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

Dear Andrew,

RE: Modification of Consolidated Segmental Statements review

Thank you for the opportunity to respond to your proposal to modify the guidance for the Consolidated Segmental Statements (CSS). We strongly support Ofgem clarifying this guidance to ensure that there is consistency in assignment of costs across all suppliers CSS.

We supported the reforms for the Consolidated Segmental Statement (CSS) which we see as a necessary vehicle to promote transparency across the energy supply industry and help improve consumer confidence and awareness.¹ We consider that it is important that this transparency is now delivered through timely publication of the CSS by suppliers and by Ofgem's publishing information in line with stakeholder expectations.

Whilst we consider the existing guidance was clear in relation to most areas of cost assignment, we agree that some areas of the guidance could be improved to promote clarity for suppliers. We strongly agree with amendments that make clear that suppliers 'must' follow the CSS guidance. As you note in the consultation, the CSS is intended to allow comparison across suppliers' submissions. Inconsistent cost assignment not only frustrates this comparison but also risks creating a misleading impression that results are comparable.

In cases where a supplier has not followed Ofgem's guidance, Ofgem has the power to require an audit or ask for an existing audit to be produced. Ofgem have clearly set out that the reason for this requirement, which is to avoid the need for an additional audit of the CSS. However, as this is a retrospective power we expect it would only be implemented with a delay and therefore agree that amending the guidance is necessary to prevent inconsistencies between published CSS.

¹ [Reviewing the Consolidated Segmental Statement - our initial proposals | Ofgem](#)

Consistency with the CSS guidance is of particular importance should Ofgem restore publication of CSS indicators. Promoting transparency and improving consumer confidence and awareness are important objectives of the CSS. These will be seriously undermined by reporting that does not meet Ofgem's guidance or allow Ofgem to deliver on its policy objectives.

In summary, we support Ofgem's work to ensure consistency of the CSS which we consider is critical to meeting the policy intent of increased transparency, consumer confidence and awareness.

We have responded to your specific questions on the revised guidance in the Annex.

Yours sincerely,

Essie Barnett

Regulatory Manager
Centrica Regulatory Affairs & Policy

Appendix – responses to consultation questions

- 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?**

Whilst we consider the existing guidance was clear in relation to most areas of cost assignment, we agree that some areas of the Guidelines could be improved to promote clarity for suppliers.

We strongly agree with amendments that make clear that suppliers ‘must’ follow the CSS guidance. This wording clarifies the policy intent of the CSS which is to promote transparency across the energy supply industry and help improve consumer confidence and awareness. Inconsistent application of the guidance is not in line with Ofgem’s policy intent and undermines the purpose of the exercise.

3. What are your views on the modifications proposed?

We welcome Ofgem’s clarification that compliance with the guidance is aligned with SLC 19A and that transparency in relation to statutory reporting can be achieved through adhering to the guidance with additional disclosure of differences against statutory accounts. Our view is that the CSS should be understandable as a standalone document (with reference to the guidance) and contain sufficient information to allow comparison against other suppliers CSS.

We have commented on proposed amendments to key areas of the guidance below:

Clarity and consistency

We agree that the guidance be amended to clarify that CSS ‘must’ be presented in accordance with the Guidance.² We also agree with the requirement to explain statement lines that differ from a supplier’s statutory accounts. This requirement is incremental to the reconciliation already provided as it includes differences in revenue or costs.

Environmental and Social tariffs

We welcome further clarifications on the policy costs that are intended to be included in Environmental and Social tariffs. We would note that there are a number of new schemes including some recently implemented which can lead to Ofgem’s list becoming quickly outdated. Given this it may not be Ofgem’s intention to provide an exhaustive list. However, clarification that the Energy Intensive Industries scheme levy should be included would be helpful to the preparation of 2024 accounts.

² [Guidance for preparing Consolidated Segmental Statements](#), Paragraph 1.16.

Define and revise reconciliation table

We support Ofgem's clarification that a numerical table is required to implement the reconciliation to statutory accounts requirement. We see no reason why a supplier may need to depart from the template provided and our view is that this should be a requirement alongside the main CSS template.

Indirect costs explanation

We support Ofgem's approach to addressing differences between the reporting of indirect costs in the CSS and suppliers statutory accounts. This approach ensures compliance with SLC19A by aligning the CSS with the CSS Guidance while maintaining transparency in relation to statutory reporting.

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

We are not aware of any other options. We would also note that further change to the CSS will affect consistency of publications over time and would therefore need to be carefully considered by Ofgem.