decision date, it will not leave us enough time to sufficiently change the scope of our requirements with auditors. The lack of time to sufficiently plan has material knock-on effects for suppliers, which stretches relationships with third parties like auditors. It is therefore imperative that suppliers are given a longer implementation period.

Statutory reporting and confidentiality concerns



As referenced in response to the previous consultation, we maintain concerns regarding the publication of commercially sensitive data, under the under a timescale that does not align with the publishing requirements of Companies House.

Under statutory reporting requirements, suppliers have nine months from their financial year end to submit their audited accounts. The four-month requirement that is being consulted on will result in Good Energy and potentially other suppliers, being required to disclose sensitive financial information before our regular audit and accounting works have been completed.

Ofgem should align proposals to the existing statutory requirements to which suppliers already adhere. We are unable to identify any benefits to this information being requested and published ahead of existing statutory accounting deadlines.

Ofgem should work with and not against existing timelines and professional auditing experts. Aligning to the existing statutory timelines is a low-regret move, that would still help facilitate the key objectives of this workstream.

Disproportionate burdens for smaller suppliers

These proposals still represent significant administrative burdens for suppliers, and disproportionately so for smaller suppliers. If the proposed timeline goes ahead, we will have to procure external resource and seek to amend our audit scope at incredibly short notice – which will ultimately bring material costs.

As Ofgem is seeking to require suppliers to publish un-audited financial information for the CSS, this has practical implications for the information that particularly smaller suppliers will present.

Reconciliations for industry costs will take place in between Ofgem’s proposed timelines and statutory reporting deadlines. These reconciliations can amend a financial position quite considerably and have more of a material impact for smaller suppliers like Good Energy – take the Feed in Tariff levelisation as one example.

It is unclear what benefits CSS reporting brings to Ofgem and consumers

Repeating similar sentiments from our response to the last consultation, Good Energy understands that due to the changes in the make-up of the supply market since CSS reporting was introduced in 2009, that current arrangements may no longer be appropriate.

However, it does not automatically follow that these changes should be met with an expanded reporting regime, as there is a lack of clarity as to the benefits that CSS reporting brings. We are yet to see



compelling evidence or insight into how this reporting has benefited consumers or helped Ofgem perform its duties, nor how expanding CSS requirements to more suppliers would increase this benefit.

Ofgem has the tools necessary, through existing licence conditions, to protect consumers and it is unclear what added benefit publishing a Consolidated Segmental Statement will bring to all stakeholders.

The scope and volume of data

We maintain significant concerns with the level of granularity and complexity of data that is being asked of suppliers to provide for the CSS.

Ofgem has and continues to receive a wealth of data on suppliers' financial health and performance – it is not clear why additional layers of information are needed in this context. Also, in our statutory accounts we already produce segmental notes.

In our view, the proposals within this consultation add unnecessary duplication, plus new complex requests, which combine to represent increased administrative burdens on suppliers.

We are concerned with the inclusion of 'other activities' since the last consultation, and would urge Ofgem to reflect carefully on this. Firstly, it is not clear what legal basis Ofgem is using to request information relating to the activities of non-licensed activities being published through a CSS – this should be made clear as part of any decision.

Second, we are unable to identify the consumer benefits for requiring this information to be published. Finally, it also raises competition concerns – as suppliers will be forced to reveal commercially sensitive information to their competitors in unlicensed activities.

I hope you have found our response helpful. If you would like more information, or have any questions about our views, please do not hesitate to let me know.

Kind regards,

Simon Shaw
Regulatory Affairs Lead