

Consultation

Modification of Consolidated Segmental Statements review

Publication date:	26 September 2025
-------------------	-------------------

Response date:	24 October 2025
----------------	-----------------

Intended effective from date:	31 October 2025
-------------------------------	-----------------

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

Team:	Financial Resilience and Controls
-------	-----------------------------------

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

This consultation sets out proposed modifications to the guidance for Consolidated Segmental Statements (CSS). This is required by Electricity Supply Standard Licence Condition (ES SLC) 19A.9, and the Gas Supply Standard Licence Condition (GS SLC) 19A.9. This is with the intent of driving comparability between returns, to bring more transparency in the market.

Consultation



Making a positive difference
for energy consumers

© Crown copyright 2025 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. 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.

Consultation

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document. We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can. We will publish non-confidential responses on our website.

Consultation stages

Stage 1 Consultation open: 26 September 2025

Stage 2 Consultation closes 24 October 2025.

Stage 3 Decision 30 October 2025.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will 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. 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 will contact 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. 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 United Kingdom'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. If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not 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.

Consultation

Why are these modifications proposed?

This modification is required as we have found that there is a lack of consistency between how Relevant Licensees (as defined by ES SLC 19A and GS SLC 19A) have approached their CSS, and specifically in how to assign costs. This has led to a situation in which 1 for 1 comparison have not been possible. Meaning interested parties would not be fully informed on how suppliers differ in cost allocations and profits in the sectors.

This has been highlighted by individual Relevant Licensees through their interactions with Ofgem.

Further, we have found that licensees have at points found the previous guidance vague, and as such, have requested clarification on how to assign particular costs when completing their CSS submissions. This update thus also attempts to make it easier to complete a CSS.

For the avoidance of doubt, the modifications laid out here would be relevant to the guidance for CSS as referenced in the standard license conditions for the supply of **both** gas and electricity.

What is the desired outcome?

The desired outcome is for greater consistency in the creation of CSS. This is important for consumers, and other interested parties to have an informed opinion on the distribution of costs and profits within the sector.

What is the effect and why does that meet the desired outcome:

We are proposing some more prescriptiveness, on where to assign particular costs, additional prescriptiveness around these modifications, and minor tweaks to presentation. These will produce more alignment between suppliers and aid in comparability, for consumers and other interested parties.

Consultation questions:

We welcome stakeholder views on the following:

1. Do you agree with our minded to approach to modify the Guidance to provide clarifications?
2. Do the proposed modifications make it clear what constitutes a properly prepared CSS?
3. What are your views on the modifications proposed?

Consultation

4. Are there any other options that would better facilitate the policy intent of CSS?

Additional links

Current Guidance Link: [Guidance for preparing Consolidated Segmental Statements](#)

SLA 19A (p147-150): [Electricity Supply Standard Licence Conditions 25 10 2021](#)

(p141-144): [Gas-Supply-Standard-Consolidated-Licence-Conditions.pdf](#)

Executive Summary of modifications

Areas to for change	Purpose	Guidance reference
Clarity and consistency in definitions	Explicit requirement to define and consistent categorisation to guidance of material areas of revenue and costs included in each cost line.	1.16 (& 1.36-reminder)
Policy costs	Minor edit to reference actual CSS category rather than Other Direct cost.	1.17
Supply vs non supply activities disclosure	Clarity where to report financial information between: 1. CSS main table (supply of electricity and gas 2 vs reconciliation table (licensed entity other non supply activities).	1.18
Other revenue clarification	Clarity to distinguish where to report Revenue related to supply: 1. Revenue vs other revenue in table 2. 1 vs Reconciliation table. (reducing ambiguity and for consistency).	1.38
Define and revise reconciliation table	Revised Reconciliation table and content (@total aggregate supply)- for ease, improve consistency (see Proforma). (some rec items can't be split out).	1.20 + Appendix
Direct costs-per line item	Request clear distinction of direct cost categories+ request for explanation + quantification (£'m) for variations to Guidance when aligning to accounts.	1.40
Indirect Costs-explanation	Add explain variation to accounts	1.41

Consultation

Proposed CSS Guidance actual wording modifications

Section 1.16 – Interpreting the Financial Information

Current wording:

“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.”

Proposed update:

“1.15 Under the CSS licence requirement, a clear and full explanation of how the Relevant Licensee defines the terms ‘revenues, costs and profits’ must be set out and presented in accordance to the definitions are set out in this Guidance. Please include an explanation and approximate quantification (£’m) if revenues or costs have been allocated differently in the licensees’ statutory accounts.

For example “£1m metering installation costs have been classified under indirect costs in line with the Ofgem Guidance to ensure consistency in CSS reporting. Although, these costs would appear under direct costs in the statutory accounts, this reclassification has no impact on earnings (EBIT)”.

Justification:

Clarifies that defining revenues, costs and profits means each line item, as seen in the pro-forma basis for preparation section.

Also a requirement for consistent preparation and presentation of underlying revenue and costs to allow comparability across suppliers in this market as highlighted from some feedback prior to proposed changes (as one of the key values of the CSS).

Note this is in line suggested section in the pro-forma:

[Note: If Where application of the CSS Guidance results in a presentation that differs from the statutory accounts, the CSS format should be prioritised to ensure consistency with the Guidance. In such cases, a disclosure should be included to:

- 1. explain which financial statement line items vary to the CSS disclosure.*
- 2. Provide an estimate of the variance, rounded to the nearest £ million].*

Section 1.17 – Interpreting the Financial Information

Current wording:

Consultation

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. For the avoidance of doubt, PPAs will come under ‘Direct Costs’.

Where issues pertaining to the data are unexpected or unusually complex these issues should be set out in full.

Proposed update:

1.16 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, Renewable Obligation related costs (classified in CSS statement as ‘Environmental and Social Obligation costs’), are allocated across the supply business. For the avoidance of doubt, PPAs will come under ‘Direct Fuel Costs’.

Where issues pertaining to the data are unexpected or unusually complex these issues must be set out in full.

Justification:

Updated to reflect clarification on categorisation of certain environmental Policy costs such as FiT, which recommended to classify under environmental (observed across most licensees).

Section 1.18 – Interpreting the Financial Information

Current wording:

We would only expect the ‘revenues, costs and profits’ to reflect company activities relating to that year of operations.

Proposed update:

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. The Relevant Licensee must provide a reconciliation in the format of a numerical table, which should include the points below as suggested in the appendix:

- CSS Revenue and EBIT per the statement
- Final statutory accounts Revenue and EBIT.
- Each reconciling adjustment with clear description. The table must be accompanied by numbered notes explaining each reconciling item, including why it was excluded from the CSS.

Consultation

Justification:

The current guidance is not clear on the distinction of supply and non-supply licensed activities conducted by the licensed entity (“group” entities), leading to inconsistent reporting. Clarity provided here, as well as in revenue section.

Section 1.20 – Interpreting the Financial Information (potential)

Current wording:

...The Relevant Licensee must also provide a numerical table to demonstrate the reconciling items, we have included a suggested template in the appendix.

Proposed update:

The Relevant Licensee must provide a reconciliation in the format of a numerical table, which include the points below as suggested in the appendix:

- CSS Revenue and EBIT per the statement
- Final statutory accounts Revenue and EBIT.
- Each reconciling adjustment with clear description. The table must be accompanied by numbered notes explaining each reconciling item, including why it was excluded from the CSS.

Justification:

We noted inconsistency in reconciliation format, and interpretation of revenue and profits. A standard table format ensures comparability. The proposed table has been further simplified to reflect at a total Revenue and EBIT level.

Section 1.36 – General Presentation

Current wording of 1.36:

“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.”

Proposed wording of 1.36:

1.35 All revenues, costs and depreciation must 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. Please take in consideration paragraph 1.16 under section “Interpreting the Financial Information” when preparing the CSS published statement.

Consultation

Justification

Additional reference here to remind consistent classification when preparing and presenting financial information for revenue and costs to be consistent to Guidance.

Section 1.38–1.41 – Revenue and Cost Line Items

Current wording of 1.38 Other Revenue:

‘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.

Proposed update to 1.38 Other Revenue:

1.37 ‘Other Revenue’ not covered above in paragraph 1.37 must include revenue from activities directly related to the licensed supply business, such as meter installations or connection services, but exclude that associated with direct supply of electricity and gas. Any licensed entity revenue outside the supply business must be reflected in the reconciliation to licensed entity statutory accounts. The description of ‘other revenue’ must continue to be provided in a footnote.

Justification:

Removes reference to A2.37, and clearer that other revenue must still relate to supply business.

Direct costs outside Direct fuel costs

Current wording of 1.40:

Remaining Direct costs not covered in paragraph 1.39 above, must be separated into the distinct CSS cost categories as defined in the template and include:

‘Transportation costs’ representing, but not limited to, distribution and network costs, which may include categories such as network charges (TNUoS, DUoS), BSUoS and gas transportation.

‘Environmental and social obligation costs’ representing, but not limited to, scheme policy or administration costs such as Renewable Obligation related, Feed in Tariff (FIT), Contracts for Difference (CfD), Capacity Market (CM), Carbon Emissions Reduction Targets (CERTs) and the Community Energy Savings Programme (CESP), ECO and Warm Home Discount.

‘Other direct costs’ may include items such as broker commission directly attributable to sales, market participation fees.

Consultation

Where application of the CSS Guidance results in a presentation that differs from the statutory accounts, the CSS format must take precedence to ensure consistency with the Guidance.

In such cases, the relevant sections must include a disclosure that:

Outlines the reason for the difference from the statutory accounts line item.

Provides an estimated value of the difference, rounded to the nearest £1 million.

This approach ensures compliance with SLC19A (for supply of both gas and electricity) by aligning with the CSS Guidance while maintaining transparency in relation to statutory reporting.

Justification:

Current wording suggests all those items fall into ‘other direct costs’, which is itself a separate line item. This breaks it up into more defined cost categories, in line with the pro-forma. Includes opportunity to disclose any variation to accounts as a result of presenting in accordance to the CSS Guidance, to aid alignment to accounts.

Section 1.41: indirect costs (add reason for variations to Guidance)

Current wording of 1.40:

“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”

Proposed wording:

‘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.

Where application of the CSS Guidance results in a presentation that differs from the statutory accounts, the CSS format must take precedence to ensure consistency with the Guidance. In such cases, the relevant sections must include a disclosure that:

Outlines the reason for the difference from the statutory accounts line item.

Provides an estimated value of the difference, rounded to the nearest £1 million.

This approach ensures compliance with SLC19A (for supply of both gas and electricity) by aligning with the CSS.

Guidance while maintaining transparency in relation to statutory reporting.

Consultation

Justification:

Includes opportunity to disclose any variation to accounts as a result of presenting in accordance to the CSS Guidance, to aid alignment to accounts.

Other considerations

Should a licensee find themselves with insufficient time to adjust their CSS should modifications be made to this guidance, Ofgem will on a case-by-case basis allow an extension for publication. This ensures that in the event that a decision is taken to modify you will have sufficient time to prepare and publish a statement in line with the modified guidance. The extension will comprise of a new date specified under SLC19A.3 (for supply of both gas and electricity) and will be effective whether a decision is taken to modify the guidance or not

Noting that modifications to the Guidelines may mean that Relevant Licensees with specified publication dates immediately following the proposed coming into effect date of the changes, Ofgem will be considering provision of extensions to Relevant Licensees in this position to ensure that they have reasonable time to prepare and publish their CSS in light of any modifications resulting from a decision. The extension will comprise of a new date specified under SLC19A.3 (for supply licences for both gas and electricity) and will be effective whether a decision is taken to modify the guidance or not. Relevant Licensees will be contacted in due course.