UK Government

Smart Secure Electricity Systems (SSES) Programme

Government response to the 2025 SSES Licensing consultation on proposals on load control licence regulations and licence conditions

Department for Energy Security and Net Zero (2026)

Contents

Ministerial foreword

This government has made the transition to a clean power system an urgent national mission and is transforming the electricity system to deliver cheaper, cleaner and more secure power for everyone.

The Clean Power 2030 Action Plan and the Clean Flexibility Roadmap, developed with Ofgem and the National Energy System Operator (NESO), set out how government will deliver an affordable and secure energy supply for consumers, and outline the critical role of flexibility in integrating renewables, reducing fossil fuel reliance, and meeting rising demand.[1] Flexibility capacity could increase eight-fold by 2050, creating a future where consumers are central to a secure, decarbonised energy system.

At the heart of this transformation is consumer-led flexibility (CLF), giving households and businesses the choice to shift electricity use to off-peak times when power is cheaper and more abundant via Energy Smart Appliances (ESAs) such as electric vehicle smart charge points. Growing participation in CLF will not only reduce bills for everyone and in particular for those participating but will also support a more resilient and cost-effective electricity grid. The benefits for consumers are clear and compelling:

- Homes with heat pumps could save more than £250 each year by adopting a smart tariff and using their heat pump flexibly.[2]
- Electric vehicle drivers charging at home could save £330 annually through smart charging.[3]
- Households avoiding peak use (4pm – 7pm) could save £200 annually by switching from the price cap tariff to a tariff that varies through the day based on market rates.

Our Clean Flexibility Roadmap sets out our ambition of increasing CLF up to 12GW by 2030, delivering billions in system-wide savings, reducing the need for costly infrastructure upgrades and creating a future where consumers are central to a secure, decarbonised energy system.

Adoption of ESAs is accelerating, and with it comes an opportunity to lead the world in smart energy solutions. By working together, we can ensure this growth is matched by strong consumer protections and cyber resilience.

The Smart Secure Electricity Systems (SSES) Programme is key to delivering this vison. It will unlock the full potential of domestic-scale ESAs to help consumers access cheaper electricity via CLF while ensuring strong protections for both consumers and the electricity system.

[1] GOV.UK. 'Clean Power 2030 Action Plan: A new era of clean electricity – main report' and 'Clean flexibility roadmap: July 2026 update' (viewed on 30 July 2026)
[2] DESNZ analysis: Based on Octopus' Cosy tariff compared to the electricity price cap unit rates between July 2023 - July 2024. For flexibility behaviour the heat pump is assumed not to operate at peak times.
[3] GOV.UK, 'Default energy tariffs for households: call for evidence' (viewed on 17 June 2026)

By putting in place the right technical and regulatory frameworks we will maintain consumer trust, manage risks and create a foundation for a smart, flexible and low-carbon energy future.

This document summarises this government's decisions on each of the questions posed in the 2025 consultation on the proposed legislation and licence conditions for regulating load control on domestic-scale ESAs. It confirms our approach to the specific requirements of the licensing regime that will protect consumers and the electricity system, give businesses the confidence to innovate, and empower consumers to actively participate in CLF to manage their energy needs.

I want to thank our industry partners for their invaluable input so far. Your continued engagement is vital and is helping us deliver a smarter, cleaner and secure energy system for consumers. A system that works for everyone and delivers on the UK's Net Zero ambitions.

Michael Shanks MP
Minister of State for Energy

1. Executive summary

The SSES Programme is creating the technical and regulatory framework to help consumers access cheaper electricity. Through smart charging of an EV, heat pump or home battery, a consumer can choose for it to be charged, ready for when the consumer needs it, using cheaper electricity available outside of peak demand hours. The SSES Programme empowers consumers to participate in consumer-led flexibility (CLF), while also protecting them through consumer protection regulation.

A central component of this framework is the SSES load control licence, which will regulate organisations that control load on ESAs and provide related flexibility services to consumers and the electricity system. The proposed load control licence represents a timely and proportionate response to emerging risks and opportunities in the CLF landscape. Its successful implementation will help underpin a smart, secure and consumer-friendly energy transition that supports the UK's ambitions to decarbonise the electricity system and reach Net Zero.

The licence aims to protect consumers and the electricity system by upholding minimum standards of fairness, transparency and cyber security, proportionate to the risks at hand. Government has already consulted and responded to stakeholder feedback on design principles and policy proposals associated with a new load control licence in our:

- 2022 Delivering a smart and secure electricity system consultation
- 2023 Delivering a smart and secure electricity system: government response
- 2024 Licensing regime: proposals for a load control licence - consultation paper
- 2025 Smart Secure Electricity Systems Programme: government response
- 2025 Proposals on load control licence regulations and licence conditions consultation

This government response sets out government's decisions on the proposals set out in the 2025 consultation.

1.1 Strategic Context

The Clean Power Action Plan[4] outlines that achieving Clean Power by 2030 depends significantly on enhancing short-term flexibility which supports the electricity system. CLF, through controlling load on ESAs, such as EVs, EVSCPs, heat pumps, and home batteries, is a key component of this because it enables consumers to use services as they choose to shift their electricity use to off-peak times on their behalf, when demand is reduced and prices are lower. This can lower costs for consumers and crucially support a more sustainable electricity

[4] GOV.UK, 'Clean Power 2030 Action Plan: A new era of clean electricity – main report' (viewed on 17 June 2026)

system, including by providing reserve, frequency response, and alleviating transmission constraints. This will reduce our reliance on costly generation and new infrastructure build.

The government aims to achieve 10-12 GW of CLF by 2030. A key enabler of this ambitious goal is the control of load on ESAs. Load control enables electricity usage on ESAs to be adjusted by organisations following consumers' consent and preferences and in response to system or price signals. ESAs can be controlled to be charged or operated during off peak hours when the cost of electricity is cheaper, helping consumers reduce their bills. By enabling flexible consumption patterns, it can also help, where required, to balance supply and demand, reduce peak demand and flatten the overall demand curve.

Load control will therefore play a vital role in a smarter, cheaper and more efficient electricity system. By reducing peak demand, load control reduces the need for costly infrastructure upgrades. By enabling consumers to shift, reduce, or increase their electricity usage in response to price signals, load control can also align demand with the availability of renewable energy while reducing bills. This is especially valuable during periods of high solar or wind generation, when electricity is both cleaner and cheaper.

The roll-out of Market-wide Half Hourly Settlement (MHHS) reforms[5] is expected to accelerate the adoption of load control. Under MHHS, suppliers will be more exposed to the real-time costs of customer consumption, incentivising them to offer more dynamic, price-sensitive tariffs and services. Load control is therefore central to unlocking CLF and a cornerstone of the UK's strategy to build a cleaner, more affordable, and secure electricity system by 2030.

There is wider activity which is expected to support consumers in their uptake of ESAs. For example, government's wider plans to bring the benefits of clean power to consumers include a new agency offering support to consumers considering installing technologies like batteries and heat pumps. This Warm Homes Agency (WHA), as part of the government's Warm Homes Plan (WHP), is developing an advice service that will offer impartial advice and clear information on home upgrades to consumers so they can make informed decisions with confidence.[6]

With increased advice and other sources of financial support for consumers to upgrade their homes, we expect uptake of ESAs to increase over the coming years. Allied with the load control licence, the SSES Programme's Phase 1 ESA regulations will mandate that electrical heating appliances are placed on the market with smart functionality and require smart battery energy storage systems (BESS) alongside EVSCPs to be sold with minimum technical requirements that support smart functionality from 31 December 2027.[7] These requirements will put in place the technical framework that will ensure that more consumers will have the opportunity to benefit, via these transformative technologies, from cheaper electricity through smart tariffs and CLF.

[5] MHHS Programme (viewed on 16 June 2026)
[6] GOV.UK, 'Warm Homes Plan' (viewed on 3 July 2026)
[7] GOV.UK, 'SSES Programme: first phase energy smart appliances regulations' (viewed on 2 July 2026)

1.2 Key Policy Decisions and Outcomes

The 2025 consultation[8] set out proposals on the regulatory framework for the load control licence, including a set of draft regulations and licence conditions. We received 34 responses to the consultation and its 35 questions, for which we are grateful. Before the question-by-question analysis, it is useful to highlight some of the key policy positions and decisions that government will take following this government response.

The SSES licensing consultation set out the proposed legislation and licence conditions to regulate load control activity on domestic-scale ESAs. The licensing framework ensures that organisations controlling load and contracting with consumers on certain ESAs are licensed, operate safely, fairly and in a way that protects and supports the stability of the electricity system.

The main areas of concerns raised by stakeholders related to the scope of the licence, possible double regulation of suppliers, barriers to flexibility services market entry for small entities, and transition periods. To address these concerns, we have decided to:

- Amend the drafting of the proposed Load Controller licensable activity and pursue an exemption for Load Controllers and FSPs where load control is for the purpose of benefitting the consumer and not for the purpose of providing services to persons operating a transmission or distribution system, or persons engaged in the wholesale trading of electricity in Great Britain. We are currently asking for representations on the drafting of the exemptions order and have set out more detail regarding the policy intent of this exemption in our statutory notice.
- Include powers for Ofgem to apply targeted derogations from certain licence conditions. We expect Ofgem to use these powers to apply targeted derogations where electricity supply licence protections already provide sufficient consumer protection.[9] This approach reflects the outcome of the Ofgem Review[10] and Ofgem's commitment to reduce unnecessary administrative burdens. A general direction setting out the details on derogations will be issued by Ofgem ahead of the SSES load control licence application window opening. For further details on the approach, please see our response to question 35 and Ofgem's decision document.
- Explore options for treating smaller organisations differently as part of the statutory notice on The Electricity (Class Exemptions from the Requirement for a Licence) (Amendment) Order 2027, which has been published alongside this government response.

[8] GOV.UK, 'SSES: Proposals on load control licence regulations and licence conditions' (viewed on 17 June 2026)
[9] Ofgem, Electricity Supply Licence (viewed on 18 June 2026)
[10] GOV.UK, 'Ofgem Review: final report' (viewed on 17 June 2026)

Ofgem has published a decision document following their recent consultation on load control licence implementation. It includes a decision to include a provision for tacit authorisation within the load control licence application process, meaning that if Ofgem is unable to determine a load control licence application within the transition period, the licence will be deemed granted in accordance with section 19(5) of the Provision of Services Regulations 2009.[11]

1.3 Next Steps

Government is publishing this consultation response alongside a statutory notice on our load control licence exemptions order and Ofgem's decision document.

We intend:

- To lay the load control licence regulations in Parliament in Autumn 2026.
- To publish the final load control licence conditions in due course and before the regulations are laid in Parliament.
- For applications for a load control licence to now open in March 2027, subject to Parliamentary scrutiny.
- For the requirement to hold a licence to come into force in March 2028, 12 months after the application window opens. This will mean it would not be an offence to undertake the licensable activities without a licence during this 12-month transition period.

[11] The Provision of Services Regulations 2009 (viewed on 5 August 2026)

2. Load Control Licensing and Regulations

2.1 Licensable Activity

This section of the consultation asked whether the drafting of the regulations correctly captured the intended scope of licensable activities for Load Controllers and FSPs, including distinctions between different forms of load control. It sought views on the proposed amendments to the Electricity Act 1989[12] to establish load control as a licensable activity and to give the necessary powers to Ofgem to grant licences.

1. **With reference to regulation 4 and inserting new sub-sections (3J)(a) and (3K) into section 4 of the Electricity Act 1989, do you agree with the proposed Load Controller licensable activity, noting that it distinctly captures organisations creating a load control signal, changing a load control signal, and controlling the timing of sending a load control signal where controlling the timing of sending a load control signal is for the purpose of effecting load control? Please explain your answer and if you disagree provide alternative suggestions.**

Summary of responses

Of the 31 respondents, 14 agreed, 6 were neutral, and 11 disagreed. Overall, there were mixed views about the drafting, but a majority agreed that Load Controllers should be required to hold a licence.

Those that agreed with the proposed drafting agreed with the approach of licensing organisations that have a material influence over how load control is effected on an ESA, welcoming the drafting's recognition that multiple entities might separately create, modify, and dispatch load control signals. They agreed with ensuring there are limited gaps in cyber and grid protections where a chain of Load Controllers independently influence load control signals. One suggested the scope of the activity should extend even further to include software/firmware updates.

However, several respondents raised concerns that the drafting was too broad or lacking in clarity and that it would capture routine behind the meter optimisation against consumer tariffs or weather conditions, particularly if the optimisation occurred via a cloud platform. A number of respondents suggested the licensable activity should be limited to load control that is for the purpose of supporting load balancing, constraint management or other system actors such as suppliers, generators or transmission operators.

Some respondents also highlighted that broad definitions could encompass large numbers of manufacturers within scope of the licence, leading to excessive regulatory burden where they may need to comply with both ESA product regulation and the load control licence. Some respondents also warned that this could incentivise manufacturers to remove or scale back

[12] Electricity Act 1989 (viewed on 17 June 2026)

smart features to avoid regulatory risk, creating potential consumer detriment and slowing the development of CLF.

Where respondents commented on the drafting lacking sufficient clarity to determine how the scope of the licence applies in practice, some did so about the concept of "controlling the timing of sending a load control signal". They questioned whether indirect influence such as providing desired "load shapes" to a Load Controller could constitute controlling the timing of a load control signal.

Several respondents stressed that because operating without a licence would lead to criminal liability, organisations must be able to determine whether they are in scope of requiring a licence. A lack of clarity in legislation or the absence of accompanying guidance could pose challenges for Ofgem during the application window, where organisations might require assistance in determining whether they are required to apply for a licence or not. One respondent asked for clarity on how the licensing regime would apply to domestic consumers behind non-domestic contracts.

Government response

Government has decided to remove "controlling the timing of sending a load control signal"[13] from the Load Controller licensable activity and to clarify in the regulations that "changing a load control signal" is licensable if it is for the purposes of changing the effect of the load control signal on the ESA. We also intend to introduce an additional exemption to those proposed in the consultation under the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001.[14] This would be for load control which is for the purpose of benefitting the consumer (e.g. from a manufacturer providing device optimisation) and not for the purpose of providing services to persons operating a transmission or distribution system or persons engaged in the wholesale trading of electricity in Great Britain. We are inviting representations on the drafting of this exemption in our statutory notice.

The definitional concept of "controlling the timing of sending a load control signal" has been removed because it is now our understanding that load control signals have a time component baked into the digital signal itself. Therefore, we no longer consider that intermediaries could control the timing of the effect of load control by controlling when the load control signal is sent, since the person who creates or changes the signal is de facto determining the timing of the load control outcome. We also do not believe that it would be sensible to seek to license the activity of electing not to send a load control signal or delaying its sending such that the signal would not have any effect on the ESA.

We are clarifying in the regulations that changing a load control signal is a licensable activity if it is for the purposes of changing the effect of the load control signal on an ESA. This is consistent with the policy intent only to include, within the definition of Load Controller, intermediaries who change a signal to effect the load control response on an ESA, rather than those who may change a signal for other purposes such as when telecommunications

[13] We will continue to adopt the definition of "load control signal" given by section 238(4) of the Energy Act 2023.
[14] Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 (viewed on 17 June 2026)

companies add information to the signal to manage network traffic or Original Equipment Manufacturers (OEMs) translate signals to ensure compatibility with an ESA.

Accordingly, the definition of Load Controller being written into the Electricity Act 1989 will be as follows:

- A person performs the function of a Load Controller if they do either or both of the following: (i) create a load control signal or, (ii) change a load control signal for the purposes of changing the effect of the load control signal on the energy smart appliance.

Overall, the policy intent remains to capture within the definition of a Load Controller entities who make decisions that determine, or intentionally alter, how load control is effected on an ESA, while avoiding the licensing of organisations that only facilitate communications or alter signals for reasons unrelated to the load control effect on the appliance.

As above, in addition to this, government intends to introduce an additional exemption to those proposed in the consultation under the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001.[15] This would be for load control which is for the purpose of benefitting the consumer and not for the purpose of providing services to persons operating a transmission or distribution system or persons engaged in the wholesale trading of electricity in Great Britain. This is to ensure the scope of those being licensed, at this stage, remains aligned with our 2024 licensing consultation where we set out our intent to license load control activities which directly unlock the benefits of a more flexible electricity system.[16] Stakeholder feedback to this consultation helped identify that without this further exemption the scope of Load Controllers being licensed would extend beyond this intent. Our statutory notice, published alongside this government response, sets out further detail about the policy intent of this exemption and stakeholders should refer to that document to understand how we expect this exemption to apply.

The SSES Programme's development of the Companion Specification[17] also helps us to clarify what, in practice, constitutes a load control signal. This work categorises flexibility messages sent to ESAs into three categories:

- Instruction – instruction for an ESA to perform to a schedule sent by the Load Controller that sits within Schedules provided by the ESA to Load Controller (that describe an envelope of flex availability). For example, an instruction requiring an EV charger to charge at specified power levels and times e.g. stop charging until midnight, start charging at 0100, or follow a defined power-over-time schedule. The ESA will execute the schedule subject to safety and consumer over-ride.

[15] Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 (viewed on 17 June 2026)
[16] GOV.UK, ''Licensing regime: proposals for a load control licence – consultation paper' (viewed on 3rd August 2026)
[17] The CLF Companion Specification is currently being developed by government and when finalised will be managed by a new SSES Technical Governance Group (TGG). The TGG is expected to operate from Autumn 2026 and will be a subcommittee of the Balancing and Settlement Code (BSC) Panel, with Elexon providing governance and secretariat support.

- Constraints – an input sent to the ESA to be used by the ESA as a constraint point to inform how the ESA will create its own schedules and operate to them - for example, “do not exceed 5kW demand between 5pm and 7pm”.
- Incentives – an input sent to the ESA for it to create its own schedules that it will operate to, using the incentive to determine itself an optimised schedule to which it will operate- for example, tariff data for the ESA to use itself to create and operate to an optimised schedule.

Both instructions and constraints exercise a level of control over the load control response of an ESA which mean they constitute a load control signal as defined by section 238 of the Energy Act.[18] Incentives however, in and of themselves, do not effect a load control response. In the case of incentives, the ESA itself autonomously determines the schedule based on the input(s) received, without themselves including additional imposing factors which control or limit the schedule it can operate to.

The table below summarises a set of use cases and indicates whether it is our intention to treat them as Load Controller licensable activity or not.

Scenario	Intended treatment	Reason
An aggregator creates an instruction requiring an EV charger to charge at specified power levels and times e.g. stop charging until midnight, start charging at 0100, or follow a defined power-over-time schedule.	Load Controller licensable activity.	This is an instruction because it tells the energy smart appliance precisely how and when to consume energy. The person creates the load control signal based on an intended load control outcome related to a given incentive source.
An aggregator creates a constraint that sets a maximum power level that an ESA can operate at for a defined time period- for example, “do not exceed 5kW demand between 5pm and 7pm”.	Load Controller licensable activity.	This is a constraint (rather than an instruction) because it does not necessarily specify a precise consumption level – the device can operate at any power level below that set in the constraint. It still shapes or limits the appliance’s load response. The person has created a load control signal that affects how the energy smart appliance adjusts electricity flow.

[18] Energy Act 2023 (viewed on 08 July 2026)

Scenario	Intended treatment	Reason
An intermediary changes an instruction or constraint before it reaches the appliance, for example by changing the power levels or time components in the message.	Load Controller licensable activity.	The person changes the effect of the load control signal on the energy smart appliance. It is immaterial whether the signal is framed as a direct instruction or as a constraint.
A data platform sends tariff, weather, carbon intensity or other “incentive” based information to a consumer, supplier, app, platform or ESA, without configuring the appliance to respond in a particular way and without knowledge of how the ESA is likely to respond.	Not Load Controller licensable activity.	This is an incentive rather than an instruction or constraint. It provides information that may encourage or inform a response, but it does not itself tell the energy smart appliance what to do or set parameters that determine how the appliance must adjust load.
A consumer links their ESA to an energy supplier Application Programming Interface (API) which provides the consumer’s Time-Of-Use Tariff (ToUT) prices and times, combined with other inputs such as consumer preferences. The ESA functionality independently decides whether and how the appliance responds.	Not Load Controller licensable activity.	The person providing the ToUT data is not creating or changing a load control signal (unless they also instruct or constrain the appliance’s load response). Where the ESA intelligence is in the cloud then the ESA manufacturer is instructing/ constraining, but we have exempted the manufacturer’s activity on the basis that it is solely for the benefit of the consumer through device optimisation and is not directly intended to support the operation of the electricity system.
A communications provider queues, routes or prioritises messages for network traffic management without changing the instruction, constraint, or other appliance-facing load control effect.	Not Load Controller activity.	The change is for communications management and does not change the effect of the signal on the appliance. The Load Controller will construct messages taking these types of delays and wider comms capability/ availability into account.

Scenario	Intended treatment	Reason
A manufacturer sends a firmware update that does not configure or change a load control response.	Not Load Controller activity.	The activity does not create or change a load control signal for the purposes of changing the effect on the appliance.

Separately, there is ongoing work at Ofgem on how domestic consumers behind non-domestic contracts are to be treated to ensure adequate consumer protection where risk of harm may occur, particularly in relation to the supply licence. It is expected that when this work concludes, the SSES load control licence should, as appropriate, align with the approach taken for any resultant and necessary amendments to the supply licence.

Ofgem intend to publish a guide to the load control licence alongside their final application guidance to ensure there is sufficient guidance to enable organisations to self-assess whether they are required to apply for a licence and to understand how it will operate, including compliance and reporting expectations.

2. With reference to regulation 4 and inserting a new sub-section (3J)(b) into section 4 of the Electricity Act 1989, do you agree with the proposed FSP licensable activity? Please explain your answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 31 respondents to question 2, 22 agreed with the proposal, 5 were neutral and 4 disagreed. Overall, a strong majority agreed with the proposal.

Supporters agreed that when an organisation contracts directly with a consumer to provide load control, it should be licensed as the accountable, consumer-facing entity. They viewed licensing as essential for establishing clear responsibility, ensuring transparency, and strengthening consumer protection as flexibility services scale. Some respondents welcomed that an FSP is expected to have a contractual relationship with the consumer, suggesting that it provides clarity on where regulatory responsibility sits and reduces ambiguity in multi-party propositions involving OEMs, installers, platforms, and third-party Load Controllers.

Even among supporters, respondents stressed the need for clear boundaries - particularly where roles overlap, where services are outsourced, or where OEMs and platforms support delivery. Many emphasised proportionality, noting that FSPs are not suppliers and should not inherit supplier-style obligations.

Those who disagreed mainly argued that the drafting could unintentionally capture inherent ESA functionality (e.g., built-in optimisation) or bring manufacturers into scope where no consumer contract exists. Several proposed that licensing should apply only to contracted services, not to routine device behaviour.

One respondent asked when large non-domestic consumers would be brought within scope of consumer protections. One respondent suggested that the regulations should directly recognise that there could be multiple ESAs in premises. One respondent asked for government's position on white-labelling. Others expressed uncertainty about the treatment of evolving business models such as non-contractual optimisation models, HEMS-based control, and scenarios where boundaries between FSPs, Load Controllers, and OEMs may be blurred.

Government response

Government has decided not to make any changes to the drafting of the FSP licensable activity. It remains our view that entities managing the contractual relationship with the consumer for their load control represent the most appropriate point of accountability to ensure that requirements for protecting consumers are in place.

As set out above, government is asking for representations on the drafting of the exemptions order in our statutory notice, including on the introduction of an exemption for load control activities which are for the purpose of benefitting the consumer and not for the purpose of providing services to persons operating a transmission or distribution system or persons engaged in the wholesale trading of electricity in Great Britain. This would apply to the relevant load control capability for both Load Controllers and FSPs. For example, an organisation only contracting with consumers for load control which is not for the purpose of providing services to persons operating a transmission or distribution system or persons engaged in the wholesale trading of electricity in Great Britain would not require a licence.

Government does not believe that the licensable activity, as drafted, prohibits third parties selling white-labelled flexibility services on behalf of an FSP, provided it is sufficiently clear that the contractual relationship for load control on an ESA at the consumer's premises is between the intended FSP and the consumer. For example, we would expect explicit reference within the terms and conditions indicating that the provision of load control is an agreement between the consumer and the intended FSP. White-labelling is permissible under other licensing frameworks such as the supply licence, where third parties sell supply services under their own branding but specify that the agreement for the supply of energy is between the supplier and consumer.

3. With reference to regulations 4 (amending section 4 of the Electricity Act 1989) and 6 (amending section 6 of the Electricity Act 1989), do you agree with the rest of the proposed drafting to make load control a licensable activity and authorising Ofgem to grant load control licences? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 22 that responded to question 3, 16 agreed with the proposal, 4 were neutral and 2 disagreed. Overall, a strong majority agreed.

Supporters felt the drafting provides the necessary legal foundation for Ofgem to grant and enforce licences and helps ensure accountability, consumer protection and system confidence as load control scales. Several took the opportunity to also emphasise the importance of proportional implementation and clear guidance, particularly given the complexity of multi-actor delivery models.

Those who disagreed took the opportunity to reiterate comments on the scope of the licensable activity drafting, warning that it could bring routine ESA behaviour into scope of the licence and arguing that embedded optimisation functions should not fall under the Electricity Act. They favoured clearer limits based on system-level purpose or contracted load-control services only.

Respondents who were unsure highlighted concerns about drafting structure, particularly the use of area-based language for what is a premises-based activity and sought clearer differentiation between Load Controllers, FSPs and other actors. Some proposed alternative routes, such as adapting existing licence frameworks, to reduce duplication and complexity.

Government response

Government has decided to make no changes to the rest of the proposed drafting to make load control and flexibility service provision licensable activities, and authorising Ofgem to grant load control licences. The drafting is based on a well-established approach and ensures the necessary regulatory framework is in place so that Ofgem can administer the licensing regime effectively.

Government, through previous publications, has already confirmed its decision to license load control activity as a distinct licensable activity from other licence frameworks. Ofgem has published a decision document to their implementation consultation setting out their approach to implementing the licensing regime.

2.2 Exemptions Order: overview

Government's 2025 response confirmed that licensing would focus on domestic-scale technologies such as EVSCPs, relevant heat technologies and home batteries where CLF benefits and potential are currently greatest, and that extending regulation to all technologies and non-domestic settings would be disproportionate at this stage. To deliver this targeted scope, government set out its plan to introduce an exemptions order under the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001.[19] We have published a statutory notice on the draft order in parallel to this government response.

This section of the 2025 consultation asked whether stakeholders agreed with the proposed definitions associated with ESAs in scope and their alignment with the Phase 1 ESA regulations and sought views on using the small business consumer definition to create an exemption for certain FSPs.

4. Do you agree with the ESA definitions outlined in this section and the intent to align the ESA definitions of the exemptions order with first phase ESA regulations (where applicable), noting that organisations will need to identify whether they are required to hold a licence based on the scope and definitions outlined (although, please also note it is only Load Controllers and FSPs that exclusively undertake out of scope activity that will not require a licence)? If not, please specify the definitions you disagree with, alternative suggestions or ways to mitigate your implementation concerns and your rationale.

Summary of responses

Of the 28 that responded to question 4, 19 agreed with the proposal, 2 were neutral, and 7 disagreed. Overall, a broad majority agreed with the proposal.

Supporters felt that alignment improves clarity and consistency across regulatory frameworks, helping organisations determine whether they fall within the licensing scope and reducing duplication between product and services regulatory regimes. Some supportive respondents highlighted the need for a clearer explanation of edge cases and asked for the definitions to be kept under review as the technologies evolve.

Those who disagreed raised concerns about inconsistencies and unintended regulatory capture, including the treatment of certain technologies (such as public charge points). Some argued that alignment is only helpful if the underlying ESA Phase 1 definitions are themselves clear and workable.

Respondents who were unsure generally supported the intent but highlighted ambiguity in applying definitions to complex or emerging device models and noted uncertainty about how organisations should determine whether a licence is required.

[19] Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 (viewed on 17 June 2026)

Government response

Government has decided to align the ESA definitions with Phase 1 ESA regulations (where applicable) in the drafting of the exemptions order. At this stage, government has also decided to make no changes to the approach to defining private EVs and ancillary appliances. Government is asking for representations on the drafting of the exemptions order in our statutory notice, including in respect of updated ESA definitions following the Phase 1 ESA regulations consultation. Final definitions will be published in the forthcoming Phase 1 ESA Regulations alongside the corresponding government response to that consultation, later this year.

As per our 2025 government response, for the launch of the licence, we will not include other ESAs beyond private EVs and EVSCPs, relevant heat technologies and home batteries. We remain open to extending the scope of the SSES regulatory framework in relation to a wider set of ESAs in the future, once further evidence of opportunities and risks emerge.

5. Do you agree with using the small business consumer definition to determine the additional consumer-based exemption for FSPs? Please explain your answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 24 that responded to question 5, 20 agreed with the proposal, 1 was neutral, and 3 disagreed. Overall, a strong majority agreed with the proposal.

Supporters viewed this approach as a practical and consistent way to set a clear boundary for which non-domestic consumers should receive protections, avoiding the need to create a new threshold. They emphasised the value of regulatory coherence and highlighted that the definition is already familiar within the energy sector. Some noted that the approach will only work effectively if accompanied by clear guidance on evidence requirements, customer declarations and how to manage situations where a customer's size of business may change over time. One stakeholder suggested that the exemption should be expanded to include all non-domestic consumers at a later date.

Those who disagreed raised concerns about proportionality, arguing that some consumer-style protections may be ill-suited to non-domestic contexts. One respondent questioned whether the exemption holds value if other elements of the licensing scope remain too broad. Another warned of compliance risks if customer eligibility changed after contracts are agreed, suggesting eligibility should be fixed at contract formation, as is the case in relation to eligibility of small business consumer access to the Energy Ombudsman.

The single "not sure" respondent mainly highlighted practical implementation questions around verification and reassessment frequency.

Government response

Government has decided to make no changes to the definition of small business consumer.

As the definition of "small business consumer" for the purposes of the SSES licence follows the meaning given by article 2 of the Gas and Electricity Regulated Providers (Redress Scheme) Order 2008,[20] (the legislation enabling small business access to the Energy Ombudsman), the same approach of a small business's size being time-stamped at the point of contract formation will be taken for the load control licence. Government is working closely with Ofgem to ensure there is sufficient guidance to enable organisations to self-assess whether they are required to apply for a licence.

6. Do you think government should consider any further exemptions? If so, please specify which exemption(s), the approach you would take to the exemption(s) and your rationale.

Summary of responses

Of the 29 that responded to this question, 12 answered yes, 7 remained neutral, and 10 answered no. Overall, there were mixed views.

Supporters of further exemptions argued that additional carve-outs may be needed to ensure proportionality and avoid unintended regulatory capture, particularly where activity sits within the logical ESA boundary (including cloud-based optimisation and manufacturer-delivered smart functions). Some favoured de minimis thresholds, time-limited pilots, or innovation-friendly approaches to avoid deterring early-stage propositions and very small-scale actors. One respondent noted that reporting requirements may be disproportionately burdensome for smaller organisations and suggested that either licence-specific derogations or a more flexible regulatory approach may be required to mitigate this.

Those who opposed further exemptions emphasised the need for a stable, clear regulatory perimeter. They warned that adding more carve-outs could create gaps in accountability, increase complexity, and undermine the purpose of introducing the licensing regime. Many preferred refining definitions rather than broadening exemptions, and some suggested that targeted derogations would be a more proportionate tool than blanket exemptions.

Respondents who were unsure generally felt that the need for further exemptions cannot be judged until the scope, definitions, and role boundaries are clarified. Many highlighted the importance of worked examples to understand how the licensing perimeter will operate across real-world architectures before deciding whether additional exemptions are necessary.

[20] The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (viewed on 18 June 2026)

Overall, responses show divided views: some see exemptions as important for proportionality and innovation, while others caution that they risk weakening the regime. There is broad agreement that any exemptions must be tightly scoped, transparent, and supported by clear guidance.

Government response

Government has decided to include one new exemption as set out already in this document. Further details of our exemptions are set out in our statutory notice on the draft exemptions order.

The statutory notice also sets out options for a possible exemption for small Load Controllers and/or FSPs. We will use the evidence gathered from the statutory notice to inform a decision on whether an exemption for smaller Load Controllers and/or FSPs is proportionate without exposing the electricity system or consumers to disproportionate risk.

2.3 Transitional arrangements: overview

In this section of the consultation, government proposed a 12-month period between opening the licence application window and the point at which holding a licence becomes mandatory. Ofgem's parallel implementation consultation set out further detail on how the licence application process would operate. This section asked stakeholders whether they agreed with embedding a 12-month transition period in legislation before the licence requirement takes effect.

7. Do you agree with a 12-month transitional period being written into legislation? Please explain your answer and if you disagree, provide alternative suggestions.

Summary of responses

Of the 30 that responded to this question, 13 agreed, 4 remained neutral and 13 disagreed. Overall, there were mixed views.

Supporters argued that a defined transition window is essential for market readiness, giving organisations time to build compliance capability, adjust systems and governance, and avoid sudden disruption for consumers already receiving flexibility services. Many emphasised that a statutory period provides predictability for both industry and Ofgem, though several stressed that support is conditional on continuity mechanisms for firms whose applications are submitted but not yet approved. One respondent highlighted that organisations submitting timely licence applications should not be required to halt activity if Ofgem has not completed processing by the end of the transition period, as this would unfairly impact both providers and customers.

Those who disagreed were concerned that a fixed 12-month period may be unworkable in practice, especially if licence assessment takes many months, effectively reducing the preparation window. Respondents warned this could create a cliff edge, forcing firms to pause

or withdraw services if determinations are delayed. Some highlighted disproportionate impacts on SMEs and non-suppliers and suggested alternatives such as a longer transition, staged implementation, or a more flexible, non-statutory approach.

Respondents who were unsure raised questions about Ofgem's capacity, practical sequencing, and how prerequisites, such as interoperability, fit with a fixed 12-month timeline. Many preferred having clarity on process milestones, resourcing, and continuity safeguards before forming a view.

Government response

Government has decided to write a 12-month transitional period into the regulations. This ensures the consumer and cyber protections in the licence will be introduced in a timely manner. The load control licence is an integral part of SSES' contribution to government's ambitions for growing CLF to 10-12 GW by 2030. It supports consumer and system confidence in CLF on ESAs and was recognised in the 2025 Clean Flexibility Roadmap as a key enabler of government's ambition. Extending the transition period any further runs the risk of the licence failing to play its role in the evolution of a safe, secure and flexible electricity system.

We also recognise industry concerns that any challenges Ofgem face with processing applications during the transition period could result in organisations being required by law to halt business activities. This could have a significant impact on those businesses and more widely confidence in CLF and the licensing regime. Ofgem have carefully assessed and are confident that there is sufficient time to have licences in place before the requirement to be licensed would come into effect.

However, to give organisations more confidence they will not have to halt business activities if their application is not processed in time, Ofgem have decided to include a provision for tacit authorisation within the load control licence application process whereby operators are automatically granted a licence if the regulator has not processed the application within a defined time window, initially set at nine months. Once the regime becomes more established and applications are more evenly spread, Ofgem will review and may reconsider the 9-month tacit authorisation period as appropriate.

2.4 Amendments to other legislation: overview

This section sought views on whether other legislative amendments covering the Electricity Act 1989, the Utilities Act 2000[21] and the 2019 licensing application regulations[22] are appropriate, and whether FSPs should be brought within existing complaints handling and alternative dispute resolution (ADR) arrangements, with consumer advocacy requirements phased in as the market matures.

[21] Utilities Act 2000 (viewed on 18 June 2026)
[22] Electricity (Applications for Licences, Modifications of an Area and Extensions and Restrictions of Licences) Regulations 2019 (Viewed on 18 June 2026)

8. With reference to regulations 8-15 and Schedule 1, do you agree with the proposed amendments to the Electricity Act 1989, the Utilities Act 2000 and the Electricity (Applications for Licences, Modifications of an Area and Extensions and Restrictions of Licences) Regulations 2019, noting that Ofgem are separately consulting on the detail of the load control licence application form? Please explain your answer and if you disagree provide alternative suggestions where relevant.

Summary of responses

Of the 20 that responded to question 8, 15 agreed with the proposal, 4 were neutral, and 1 disagreed. Overall, a strong majority agreed with the proposal.

Supporters viewed the amendments as the necessary legal groundwork to integrate load control into existing energy legislation and give Ofgem clear authority to grant and administer licences. Respondents emphasised the importance of regulatory coherence and noted that practical workability will depend on the detail of Ofgem's separate consultation on the licence application process. A small number also proposed minor drafting refinements to improve clarity and operability.

The single respondent who disagreed took the opportunity to reiterate broader concerns that embedding load control within existing utility legislation risks extending regulation into product-level behaviour, potentially restricting innovation and increasing costs.

Those who were unsure generally supported the need for consequential amendments in principle but sought greater clarity on scope, definitions and the final application requirements before forming a firm view.

Government response

Government has decided to make no substantive changes to the drafting of these consequential amendments. The drafting is based on a well-established approach and provides the necessary legal groundwork to integrate load control into existing energy legislation and give Ofgem clear authority to grant and administer licences.

9. With reference to regulation 16 and Schedule 2, do you agree with the approach to bring FSPs within scope of the existing statutory framework to regulate complaints handling standards and ADR, noting that this:

a. Will require FSPs to comply with regulations 1 -7, and 11 of The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008;

b. Will require FSPs to participate in the Energy Ombudsman ADR scheme.

Summary of responses

Of the 24 that responded to question 9, 20 agreed with the proposal, 1 was neutral, and 3 disagreed. Overall, a strong majority agreed with the proposal.

Many respondents who agreed with the proposal emphasised that as flexibility services scale, consumers need clear and trusted routes to redress and a framework consistent with the established retail energy market. They also viewed this as an important trust-building measure for consumers engaging with new and sometimes complex flexibility propositions.

A recurring point, among supportive respondents also, was the need for practical implementation guidance. Several stakeholders noted that complaints may involve multiple parties (for example, suppliers, FSPs, and device/service partners), and consumers may not know who is responsible or accountable. 1 respondent stressed the importance of "no wrong door" escalation and signposting, clear referral pathways, and clarity on accountability so consumers are not passed between organisations. Some also raised proportionality considerations, suggesting reporting and administrative requirements should scale appropriately for smaller or low-volume providers.

The respondent who answered 'not sure' cited issues of familiarity and fairness, suggesting the proposal creates complexity of implementation for FSPs who are not existing energy retailers.

Of the respondents who disagreed, 1 commented that complaints handling and ADR was insufficient without wider consumer advocacy services in the market, specifically advocacy services offering advice and support services to help more vulnerable consumers. 1 respondent also highlighted the resourcing cost for licensees to comply with these requirements and the possibility of new services leading to more complaints, due to statutory features unfamiliar to consumers, such as randomised delay, and resulting unfair penalties on licensees when cases are referred to the ombudsman.

Government response

Government has decided to bring FSPs within scope of the existing statutory framework, the Consumers, Estate Agents and Redress Act 2007[23] ("CEARA 2007") and related secondary legislation - The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008[24] ("the 2008 Regulations"), as the basis for requirements on complaints processes. Government can also confirm that FSPs will be required to comply with regulations 1-7, and 10-11 of the 2008 Regulations. Regulation 8 will not apply to FSPs as it requires regulated providers to establish arrangements to address section 12 and 13 complaints of CEARA 2007 which are specific to supply customers. Our response in relation to regulation 9 is provided as part of our response to question 10.

Government has decided to require FSPs to participate in the Energy Ombudsman ADR scheme. Government will be working with the Energy Ombudsman to design the ADR scheme and the supporting advice and guidance. As noted in government's 2025 consultation, appointing the Energy Ombudsman aligns with approaches taken in the rest of the energy sector, providing a simple solution for consumers and supporting government's view that load control is an integral part of the wider sector. Participation in the ADR scheme will become a

[23] Consumers, Estate Agents and Redress Act 2007 (viewed on 18 June 2026)
[24] The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 (viewed on 18 June 2026)

requirement for FSPs once the transition period ends, at the same time as the requirement to hold a licence and the licence conditions come into force.

Aligning with the wider sector also means that consumers participating in CLF will benefit from wider governmental work to strengthen the powers of the Energy Ombudsman, making it faster and easier to access redress when things go wrong. This work is detailed in government's June 2026 response to the 'Fairer, faster redress in the energy market' consultation.[25]

10. With reference to paragraph 2(3) of Schedule 2 of the draft regulations, do you agree that regulation 9 of The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 should not apply to FSPs until a future time when government and Ofgem deem it appropriate to extend consumer advocacy services to this market? Please explain your answer and if you disagree suggest when you think it would be appropriate for consumer advocacy services to extend to this market, whether that be for the launch of the licence or another specific time.

Summary of responses

Of the 23 that responded to question 10, 19 agreed with the proposal, 2 were neutral, and 2 disagreed. Overall, a strong majority agreed with the proposal that Regulation 9 should not apply to FSPs initially.

Of those in favour, reasons included viewing the proposal as proportionate while the CLF market is still developing and while consumer engagement arrangements continue to evolve. Supporters generally emphasised that applying advocacy requirements too early could introduce unnecessary burden and complexity before complaint patterns, market structures and maturity, and consumer journeys are sufficiently established.

Among those in favour, 3 respondents commented that this position should be kept under review, with Regulation 9 introduced when there is clearer evidence of need or when government and Ofgem have established a coherent consumer advocacy approach for this market.

Of those who disagreed, 1 respondent understood the rationale for a phased approach but highlighted the need for some form of independent advice and advocacy from the outset of the licence, particularly for vulnerable consumers who may need additional support. 1 respondent commented on an advocacy gap for consumers and suggested an interim provision whereby an FSP must have a route to receive complaints from a consumer advocacy body.

Of the 2 respondents who answered, "not sure", 1 respondent agreed in principle but asked for the deferral to be clearly time-bound and 1 respondent's partial agreement was accompanied by a request for government to commit to a detailed timeline for consulting on and establishing advocacy and advice services and emphasised that delaying advocacy services put at risk a crucial component of the consumer protection framework.

[25] GOV.UK, 'Fairer, faster redress in the energy market: consultation response' (viewed on 30 June 2026)

Government response

Government has decided that regulation 9 of 2008 Regulations should not apply to FSPs until a future time when government and Ofgem deem it appropriate to extend consumer advocacy services to this market. Ofgem have powers under section 43 of CEARA 2007 which enable them to amend the 2008 Regulations, thus providing an avenue for phasing in requirements associated with Regulation 9. Any future decision to develop a load control specific advocacy and advice service will be subject to public consultation.

Whilst government has decided not to extend statutory advocacy and advice specifically for the load control licensing regime, government intends to work with consumer organisations over 2026 to consider the expansion of advice provision to include general information on CLF. If the proposal for a trusted source of general information on CLF is taken forward it would be complementary to any future extension of statutory advocacy and advice related to the incoming load control licensing regime.

3. Proposed licence conditions for all licensees

The 2025 SSES Licensing consultation set out the proposed licence conditions that organisations would need to meet when undertaking load control activities. This section related to conditions which all licensed Load Controllers and FSPs would need to comply with. These draft conditions proposed the minimum standards that would apply in the first phase of the licensing regime.

3.1 Operational capability: overview

Government's 2025 SSES consultation response confirmed the introduction of an operational capability licence condition. This section of the consultation explained that the operational capability condition would require all licensees to maintain the systems, processes and resources necessary to deliver load control safely and reliably, and for FSPs to ensure they have the organisational capacity and system stability to support consumer protection. This section sought views on whether the drafting of Standard Licence Condition 3 was appropriate, particularly the requirement for licensees to demonstrate operational capability through direct ownership or legally enforceable rights over the assets and arrangements needed to deliver load control services.

11. With reference to licence condition 3 and the relevant definitions in licence conditions 1 and 2, do you agree with the drafting of this licence condition, noting that to meet the requirement the licensee would need to have direct ownership or legally enforceable rights over assets, mechanisms or arrangements such as but not limited to premises, facilities, staff, equipment, IT systems and brand name? Please explain your answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 25 that responded to question 11, 22 agreed with the proposal, 1 was neutral, and 2 disagreed. Overall, a very strong majority agreed with the proposal.

Supporters viewed this licence condition as an essential baseline safeguard, ensuring licensees have the governance, capability and control needed to deliver load control activities reliably and comply with regulatory obligations. They agreed that requiring ownership or legally enforceable rights over key assets and arrangements helps maintain accountability and aligns with established regulatory approaches. Several noted that the condition supports clarity across the sector by setting a consistent expectation for operational capability.

Supportive respondents also emphasised the need for practical guidance on how “sufficient control” should be evidenced in modern delivery models. Many highlighted that cloud-based, outsourced or multi-party architectures are common in flexibility services, and therefore the condition should recognise that control may be achieved through contractual rather than ownership-based arrangements.

Those who disagreed raised concerns that a rigid interpretation of the condition could disadvantage cloud-native, overseas or partner-led service models, potentially creating barriers to entry and favouring incumbents. They argued that assurance could be achieved through contractual mechanisms without prescribing organisational structures. The single “not sure” respondent mainly sought clarity on evidentiary expectations and how the requirement aligns with other licence obligations.

Government response

Government has decided not to make any substantive drafting changes to Standard Licence Condition 3.

Following further discussions with Ofgem, we can confirm that the intention of the requirement to have legally enforceable rights over assets is not intended to prevent overseas hosting of assets including cloud platforms or software but rather to ensure there are formal arrangements in place for the use of any assets including if they were hosted overseas. Therefore, we would expect non-compliance with this aspect of the condition only to be deemed if formal binding arrangements for the use of material and economic assets are not in place, such as but not limited to contracts or leases.

12. In the impact assessment accompanying this consultation we assume that licence condition 3 creates no additional costs. Do you agree with this assumption? If not, please provide a rationale and details of the additional costs that condition 3 would entail for your organisation. When calculating these costs, please exclude existing costs which your organisation may already face in relation to these conditions.

Summary of responses

Of the 21 that responded to question 12, 9 agreed, 5 were neutral, and 7 disagreed stating there are additional costs government has not considered. Overall, views were mixed on this assumption. Three respondents stated that additional costs would have a proportionally stronger impact on small FSPs and Load Controllers than on larger established ones.

Government response

Government will use the evidence provided in responses to amend the impact assessment of the new licensing regime, which will be published at the same time as The Electricity Act 1989 (Load Control Licence) Regulations 2026 are laid before Parliament.

3.2 Financial responsibility principle: overview

Government's 2025 SSES consultation response confirmed the introduction of a financial responsibility principle to strengthen licensees' long-term financial resilience and reduce the risk of unmanaged market exits. The proposed condition in this section of our 2025 licensing consultation adopted a proportionate principles-based approach, drawing on but not replicating Electricity Supply Licence Condition 4B, requiring licensees to maintain sufficient capital and liquidity to meet anticipated liabilities and to notify Ofgem of key financial events. This section asked stakeholders whether this approach achieved the right balance and invited alternative suggestions.

13. **With reference to licence condition 4 and the relevant definitions in licence conditions 1 and 2, do you agree that the drafting of this licence condition is the right approach to proportionately promote financial responsibility in the market? Please explain your answer and if you disagree provide alternative suggestions.**

Summary of responses

Of the 25 that responded to question 13, 20 agreed with the proposal, 3 were neutral, and 2 disagreed. Overall, a very strong majority agreed with the proposal.

Respondents showed strong support for Standard Licence Condition 4 as a proportionate, principles-based requirement to promote financial responsibility in the flexibility/load control market.

Supporters generally considered Standard Licence Condition 4 appropriate because it provides a baseline safeguard without imposing supply-style minimum capital barriers, reflecting that many FSPs do not hold consumer credit balances or carry supply-type risk. A common theme among supporters was that Standard Licence Condition 4 should be implemented proportionately and in a risk-based way, with clear guidance on the evidence Ofgem would expect and how requirements would apply across different business models and levels of exposure.

A minority opposed the approach, questioning whether Standard Licence Condition 4 is the right mechanism for flexibility services and raising concerns about potential mis-targeting or unnecessary burden for certain lower-risk actors.

Government response

Government welcomes the strong support for the policy intent underpinning this condition. We have decided to simplify the drafting of Standard Licence Condition 4.1 to require a licensee to act in a manner that ensures it is able to meet its reasonably anticipated financial liabilities as they fall due on an ongoing basis. Following discussions with Ofgem, we have made this decision to maintain the overarching intent of this aspect of the condition while simplifying the terminology and making it more proportionate to the load control market.

Government has also decided to remove the list of examples of key events from the licence condition. Instead, the condition will require licensees to notify Ofgem of any event which poses a material risk of any change occurring that could have a material adverse effect on the licensee's ability to comply with their financial obligations; and any change which has already occurred that could have a material adverse effect on the licensee's ability to comply with their financial obligations. This is to ensure the condition does not insinuate there are a limited set of events which could impact the financial resilience of a licensee. Ensuring licensees are responsible for notifying Ofgem of any key event which materially risks or has already had adverse effects on their ability to be financially resilient is the most effective and proportionate approach for Ofgem to monitor financial resilience across the market.

3.3 Ongoing fit and proper requirement: overview

The 2025 SSES consultation response confirmed the introduction of an ongoing fit and proper requirement for senior personnel to help maintain consumer trust and ensure licensed organisations are responsibly operated. The proposed condition in our 2025 licensing consultation would require licensees to have appropriate governance and processes in place and to carry out regular assessments of the suitability of senior individuals. This section asked for stakeholder's views on whether the drafting of licence condition 5 provides an appropriate and proportionate way to achieve this.

14. With reference to licence condition 5 and the relevant definitions in licence conditions 1 and 2, do you agree with the drafting of this licence condition? Please explain your answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 23 that responded to question 14, 22 agreed with the proposal and 1 disagreed. Overall, a very strong majority agreed with the proposal.

Supporters generally viewed this condition as a proportionate and foundational governance safeguard, ensuring that organisations carrying out load control or flexibility services are led by individuals who are competent, responsible and accountable. Many respondents highlighted that this condition aligns with familiar fit-and-proper expectations used elsewhere in energy regulation, helping maintain coherence across frameworks and supporting confidence in an emerging market where actors may influence consumer devices and system outcomes. One respondent indicated that only minimal additional costs were anticipated, suggesting that compliance with these conditions would not materially alter their operational cost base.

Several supportive respondents emphasised the need for proportionate implementation, noting that the condition should avoid duplicating existing fit-and-proper requirements already applying to suppliers or other licensees operating in multiple roles. These organisations stressed the importance of clear guidance to ensure the condition is applied consistently, and that evidentiary expectations are scaled appropriately to organisation size and business model.

The single respondent who disagreed supported the principle of ensuring suitable operators but questioned whether applying a supply-derived governance mechanism is the right approach for flexibility and load control. They argued that some risks may already be covered through existing consumer protections and that the condition could be refined to better reflect the characteristics of the flexibility market.

Government response

Government has decided not to make any substantive changes to the drafting of the ongoing fit and proper requirement. Taking this approach ensures regulatory coherence across the energy sector and ensures there is a consistent approach to defining what constitutes fit and proper senior personnel.

3.4 Management and financial cost appraisal; overview

This section of the consultation asked organisations to identify any additional costs they may face in meeting licence conditions 4 and 5, inviting views on the accuracy of the impact assessment's management cost assumptions and requesting evidence on any extra resources needed.

15. Which additional costs would your organisation face for complying with licence conditions 4 and 5? Please comment on the management cost assumptions in the impact assessment. When calculating these costs, please exclude existing costs which your organisation may already face in relation to these conditions. Please include an explanation of the additional costs you may face, such as additional FTE, and why the additional costs are necessary to comply.

Summary of responses

There were 18 respondents to question 15. No respondent identified any significant costs for complying with the core requirements of these conditions. However, there was overall consensus that costs would arise from additional governance and oversight needed as well as additional monitoring and reporting. Six respondents stated that these costs would be significantly reduced for suppliers if derogations were in place. Two respondents stated that clear guidance could materially reduce the costs and that the costs would proportionally impact small FSPs and Load Controllers more than large ones.

Government response

Government will use the evidence provided in responses to amend the impact assessment of the new licensing regime, which will be published at the same time as The Electricity Act 1989 (Load Control Licence) Regulations 2026 are laid before Parliament.

3.5 Provision of Information to Authority and Secretary of State: overview

Following work with Ofgem, government proposed a general licence condition requiring licensees to provide information to Ofgem and the Secretary of State when reasonably required. This section of the consultation set out that the condition would enable effective oversight of the licensing regime by supporting ongoing monitoring, timely intervention when required, and early identification of emerging consumer risks. It also stated it would assist the Secretary of State in fulfilling statutory review duties. The proposed condition was adapted from Supply Licence Condition 5 but excludes data retention obligations to avoid duplicating requirements that apply only to electricity suppliers. This section of the consultation sought stakeholder's views on whether they agree with the drafting of licence condition 6.

16. With reference to licence condition 6 and the relevant definitions in licence conditions 1 and 2, do you agree with the proposed drafting of this condition, noting that we have not included obligations related to data retention? Please explain you answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 24 that responded to question 16, 21 agreed with the proposal, 2 were neutral, and 1 disagreed. Overall, a very strong majority agreed with the proposal.

Supportive respondents viewed this condition as a necessary and proportionate information-provision power, closely aligned with existing supply licence obligations, which they felt would support effective oversight and reduce complexity for organisations holding multiple licences. Many welcomed the decision not to introduce prescriptive data retention requirements at this stage, though a few suggested that minimum expectations may be needed in future, particularly for consumer-related data.

A recurring theme was the importance of ensuring that information requests are proportionate, risk-based and well-co-ordinated across regulatory bodies. Respondents emphasised avoiding duplication, especially for dual licensees, and requested clearer guidance on the condition's interaction with other requirements, including cyber security obligations under Standard Licence Condition 9 and reporting undertaken through FSPs. One respondent cautioned that excessive reporting or information-submission requirements imposed by Ofgem could create disproportionate burdens for smaller market participants and should therefore be applied proportionately.

The single respondent who disagreed considered existing mechanisms sufficient and questioned the need for additional reporting powers. Those who were unsure highlighted uncertainty about the scope, frequency and format of requests and potential administrative burden if expectations are not clearly defined.

Government response

Government has decided to make no substantive changes to the drafting of Standard Licence Condition 6. Ofgem have published a decision document to their implementation consultation setting out more detail on how they intend to use these powers, including their approach to requests for information and the decision to align the formatting of these with existing templates.

3.6 Principle to be open and cooperative; overview

This section of the consultation also proposed that licensees will be required to proactively and transparently share relevant information with Ofgem or the Secretary of State to support oversight of financial resilience, emerging compliance risks and potential consumer harm. The approach is adapted from Supply Licence Condition 5A, which promotes openness and self-reporting. This section asked whether the drafting of Standard Licence Condition 7 in the load control licence is appropriate.

17. With reference to licence condition 7 and the relevant definitions and interpretation set out in licence conditions 1 and 2, do you agree with the proposed drafting of this condition? Please explain your answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 22 that responded to question 17, 19 agreed with the proposal, 2 were neutral, and 1 disagreed. Overall, a very strong majority agreed with the proposal.

Respondents who agreed generally viewed this condition as a proportionate and well-established regulatory expectation, noting that an obligation to act openly and cooperatively is already familiar from the electricity supply licence and reflects standard good-faith conduct expected of licensed entities. Supportive respondents considered the condition essential for enabling early visibility of issues, constructive engagement with Ofgem and effective oversight as new actors enter the flexibility market. Several stakeholders highlighted that the condition sets a reasonable baseline expectation and does not impose significant additional burden, though some requested further guidance to clarify what constitutes proactive disclosure in practice.

The single respondent who disagreed argued that the intended outcomes of the condition could be achieved through existing contractual or legal mechanisms without requiring a separate licence condition. This respondent also raised concerns about cumulative burden when the condition is considered alongside condition 6, suggesting that taken together the two conditions could create overlapping responsibilities.

Those who were unsure mainly sought greater clarity on how the condition should be interpreted, particularly regarding which issues must be disclosed proactively. Some respondents queried whether the condition risks duplicating existing information-provision requirements and emphasised the importance of proportionality when determining when and how licensees must engage with Ofgem.

Government response

Government has decided to make no substantive changes to the drafting of Standard Licence Condition 7. Ofgem have published a decision document to their implementation consultation setting out their approach to implementing the licence, including on monitoring, compliance and enforcement.

4. Proposed licence conditions specific to Load Controllers only

4.1 Requirement to comply with Industry Codes: overview

This section asked stakeholders whether they agreed with the drafting of licence condition 8 and its supporting provisions, including the proposed framework requiring Load Controllers to become a Party to the Balancing and Settlement Code (BSC) and Connection and Use of System Code (CUSC) and to comply with the BSC, Grid Code and Distribution Code via the CUSC and Distribution Connection and Use of System Agreement (DCUSA).

It set out that Load Controllers will be required to comply with the relevant industry codes governing interactions within the electricity system, ensuring load control activities operate safely, consistently and in line with certain established technical and market rules. This supports enduring governance arrangements, helps maintain grid stability, and enables Ofgem to apply future code or governance updates as the flexibility market evolves.

18. With reference to licence condition 8 and the relevant definitions in licence conditions 1 and 2, do you agree with the drafting of this condition? Please explain your answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 25 that responded to question 18, 15 agreed, 6 were neutral, and 4 disagreed. Overall, a majority agreed with the drafting.

Respondents who agreed generally viewed this condition as an appropriate and necessary mechanism for integrating Load Controllers into existing industry governance arrangements. Supporters emphasised that accession to established codes provides a coherent and stable framework for managing technical, operational and market-related obligations. Many highlighted that embedding load control requirements within codes such as the BSC, CUSC, DCUSA and Grid and Distribution Codes creates the governance mechanism needed to implement future obligations through familiar modification processes. Supportive respondents also noted that aligning Load Controllers with established governance structures is important for system stability, safe device behaviour and effective coordination across market participants.

Those who disagreed argued that mandatory accession to multiple industry codes could impose disproportionate burdens, particularly for SMEs and early-stage innovators. They highlighted that many codes were not designed with Load Controllers in mind and currently lack clearly defined, role-specific provisions, creating uncertainty about which obligations would apply. Some respondents warned that the drafting risks inhibiting innovation or deterring market entry, especially for new business models or technical architectures where the practical applicability of certain codes is unclear.

One respondent also noted that the proposed reliance on BSC/Elexon arrangements is supplier-centric and could create unnecessary administrative and cost burdens for non-supplier parties, particularly where Load Controllers may be required to join and later leave the BSC when crossing size thresholds.

Respondents who were unsure primarily sought greater clarity on forthcoming code changes and clearer differentiation between roles across the value chain, including Load Controllers, FSPs, suppliers, OEMs, HEMS providers and aggregators. Several respondents questioned whether accession should precede the development of Load Controller-specific code sections or progress in wider code consolidation reforms. Others highlighted potential overlap between this condition and obligations elsewhere in the licence, including cyber security and operational capability requirements.

Government response

Government has decided to make no substantive changes to the drafting of this condition. The SSES Enduring Governance government response[26] set out government's decision for Elexon to deliver Technical and Security Governance Groups for the SSES Programme. At the same time, we modified the BSC to enable Elexon to deliver these groups.

In May 2026, government directed the BSC Panel to establish SSES Technical and Security Governance Groups and has included in that direction a SSES Governance Framework[27] that sets out the two groups' functions and governance structures. The SSES Governance Framework ensures information regarding governance for SSES is easily identifiable rather than being embedded in the BSC. It includes further information on the requirements of Load Controllers within scope of the licence. We intend to further modify the BSC to include load control licensees as a class of party within the BSC to support these arrangements.

Requiring under 300MW Load Controllers to be party to and comply with the BSC will enable the Security Governance Group to support Ofgem in assessing Load Controller's compliance with the cyber requirements once the licence conditions are in force in 2028. It also helps to provide a stable regulatory environment for the Security Governance Group to work alongside Ofgem and government in evolving the regulatory environment as the market continues to develop.

The SSES Governance Framework includes a set of functions which the Technical and Security Governance Groups will be carrying out. The Groups will only be able to undertake activities in line with these functions and therefore cannot increase requirements from Load Controllers without a change to the SSES Governance Framework. Government approval is required for any changes to be made to the SSES Governance Framework, and we will ensure that any additional obligations on Load Controllers are proportionate and tested with the sector before being implemented.

[26] GOV.UK, '[SSES: Enduring Governance – government response]' (viewed on 2 July 2026)
[27] GOV.UK, '[SSES: Enduring Governance - governance framework]' (viewed on 3 August 2026)

Further detail on government's decision in relation to the CUSC, Grid Code, DCUSA, and Distribution Code is included in response to question 20.

19. With reference to 8.4 – 8.10 and the relevant definitions in licence conditions 1 and 2, do you agree with the proposed provisions to support the functioning interaction between codes and the licence? If not, please specify which provisions you disagree with and your rationale.

Summary of responses

Of the 23 that responded to question 19, 16 agreed with the proposal, 6 were neutral, and 1 disagreed. Overall, a strong majority agreed with the proposed provisions.

Respondents who agreed generally viewed the provisions as an essential mechanism to ensure coherent interaction between the licence and industry codes. Supportive organisations highlighted that the framework allows licence obligations to remain aligned with evolving code governance and provides a pragmatic route for managing consequential changes without requiring frequent licence modifications. Many considered the provisions important for avoiding duplication, supporting coordinated code review processes, and maintaining a stable regulatory environment. Several respondents also noted the value of clear relief mechanisms where code requirements might otherwise be inappropriate or misaligned, while emphasising the importance of accessible guidance to aid interpretation.

Those who disagreed expressed concerns about practicality and proportionality, particularly for operational models where the provisions may be challenging to apply. Some felt that the framework could introduce unnecessary complexity without addressing underlying issues, and highlighted the need for clearer allocation of responsibilities across different actors involved in load control. A small number also noted that the current drafting does not yet provide sufficient clarity for certain architectures or business models.

Respondents who were unsure typically sought greater detail on how the provisions would work once Load Controller obligations are formally drafted into industry codes. Uncertainty centred on how the framework interacts with existing roles—especially for organisations that already accede to certain codes—and whether similar outcomes could be achieved through alternative regulatory tools. Several organisations asked for concrete examples to illustrate how the provisions would apply in practice and how potential overlaps with supply licence obligations would be handled. One respondent reinforced these concerns by highlighting that BSC/Elexon cyber-security assurance processes are supplier-oriented and administratively heavy, potentially creating an inefficient "join–leave–rejoin" cycle for organisations that fluctuate around the relevant size threshold.

Government response

Government has decided to make no substantive changes to the drafting of conditions 8.4 – 8.10, welcoming the strong support for these conditions forming part of existing frameworks which support regulatory alignment across licence obligations and codes. Please see our responses to questions 18 and 20 on why we are requiring Load Controllers to accede to certain codes.

There is existing Ofgem guidance on Significant Code Review processes which sets out the process Ofgem would take when initiating a review of this nature.[28]

20. Do you agree with our intention to create a framework to empower industry to manage grid stability risks posed by Load Controllers, by having a licence condition that requires Load Controllers to accede to, and comply with the relevant sections of The Grid Code via Connection and Use of System Code (CUSC) and The Distribution Code via Distribution Connection and Use of System Agreement (DCUSA)? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 23 that responded to question 20, 17 agreed, 2 were neutral, and 4 disagreed. Overall, a strong majority agreed with the proposal.

Respondents who agreed generally supported the intention to require Load Controllers to accede to, and comply with the relevant sections of, the Grid Code and Distribution Code via CUSC and DCUSA. Supportive respondents emphasised that as controllable load becomes increasingly material to system operation, it is essential that Load Controllers operate within established technical governance frameworks designed to maintain grid stability. They noted that leveraging existing code structures avoids the need to develop parallel frameworks, supports a coherent whole-system approach, and ensures that entities affecting system conditions are subject to consistent technical expectations.

Those who disagreed raised concerns about proportionality, practicality, timing and accession to multiple codes as it may impose significant administrative burden. Several argued that mandating accession before obligations are drafted could create uncertainty and potentially deter market entry. Respondents who were unsure emphasised the need for greater visibility of forthcoming code drafting and clearer explanation of how obligations will scale across different types of Load Controllers.

Government response

Government welcomes the strong support for introducing a licence condition requiring load controllers to accede to and comply with relevant sections of the Grid Code and the Distribution Code. Given this, government intends to proceed with the licence condition as consulted on. Government acknowledges the concerns highlighted by industry

[28] Ofgem, 'SCR Guidance' (viewed on August 3 2026)

on wanting greater visibility on code modifications. We are currently working with technical experts within government to review the current codes to highlight potential modifications that need to be made to align with the load control licence. Alongside this, we will be working with NESO and Distribution Network Operators (DNOs), and a finalised position will be shared with industry via working groups ahead of finalising the draft modifications. Draft modifications will also be subject to statutory consultation.

Our intention is to require organisations to accede to the codes but beyond that we do not intend to mandate specific requirements on load controllers. Government's view is that code bodies are best placed to determine which requirements should apply to load controllers and that this should take place through the normal code modifications process.

Government understands industry concerns on compliance with the codes prior to applying for a licence. Based on this, we are happy to allow industry to apply for a load control licence prior to acceding to the relevant codes, however industry need to confirm their intention to comply. In addition to a further consultation on the draft code modifications, we will continue to keep industry involved via government working groups and industry working groups via NESO and DNOs.

4.2 Cyber assurance framework for Load Controllers: overview

The 2025 SSES Licensing consultation proposed a dedicated cyber assurance framework requiring Load Controllers to meet defined cyber security standards to ensure the secure operation of ESAs. The framework is designed to mitigate system-level cyber risks, support grid stability and align Load Controllers with enduring technical and security governance arrangements.

This section asked stakeholders whether they agreed with the draft cyber-security licence conditions, modelled on but adapted from the Network & Information Systems (NIS) Regulations 2018 and whether the proposed 18-month period for newly licensed organisations to demonstrate compliance with the Cyber Assessment Framework (CAF) is appropriate. Stakeholders were also invited to comment on Ofgem's discretion to grant extensions and highlight any implementation challenges government should consider.

21. With reference to licence condition 9 and the relevant definitions in licence conditions 1 and 2, do you agree with the draft cyber security licence conditions, noting that many are modelled on the NIS Regulations but adapted for Load Controllers? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 22 that responded to question 21, 18 agreed, 2 were neutral, and 2 disagreed.

Respondents who agreed generally viewed the proposed approach to cyber security and operational resilience as sensible, proportionate and aligned with established regulatory patterns. Supportive respondents saw the risk-based, tiered approach as proportionate and

welcomed clearer definitions, especially around the 300 MW threshold and how it is applied. However, they asked for more guidance on transition across thresholds, notification responsibilities when moving between thresholds, and what evidence would be acceptable under the Cyber Assessment Framework.

Those who disagreed were mainly concerned that the proposals could capture product-level device functions, such as internal optimisation or cloud scheduling, rather than only genuine system-level load control. They argued the rules should be more proportionate and clearly exclude activities already covered by product security regulation.

Those who were neutral mainly wanted clearer accountability in multi-party delivery models, especially where several actors influence how a device operates. They also asked for clearer information on the scope of which devices and service models are covered, and how the licence fits with existing product security.

Government response

Government welcomes the strong majority support for the proposed drafting of Standard Licence Condition 9 and recognises stakeholders' view that strengthened cyber security and operational resilience requirements are essential where remote load control has the potential to impact both consumers and the wider energy system. Where possible government will ensure that the implementation of Standard Licence Condition 9 aligns with existing product-level IoT cyber security frameworks to avoid duplication.

Government has carefully considered the responses and recognises the importance of providing greater clarity on the scope of the licensing regime as a whole and the entities to which the licence obligations apply. Please see our response to question 1 for the detail on our updated definition of a Load Controller, as well as our statutory notice setting out our approach to class exemptions related to the load control licence.

Government acknowledges the practical questions raised about the operation of the 300 MW threshold and how movements above and below this threshold will be managed, including process, notification requirements, and implications for designation as an Operator of Essential Services (OES). To support implementation, DESNZ will publish guidance, setting out how the tiered framework will operate in practice, alongside further detail on notification expectations.

Government will continue working with industry, Ofgem, and technical bodies to ensure that the operationalisation of condition 9 is proportionate, transparent and well-aligned with the broader cyber security landscape.

22. Do you agree with proposed 18-month period for newly licensed organisations to demonstrate meeting CAF requirements? Please provide your views on whether this period is appropriate, whether Ofgem's discretion to grant extensions is sufficient, and if there are any specific factors or challenges that should be considered when finalising the implementation timeline.

Summary of responses

Of the 20 that responded to question 22, 8 agreed, 9 were neutral, and 3 disagreed. Overall, there were mixed views.

There was broad but qualified support for an 18-month implementation period for newly licensed organisations to demonstrate compliance with the Tier 2 CAF requirements. Respondents who supported the proposal generally considered 18 months to be a reasonable and proportionate timeframe for newly licensed organisations to demonstrate compliance with CAF requirements. They argued that the period provides sufficient time to understand the requirements, assess existing arrangements, and implement any necessary improvements while balancing the need to strengthen cyber resilience with the need to avoid unnecessary regulatory burden.

Those who disagreed with the proposal generally felt that 18 months may not provide sufficient time for all organisations to achieve compliance. Respondents highlighted that larger and more complex organisations, particularly those operating across multiple business units, suppliers, systems, or legacy technology environments, may require longer to design, procure, implement, and embed the necessary controls. Concerns were also raised about external factors that could affect delivery, including procurement processes, skills shortages, resource constraints, and reliance on third-party vendors. As a result, some respondents suggested that a 24-month implementation period would be more realistic and would reduce the risk of organisations prioritising compliance activities over sustainable and effective security improvements.

A number of respondents neither explicitly supported nor opposed the proposal but instead focused on the conditions necessary for successful implementation. The most frequently cited issue was the absence of finalised Tier 1 and Tier 2 CAF profiles. Respondents argued that organisations cannot accurately assess the feasibility of the proposed timeline until the requirements are final, stable and publicly available. There were also repeated calls for greater clarity on when the 18-month period would begin, including whether it should run from licence commencement, the end of any transitional arrangements, or publication of the final CAF profiles. Many respondents also emphasised the importance of proportionality. Smaller organisations and new market entrants highlighted the potentially disproportionate costs of compliance during the first year of operation, as well as challenges in recruiting specialist cyber security and compliance personnel.

Government response

Government notes the support for an 18-month implementation period for newly licensed organisations to demonstrate compliance with the Tier 2 CAF profile. We also recognise the concerns raised by a number of respondents who considered that 18 months may be challenging for larger or more complex organisations, particularly where compliance activities are dependent on third-party suppliers, procurement processes, or significant organisational change.

Having considered these views, government remains of the view that an 18-month implementation period strikes an appropriate balance between providing organisations with sufficient time to achieve compliance with the Tier 2 CAF profile and ensuring that essential cyber resilience measures are implemented in a timely manner.

Government also recognises that organisations vary considerably in their size, complexity, and operational circumstances. For this reason, Ofgem will retain discretion to extend implementation timelines where appropriate, including where organisations can demonstrate that additional time is required due to the scale or complexity of their operations or other exceptional circumstances. This flexibility will help ensure that the framework can be applied proportionately while maintaining the overall objective of improving cyber resilience across the sector.

Government highlights that the implementation period will not begin until the relevant licence conditions come into force, which is now planned for March 2028. Newly licensed organisations will therefore have 18 months from that point to demonstrate compliance with the Tier 2 CAF profile requirements. In addition, government intends to publish the finalised Tier 2 CAF profile well in advance of the licence conditions taking effect, providing organisations with early visibility of the requirements and enabling them to begin preparations ahead of the formal implementation period.

Government therefore intends to proceed with the proposed 18-month implementation period, supported by early publication of the final Tier 2 CAF profile and regulatory flexibility where justified.

4.3 Load control check requirement: overview

This section of the consultation proposed that condition 10 requires licensees to assess the potential impacts of load control instructions on both ESAs and the wider electricity system, ensuring safeguards are in place to prevent unintended outcomes. The condition requires that licensees must rely on trusted, validated data sources and check for irregularities to support safe and responsible system operation. This section asked stakeholders whether they agreed with the drafting of licence condition 10.

23. With reference to licence condition 10 and the relevant definitions in licence conditions 1 and 2, do you agree with the drafting of this condition? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 25 that responded to question 23, 14 agreed, 5 were neutral, and 6 disagreed with the proposals. Overall, a majority agreed with the drafting of the proposed condition.

Respondents who supported the proposal agreed with the objective of ensuring that load control does not cause harm to consumers, ESAs, or the wider electricity system. They

considered it appropriate for Load Controllers to assess potential impacts of their actions and to rely on trusted and validated data when making control decisions. Supporters viewed the condition as an important safeguard for consumer protection, system security, and confidence in flexibility services.

Respondents who disagreed with the proposal generally focused on the drafting rather than the policy intent. They argued that terms such as "unintended or adverse consequences" are too broad and could lead to inconsistent interpretation, uncertainty about compliance expectations, and difficulty determining responsibility where outcomes are influenced by third parties or consumer behaviour. Some also argued that the condition could impose obligations beyond the control of licensees, particularly where Load Controllers lack visibility of device performance, network conditions, or third-party systems. Several respondents suggested that technical requirements would be more appropriately addressed through existing industry codes and standards.

A number of respondents neither explicitly supported nor opposed the proposal. Some respondents broadly supported the intent of the condition but sought greater clarity on how it would operate in practice. They called for clearer definitions of key concepts, additional guidance, and examples of what would constitute compliance. Respondents also emphasised the importance of aligning the condition with existing industry codes, technical standards, and data governance frameworks. Some highlighted the need to avoid unintended impacts on commercial arrangements, innovation, and consumer experience.

Government response

Government welcomes the broad support for the objective of the Load Control Check and agrees that Load Controllers should take appropriate steps to identify and mitigate the potential adverse impacts of load control activities on consumers, energy smart appliances, and the wider electricity system.

We recognise respondents' concerns regarding the breadth of the drafting and the need for greater clarity around the scope of obligations, particularly in relation to what constitutes "unintended or adverse consequences" and the extent to which licensees can reasonably be held responsible for outcomes influenced by third parties or factors outside their control. We also note calls for clearer guidance on compliance expectations and stronger alignment with existing industry codes and technical standards.

Government agrees that obligations should be proportionate and reflect the practical limits of the information and control available to licensees. The intention of this licence condition is not to require licensees to prevent all possible adverse outcomes, nor to hold them accountable for matters beyond their reasonable control. Rather, the condition is intended to ensure that licensees appropriately consider foreseeable risks arising from their load control activities and take reasonable steps to mitigate them.

We recognise the benefits of consistency with existing industry frameworks and will continue to work with Ofgem, industry and relevant code bodies to ensure that the licence condition operates coherently alongside existing technical requirements. We also acknowledge the importance of providing sufficient clarity to support implementation and reduce the risk of inconsistent interpretation.

Government therefore intends to proceed with the introduction of the Load Control Check, while working closely with Ofgem to provide greater clarity on the scope of the obligation and ensuring that supporting guidance is available to assist licensees in meeting the requirement in a proportionate and consistent manner. Given that this is a nascent area, we are keen to ensure that the requirements allow sufficient flexibility for Load Controllers to apply controls that are proportionate to the risks they face and appropriate to their operating environments. We are therefore interested in understanding the approaches and controls that industry is currently implementing, or intends to implement, to help inform the ongoing development and enhancement of guidance as the ecosystem matures.

4.4 Cyber security cost appraisal: overview

This section of the consultation asked organisations to identify any costs required to comply with the cyber security requirements and to comment on the cyber security cost assumptions in the impact assessment, providing evidence where possible.

24. Which additional costs would your organisation face for complying with licence condition 9? Please comment on the cyber security cost assumptions in the impact assessment. When calculating additional costs, please exclude existing costs which your organisation may already face in relation to these conditions. Please include an explanation of the additional costs you may face, such as additional FTE, and why the additional costs are necessary to comply. Please include as much supporting evidence as possible in your response.

Summary of responses

There were 16 respondents to question 15. Of these respondents, 10 provided feedback on the cyber security cost assumptions used in the impact assessment. Seven respondents confirmed the assumptions ranges used, either by stating so directly or by providing estimates within the cost ranges set out in the impact assessment. Two respondents stated the cost assumptions were too low. The majority of respondents self-identified as large Load Controllers.

Five respondents raised the possibility to reduce cost burdens to Load Controllers if an existing cyber security standard rather than a new CAF profile was used.

Government response

Government will use the evidence provided in responses to amend the impact assessment of the new licensing regime, which will be published at the same time as The Electricity Act 1989 (Load Control Licence) Regulations 2026 are laid before Parliament.

5. Proposed licence conditions specific to FSPs only

5.1 Scope of consumer protection licence conditions: overview

This section of the consultation explained that consumer protection requirements will apply only to domestic and small business consumers (apart from specific provisions for consumers in vulnerable situations in the “Treating consumers fairly” condition), reflecting the needs of these groups and the bespoke contractual arrangements typically used by larger non-domestic consumers. Government proposed to use the existing legal definition of a small business consumer to draw this distinction, noting that although verification depends on customer declarations, any alternative definition would carry similar practical challenges. This section sought stakeholders’ views on whether they agree with using the proposed small business consumer definition to determine which non-domestic consumers should receive consumer protections.

25. Do you agree with the definition of small business consumer for the purposes of determining which non-domestic consumers are in scope of consumer protections? Please explain your answer and if you disagree provide alternative suggestions.

Summary of responses

Of the 23 that responded to question 25, 18 agreed with the proposal, 4 were neutral, and 1 disagreed. Overall, a strong majority agreed with the proposal to use the existing definition of small business consumer (as defined by The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008) to determine the non-domestic consumers in scope of consumer protections.

Respondents in support of the definition stressed the importance of regulatory consistency, simplicity, and avoiding the introduction of additional or bespoke definitions. Many highlighted that small businesses often engage with energy services in ways similar to domestic customers and may require equivalent protections due to limited capacity, resource constraints or lower familiarity with flexibility markets.

Respondents expressing uncertainty or disagreement focused primarily on implementation challenges. These included how FSPs should verify eligibility, including a reliance on consumers declaring accurate information in relation to this definition, how this definition fits alongside other DESNZ and Ofgem workstreams, and whether the approach adequately addresses borderline cases or prevents regulatory overlap.

Government response

Government will continue with its intention to use the existing definition of small business consumer (as defined by The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008) to determine the non-domestic consumers in scope of consumer protections, where a small business consumer is a person supplied or requiring to be supplied with electricity at a premises other than domestic premises:

(a) with an annual consumption of—

(i) electricity of not more than 200,000 kWh, or

(b) with—

(i) fewer than 50 employees (or their full time equivalent), and

(ii) an annual turnover not exceeding £6.5 million or a balance sheet total not exceeding £5 million

Using existing definitions ensures consistency and ease of use across different areas of the electricity sector. In our consultation, we acknowledged that for an FSP to determine whether a non-domestic consumer qualifies as a small business consumer would be contingent on the customer declaring the above information. However, government believes this isn't a reason to extend the scope of the consumer protections to all non-domestic consumers and using a different definition for defining non-domestic consumers in scope would provoke the same implementation challenges. We also note the licence definition of small business consumer follows the meaning given by The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008. Therefore, in line with our response to question 5, the same approach of a small business's size being time-stamped at the point of contract formation will be taken for the application of load control licence consumer protections to small businesses.

5.2 Treating consumers fairly: overview

This section of the consultation proposed that FSPs will be required to meet a general principle of fairness to ensure consumers can confidently participate in emerging flexibility markets. The proposed condition introduces minimum, principles-based standards such as providing clear information, maintaining appropriate customer service, and taking additional care with consumers in vulnerable situations. This section of the consultation asked stakeholders whether they agree with the drafting of licence condition 11.

26. With reference to licence condition 11 and the relevant definitions in licence conditions 1 and 2, do you agree with the drafting of this licence condition? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 27 that responded to question 26, 22 agreed with the proposal, 2 were neutral, and 3 disagreed. Overall, a very strong majority agreed with the drafting of this condition.

Of those in support, reasons given included the provision of a clear and flexible framework for consumer protections, the establishment of essential foundations for building consumer trust as flexibility and load control services scale, and close alignment with the Standards of Conduct in the Electricity Supply Licence. In favour of how the condition aligns with wider retail market protections, one respondent notes that it is helpful for consumers to expect a consistent approach across the supply and CLF sectors. Another respondent in support of the drafting commented that consumer experience is one of the most important aspects of harnessing the benefits of CLF and flexibility services and that Standard Licence Condition 11 is important in establishing a consumer protection framework that will give consumers the confidence to engage in these new services.

Several respondents commented on the importance of guidance accompanying this condition, including one respondent that requested that the accompanying guidance is as" clear and practical as possible, particularly around vulnerability" and another that emphasised the importance of guidance in ensuring consistent interpretation of Standard Licence Condition 11 across licensees. Two respondents, one in support and one neutral, mentioned the risk of the guidance accompanying this principles-based condition being overly prescriptive.

One respondent, whilst supporting the drafting of this condition, asked how requirements to identify and support vulnerable customers will interact with the equivalent supply licence requirements, particularly in relation to the operation of the Priority Services Register. One respondent asked for the clarification of practical vulnerability adaptions in regard to this condition and suggested that light touch analogies could be drawn from supply.

Of the respondents who disagreed, two suggested that the condition adds limited additional value, given existing statutory requirements regarding fair treatment and 1 noted that the condition may not go far enough in guaranteeing informed choice between "D2V and charger-mediated control".

Government response

Government has decided not to make any substantive changes to the drafting of this condition.

Government is aware that consumers have protections under general consumer protection law in relation to buying goods and services, including protections on financing arrangements where consumers may be leasing their ESA. However, and as stated in government's response to the 2024 SSES licensing consultation,[29] we remain committed to the view that, for CLF to play an integral role in modernising our energy system, it will be essential that consumers are given the adequate additional assurances that they can confidently engage in

[29] GOV.UK, 'Smart Secure Electricity Systems Programme: Government response to the 2024 consultation on energy smart appliance, licensing and tariff data interoperability proposals to support consumer-led flexibility' (viewed on 2 July 2026)

the market. To achieve this, we believe it is important that Ofgem have oversight of consumer protections specific to provision of flexibility services, as well as enforcement powers to sanction licensees who fall short on expected minimum standards.

The Ofgem Review includes actions to empower the regulator in order that Ofgem have the right powers to protect and promote consumer interests, and includes the recommendation that Ofgem be granted direct consumer law enforcement powers to remove the need to pursue compliance via the courts which is costly and time consuming.[30] Improving consumer trust and confidence in CLF is also being achieved through aligning this condition, the load control licence's baseline consumer protections, with Electricity Supply Licence condition 0 (SLC0). This ensures that, when it comes to fair treatment, there is a consistent approach across the retail sector. Government is mindful of wider reforms to the retail regulatory framework, including the shift towards a more outcomes-based approach set out in Ofgem's Call for Input on energy consumer outcomes,[31] with a decision and further consultation published on 23rd June. We intend to maintain close alignment between the load control licence and the electricity supply licence and, as supply licence reforms are implemented, this is likely to lead to subsequent changes to the load control licence.

Ofgem is providing guidance to support licensees in understanding how to comply with consumer protection licence conditions, including conditions related to support for vulnerable consumers. Ofgem's final consumer protection guidance is published alongside their decision document. Ofgem have noted stakeholder concerns that the guidance requires obligations beyond what is set out in the licence conditions, as well as stakeholder requests for further clarity in specific areas. Ofgem consider that the guidance sufficiently elaborates on the licence obligations without creating new requirements and that the risks in the specific areas are minimal, and they have seen no significant evidence to support additional detail. Ofgem have therefore decided to publish the consumer protection guidance largely as they consulted on, with one clarification to condition 12. The guidance remains advisory and the licence itself is the enforceable regulation. Ofgem will continue to keep the guidance under review and update it when needed.

Government notes that Ofgem have refreshed their Consumer Vulnerability Strategy to ensure vulnerable consumers remain protected as markets evolve and new products and services emerge.[32] A core aim of the Consumer Vulnerability Strategy is refocusing Ofgem and industry's priorities to ensure that consumers in vulnerable situations are at the heart of company cultures and that the right support and outcomes for vulnerable consumers are delivered consistently. For example, government notes that Ofgem's framework for the next price control period for Britain's electricity distribution networks (ED3) includes stronger protections for vulnerable consumers. ED3 will require DNOs to strengthen consumer protections for vulnerable electricity customers, including expanding reach, data accuracy and

[30] GOV.UK, 'Ofgem Review: final report' (viewed on 15 July 2026)
[31] Ofgem, 'Energy consumer outcomes' (viewed on 3 August 2026)
[32] Ofgem, 'Consumer Vulnerability Strategy' (viewed on 2 July 2026)

tailored support via Priority Services Registers and submitting enhanced Annual Vulnerability Reports.[33]

5.3 Recommending suitable services: overview

This section of the consultation proposed that FSPs would be required to recommend only services that are suitable for consumers' needs. The proposed condition set expectations for fair, non-pressured selling practices. It required FSPs to clearly explain key contract terms, including charges, contract duration, exit rights, rewards, and what happens if a consumer registers an ESA with another provider. This is intended to prevent mis-selling, lock-in, and confusion around switching. This section asked stakeholders their views on the drafting of licence condition 12 and the proposed definition of "Principal Terms".

27. With reference to licence condition 12 and the relevant definitions in licence conditions 1 and 2, do you agree with the proposed drafting of this licence condition? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 25 that responded to question 27, 16 agreed with the proposal, 4 were neutral, and 5 disagreed. Overall, a clear majority agreed with the proposed drafting of this condition.

Of those in favour, respondents emphasised the importance of strong consumer safeguards, suitability assessments and transparent presentation of key terms in a rapidly evolving market. Supporters felt that this condition aligns effectively with supply licence consumer protections and is essential to avoid mis-selling and confusion, particularly as flexibility propositions become more common and complex. One respondent, in agreement, asked for clarity on how the condition applies in bundled proposition scenarios or scenarios where a single entity is acting as both the supplier and FSP.

Of the respondents who answered, "not sure", one respondent highlighted the risks of inappropriate profiling and FSPs making assumptions about a consumer's characteristics, and two respondents mentioned that licensee compliance with this condition will depend on the accuracy of the information provided to them by the consumer. One neutral respondent noted the importance of intersecting workstreams for the implementation of the condition, such as work on asset visibility.

Three respondents flagged the importance of accompanying guidance to ensure this condition is implemented consistently by FSPs.

[33] Ofgem, 'Ofgem sets rules for 2028 to 2033 grid investment to meet growing electricity demand' (viewed on 2 July 2026)

Of the respondents who disagreed, two suggested the condition relies too heavily on licensees interpretating the condition in good faith and two suggested that the condition adds limited additional value, given existing statutory requirements regarding fair treatment. However, the respondents who questioned the additional value of this condition did support the requirement to clearly communicate the "Principal Terms". One respondent, in disagreement, asked for the regulations to permit "no recommendation to be provided" and suggested this would be an acceptable scenario if a licensee provided consumers with a list of their flexibility services and consumers selected their service based on the features listed.

Government response

Government has decided to make minor drafting changes to this condition, while retaining the same policy intent.

Standard Licence Condition 12.4 that was consulted on, "the licensee must ensure that the structure, terms and conditions of Rewards are clear and easily comprehensible", has been removed due to duplication. It has been decided that the requirements proposed in Standard Licence Condition 12.4 are covered by Principal Term (e) "the nature of any Rewards offered" associated with Standard Licence Condition 12.3, "the licensee must make the Principal Terms clear to Customers ahead of time when agreeing a Contract and after a Contract is entered into". This means we are continuing to ensure FSPs make consumers aware of the nature of the rewards they will receive for partaking in load control while simplifying the drafting and avoiding duplication.

Ofgem's consumer protection guidance ensures stakeholders understand how the requirements in Standard Licence Condition 12 apply in regard to assessing a customer's characteristics and/or preferences. Ofgem have made one clarification regarding Standard Licence Condition 12. This clarification makes explicit that FSPs are expected to provide consumers, prior to entering into a contract, with clear and specific information about the implications of signing up their ESA to another provider. This includes, but is not limited to, whether the ESA can only be enrolled with a single provider, if it can be switched between providers, or is compatible with multiple services.

Regarding wider work, Ofgem is introducing a common Flexibility Market Asset Registration (FMAR) solution, a 'single source of the truth' for flexibility market assets. It will align registration processes for local and national flexibility markets, reducing barriers to participation for FSPs and increasing visibility of flexibility assets to DNOs and NESO. Elexon as Market Facilitator have been appointed as the FMAR delivery body and are designing and developing the solution collaboratively with industry, targeting delivery in September 2027. Where appropriate, DESNZ and Ofgem will ensure alignment between licence obligations and emerging wider work.

28. Do you agree with the terms that are included in the "Principal Terms" definition? If not, please specify which terms you disagree with.

Summary of responses

Of the 23 that responded to question 28, 21 agreed with the proposal, 1 was neutral, and 1 disagreed. Overall, a very strong majority agreed with the proposal.

Respondents in support agreed that the definitions set out the essential elements consumers must know before entering a CLF agreement. The terms were widely viewed as clear, proportionate and aligned with existing consumer legislation and supply-market rules.

The respondent who answered “not sure” noted the need for practical presentation rules - particularly for app-based customer journeys - highlighting that Principal Terms must be concise, standardised and easy to understand.

The respondent who disagreed commented on the inclusion of “any rewards offered” within the Principal Terms and raised concerns that market volatility could make it problematic for FSPs to commit to rewards beyond the lowest possible due to the uncertainty of revenue for FSPs, and committing to rewards in such circumstances could mislead consumers.

Government response

Government has decided to make one minor change to the definition of Principal Term (d) “any Rewards offered”. The definition of this term is now “the nature of any Rewards offered”. Government believes that this allows FSPs to choose how they reward consumers, the nature of any reward, without requiring FSPs to commit to quantifying rewards in a way which could undermine the feasibility of any business model or potentially mislead consumers.

Government has decided not to make any further changes to other definitions of the terms that are included in the “Principal Terms”.

29. Do you think there should be any additional terms included in the “Principal Terms” definition? If so, please provide suggestions.

Summary of responses

Of the 20 that responded to question 29, 8 answered yes, 11 answered no, and 1 answered not sure. Overall, whilst a majority did not think that there should be any additional terms included in the “Principal Terms” definition a significant number of respondents suggested that the Principal Terms should be expanded.

Respondents who answered “yes” highlighted the importance of transparency about device behaviour, outage scenarios, compatibility requirements or interoperability, privacy and override rights—elements that materially affect consumer experience but are not currently captured. These respondents emphasised that gaps in these areas could lead to confusion, lock-in, or unexpected consequences during load control events. One respondent suggested the addition of a “Data and privacy summary” and “consumer override rights” terms, one respondent suggested a term to address signing on or introductory fees, and one respondent suggested an additional term around transparency of communications, including how and when consumers will be notified of load control events.

Respondents who answered “no” argued that adding more terms risked undermining the clarity and simplicity of the Principal Terms; too many terms could “detract from key information”. They stressed that essential protections should be maintained in concise form, with other details addressed through supporting guidance or wider consumer law.

Government response

Government has decided not to include any additional terms in the “Principal Terms” definitions.

Government notes the suggestion to include an additional term on consumer override rights within the Principal Terms. Through Phase 1 ESA regulations we are mandating that manufacturers provide a user interface with an ESA and that the user interface provides consumers with the option to override load control functionality of an ESA. Government also notes that Ofgem’s consumer protection guidance states that, in complying with the Treating Consumers Fairly condition, FSPs should provide the option for customers to override load control requests, and ensure consumers are made aware of this function, understand how to operate it, and can rely on it if load control malfunctions or disrupts essential use. Adding more prescriptive requirements on FSPs at this stage could require an FSP to have oversight of override functionality where that role sits more appropriately with the manufacturer.

Government also notes the suggestions to include additional terms around data and privacy, signing on fees and transparency of communications, including how and when consumers will be notified of load control events. In our 2025 government response, we decided not to include any legal requirements on data protection and privacy through the licence. This was following strong consultation support for UK-GDPR being an established and well-tested framework for data protection and privacy within the energy market, as well as providing sufficient protection for consumers.

Government has also decided that additional Principal Terms on signing on fees and transparency of communications are not required. Term (a) already requires an FSP to communicate “charges”, which would include signing on fees. Transparency of communications is covered by the Standards of Conduct within the Treating Consumers Fairly principle, specifically 11.3(b) that includes requirements on information being transparent.

5.4 Consumer protection cost appraisal: overview

This section of the consultation noted that earlier cost estimates for consumer-protection obligations were based on limited evidence from the 2024 SSES consultation and were likely to overstate costs now that the proposed licence conditions are narrower and more targeted. As a result, government sought further evidence to validate and refine these assumptions, recognising that small and medium-sized businesses may face higher compliance costs than larger firms. This section asked organisations to identify any additional costs they may incur to comply with licence conditions 11 and 12, as well as requirements to provide complaints procedures and participate in dispute resolution schemes. Government invited views on the

reasonableness of the cost assumptions and requested evidence on any extra resources, such as additional staff or operational changes, needed to meet these obligations.

30. Which additional costs would your organisation face for complying with licence conditions 11 and 12, as well as the requirement to offer complaints procedures and contribute to dispute resolutions? Please comment on the customer protection cost assumptions in the impact assessment. When calculating additional costs, please exclude existing costs which your organisation may already face in relation to these conditions. Please include an explanation of the additional costs you may face, such as additional FTE, and why the additional costs are necessary to comply. Please include as much supporting evidence as possible in your response.

Summary of responses

There were 17 respondents to question 30. Of these respondents, 10 provided feedback on the customer protection cost assumptions used in the impact assessment. No respondent identified any significant costs for complying with the core requirements in licence conditions 11 and 12 in terms of providing customer service, though there was overall consensus that costs would arise from additional governance and oversight needed as well as additional monitoring and reporting. Some stated that, in relation to suppliers, the costs would be very low or in fact zero given existing obligations under their supply licence. Six respondents stated that costs would proportionally impact small FSPs and Load Controllers more than large ones. Two respondents raised that the cost will depend on the reporting frequency Ofgem requires.

Government response

Government will use the evidence provided in responses to amend the impact assessment of the new licensing regime, which will be published at the same time as the legislation, The Electricity Act 1989 (Load Control Licence) Regulations 2026, is laid before Parliament.

5.5 Allow customers to exit a service

This section of the consultation proposed that there would be a condition requiring FSPs to allow customers to exit a service on fair and reasonable terms, drawing on the HOMEflex Code to ensure exit steps and notice periods are clear, not onerous, and do not impede switching or leaving flexibility services. The aim to prevent unfair contract terms, support competitive switching, and avoid practices that could delay or block consumers from moving between services was set out, while recognising that some technical or commercial barriers may need to be addressed in future. This section of the consultation asked stakeholders whether they agreed with the drafting of this condition, whether similar switching-related obligations should also apply to Load Controllers, and invited evidence on any additional costs FSPs may incur in meeting this requirement.

31. With reference to licence condition 13 and the relevant definitions in licence conditions 1 and 2, do you agree with the proposed drafting of this licence condition? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 25 that responded to question 31, 20 agreed with the proposal, 4 were neutral, and 1 disagreed. Overall, a very strong majority agreed with the proposal.

Respondents in support agreed that clear exit and switching rights are foundational consumer protections for a growing flexibility market and noted that the condition is important for consumer confidence and competition in the market. Two respondents in support commented that the condition strikes the right balance between protecting consumers whilst not over-regulating the sector. Several respondents in support praised the alignment of the condition with Flex Assure's Domestic and Microbusiness (previously HOMEflex) Code of Conduct. One respondent who answered "yes" asked for clarity on how the condition would work in bundled flexibility propositions offered by suppliers, and another respondent who answered "yes" suggested further guidance around the phrases "unduly onerous" and "unreasonably long" would be helpful. One respondent in support noted that, due to the technical and commercial barriers which may make it difficult at this early stage of maturity for customers to switch to another FSP, it would be helpful to share insights on how the more mature retail market has improved the switching process over time.

Neutral respondents included one who supported the intent of the condition but suggested that it be extended, given the strong dependence of CLF propositions on tariff structures, to cover switching supplier and/or switching to another supply tariff. Another neutral respondent suggested the development of a defined 'Change of FSP' process, similar to the Change of Supplier process in the retail market. One neutral respondent asked for clarity on how the condition would work in relation to an EV tariff upgrade or add-on proposition they currently offer. One respondent who answered "not sure" broadly agreed but flagged that the practical implications of the condition may benefit from further consideration. Namely, the risk that consumers may disengage with FSPs and opt for manual override rather than exit a service.

The respondent who disagreed raised concerns about the loss of device functionality if a consumer switches to a third party.

Government response

Government has decided not to make any substantive changes to the drafting of this condition.

Government also believes that domestic and small non-domestic consumers should be able to use their ESAs across different FSPs and Load Controllers easily and still expect a minimum level of service. A key enabler to supporting our overall aim of a competitive CLF market, with consumers able to switch flexibility services easily, is through enabling the technical interoperability of ESAs via requirements on device manufacturers and others placing devices on the market, which is being developed separately through the SSES Programme's

Companion Specification. However, at this stage and even prior to the delivery of technical interoperability, government believes that FSPs should not frustrate switching where it is already technically feasible and another FSP is willing and able to take on that consumer.

Government notes the concern regarding the possible loss of device functionality if a consumer switches to a third party. However, Standard Licence Condition 13 ensures a consumer can exit a flexibility contract if they so desire. It does not govern device functionality and is not intended at this stage to give the consumer rights to switch to any FSP where it is not currently technically feasible or another FSP is not able to provide flexibility to that consumer.

32. Do you think that Load Controllers should also be subject to a requirement similar to licence condition 13.2? If so, please provide your rationale.

Summary of responses

Of the 25 that responded to question 32, 8 answered yes, 13 answered no, and 4 answered not sure. Overall, a majority did not think that Load Controllers should also be subject to a requirement similar to Standard Licence Condition 13.2.

Respondents who answered “yes” emphasised that without symmetrical obligations, Load Controllers can become technical gatekeepers, controlling device pairing, communication channels or market registration in ways that could undermine consumer switching rights even if an FSP complies with the condition. One respondent supported the proposal on the basis that it ensures consumers have choice, and two supportive respondents noted that the proposal was helping to mitigate the risk of customers being prevented from switching as a result of the Load Controller providing the relevant ESA or barriers to switching existing due to a Load Controller’s systems. One respondent in support emphasised the need for clear rules regarding consumer switching and the release of MPANs to/ between Load Controllers, and one respondent emphasised that the proposal to extend the condition is critical where an ESA manufacturer also acts as, or has an exclusive arrangement with, a preferred Load Controller.

Respondents who answered “no” stressed that Load Controllers do not normally hold consumer contracts and should not be responsible for consumer-facing switching obligations. Many argued that a clear delineation of responsibility is needed, with FSPs as the consumer-facing organisation and therefore the accountable entity. Several highlighted that extending obligations to Load Controllers would be premature given ongoing interoperability work, and that the better approach is to manage Load Controller responsibilities through FSP contractual agreements.

Several respondents, who disagreed, suggested that whilst the proposal was not a sensible requirement at this time it could be kept under review. Another respondent in disagreement suggested that any extension to Load Controllers should be reviewed once there is evidence that technical control functions are creating material barriers to switching. One respondent suggested that the implementation of the Phase 2 ESA Regulations will be a clear milestone for when government may want to consider expanding this requirement to Load Controllers. One respondent suggested that the Energy Switch Guarantee: Good Practice Guide (2024-2025) might be helpful to refer to if government was developing this proposal at a later date.

One respondent who disagreed accepted that in scenarios where the Load Controller has a direct contract or relationship with a consumer then the Load Controller should be bound by a condition similar to the condition.

Respondents who answered “not sure” mentioned that extending the condition to Load Controllers would depend on business cases. One neutral respondent mentioned that they support the principle but recommend it is introduced after minimum technical interoperability is specified and proven in practice. Two neutral respondents flagged the importance of guidance, with one asking for clarity on responsibility boundaries across FSPs, Load Controllers, and technology providers to ensure consumers experience a simple and coherent service.

Government response

Government has decided not to subject Load Controllers to a requirement similar to Standard Licence Condition 13.2. At this stage, and as SSES work on technical and commercial interoperability continues to develop and be delivered, we do not believe it is the right time to impose requirements on Load Controllers in relation to switching. We believe that introducing specific requirements in relation to switching on Load Controllers could convolute the desired effect of this requirement, which is to support the interests of consumers that intend to switch.

We believe that it is important that FSPs as the consumer-facing organisation remain the single point of responsibility should consumers face issues when trying to switch to a new FSP. Where 13.2 applies to an FSP and the FSP is working with a distinct Load Controller, we expect the FSP to have the necessary commercial arrangements in place with the Load Controller to ensure they can comply with the obligation. We will continue to review the need to place obligations on Load Controllers to support consumer switching as work on technical interoperability and the Companion Specification develops further.

33. Government wants to build its evidence base for more detailed policy appraisal. Could you set out how additional costs could potentially arise for FSPs from complying with licence condition 13 and could you quantify these? When calculating additional costs, please exclude existing costs which your organisation may already face in relation to these conditions. Please include an explanation of the additional costs you may face, such as additional FTE, and why the additional costs are necessary to comply.

Summary of responses

There were 16 respondents to question 33. Of these respondents, 10 provided feedback on the costs of customer exit requirements. A majority of seven respondents stated that the associated additional costs would be minimal or zero. Two respondents estimated the additional resource need at 1 FTE.

Government response

Government will use the evidence provided in responses to amend the impact assessment of the new licensing regime, which will be published at the same time as the legislation, The Electricity Act 1989 (Load Control Licence) Regulations 2026, is laid before Parliament.

5.6 Ensuring exit fees are proportionate: overview

This section of the consultation proposed that exit fees must be proportionate and limited to an FSP's direct economic loss, including where services are bundled with non-CLF products, to prevent unfair or excessive fees that could lock consumers into contracts and to maintain a level competitive playing field. This section asked stakeholders whether they agreed with the drafting of this condition.

34. With reference to licence condition 14 and the relevant definitions in licence conditions 1 and 2, do you agree with the proposed drafting of this licence condition? Please explain your answer and if you disagree provide alternative suggestions for achieving the same outcome.

Summary of responses

Of the 25 that responded to question 34, 20 agreed with the proposal, 4 were neutral, and 1 disagreed. Overall, a very strong majority agreed with the proposal.

Respondents who supported the proposal viewed it as an important safeguard ensuring that exit fees remain fair, proportionate and transparent. Respondents valued the alignment with existing supply licence protections and emphasised the importance of ensuring exit fees are clearly communicated as part of Principal Terms. Several supportive respondents did note the importance of understanding how bundled services will be treated under this condition, with one flagging that the regulator will need to appreciate the nuances of bundled load control services in their monitoring of this licence condition and one asking for more clarity on what will be in and out of scope of exit fee charges.

Neutral respondents expressing uncertainty pointed to ambiguities in definitions. One respondent asked for clarity on the meaning of "direct economic loss", especially for new FSPs unfamiliar with retail supply licence constructs. Two respondents support the intention of the condition, with one suggesting the Standard Licence Condition 12 might be better placed to cover requirements around exit fees, and one asking for clarity on how this requirement is intended to work where a consumer signs up to a single product that includes supply and load control services. The neutral responses also surfaced complexities associated with bundled propositions, particularly where ESAs are offered at reduced upfront cost as part of a long-term CLF participation model.

The one respondent who answered "no" asked that the regulator take into account the range of possible propositions and product bundles when developing any interpretation, guidance, or enforcement approach related to this condition. This respondent also highlighted concerns that limiting exit fees to "direct economic loss" risks under-recovering legitimate bundled costs and inadvertently undermining business models that support adoption of smart energy technologies.

Government response

Government has decided not to make any substantive changes to the drafting of this condition. Under this condition, FSPs will be required to only recover proportionate exit fees which do not exceed their direct economic loss, including across “bundled services”, such as where a consumer is purchasing an ESA on credit or has leased the ESA from the FSP.

This condition safeguards consumers from disproportionately high exit fees and mitigates the risk of disproportionately high exit fees locking a consumer into a contract. It also supports a more vibrant competitive market by ensuring there is a level playing field, where FSPs do not suffer direct economic loss as a result of consumers switching away from their service, including where they have bundled an ESA with a flexibility service.

6. Licence condition derogations: overview

This section of the consultation explained that government and Ofgem are considering whether some load control licence obligations should be eligible for derogations particularly where electricity suppliers also act as FSPs and already comply with equivalent requirements under the supply licence. It set out that the aim would be to avoid duplicative regulation while protecting consumer benefits and maintaining a level playing field between suppliers and non-suppliers.

Government noted that only obligations that substantially overlap with the supply licence such as certain management, financial or consumer protection conditions may be suitable for derogation and sought stakeholder views on whether such provisions should be included and, if so, which obligations they should cover. This section therefore asked whether the load control licence should include provisions enabling Ofgem to grant derogations from specific obligations and invited respondents to indicate which obligations may be appropriate, along with their rationale.

35. Do you think licence condition provisions enabling derogations from certain licence obligations should be included in the load control standard licence conditions, either to mitigate risks of duplicative regulation or for other reasons? Please explain your answer and provide a rationale. If you think derogations from certain licence obligations should be included, please specify which licence obligations you think these should apply to.

Summary of responses

Of the 23 that responded to question 35, 15 answered yes, 4 answered no, and 4 answered not sure. Overall, a strong majority of respondents think that licence condition provisions enabling derogations from certain licence obligations should be included.

Respondents who supported derogations generally emphasised that they are an important mechanism for ensuring proportionality and avoiding duplicative regulation—particularly for suppliers already complying with a wide range of obligations under the Electricity Supply Licence. Supportive organisations noted that many proposed load control obligations overlap heavily with existing supply licence requirements, and that a structured derogation process would prevent unnecessary duplication, reduce administrative burden, and ensure entities are not penalised twice for the same conduct. Several respondents highlighted established precedent for derogations elsewhere in energy regulation and argued that a transparent, principle-based derogation framework would promote consistency and regulatory efficiency. Many also stressed that derogations could be particularly valuable for multi-licensed organisations or those operating across multiple roles, helping ensure proportionate oversight without undermining market integrity.

Respondents who opposed derogations raised concerns about the risk of creating gaps in consumer protection, especially in relation to fairness, suitability, mis-selling and exit rights. These stakeholders argued that flexibility services pose distinct risks that warrant consistent

protections across all providers, including suppliers. They warned that derogations could lead to inconsistent treatment of consumers, reduce regulatory visibility, or create a two-tier protection system that undermines trust in the flexibility market. Some respondents suggested that where regulatory duplication is a concern, it would be better addressed through statutory exemptions or alignment of regimes rather than a discretionary derogation mechanism.

Those who were not sure largely supported the principle of avoiding duplication but were uncertain about how derogations should be scoped and applied. They noted that derogations should be used only to resolve clear contradictions or duplicative obligations, not to relax core consumer protections. Several respondents highlighted the need for clarity on how supply licence obligations would interact with load control requirements, suggesting that clearer drafting may reduce the need for derogations altogether. There were also mixed views on whether derogations should be granted on a case-by-case basis or applied market-wide to avoid competitive imbalances.

Government response

Government has decided to include derogation powers for Ofgem within the load control licence where those conditions overlap with the supply licence, namely the financial and management requirements (conditions 3-5) and the consumer protection requirements (conditions 11-14).

We note, in line with Ofgem's decision document, they intend to grant derogations for the above conditions to licensed suppliers that are the same legal entity and that offer tariffs involving load control to domestic consumers. This will avoid unnecessary duplication of regulatory scrutiny, while maintaining appropriate protections for consumers and the energy system. Ofgem set out further detail regarding their intended approach and rationale in their decision document.

To note, Ofgem will apply derogations on a risk-based and discretionary basis. They will retain the ability to require full compliance with all licence conditions at the application stage on a case-by-case basis where concerns are identified. They will also retain the ability to amend or withdraw derogations where monitoring identifies new or emerging risks to consumers, the market, or the system.

Glossary

Term	Definition
Alternative Dispute Resolution (ADR)	Types of dispute resolution that do not involve having to go to court; an alternative to litigation.
Authority	The Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000
Balancing and Settlement Code (BSC)	Means the Balancing and Settlement Code provided for in condition E1 (Balancing and Settlement Code (BSC)) of the Electricity System Operator Licence.
Class Exemptions	A statutory exemption that automatically relieves certain categories (or "classes") of persons from the requirement to hold an electricity licence under the Electricity Act 1989, provided they meet the conditions set out in The Electricity (Class Exemptions from the Requirement for a Licence) Order 2001.
Consumer-Led Flexibility (CLF)	CLF involves the voluntary shifting of electricity use away from peak periods to times when supply is more abundant, cheaper and cleaner.
Connection and Use of System Code (CUSC)	The contractual framework for connecting to and using the National Electricity Transmission System (NETS).
Consumer	Means a consumer in relation to electricity conveyed by distribution systems or transmission systems.
Critical National Infrastructure (CNI)	National assets that are essential for the functioning of society, such as those associated with energy supply, water supply, transportation, health, and telecommunications.
Cyber Assessment Framework (CAF)	The framework of that name established by NCSC to assist in carrying out cyber resilience assessments.

Term	Definition
Distribution Code	Via the Distribution Connection and Use of System Agreement (DCUSA), details the technical parameters and considerations relating to connection to, and use of, the Distribution Networks.
Distribution Connection and Use of System Agreement (DCUSA)	A multi-party contract between the licensed electricity Distributors, Suppliers and Generators of Great Britain.
Distribution Network / Distribution Network Operator (DNO)	A network or the operator of a network that is authorised to be operated by the holder of an electricity distribution licence.
Energy Smart Appliance (ESA)	An appliance which is capable of adjusting the immediate or future flow of electricity into or out of itself or another appliance in response to a load control signal; and includes any software or other systems which enable or facilitate the adjustment to be made in response to the signal.
Flexibility Service Provider (FSP)	A legal entity entering into a contract with a consumer to provide for the sending of a load control signal to an energy smart appliance at that consumer's premises.
Grid Code	The technical rules for connecting to and using the National Electricity Transmission System (NETS). Following the Grid Code is required by the Connection and Use of System Code (CUSC).
Homes Energy Management System (HEMS)	A device or system that controls and configures the energy usage or production of one or more ESAs, in order to optimise usage across all devices within a consumer premises and factoring in other elements such as local generation, tariffs and carbon intensity.
Interoperability	The ability of a product or system to operate in conjunction with other products and systems. For the SSES Programme, interoperability in reference to ESAs, specifically refers to the ability of the ESA to change its FSP without the need for a visit to the premises and whilst maintaining the ability to provide CLF.

Term	Definition
Load Control	Adjusting the immediate or future flow of electricity into or out of an energy smart appliance or another appliance in response to a load control signal.
Load Controller	A legal entity that creates a load control signal; or changes a load control signal for the purposes of changing the effect of the load control signal on an ESA.
Load control signal	A digital communication sent via a relevant electronic communications network to an ESA for the purpose of causing or otherwise facilitating an adjustment in the immediate or future flow of electricity into or out of the ESA.
National Cyber Security Centre (NCSC)	The organisation of that name established by the UK government to, amongst other things, provide advice in relation to cyber security.
National Energy System Operator (NESO)	Established in October 2024 is an operationally independent and impartial body with responsibilities across both the electricity and gas systems for driving progress towards net zero while maintaining energy security and minimising costs for consumers.
Network and Information Systems (NIS) Regulations	The Network and Information Systems Regulations 2018, that require organisations to take appropriate and proportionate technical and organisational measures to manage risks posed to the security of the network and information systems on which their essential service relies.
Ofgem	The Office of Gas and Electricity Markets, i.e., the organisation supporting the Gas and Electricity Markets Authority.
Operator of Essential Services (OES)	An organisation designated under the Network and Information Systems (NIS) Regulations 2018 as providing an essential service for the UK.
Retail Energy Code (REC)	A central industry document that sets out how centralised information is managed including, for example, which energy supplier supplies which consumer.
Smart Energy Code (SEC)	A central industry document that sets out how energy suppliers and other parties communicate with Smart Meters via the DCC.

Term	Definition
Smart	Means, in relation to a device, the ability of the device to respond in real time to remote communication signals, using digital technologies, to deliver a service.
Smart Secure Electricity Systems Programme (SSES)	A DESNZ programme with the primary objective of unlocking the benefits of a smart and flexible electricity system for domestic and small non-domestic consumers, whilst protecting consumers and the grid.
Tariff	The charges applied to a consumer for their energy supply (and the associated contract terms).
Time-Of-Use Tariff (ToUT)	An electricity Tariff under which the unit price for electricity varies throughout the day.
Vulnerable Situation	The personal circumstances and characteristics of a domestic customer, creating 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.

This publication is available from: www.gov.uk/government/consultations/smart-secure-electricity-systems-sses-programme-draft-load-control-licence-regulations-and-conditions

Any enquiries regarding this publication should be sent to us at: sses.licensing@energysecurity.gov.uk

If you need a version of this document in a more accessible format, please email alt.formats@energysecurity.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.