

Gas and Electricity Markets Authority

Standard conditions of Load Control Licence

SECTION A: STANDARD CONDITIONS FOR ALL LICENSEES	3
Condition 1. Definitions for standard conditions	5
Condition 2. Interpretation of standard conditions	13
Condition 3. Operational capability	16
Condition 4. Financial responsibility principle	17
Condition 5. Ongoing fit and proper requirement	18
Condition 6. Provision of information to Authority and Secretary of State	20
Condition 7. Principle to be open and cooperative	21
SECTION B: STANDARD CONDITIONS FOR LOAD CONTROLLERS	22
Condition 8. Requirement to comply with Industry Codes	24
Condition 9. Cyber assurance framework for load controllers	28
Condition 10. Load control check	32
SECTION C: STANDARD CONDITIONS FOR FLEXIBILITY SERVICE PROVIDERS	33
Condition 11. Treating customers fairly	35
Condition 12. Recommending suitable services and prohibiting mis-selling	37
Condition 13. Allow customers to exit a service	38
Condition 14. Requirement that fees charged by flexibility service providers which are associated with a customer's service exit must be proportionate	39

SECTION A: STANDARD CONDITIONS FOR ALL LICENSEES

Standard conditions 1 to 7:

Condition 1. Definitions for standard conditions

- 1.1 This condition sets out the defined words and expressions used in the standard conditions of this licence (all of which begin with capital letters) and gives their definitions next to them.
- 1.2 In this licence, unless the context otherwise requires:

Act	means the Electricity Act 1989;
Affiliate	means any holding company or subsidiary or subsidiary undertaking of a holding company of the licensee, in each case within the meaning of the Companies Act 2006;
Authority	the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000;
Balancing and Settlement Code	means the Balancing and Settlement Code provided for in condition E1 (Balancing and Settlement Code (BSC)) of the Electricity System Operator Licence;
CAF Assessment	Either a self-assessment or a third-party audited assessment as directed by the Authority of the licensee's cyber-security posture against a relevant Cyber Assessment Framework (CAF);
Capital	means the elements of a Licensee's equity and appropriate loss-absorbing debt liabilities;
Charges	means Charges for the provision of Consumer-Led Flexibility (CLF);
Consequential Change	a modification required to an Industry Code to which the licensee is a party, solely to give full and timely effect to a modification made to that or any other Industry Code;

Consumer-Led Flexibility (CLF)	means an arrangement between a Flexibility Service Provider and a Customer in relation to activities undertaken as defined by 4(3J)(b) of the Act;
Contract	the contract for the provision of CLF entered into between a Customer and a Flexibility Service Provider;
Customer	Domestic Customer or Small Business Customer of the licensee in relation to the Domestic Customer or Small Business Customer's Energy Smart Appliance;
Customer Objective	Is to be interpreted in accordance with paragraph 11.1.
Cyber Assessment Framework (CAF)	The CAF is a collection of cyber security guidance for organisations that play a vital role in the day-to-day life of the UK, with a focus on essential functions. It is aimed at helping an organisation achieve and demonstrate an appropriate level of cyber resilience in relation to certain specified vitally important functions performed by that organisation, functions that are at risk of disruption as a result of a serious cyber incident;
Domestic Customer	a Customer provided with or seeking to be provided with CLF located at a Domestic Premises but excludes such Customer insofar as they are provided with or seeking to be provided with CLF at a premises other than Domestic Premises;
Domestic Premises	means premises at which a supply of electricity is taken wholly or mainly for domestic purposes;
Electricity Supplier	means any person who holds an Electricity Supply Licence;
Electricity Supply Licence	means an electricity supply licence granted or treated as granted under section 6(1)(d) of the Act;
Electronic Communication	A message comprising text or an image of text that: (a) is sent over a public electronic communications network;

	<ul style="list-style-type: none"> (b) can be stored in that network or in the recipient's terminal equipment until it is collected by the recipient; and (c) is in a particular form and is used for a particular purpose and the recipient of it has expressed a willingness, to the sender, to receive it in that form and for that purpose;
Energy Smart Appliance (ESA)	has the meaning given to this term in section 238 of the Energy Act 2023, where it relates to a private electric vehicle, electric vehicle smart charge point, relevant heat pump, storage heater, relevant heat battery, hot water heat pump, standalone direct electrical hot water cylinders, hybrid heat pump, battery energy storage system, or ancillary appliance;
Exit Fee	means any sum of money or other compensation which might be demanded of a Customer solely because their Contract with a Flexibility Service Provider has ended;
Flexibility Service Provider	means any person undertaking activity as defined by 4(3J)(b) of the Act;
Gas Supplier	means any person who holds a Gas Supply Licence;
Gas Supply Licence	means a gas supply licence granted or treated as granted under section 7A(1) of the Gas Act 1986;
Industry Code	<p>means any of the following:</p> <ul style="list-style-type: none"> (a) the Balancing and Settlement Code (BSC); (b) the Connection and Use of System Code; (c) the Distribution Code; (d) the Distribution Connection and Use of System Agreement; and (e) the Grid Code;

Information	means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Authority and includes any documents, accounts, estimates, returns, records or reports and data of any kind, whether or not prepared specifically at the request of the Authority;
Joint Competent Authority	Department for Energy Security and Net Zero (DESNZ) Secretary of State and the Authority are the designated competent authorities (acting jointly) under the Network and Information Systems Regulations 2018;
Last Resort Supply Direction	means a direction given by the Authority to an Electricity Supplier that specifies or describes the premises to be supplied with electricity in accordance with standard condition 8 of the Standard conditions of electricity supply licence (Obligations under Last Resort Supply Direction); or a direction given by the Authority to a Gas Supplier that specifies or describes the premises to be supplied with gas in accordance with standard condition 8 of the Standard conditions of gas supply licence (Obligations under Last Resort Supply Direction);
Liquidity	means the resources that a licensee can convert into ‘cash’ as soon as needed and with minimal loss in value to meet liabilities as they fall due, including under adverse circumstances;
Load Control Activity	means activity undertaken by a Load Controller as defined by 4(3J)(a) of the Act;
Load Controller	means any persons undertaking activity under 4(3J)(a) of the Act;
Load Controller System (or Load Control System)	means any systems which are operated by or on behalf of a Load Controller and used in whole or in part for: <ul style="list-style-type: none"> (a) constructing load control communications to Energy Smart Appliances; (b) sending load control communications to Energy Smart Appliances;

	<ul style="list-style-type: none"> (c) receiving, sending, storing, using or otherwise carrying out any processing in respect of load control communications with Energy Smart Appliances; and (d) receiving responses or alerts from Energy Smart Appliances, intended for the Load Controller;
Material Economic and Operational Assets	are those assets, mechanisms or arrangements used or needed by the licensee: to run its CLF or Load Control Activity business and meet its obligations; with such assets, mechanisms or arrangements including, but not limited to, premises, facilities, staff, equipment, IT systems and brand name;
Network and Information System (NIS)	means: (a) an electronic communications network within the meaning of section 32(1) of the Communications Act 2003; (b) any device or group of interconnected or related devices which performs automatic processing of digital data; and (c) digital data stored, processed, retrieved or transmitted by elements covered under (a) or (b) for the purposes of their operation, use, protection and maintenance;
Network and Information System Incident	means any event having an actual adverse effect on the security of Network and Information Systems and which has a significant impact on the continuity of the essential service which that OES provides;
Non-CLF Product	means any goods and/or services that could not reasonably be considered as being directly related to the provision of CLF to the Customer;
Operator of Essential Services (OES)	means an entity designated or deemed to be designated under Regulation 8 of the Network and Information Systems Regulations 2018 as an operator of essential services in relation to its activities, being an organisation that provides a service which is essential for the maintenance of critical societal or economic activities, where the provision of that service depends on network and information systems, and an incident affecting those systems would have significant disruptive effects on the provision of that service;
Principal Terms	<p>means, in respect of any form of Contract, the terms that relate to:</p> <ul style="list-style-type: none"> (a) Charges; (b) the duration of the Contract (including, but not limited to, the duration of any fixed term periods and any

	<p>arrangements for renewing or extending the duration of the Contract or any fixed term periods);</p> <p>(c) the rights to end the Contract (including any obligation to pay an Exit Fee);</p> <p>(d) any Rewards offered; and</p> <p>(e) options for and implications of signing the Energy Smart Appliance up to CLF with another Flexibility Service Provider;</p>
Quality	mean characteristics that make a source of funding best suited to allow a firm to absorb losses unambiguously on an ongoing basis, including under adverse circumstances;
Recommend	communicating (whether in Writing or orally) to a Customer information about one or more CLF arrangements in a way which gives, or is likely to give, the Customer the impression that the particular CLF arrangement is/are suitable for their characteristics and/or preferences;
Relevant Guidance	This refers to any guidance including (without limitation) that which has been produced by the Joint Competent Authority, the Authority or the Secretary of State designed to help licensees interpret the licence requirements;
Remedial Action Plan	An improvement plan designed to identify what improvements will be made to the licensees' security posture to enable the licensee to achieve compliance against paragraph 9.7. This should include dates by when the improvements should be completed, the rationale for any development, and executive sign-off of any decisions;
Representative	in relation to the licensee, means any person directly or indirectly authorised to represent the licensee in its dealings with Customers;
Rewards	Any financial or non-financial recompense awarded to a Customer by a Flexibility Service Provider as a result of the Customer's CLF;
Significant Code Review	a review of matters in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under EU law, which the Authority considers are likely to relate to one or more of the

	documents referred to in this condition, or to which the licensee is required under this licence to be a party, and concerning which the Authority has consulted;
Significant Managerial Responsibility or Influence	<p>where a person plays a role in:</p> <ul style="list-style-type: none"> (a) the making of decisions about how the whole or a substantial part of a licensee's activities are to be managed or organised; or (b) the actual managing or organising of the whole or a substantial part of those activities;
Small Business Customer	has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect);
Standards of Conduct	one or more of paragraphs 11.3(a) to (d);
Sufficient Control	means having either direct ownership or legally enforceable rights over Material Economic and Operational Assets so that the licensee can legally rely on them and enjoy the benefit of them;
Technical Authority	means the National Cyber Security Centre who act as a bridge between industry and government, providing a unified source of advice, guidance and support on cyber security and are part of Government Communications Headquarters;
The Regulation	Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast);
Tied Bundle	means a bundled service including a Non-CLF Product that is offered as part of, or which is in any way linked to, CLF and which the Customer has to receive;
Vulnerable Situation	where the personal circumstances and characteristics of each Domestic Customer create a situation where he or she is: (a) significantly less able than a typical Domestic Customer to protect or represent his or her interests; and/or (b) significantly more likely than a typical Domestic Customer to suffer detriment or that detriment is likely to be more substantial;

Writing

includes writing sent or received by Electronic Communication, and “Written” shall be construed accordingly;

Condition 2. Interpretation of standard conditions

General rules of interpretation

- 2.1 Unless the context otherwise requires, any word or expression defined in the Act, the Utilities Act 2000 or the Energy Act 2023 has the same meaning when used in the standard conditions of this licence.
- 2.2 Unless the context otherwise requires, any reference in the standard conditions of this licence to an Industry Code, an agreement or a statement is a reference to that code, agreement or statement as modified, supplemented, transferred, novated or replaced from time to time and any reference to a statute or subordinate legislation is a reference to that statute or subordinate legislation as amended or re-enacted from time to time.
- 2.3 The heading or title of any section, standard condition, schedule, paragraph or sub-paragraph in the standard conditions of this licence is for convenience only and does not affect the interpretation of the text to which it relates.
- 2.4 Unless the context otherwise requires:
 - (a) any reference in the standard conditions of this licence to a section, standard condition, schedule, paragraph or sub-paragraph is a reference to it in the standard conditions of this licence;
 - (b) any reference in a standard condition of this licence to a paragraph or sub-paragraph is a reference to it in that standard condition; and
 - (c) any reference in the standard conditions of this licence to any natural or legal person includes that person's successors.
- 2.5 Any reference in the conditions of this licence to a provision of the conditions of this licence; is to be read, if the conditions of this licence are subsequently modified, as a reference (so far as the context permits) to the corresponding provision of the relevant conditions.
- 2.5A Unless the context or a standard condition otherwise requires words and expressions in the singular include the plural and words and expressions in the plural include the singular.
- 2.6 References to "the licensee" in this licence are references to the person to whom this licence has been granted or treated as granted.

Performance of obligations

- 2.7 Where any obligation in this licence is required to be performed by a specified date or time or within a specified period and the licensee has failed to do so, the obligation will continue to be binding and enforceable after the specified date or

time or after the end of the specified period, without prejudice to all rights and remedies available against the licensee in relation to its failure.

Specific application of powers

- 2.8 Unless a contrary intention appears, any power of the Authority under any provision of this licence:
- (a) to give a direction, consent, derogation, approval or designation is a power:
 - (i) to give it to such extent, for such period of time and subject to such conditions as the Authority thinks reasonable in all the circumstances of the case; and
 - (ii) to revoke or amend it (after consulting with the licensee) or give it again under that power; and
 - (b) to make a determination or a decision is a power:
 - (i) to make it subject to such conditions as the Authority thinks reasonable in all the circumstances of the case; and
 - (ii) to make it again under that power.
- 2.9 Any direction, consent, derogation, determination, approval, designation, decision or other instrument given or made by the Authority under this licence will be in Writing.

Date to be specified

- 2.10 In each case in which the Authority may specify a date under the standard conditions of this licence, it may specify:
- (a) that date; or
 - (b) the means by which that date is to be determined.

Continuing effect

- 2.11 Anything done under or because of a standard condition of this licence, which is in effect immediately before that standard condition is modified, has continuing effect for so long as it is permitted or required by or under the modified standard condition.
- 2.12 Without prejudice to the generality of paragraph 2.11, every direction, consent, determination, designation, approval, decision or other instrument given or made by the Authority or by a licensing scheme made under Schedule 7 to the Utilities Act 2000 in relation to a standard condition of this licence, which is in effect

immediately before that standard condition is modified, has continuing effect for so long as it is permitted or required by or under the modified standard condition.

Specific Application of Powers – Secretary of State

- 2.13 Unless a contrary intention appears, any power of the Secretary of State under standard condition 6, 8, or 9 of this licence to give a direction, is a power:
- (a) to give it to such extent, for such period of time and subject to such conditions as the Secretary of State thinks reasonable in all the circumstances of the case; and
 - (b) to revoke or amend it (after consulting with the licensee) or give it again under that power.

Condition 3. Operational capability

- 3.1 The licensee must ensure it has and maintains robust internal capability, systems and processes to enable the licensee to comply with relevant legislative and regulatory obligations.
- 3.2 Flexibility Service Providers must ensure they have and maintain robust internal capability, systems and processes to enable the Flexibility Service Provider to:
 - (a) efficiently and effectively serve each of its Customers; and
 - (b) efficiently and effectively identify likely risks of Customer harm and to mitigate any such risks.

Meeting the operational capability principle

- 3.3 The licensee must have Sufficient Control over the Material Economic and Operational Assets used or needed to run its business.

Guidance

- 3.4 The licensee must have regard to any guidance on standard condition 3 (including in respect of definitions which appear in standard condition 1) which, following consultation, the Authority may issue and may from time to time revise.

Condition 4. Financial responsibility principle

- 4.1 The Licensee must ensure that it maintains Capital and Liquidity of sufficient amount and Quality that it is able to meet its reasonably anticipated financial liabilities as they fall due on an ongoing basis.

Reporting key events

- 4.2 A key event is an event that could have a significant impact on a licensee's business. Licensees must notify the Authority, in such form or manner as the Authority may from time to time specify, of the occurrence of any of the following key events as soon as reasonably practicable and in any event within five working days of the licensee becoming aware of the event's occurrence. Examples of key events include but are not limited to;

Operator status

- (a) The Licensee, any person holding a key position for a licensee, an Affiliate or a shareholder or member (holding 3% or more of the issued share capital of the licensee or its holding company) presenting of a petition for winding up, making of a winding up order, entering administration or receivership, bankruptcy (applying to individuals only), sequestration (applicable in Scotland), or an individual voluntary arrangement.

Financial events

- (b) Any breach of a covenant given to a bank or other lender.
- (c) Any default by the licensee or, where the licensee is a body corporate, by a group company in making repayment of the whole or any part of a loan on its due date.
- (d) Any investigation by a professional, statutory, regulatory or government body (in whatever jurisdiction) into the licensee's activities, or the activities of a person in a 'key position', where such an investigation could result in the imposition of a sanction or penalty which could reasonably be expected to raise doubts about the licensee's continued suitability to hold a licence.
- (e) The commencement (in whatever jurisdiction) of any material litigation against the licensee or, where the licensee is a body corporate, a group company: the licensee must also notify the outcome of such litigation.

Condition 5. Ongoing fit and proper requirement

- 5.1. The licensee must not appoint or have in place a person in a position of Significant Managerial Responsibility or Influence who is not a fit and proper person to occupy that role.
- 5.2. The licensee must:
 - (a) have and maintain robust processes, systems and governance in place to ensure that any person holding a position of Significant Managerial Responsibility or Influence in the licensee is fit and proper to occupy that role; and
 - (b) carry out regular assessments on such person(s) to ensure that they remain fit and proper to occupy that role.
- 5.3. In complying with paragraphs 5.1 to 5.2, the licensee must have regard to and take account of all relevant matters including, but not limited to, whether the individual has:
 - (a) been responsible for, contributed to or facilitated any serious misconduct or mismanagement (whether unlawful or not) in the course of carrying out a regulated activity (or, providing a service elsewhere which, if provided in Great Britain, would be a regulated activity);
 - (b) any relevant unspent criminal convictions in any jurisdiction in particular fraud or money laundering;
 - (c) any insolvency history, including undischarged bankruptcy, debt judgements and County Court judgements;
 - (d) been disqualified from acting as a director of a company;
 - (e) been a person with Significant Managerial Responsibility or Influence at a current or former licensed Gas Supplier or Electricity Supplier in respect of whose Customers' premises the Authority issued a Last Resort Supply Direction (including where they were a person with Significant Managerial Responsibility or Influence at that licensed Gas Supplier or Electricity Supplier within the 12 months prior to the Last Resort Supply Direction being issued); and
 - (f) been refused, had revoked, restricted or terminated any form of authorisation, or had any disciplinary, compliance, enforcement or regulatory action taken by any regulatory body in any jurisdiction whether as an individual, or in relation to a business in which that person held Significant Managerial Responsibility or Influence.

- 5.4. The licensee must have particular regard to circumstances in which the relevant person has a background in the energy sector in Great Britain and the previous actions of that person resulted in or contributed towards significant consumer or market detriment.

Condition 6. Provision of information to Authority and Secretary of State

- 6.1. After receiving a request from the Authority for Information that it may reasonably require or that it considers may be necessary to enable it to perform any functions given or transferred to it by or under any legislation, including any functions conferred on the Authority by or under The Regulation, the licensee must give that Information to the Authority when and in the form requested.
- 6.2. After receiving a request from the Secretary of State for Information that they may reasonably require or that they consider may be necessary to enable them to perform any functions given or transferred to them by or under any legislation, the licensee must give that Information to the Secretary of State within the time and in the form requested.
- 6.3. The licensee is not required to comply with paragraph 6.1 or 6.2 if the licensee could not be compelled to produce or give the Information in evidence in civil proceedings before a court.
- 6.4. After receiving a request from the Authority for reasoned comments on the accuracy and text of any Information relating to the licensee's activities under or pursuant to this licence which the Authority proposes to publish under section 48 of the Act, the licensee must give such comments to the Authority when and in the form requested.
- 6.5. The Authority's and the Secretary of State's power to request Information under this condition is additional to its power to call for information under or pursuant to any other condition of this licence.

Condition 7. Principle to be open and cooperative

- 7.1. The licensee must be open and cooperative with the Authority and Secretary of State.
- 7.2. In complying with paragraph 7.1, the licensee must disclose to the Authority in Writing or orally any circumstance relating to the licensee of which the Authority would reasonably expect notice in order to perform its statutory functions, particularly actions or omissions that give rise to a likelihood of detriment to Customers. Such disclosure should be given as soon as the circumstance arises or the licensee becomes aware of it.
- 7.3. The licensee is not required to comply with paragraphs 7.1 and 7.2 if the licensee could not be compelled to produce or give the information in evidence in civil proceedings before a court.

SECTION B: STANDARD CONDITIONS FOR LOAD CONTROLLERS

Standard conditions 8 to 10:

Condition 8. Requirement to comply with Industry Codes

8.1 The licensee must be a party to and comply with:

- (a) The Balancing and Settlement Code (BSC);
- (b) Connection and Use of System Code (CUSC); and
- (c) Distribution Connection and Use of System Agreement (DCUSA);

from the date on which it engages in Load Control Activity with premises in Great Britain.

8.2 The licensee must comply with:

- (a) The Grid Code; and
- (b) The Distribution Code;

from the earlier of the date on which it offers to engage in Load Control Activity or the date on which it engages in Load Control Activity with premises in Great Britain.

8.3 The requirements in 8.1(a) shall not apply to a licensee if that licensee is designated as an Operator of Essential Services in relation to their licensed activities and is formally reporting on those activities under the Network and Information Systems Regulations 2018. Should a licensee have their designation as an Operator of Essential Service revoked by the Secretary of State then the requirements in 8.1(a) shall apply to the licensee.

Power to issue direction to relieve certain industry code obligations

8.4 The Authority, after consulting with the licensee and any other person or body likely to be affected and after having regard to any guidance issued in accordance with paragraph 8.5, may give a direction to the licensee relieving it of its obligations (in whole or in part) under paragraph 8.1 and 8.2.

8.5 The Authority may issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under paragraph 8.4.

8.6 The guidance issued in accordance with paragraph 8.5 may, in particular, set out:

- (a) the process for requesting the Authority to grant a direction under 8.4;
- (b) the type of information that is likely to be required by the Authority as part of that process; and

- (c) the criteria the Authority would have regard to in considering whether and to what extent to exercise its power to give a direction under paragraph 8.4.

Consequential changes

- 8.7 If a Consequential Change is required, the licensee must take all reasonable steps to secure, and must not take any unreasonable steps to prevent or delay, the making or implementation of that Consequential Change.
- 8.8 Paragraph 8.4 is without prejudice to:
 - (a) any rights of appeal that the licensee may have in relation to decisions made by the Authority under the Industry Codes; and
 - (b) any rights of approval, veto, or direction that the Authority or the Secretary of State may have in relation to changes to the Industry Codes.

Duty to cooperate

- 8.9 The licensee will cooperate with the Authority, the Secretary of State and/or any person(s) appointed by the Authority or appointed pursuant to a direction of the Authority, to undertake any reasonable requests in relation to planning, project assurance and/or coordination/systems integration in order to give full effect to the conclusions of a Significant Code Review.
- 8.10 Cooperation for the purposes of paragraph 8.9 may include but not be limited to:
 - (a) the sharing of such information as is reasonable, and constructive participation in industry engagement in order to undertake appropriate planning of changes to IT systems or industry standard operational processes system changes pursuant to the conclusions of a Significant Code Review;
 - (b) the provision of such data as may be identified and reasonably requested in order to undertake testing and/or the population of any new central systems;
 - (c) the preparation and cleansing of such data as may reasonably be requested in order to facilitate live operation of the new central system;
 - (d) the provision of test scripts and results of any testing as may be requested by any person appointed to assure the success of any testing;
 - (e) all reasonable steps to:
 - (i) meet key programme milestones for the completion of any action(s) assigned to the licensee;

- (ii) adhere to any remedial plan put in place to address any issues, delays or slippage that may impact the licensee's ability to meet programme milestones, to the extent that failure to do so may jeopardise the successful and timely implementation of the programme;
- (iii) identify any dependencies that the licensee may have upon agents or other third-parties and secure the necessary support from such parties; and,
- (iv) promptly escalate and/or resolve any disputes that if unresolved may jeopardise the fulfilment of these obligations.

Compliance with Secretary of State directions for the purposes of security

8.11 The Secretary of State may from time to time issue a direction addressed to the licensee which may require it:

- (a) take (or refrain from taking) such steps as may be set out in the direction for the purposes of:
 - (i) establishing and maintaining a secure Load Controller System for the purposes of any testing and trialling related to the installation or operation of a secure Load Control System;
 - (ii) establishing and maintaining a secure Load Controller System at all other times;
 - (iii) mitigating any known or anticipated risk to the security of the secure Load Controller System;
 - (iv) preventing any potential failure of security in the secure Load Controller System;
 - (v) remedying any actual failure of security in the secure Load Controller System; and
 - (vi) preparing to address the consequences of any potential failure, or addressing the consequences of any actual failure, in the security of the secure Load Controller System;
- (b) do so by such a date as may be set out in the direction;
- (c) report to the Secretary of State or the Authority on the steps that it has taken or will take to comply with the direction;
- (d) produce documentary evidence sufficient to demonstrate its compliance with the direction.

- 8.12 Any direction issued may be addressed to the licensee alone or to the licensee together with any one or more other secure Load Controller System(s).

Condition 9. Cyber assurance framework for load controllers

Interpretation

- 9.1 The requirements in this condition shall not apply to a licensee if that licensee is designated or deemed to be designated as an Operator of Essential Services in relation to their licensed activities in scope of this licence under the Network and Information Systems Regulations 2018. Should a licensee have their designation as an Operator of Essential Services revoked by the Joint Competent Authority (or should it cease to be designated or deemed to be designated for whatever reason) then this condition shall apply to the licensee.
- 9.2 In carrying out their duties under this condition, the licensee must have regard to any Relevant Guidance issued by the Joint Competent Authority, the Authority or the Secretary of State (including in respect of definitions which appear in standard condition 1), which the Authority or the Secretary of State may issue and may revise from time to time, and any guidance issued by the Technical Authority.

General Cyber Security Duties

- 9.3 The licensee must take appropriate and proportionate technical and organisational measures to manage risks posed to the security of the Network and Information Systems on which its licensed activities in scope of this licence rely.
- 9.4 The licensee must take appropriate and proportionate measures to prevent and minimise the impact of incidents affecting the security of the Network and Information Systems used for the provision of licensed activities in scope of this licence, with a view to ensuring continuity of those activities.
- 9.5 The measures taken under paragraph 9.3 must, having regard to the state of the art, ensure a level of security of Network and Information Systems appropriate to the risk posed.
- 9.6 The licensee must notify the Secretary of State in Writing, if it becomes responsible for the control of an aggregate load of equal to or greater than 300MW, as soon as reasonably practicable and in any event within three months of initially meeting or surpassing the threshold.

Directions set by the Authority and Secretary of State

- 9.7 The licensee must produce and submit to the Authority on an annual basis or as directed by the Authority a CAF Assessment against any profile that sets the minimum standard the Authority deems appropriate in accordance with the templates published by the Authority or Secretary of State and any additional requirements, scope or timing directed by the Authority.
- 9.8 The licensee must provide any further evidence, or take any other appropriate action to support the CAF Assessment submitted in accordance with paragraph

- 9.7, as may be reasonably requested by the Authority and in a manner the Authority deems appropriate
- 9.9 The licensee must produce and submit to the Authority on an annual basis or as directed by the Authority a Remedial Action Plan in accordance with the templates published by the Authority or Secretary of State and any additional requirements, scope or timing directed by the Authority.
- 9.10 The licensee must provide any further evidence, or take any other appropriate action to support the Remedial Action Plan submitted in accordance with paragraph 9.9, as may be reasonably requested by the Authority and in a manner the Authority deems appropriate.
- 9.11 The licensee must, if directed by the Authority, further develop the Remedial Action Plan submitted in accordance with paragraph 9.9 and submit to the Authority by the date directed by The Authority.
- 9.12 The licensee must produce and submit to the Authority progress against its Remedial Action Plan, submitted in accordance with paragraph 9.9, as directed by the Authority.
- 9.13 The licensee must produce and submit to the Authority on an annual basis or as directed by the Authority a cyber resilience audit or an equivalent form of audit if agreed in advance in Writing by the Authority in accordance with the requirements, scope and timing as directed by the Authority.
- 9.14 The licensee must provide any further evidence, or take any other appropriate action to support the cyber resilience audit (or equivalent) submitted in accordance with paragraph 9.13, as may be reasonably requested by the Authority and in a manner the Authority deems appropriate.
- 9.15 The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under paragraphs 9.7 to, and including, 9.14 to such an extent, for a reasonable period, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

Duty to Notify: Cyber Security Incidents

- 9.16 Where the licensee becomes aware of any Network and Information System Incident that has had or could reasonably be expected to have a significant impact on its licensed activities, the licensee must notify the Authority and the Secretary of State.
- 9.17 The licensee must have regard to any Relevant Guidance issued by the Authority or the Secretary of State, for the purposes of this condition, in order to determine whether a Network and Information System Incident has a significant impact, including:

- (a) the number of consumers affected by the incident;
 - (b) the duration of the incident; and
 - (c) the geographical area affected by the incident.
- 9.18 The notification provided by the licensee under paragraph 9.16 must include:
 - (a) detailed information about the Network and Information Systems Incident, including the time it occurred, the duration of the Network and Information Systems Incident, its nature and impact, and any other information that may be helpful to the Authority or Secretary of State; and
 - (b) the steps being taken to rectify its cause or mitigate its impact and the expected timeline for completion.
- 9.19 The notification provided by the licensee under paragraph 9.16 must be provided to the Authority and the Secretary of State:
 - (a) without undue delay and in any event no later than 72 hours after the licensee is aware that a Network and Information Systems Incident has occurred; and
 - (b) in such form and manner as the Authority and the Secretary of State determines.
- 9.20 The information to be provided by the licensee under paragraph 9.18 is limited to that which may reasonably be expected to be within the knowledge of the licensee at the time of the notification.
- 9.21 The licensee must provide any additional information and analysis on the Network and Information Systems Incident that may be useful or relevant to the Authority or the Secretary of State in carrying out their functions after the 72 hours period prescribed in paragraph 9.19 has elapsed.
- 9.22 The licensee must, when requested by the Authority or the Secretary of State, provide any information that the Authority or the Secretary of State may reasonably require in carrying out their functions in relation to previous or ongoing Network and Information Systems Incidents.

Assurance of cyber security duties

- 9.23 The Authority may conduct all or any part of an inspection or appoint a person to conduct all or any part of an inspection on its behalf on such terms and in such manner as it considers appropriate. The licensee must, if directed by the Authority, appoint a person who is approved by the Authority to conduct all or any part of an inspection on its behalf to determine the licensee's compliance with this condition.

- 9.24 The duty referred to in paragraph 9.23 is without prejudice to any broader obligations to cooperate under paragraph 7.1.
- 9.25 For the purposes of carrying out an inspection under paragraph 9.23, the licensee must:
- (a) pay the reasonable costs of the inspection if so required by the Authority;
 - (b) cooperate with the inspector or Authority;
 - (c) provide the inspector with access to their premises at any reasonable time (except to any premises used wholly or mainly as a private dwelling) if the inspector or Authority has reasonable grounds to believe that entry to those premises may be necessary or helpful for the purpose of the inspection;
 - (d) allow the inspector to print, copy or remove any document or information, and examine or remove any material or equipment (including for the purposes of printing or copying any document or information), which is, or which the inspector or the Authority considers to be, relevant for such period as is, or as the inspector or the Authority considers to be, necessary for the purposes of the inspection;
 - (e) allow the inspector or Authority access to any person from whom the inspector or Authority seeks relevant information for the purposes of the inspection;
 - (f) not intentionally obstruct an inspector or the Authority performing their functions;
 - (g) comply with any request made by, or requirement of, an inspector or the Authority performing their functions; and
 - (h) provide any comments on draft inspection reports as requested by the Authority in such a time as the Authority deems appropriate.
- 9.26 In addition to the general duty to cooperate with the Authority under paragraph 7.1, the licensee must also cooperate with the Authority and the Secretary of State, any person appointed to conduct an inspection pursuant to paragraph 9.23, and comply with any governance arrangements that may be established by the Authority or the Secretary of State in relation to any activities undertaken to support oversight or implementation under this condition.

Condition 10. Load control check

- 10.1 The licensee must pay due regard to the effects that the Load Control Activity could have on an Energy Smart Appliance and the electricity system and take appropriate steps to satisfy itself that appropriate controls are designed and implemented to reduce the likelihood that an unintended or adverse consequence could be realised. The licensee must also ensure that any data source that is used to inform Load Control Activity, is from a trusted and validated source and that the data is checked for irregularities that could lead to unintended or anomalous load control outcomes.

SECTION C: STANDARD CONDITIONS FOR FLEXIBILITY SERVICE PROVIDERS

Standard conditions 11 to 14:

Condition 11. Treating customers fairly

Customer Objective

- 11.1 The objective of this condition is for the licensee and any Representative to ensure that each Customer, is treated fairly (“the Customer Objective”).

Achieving the Standards of Conduct

- 11.2 The licensee must, and must ensure that its Representatives, achieve the Standards of Conduct in a manner consistent with the Customer Objective.
- 11.3 The Standards of Conduct are that the licensee and any Representative:
- (a) behave and carry out any actions in a fair, honest, transparent, appropriate and professional manner;
 - (b) provide information (whether in Writing or orally) to each Customer which:
 - (i) is complete, accurate and not misleading (in terms of the information provided or omitted);
 - (ii) is communicated (and, if provided in Writing) drafted in plain and intelligible language with more important information being given appropriate prominence;
 - (iii) relates to products or services which are appropriate to the Customer to whom it is directed;
 - (iv) in terms of its content and in terms of how it is presented, does not create a material imbalance in the rights, obligations or interests of the licensee and the Customer in favour of the licensee; and
 - (v) is sufficient to enable the Customer to make informed choices about their CLF provided by the licensee;
 - (c) in relation to customer service arrangements:
 - (i) make it easy for a Customer to contact the licensee;
 - (ii) act promptly and courteously to put things right when the licensee or any Representative makes a mistake; and
 - (iii) otherwise ensure that customer service arrangements and processes are complete, thorough, fit for purpose and transparent;
 - (d) in relation to Domestic Customers in Vulnerable Situations:

- (i) seek to identify each Domestic Customer in a Vulnerable Situation, in a manner which is effective and appropriate, having regard to the interests of the Domestic Customer; and
- (ii) when applying the Standards of Conduct in paragraphs (a) to (c) above, do so in a manner which takes into account any Vulnerable Situation of each Customer identified in accordance with (d)(i) above or otherwise.

Scope of condition

- 11.4 Standard condition 11 applies to all activities of the licensee and any Representative which are activities to which this licence applies and which involve, or otherwise relate to, dealings with a Customer.
- 11.5 Standard condition 11 does not apply in respect of the amount or amounts of any Rewards given to Customers as a result of a Load Control Activity.
- 11.6 Standard condition 11 applies to the exercise of a licensee's discretion to apply or waive any fee or charge.

Guidance

- 11.7 The licensee must have regard to any guidance on standard condition 11 (including in respect of definitions which appear in standard condition 1) which, following consultation (which may be conducted before this condition takes effect), the Authority has issued, may issue and may from time to time revise (following further consultation).

Condition 12. Recommending suitable services and prohibiting mis-selling

- 12.1 The licensee must only Recommend and must ensure that its Representatives only Recommend, to a Customer, CLF which are appropriate to that Customer's characteristics and/or preferences.
- 12.2 The licensee must not, and must ensure that its Representatives do not, mislead or otherwise use inappropriate tactics, including high pressure sales techniques, when selling or marketing to Customers.
- 12.3 The licensee must make the Principal Terms clear to Customers ahead of time when agreeing a Contract and post Contract confirmation.
- 12.4 The licensee must ensure that the structure, terms and conditions of Rewards are clear and easily comprehensible.

Condition 13. Allow customers to exit a service

- 13.1 The Contract must clearly provide the steps that must be taken by the Customer if the Customer is no longer able or no longer willing to continue participating in the CLF being provided by the licensee. These steps should not be unduly onerous, and the notice period the Customer must provide must not be unreasonably long.
- 13.2 The licensee must not act in any way that unduly prevents, restricts, or delays a Customer from entering into CLF provided by another Flexibility Service Provider.

Condition 14. Requirement that fees charged by flexibility service providers which are associated with a customer's service exit must be proportionate

14.1 Any Exit Fee payable must be:

- (a) proportionate; and
- (b) must not exceed the direct economic loss to the licensee resulting from the Customer's termination of the Contract, including the costs of any Non-CLF Product comprised in any Tied Bundle that has already been provided to the Domestic Customer as part of the Contract.