

Andrew Milligan
Retail Financial Monitoring Team
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Sent via email to : css@ofgem.gov.uk

4 January 2024

Dear Andrew

Reviewing the Consolidated Segmental Statements - Final Proposals

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewable generation, including onshore, offshore wind and solar generation, and energy storage. We have around six million electricity and gas customer accounts, including residential and business users. EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to provide comments on Ofgem's final proposals to revise the licence obligation in relation to the submission of Consolidated Segmental Statements (CSS). Revisions to the CSS are well overdue as the energy industry has changed radically since they were introduced and the original policy objectives that led to the introduction of the CSS obligation no longer remain valid.

Current requirements, which only obligate a vertically integrated supplier with more than 250,000 domestic or non-domestic customers, are clearly out of date in today's market. In this context, we are supportive of the majority of changes Ofgem are proposing to make to the CSS obligations, most notably the removal of the requirement to produce information relating to generation activities and not proceeding with a proposal to require reporting on "other activities". We also welcome the early introduction of these changes such that the production of CSS in 2024 for all suppliers within scope will be subject to the revised obligation.

However, while supportive of moving away from the current supply threshold, we remain unconvinced of the need for any threshold and support the obligation to submit a CSS to apply, in the absence of any robust justifiable reason, to ideally all suppliers irrespective of size. This would provide Ofgem with full visibility of the whole market and all business models

that are supplying energy and ensure regulations are applied equally across the whole supply market.

We also have a number of comments on the proposed revisions to the standard licence condition 19A of both the electricity and gas licences as set out in Appendix 1 of the consultation. These are set out below:

- **Paragraph 19A.5;** Given the proposed removal of the requirement to produce information on generation business activities, retaining a requirement to produce information that includes “the cost of fuel used to generate electricity” appears redundant. Suppliers will continue to be required to provide information on “direct fuel costs” for supply (as set out in the template). This is to 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”. We therefore recommend that this paragraph is removed in its entirety.
- **Current Gas SLC 19A.9;** the proposed amendment to the wording that refers to “section 11A of the Act” is an error and the original wording i.e. “section 23 of the Act” should be retained. The licence modification provisions in the Gas Act are set out in section 23, whereas in the Electricity Act they are set out in section 11.
- Given the proposed deletions of some of the current paragraphs under both the electricity and gas supply licences the paragraph numbering in each licence condition needs to be updated.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Steven Eyre or myself. I confirm that this letter may be published on Ofgem’s website.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Mason", written in a cursive style.

John Mason
Senior Manager (Price Regulation and Market Dynamics)