

From: Nicola.meyrick@ecotricity.co.uk
To: css@ofgem.gov.uk
Dated: 11th January 2024
Reference: Consolidated segmental statements

This response is not confidential.

Dear Andrew

Thank you for your request for views on proposed changes to the licence condition requiring submission of a Consolidated Segmental Statement (CSS).

Our major concern with the proposed changes is the requirement to publish the statement as set out in the final point. As a small privately owned supplier this goes beyond our current reporting requirements, and we would strongly recommend that this is not mandated.

Below we have commented on each of the points laid out in your Summary document.

High level summary of the Final Proposals

- *CSS will cover both Domestic and non-Domestic suppliers.*
- *Domestic threshold reduced to 50,000 or more-meter points in either gas or electricity.*
- *Non-Domestic threshold will be set at 10-meter points.*

Estimated number of suppliers captured under the new thresholds.

- *Domestic suppliers: 14*
- *Non-Domestic: 61*

Ecotricity comment:

Ecotricity will fall within the new thresholds for both Domestic & Non-Domestic. Given our size, this represents additional administration that we will have to cover. If however, these changes are brought in alongside reducing duplicate information being requested via RFI's (see below) then we believe the impact would be broadly neutral overall.

Generation

- *The requirement to report on Generation and other activities has been removed. The CSS will only capture the energy supply business of a supplier.*
- *Will not be requesting statements on transfer pricing policies and methodologies.*

Ecotricity comment:

Agree with the changes proposed.

Additional Financial Information

- *Removed the request for additional financial information due to current RFI's.*

Ecotricity comment:

Agree with the changes proposed. We believe this will help alleviate the administrative burden for smaller suppliers.

Auditing requirement

- *Removed the auditing requirement and request the CSS to be reconciled back to statutory accounts which undergo a separate audit process (unless suppliers fall under audit exemption).*
- *Retain the right to request an audit where there is cause for concern.*

Ecotricity comment:

Agree. Segmental profitability is not a requirement under the financial reporting standards and is at management's discretion. Requiring audit would increase the administrative burden for suppliers and ultimately, additional cost to customers.

Reporting and Transition Period

- *Proposing to align submission timelines with the publishing of statutory accounts which is 9 months after the company's year-end.*
- *Propose not to allow a transition period for the first year, as in line with submission of statutory accounts, consider this is sufficient time to prepare the report.*
- *As part of the current and proposed licence conditions (see Appendix 1, 19A.4 (b)) 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.*
- *The template is published to the company's website and provided to Ofgem in an excel file via email. We may in future request upload to a portal instead.*

Ecotricity comment:

- Agree with the proposed timeline, for Ecotricity first submission would be 31st January 2025 being 9 months following financial year ended 30th April 2024.
- We are concerned about the publication of the template on the company website and to Ofgem. As a small privately owned supplier this goes beyond our existing financial reporting requirements under FRS102 (our financial reporting standards we use). We think the disclosure of this information would enable bigger suppliers, who have the resources to look at competitors, to gain an unfair advantage.

Should you require any further information, please let me know,

Yours faithfully

Nicola

Nicola Meyrick
Head of Regulation and Compliance
For and on behalf of Ecotricity