

31 March 2025

## SmartestEnergy Business Ltd

### CSS Template Notes – March 2025

#### **Basis of Preparation**

The notes below set out the basis of preparation of the Consolidated Segmental Statement (CSS) for the year ended 31 March 2024. The CSS has been prepared in accordance with Standard Condition 19A of the Electricity and Gas Supply Licences (SLC 19A).

The CSS is aligned to the SmartestEnergy Business Ltd Financial Statements for the year ended 31-March 2024 and been included in accordance with SLC 19A . There are no reconciling items between the CSS and the financial statements.

The CSS provides information relating to the revenues, costs and profits/losses of the supply licensed activities in order to enhance the transparency within the energy market for both consumers and other stakeholders. Segments within the CSS have been determined in accordance with Ofgem Guidelines, which differ from the requirements of FRS102 under which our Statutory Financial Statements are prepared, therefore the CSS may not be suitable for other purposes. The categorisation of revenue and costs aligns with the relevant financial statements in order to align with the intent of SLC 19A. This may result in some variation of select cost categories versus Ofgem CSS guidance.

#### **Interpreting the Financial Information**

##### 1.16 Definitions of;

Revenue – Revenue from Electricity and Gas sales recognised when billed. Other revenues include early termination fees.

Direct Fuel Costs – Electricity and Gas Commodity costs, recognised to the P&L on usage.

Direct Costs – Recognised to the P&L on a usage basis. Electricity and Gas Non-commodity costs including but not limited to;

Transportation costs – DUOs, TNUOs, AAHDC, BSUoS

Environment costs – RO, FIT, CFD

Other Direct costs – Meter Costs, Capacity Market.

Indirect Costs – Including but not limited to; Commission costs based on new sales and also based on Usage, Acquisition costs, Direct Expenses (Debt collection fees, Management charge, Billing & Mailing etc), Administrative Costs, Bad Debt.

Volume – volume delivered to the meter points

Meter Points – Average Meter points over the financial year. Sum of the meter points at each month end divided by 12.

#### 1.17 Methodology to allocate

Direct Costs and Direct Fuel costs – allocated based on the energy they relate too.

Indirect Costs – allocated between Electricity and Gas using Gross Margin to apportion costs.

#### 1.20 Reconciling Items

None – CSS EBIT is aligned to Statutory Accounts.

### **Hedging**

#### 1.24 Hedging Policy Description

We take a fully hedged approach to hedging volumes for customers, as best we are able to determine. This means we seek to buy the amount of energy our customers ultimately end up using, and seek to make this purchase at the point the contract is agreed with the customer – with allowances for settlement run variations and market liquidity constraints.

#### 1.25

#### 1.26

We bear all volume risk.