

**E.ON's Comments on Ofgem's Consultation**  
**Improving Reporting Transparency of Large Energy Suppliers**

**Introduction**

The changes to the draft licence condition and guidance, following responses to Ofgem's January consultation "Improving Reporting Transparency Consultation", have removed a number of potential sources of confusion for readers. These changes are welcome. However, we still have concerns over some of the requirements set by the draft licence condition and its guidance, although most of these now relate to the practicalities of implementation.

To quickly resolve the remaining issues with the draft licence and its guidance and create a consensus on how the guidance should be interpreted, we ask that Ofgem now works closely with the large energy suppliers. We would therefore welcome the opportunity to discuss further the points we raise in our answers below.

**Ofgem's specific questions**

***Question 1: Do respondents have any further comments on our unchanged proposals on recommendation 1?***

We have no further comments.

***Question 2: Do respondents have any further comments on our unchanged proposals on recommendation 2?***

We remain of the view that, because our statement is reconciled to audited accounts, there is no need for customers to incur the additional cost of obtaining independent opinions.

If Ofgem wishes the independent provider of the opinion to interact with companies ahead of publication, then time needs adding into the process to let this happen. Paragraph 3 of the draft licence condition would need modifying to reflect this. We suggest;

"3. The Relevant Licensee must, in conjunction with any Affiliates, prepare and publish, **or, where an independent opinion is required, prepare for an independent examination,** a Consolidated Segmental Statement"

This would allow for the additional time required and protect the licensee from actions of the independent provider of the opinion delaying the statement being published by a set date.

We would welcome the opportunity to discuss further the practicalities of recommendation 2.

**Question 3: Do respondents have any comments on our updated proposals on recommendations 3, 7 and 8?**

We have no comments on Ofgem's updated proposals on recommendations 3, 7 and 8.

**Question 4: Do respondents have any further comments on our unchanged proposals on recommendation 4?**

The revisions to the Guidance have addressed some of the concerns we have expressed in relation to the table in Annex 2 of the Guidance. However, the notes to the table still do not cover all of the situations that E.ON's Relevant Licensees will have to report against. If implemented, as drafted, a large amount of interpretation would be required, leading to different reporting and confusion for the reader.

As an example of the interpretation issue; is it Ofgem's intention that the table in Annex 2 of the Guidance should be completed as a single consolidated table, or as a series of tables, with one for each Relevant Licensee? Our interpretation would be that having a series of tables should be more helpful to the reader than a single table. This is illustrated by the following two examples:

1. In "Responsible for Scheduling", E.ON UK plc, a generation licensee, and E.ON Energy Solutions Limited, a supply licensee, would both tick "Not included in CSS", as the activity is not carried out by either of them, but by an Affiliate of them. However, Citigen (London) Limited, a generation licensee, would tick "generation", as it is responsible for its own scheduling decisions. Consequently "Responsible for Scheduling" would have ticks in "Generation" and "Not included in CSS", if there was only one table.
2. In "Determines retail pricing and marketing strategies", E.ON UK plc and E.ON Energy Solutions Limited, as supply licensees, would both tick "Supply". However, Citigen (London) Limited, as a generation licensee with no supply activity, does not undertake this function, but does have affiliates that undertake the function. Citigen (London) Limited, would therefore have to tick "Not included in CSS". Consequently "Determines retail pricing and marketing strategies" would have ticks in "Supply" and "Not included in CSS", if there was only one table.

We would welcome the opportunity to discuss further how the table in Annex 2 of the Guidance should be completed.

Separately, it is not clear what paragraph 6 of the draft licence condition is trying to achieve. Again, we would welcome the opportunity to discuss this further.

**Question 5: Do respondents have any further comments on our unchanged proposals on recommendation 5?**

We have no further comments.

**Question 6: Do respondents have any comments on our updated proposals on recommendation 6?**

We have no comments on Ofgem's updated proposals on recommendation 6.

***Question 7: Do respondents have any comments on our proposal to not take forward work on publishing capital employed as part of the Statements?***

We have no comments.

***Question 8: Do respondents have any further comments on our unchanged proposals to increase the customer number threshold?***

We have no further comments.

***Question 9: Do respondents have any views on the usefulness of further breakdown of the non-domestic segment in future Statements?***

It is unclear how and for whom "further disaggregation of the non-domestic sector would be useful". This would be particularly the case if Ofgem was to specify how to allocate costs to the different sectors, as it would reduce alignment with actual business processes. However, to comment further, we would need greater detail of what is meant by "further disaggregation of the non-domestic sector".

***Question 10: Do respondents have views on the usefulness of further clarity on how third party costs are recovered across the segments?***

It is unclear how and for whom "further clarity on how third party costs are recovered across the segments" would be useful. Again, we would need greater detail of what is meant by "further clarity on how third party costs are recovered across the segments", before commenting further.