

# Load control consumer protection guidance

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Ofgem is introducing this Guidance to set out our expectations around consumer protection so that Flexibility Service Providers (FSPs) are better equipped to deliver services that meet load control customer needs.

Load control depends on effective consumer engagement. Consumers' ability to engage is affected by a number of factors including how individual consumers use electricity, their digital literacy, and ability to adapt their home routines or lifestyles. Therefore, FSPs (companies that contract with a customer to provide load control at their premises) need to take action to mitigate the associated risks.

The purpose of this Guidance is to:

- provide clarity about FSPs' commitments under the load control licence's consumer protection conditions, and the risks that they must address
- offer examples of what good practice consumer protection behaviour may look like for the licence conditions

Ofgem welcomes any input on this document as the regime develops, to ensure our guidance is accurate and reflective of current market conditions.

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# 1. Introduction

## Overview

- 1.1 This Guidance builds on the load control licence consumer protection conditions and further explains Ofgem's expectations of Flexibility Service Providers (FSPs) as laid out in those conditions.
- 1.2 We also provide illustrative good practice examples for the consumer protection conditions. FSPs are expected to take a range of approaches to ensure their customers are protected, and so the examples this Guidance provides are not intended to be exhaustive.
- 1.3 Citizens Advice and the Centre for Sustainable Energy (CSE) have provided input to this Guidance, drawing on their expertise and research into potential consumer harms in the load control sector.

## Background

- 1.4 We are developing this Guidance because of potential risks to consumers posed by engaging in load control arrangements. Participating in load control arrangements involves consumers more actively engaging than they would when being supplied energy. Factors such as consumers' demand profiles, their digital literacy and ability to change their home routines or lifestyles all play a part in determining consumers' ability to participate in load control arrangements. These factors do not impact consumer engagement in conventional supply licence services in the same manner. Load control also presents different risks to consumers around comfort and wellbeing, financial impacts, and fairness, reflecting the comparative novelty and complexity of these services.
- 1.5 We encourage FSPs to ensure services are right for customers and their household circumstances. Household needs and capabilities may change over time, meaning that FSPs should commit to ongoing monitoring and review of the suitability of their services in achieving anticipated outcomes.
- 1.6 This Guidance is designed to support load control licensees and builds on the existing Standards of Conduct (SoC) guidance document for electricity and gas suppliers.<sup>1</sup> The supplier guidance provides clarification of what is expected from supply licensees regarding the SoC as set out in Standard Licence Conditions (SLC) 0 and SLC0A.<sup>2</sup> The supplier guidance also outlines how Ofgem assesses licensees' compliance with the SoC. We introduced the supplier guidance to improve supplier behaviour and consumer trust in the energy market by:

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<sup>1</sup> [Licence guide: Standards of Conduct | Ofgem](#)

<sup>2</sup> SLC0 is concerned with treating domestic customers fairly; SLC0A focuses on non-domestic customers.

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- a) focusing our efforts as a regulator on good customer outcomes and more effective and comprehensive consumer protection
- b) creating room for innovation, so suppliers can be more flexible in how they meet the needs of customers, including those in vulnerable situations
- c) putting a much greater onus on suppliers, especially senior management, to ensure consumers are treated fairly

1.7 The Treating Customers Fairly condition (SLC 11) of the load control licence contains the SoC. For further guidance on the SoC and how Ofgem applies them, FSPs should refer to the SoC document,<sup>3</sup> as well as this load control consumer protection guidance.

### **A note on terminology**

1.8 Although load control is not a new sector activity, it is not as familiar as generation and supply. The development of the licensing regime has involved the introduction of new terminology. The table below outlines the key terms we use throughout this Guidance:

**Table 1: Guidance terminology**

| <b>Term</b>                               | <b>Definition</b>                                                                                                                                                           |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Energy Smart Appliance (ESA)</b>       | An appliance that can adjust the immediate or future flow of electricity, either in or out of itself or another device following a load control signal <sup>4</sup>         |
| <b>Flexibility Service Provider (FSP)</b> | A company that enters a legally enforceable arrangement with a domestic or small non-domestic consumer to provide load control at that consumer's premises to that consumer |
| <b>Load control</b>                       | The act of a company adjusting the electricity usage of an ESA in response to system or price signals                                                                       |
| <b>Load controller</b>                    | Any persons undertaking the activity of load control                                                                                                                        |
| <b>Load control licence</b>               | A licence which permits an organisation to undertake the licensable activities of being an FSP and/or a Load Controller                                                     |
| <b>Load control licensee</b>              | Any company that holds a load control licence, including Load Controllers and FSPs                                                                                          |

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<sup>3</sup> [Licence guide: Standards of Conduct | Ofgem](#)

<sup>4</sup> [Energy Act 2023](#)

## Scope

1.9 This document provides guidance on how FSPs will be expected to deliver the objectives of the load control licence consumer protection conditions. The conditions covered by this Guidance are as follows:

- SLC 11: treating customers fairly
- SCL 12: recommending suitable services and prohibiting mis-selling
- SLC 13: allow customers to exit a service
- SLC 14: requirement that any fees charged by flexibility service providers which are associated with a customer's service exit must be proportionate

1.10 The load control licence covers two activities:

- performing the function of an FSP, defined as entering a legally enforceable arrangement with a domestic or small non-domestic consumer to provide load control at that consumer's premises to that consumer.
- performing the function of a Load Controller, defined as generating, changing, and sending load control signals to Energy Smart Appliances (ESAs) in domestic and small non-domestic settings, in response to system or price signals, for the purpose of effecting load control.

1.11 The licence will regulate the control of load of ESAs, which is an appliance that can adjust the immediate or future flow of electricity, either in or out of itself or another device following a load control signal.<sup>5</sup> DESNZ are consulting on the scope of the licence, which includes the following ESAs:<sup>6</sup>

- privately owned EVs
- Electric Vehicle Smart Charge Points (EVSCPs except public and rapid charge points)<sup>7</sup>
- the following smart electrical heating appliances: relevant heat pumps, storage heaters, relevant heat batteries, hot water heat pumps, standalone direct electric hot water cylinders, hybrid heat pumps
- smart battery energy storage systems (BESS)
- where appropriate, ancillary devices, such as smart switches where they are used to control load on the above technologies (see approach to defining ancillary devices in the DESNZ licensing consultation)<sup>8</sup>

1.12 Licensees will only need to comply with the licence requirements which are specific to the activity they intend to undertake. For example, consumer

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<sup>5</sup> [Energy Act 2023](#)

<sup>6</sup> [Smart Secure Electricity Systems Programme: Licensing Consultation](#)

<sup>7</sup> [Regulations: electric vehicle smart charge points - GOV.UK](#)

<sup>8</sup> [Smart Secure Electricity Systems Programme: Licensing Consultation](#)

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protection requirements are relevant to the FSP activity as they are the organisations entering into a contract with consumers directly. Therefore, FSPs should refer to this Guidance for further information on their consumer protection obligations.

- 1.13 Each following chapter of this Guidance deals with a specific consumer protection licence condition. The chapters outline an overview of each condition, the behaviours we expect and encourage, followed by examples of good practice behaviour for that condition.
- 1.14 We have used the term '**must**' to indicate behaviours that are mandatory for FSPs. We have used the term '**should**' to indicate behaviours we strongly encourage FSPs to adopt.

## 2. SLC 11: Treating customers fairly

### Condition overview

- 2.1 The Treating Customers Fairly licence condition, including the load control SoC, set expectations for how FSPs interact with consumers. These SoC should be factored into the design, monitoring and iteration of all FSPs' products, policies, and processes, to help ensure that FSPs have the appropriate culture in their businesses to consistently deliver fair outcomes for all load control customers. The Treating Customers Fairly licence condition includes the following key requirements:
- licensees must meet the customer objective (ensuring each customer is treated fairly)
  - behave and carry out actions in a fair, honest, transparent, appropriate, and professional manner
  - provide information that is accurate, communicated clearly, relates to products and services appropriate to the customer, does not unfairly favour the licensee, and is sufficient to enable customers to make informed choices about their load control arrangement
  - ensure it is easy for customers to contact the licensee, that licensees (or their representatives) act quickly when a mistake is made, and that customer service arrangements and processes are complete, thorough, fit for purpose and transparent
  - ensure customers in vulnerable situations are identified and the load control SoC are applied in an appropriate manner

### Licensee behaviour under this condition

#### Transparency of provider control

- 2.2 If consumers are unaware of what FSP load control of their ESA entails, the extent of this load control, and the impact of this load control, they may be confused. If parameters are unclear, they may mistakenly sign up to multiple FSPs to provide the same service, or be surprised about the frequency, duration, or type of intervention. Therefore:
- FSPs **must** be transparent at sign-up and throughout the service about what load control entails, the extent of their control over a customer's ESA, and the practical impact of this load control
  - FSPs **must** provide sufficient information to ensure consumers do not mistakenly sign up to multiple FSPs to provide the same service



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- FSPs **must** obtain explicit permission from customers to use their ESA for load control. FSPs must not assume customers are willing to participate in a load control arrangement, and terms and conditions should be transparent and not overly complex
- FSPs **should** consider providing a statement of intent for public view on their website or in the customer's contract that is accessible at all times to consumers. This statement would specify what they understand fair treatment to be in the context of the service they provide

### Accessibility and usability

2.3 Consumers with accessibility needs may struggle to navigate digital platforms, apps, or devices used for load control. Evidence from Citizens Advice research shows older people, digitally excluded groups and those with health conditions are less likely to be satisfied with smart services, highlighting the need for inclusive design and support.<sup>9</sup> Therefore:

- FSPs **must** support customers if they need to change preferences after signing up. For example, if health circumstances or household needs change the service may no longer be suitable. Changes must be done in a timely fashion to avoid material harm and disadvantage befalling customers
- FSPs **should** ensure that any technology involved in the load control arrangement is accessible and the methods of operating it are clearly explained to customers, that adjustments are made for those unable to use digital tools, and that setting preferences is simple and clear

### Tracking consumer outcomes

2.4 It may be difficult for consumers to realise if they are not benefitting from a load control arrangement. For example, if they are not plugging in their EV to charge in the right way, they may not become aware until they see their bill at the end of the month, or at all if they are less engaged. Therefore:

- FSPs **should** monitor the situations of their customers on an enduring basis to identify emergent vulnerabilities at the earliest opportunity

### Loss of control and overrides

2.5 Citizens Advice research shows consumers place high importance on being able to set and update preferences, as this makes them feel in control of their energy usage and costs when it comes to using energy flexibly.<sup>10</sup> This reinforces the importance of load control override options. Therefore:

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<sup>9</sup> Citizens Advice, [Get Smarter: Ensuring people benefit from Smart Meters - Citizens Advice](#), May 2024.

<sup>10</sup> Citizens Advice, [A flexible future: extending the benefits of energy flexibility to more people - Citizens Advice](#), August 2023.

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- 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
- FSPs **should** communicate this clearly and provide practical support so customers can readily use the override, if the option is provided

## Example of good practice

2.6 One example for how FSPs could indicate their commitment to their overarching obligation to Treating Customers Fairly under SLC 11 would be to publish a statement of intent setting out how they intend to meet all of their customer protection licence obligations. The following example demonstrates the elements that a statement of intent could cover:

**Table 2: Example of good practice for SLC 11- Statement of intent**

| Key elements of statement                                       | Detail                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Description of service                                          | Plain English description of services offered.                                                                                                                                                                                                                                                                                                                                             |
| How we will treat customers fairly                              | This should specify what the FSP understands fair treatment to be in relation to their specific service. It should evidence how they are delivering fair outcomes for consumers and any commitment to ongoing monitoring and review of outcomes. It should make clear the level of support available to customers to make sure their service is effective, and how to access this support. |
| How we will ensure services are suitable                        | This should cover what information the FSP collects about customer characteristics, attributes and risk factors to understand if services are suitable. It should also cover the information provided to customers about what is needed from them for the service to be effective, and how any changes in circumstances may impact this.                                                   |
| Complaints / Alternative Dispute Resolution (ADR) <sup>11</sup> | This should set out who is responsible for customer complaints and how to make a complaint.                                                                                                                                                                                                                                                                                                |
| Switching and exit fees                                         | This should explain what will happen if the service no longer meets the customer's needs and the process for switching or exiting a service.                                                                                                                                                                                                                                               |

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<sup>11</sup>**Complaints and ADR requirements** for load control licensees will follow the *Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008*, which set rules on accessibility, resolution times and reporting. Government plans to appoint the **Energy Ombudsman** as the sole ADR provider for consumer–FSP disputes, as outlined in its licensing consultation. Once finalised, applicants must comply with these regulations in addition to their licence obligations. Ofgem will issue further guidance on complaints and ADR processes in due course.

### 3. SLC 12: Recommending suitable services and prohibiting mis-selling

#### Condition overview

3.1 This condition requires FSPs to:

- not use inappropriate tactics such as high-pressure sales when selling or marketing
- only recommend services which are suitable to a customer's characteristics and preferences
- make the Principal Terms of contracts clear prior to contract inception<sup>12</sup>
- ensure terms and conditions surrounding the financial incentives that may influence a consumer's choice are clear and comprehensible

3.2 It is essential licensees do not mis-sell to customers and only recommend suitable services. Confidence in the load control market is critical to ensuring successful and sustained engagement from consumers. Unfair treatment threatens this trust, endangering the growth of this sector.

#### Licensee behaviour under this condition

##### Getting the right information

3.3 It is critical that FSPs know their customers and take account of their characteristics when developing and delivering a load control service. As consumers' circumstances are likely to change, certain services may no longer be suitable for them. This understanding can only be achieved if FSPs ask for, collect and act on information about each of their customers. Therefore:

- FSPs **must** understand if a customer has the relevant characteristics and attributes to effectively participate and benefit. This requires FSPs to collect information from the customer before entering a contract
- FSPs **must** be aware of customers whose personal circumstances change, and as a result are left in a more vulnerable position than they were at the point of contract inception

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<sup>12</sup> Definition of 'Principal Terms' can be found in the DESNZ licensing consultation here: [Smart Secure Electricity Systems Programme: Licensing Consultation](#)

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- FSPs **should** leverage their enhanced access to their consumers' data and take proactive steps to improve their individual outcomes. For example, an FSP should identify where a customer is not benefitting from an FSP service and recommend measures to help the customer benefit more. This would build overall consumer confidence in the market<sup>13</sup>

### Health needs and vulnerability

3.4 Consumers with specific health needs or vulnerabilities may face detriment if their energy use is disrupted. For example, a load control arrangement may not be suitable for a consumer with certain health conditions who may require their home to be heated to a consistent temperature.<sup>14</sup> Therefore:

- FSPs **must** take reasonable steps to flag potential risks and ensure that the service is suitable for the customer before sign-up, particularly where the service relates to home heating or other appliances of essential usage.

### Clarity of rewards and incentives

3.5 Research from Citizens Advice shows that many consumers doubt whether the financial reward of load control is sufficient to outweigh the inconvenience or disruption of changing routines.<sup>15</sup> There is potential for harm if any benefits are overstated, framed as guaranteed savings or presented without explaining the effort or inconvenience required, which may not be achievable for all. Therefore:

- FSPs **must** provide customers with clear and accurate information about the rewards they will receive for participating.
- FSPs **should** also provide clear information on how any rewards will be provided.

### Transparency at sign-up

3.6 Previous research has shown consumers want simple, straightforward information when deciding whether to engage with new smart or flexible services, and hidden charges can quickly erode trust.<sup>16</sup> Therefore:

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<sup>13</sup> Centre for Sustainable Energy, [HOMEflex Qualitative Research Report - Centre for Sustainable Energy](#), January 2023.

<sup>14</sup> Citizens Advice, [Smart timing: Making time-of-use tariffs work for consumers - Citizens Advice](#), September 2025.

<sup>15</sup> Citizens Advice, [A flexible future: extending the benefits of energy flexibility to more people - Citizens Advice](#), August 2023.

<sup>16</sup> Citizens Advice, [Get Smarter: Ensuring people benefit from Smart Meters - Citizens Advice](#), May 2024.

- FSPs **must** ensure the implications of signing a load control arrangement with a different provider are made explicit to the customer prior to entering into a contract. 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.
- FSPs **should** prominently display contract terms, including exit fees, at the point of contract inception, rather than only including them in the detailed terms and conditions where they could be missed.

## Marketing to vulnerable consumers

3.7 Research has shown that customers may reduce their comfort to try and earn savings through load control arrangements, for example sitting in the cold.<sup>17</sup> Therefore:

- FSPs **must** take care when targeting consumers in vulnerable situations. Realistic projections of potential savings may help avoid this.

## Interoperability

3.8 The complexity of the smart energy market may lead to risks around interoperability of different technologies, services, and tariffs. This increased complexity may present challenges for consumers to compare offers and make switching between or combining different services more difficult. Therefore:

- FSPs **should** provide clarification on how different types of load control offer work together, as this is key to building trust with consumers.
- FSPs **should** provide sufficient information on the possibility of lock-in from certain ESAs they may offer to customers as part of a load control arrangement.

## Examples of good practice

3.9 These examples demonstrate what good practice may look like under SLC 12:

### Example 1

Collecting relevant information from the customer before a contract is entered is important so the FSP can understand if a product or service is suitable and to avoid mis-selling. In this example, the FSP is offering to remotely control a consumer's heating. The following table sets out the information FSPs may seek to understand before a contract is entered with a customer:

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<sup>17</sup> [Crowdflex - Beta | ENA Innovation Portal](#), August 2025.

**Table 3: First example of good practice for SLC 12**

| Information needed to assess suitability of service                                                                                                                       | Questions the FSP may want to ask                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Dwelling and local area.</b> The suitability of a home and its location for participating in load control arrangements, and the consumer's comfort preferences.</p> | <ul style="list-style-type: none"> <li>• What kind of building do they live in, and what is the building fabric and glazing like?</li> <li>• Does the building retain heat at a level that maintains comfort?</li> <li>• Do they have an EPC?</li> <li>• What heating technologies do they have?</li> </ul>                                                                                                                                                                                                          |
| <p><b>Energy tech and usage.</b> The appropriateness of a household's energy usage profile and existing technology.</p>                                                   | <ul style="list-style-type: none"> <li>• Does the customer have the right energy technology type and brand/model to participate effectively?</li> <li>• Does the customer currently underheat their home and will this impact the load control baseline and potential savings?</li> </ul>                                                                                                                                                                                                                            |
| <p><b>Digital technology readiness.</b> The household's digital skills, hardware, and connectivity.</p>                                                                   | <ul style="list-style-type: none"> <li>• Does the customer understand the app and associated technology?</li> <li>• Can they understand how to operate override functions if the load control signal malfunctions or disrupts essential use?</li> <li>• Will they be able to set and change their heating preferences, or will they need support to do so?</li> <li>• Does the customer use assistive technology (for example screen readers) and will the app and associated technology work with these?</li> </ul> |
| <p><b>Financial.</b> The financial status and money-management skills required to engage in opportunities.</p>                                                            | <ul style="list-style-type: none"> <li>• Does the customer understand the scale of savings they can achieve in their home with their specific technology and circumstances?</li> <li>• Will overriding the load control signal lead to financial penalties or higher operating costs?</li> <li>• Can they absorb risk around heating bills increasing as a result of load control?</li> </ul>                                                                                                                        |
| <p><b>Personal and social.</b> Personal factors, mindset, values, and social connections that enable engagement.</p>                                                      | <ul style="list-style-type: none"> <li>• Does the customer understand how they need to use their heating to ensure effectiveness of the service?</li> <li>• Does the customer have any specific needs or vulnerabilities that may be impacted if their heating use is disrupted, such as health or medical requirements?</li> <li>• Is the customer able to report faults or issues?</li> <li>• Do they understand how to get support?</li> </ul>                                                                    |

## Example 2:

3.10 The following table is an example of the notice an FSP may wish to provide to the customer prior to contract inception to ensure they are adequately prepared for the load control arrangement. The example provided is a load control arrangement involving an EVSCP:

**Table 4: Second example of good practice for SLC 12**

| <b>Considerations for the FSP when providing information to the consumer</b>                                                                                      | <b>Information to be provided to the consumer</b>                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Are any specific technologies, hardware, tariffs etc needed for the load control arrangement to work seamlessly?                                                  | <p>To use this service, you will need:</p> <ul style="list-style-type: none"> <li>• a specific charger type</li> <li>• a specific tariff type</li> <li>• a minimum internet connectivity level</li> </ul>                                                                                                                                                                                                                       |
| Are any behavioural changes expected of the consumer, and how could these be communicated?                                                                        | <p>To achieve the projected financial savings, your vehicle needs to be plugged in for a minimum of 6 hours per day. If you plug in less than this, savings will be reduced. For example:</p> <ul style="list-style-type: none"> <li>• If you only plug in for 3 hours per day your financial benefits will reduce by x%</li> <li>• If you only plug in for 1 hour per day your financial benefits will reduce by x%</li> </ul> |
| What circumstances could be ill-suited to the load control arrangement (e.g. if a customer needs completely control of their device/appliance for health reasons) | <p>This arrangement may be less suitable for you if:</p> <ul style="list-style-type: none"> <li>• you are unable to plug in for extended periods because you need your car frequently throughout the day and night</li> <li>• require heating that does not follow a regular schedule</li> </ul>                                                                                                                                |
| What are the scenarios in which a change of circumstance for the customer may impact their ability to participate and benefit from the load control arrangement?  | <p>If your circumstances change:</p> <p>If you want to change your charger you will need to exit this service and will face an exit fee of £x. If your charging needs change and you are no longer able to plug in for extended periods, your financial benefits will reduce.</p>                                                                                                                                               |
| Are there any further implications of signing up to the load control arrangement that the customer should be made aware of?                                       | <p>Key exclusions:</p> <p>Note that if you take up this service, you will not be able to enter your heat pump/EV charger/battery into offers with other providers. If you take up this tariff, you will not be able to use X other tariffs.</p>                                                                                                                                                                                 |

**Example 3:**

- 3.11 Consumers should be able to clearly understand and estimate financial rewards from taking part in a load control arrangement. FSPs should provide information in formats that are immediately meaningful to different consumer types, no matter their circumstances. This would ensure consumers are able to make comparisons across load control arrangements. FSPs are also encouraged to provide estimates based on different usage profiles to help consumers make informed decisions. Below is an illustrative example of how this may look:

**Table 5: Third example of good practice for SLC 12 – Financial reward estimates for FSP customers**

| <b>Household / usage type</b>                                  | <b>Low control<br/>Customer accepts changes to their heating schedule one day a week only</b> | <b>Medium control<br/>Customer accepts changes to their heating schedule 3-4 days of the week</b> | <b>High control<br/>Customer can adapt to a new heating schedule most or all of the time</b> |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Electric heating large house, high usage – e.g. £300 per month | 2% heating bill saving<br><br>£6 saving per month                                             | 4% heating bill saving<br><br>£12 saving per month                                                | 6% heating bill saving<br><br>£18 saving per month                                           |
| Electric heating small flat, low usage e.g. £50 per month      | 2% heating bill saving<br><br>£1 saving per month                                             | 4% heating bill saving<br><br>£2 saving per month                                                 | 6% heating bill saving<br><br>£3 saving per month                                            |



## 4. SLC 13: Allow customers to exit a service

### Condition overview

4.1 This condition requires FSPs to:

- clearly outline in the contract the steps to be taken by the customer if they are no longer able or willing to continue participating in the load control arrangement
- ensure the steps to be taken are not unduly onerous
- not unduly obstruct or hinder the customer's exit of the load control arrangement
- not set a notice period that is unreasonably long

### Licensee behaviour under this condition

#### Clearly communicating exit process

4.2 Consumers may enter a load control arrangement in good faith but later discover it does not suit their needs or circumstances. An easy and straightforward exit process that allows customers to exit a load control arrangement with little difficulty will foster a more competitive market. This is because FSPs will be encouraged to create offerings that deliver more value for customers in an effort to convince them to remain with the service. These actions will also give customers the confidence to compare and trial load control arrangements with the knowledge they can stop engaging if they wish.

4.3 Consumer confidence is essential to the growth of the load control market in its nascent stage. Locking consumers in to deals unsuitable for their needs risks endangering this progress. Therefore:

- FSPs **must** ensure customers have the information needed to exit a service and the conditions for them to exit a service are reasonable. They must not be trapped in inflexible contract terms when their situation changes
- FSPs **must** ensure customers are able to leave services easily, through a clear and straightforward process that is explained at sign-up, and this information should be publicly accessible to ensure transparency for customers throughout their contract

## Example of good practice

4.4 This example demonstrates what good practice may look like under SLC 13:

**Table 6: Example of good practice for SLC 13**

| Critical element | Example of good practice                                                                                                                                                                                          |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exit process     | The contract clearly outlines the steps the customer must undertake to exit a service or switch FSP, in written and / or digital format.                                                                          |
| Clarity          | The process for a customer to exit a service or switch FSP is straightforward and easy to understand, with only basic information required from the customer to confirm the change.                               |
| Notice period    | The notice period required from the customer wishing to leave the service is not unreasonable, is clearly highlighted in the contract, and the FSP has outlined the timescales for them to implement this change. |
| Accessibility    | The above information is always publicly accessible through a range of mediums, so the customer has the freedom to explore their options in their own time.                                                       |

## 5. SLC 14: Requirement that any exit fees must be proportionate

### Condition overview

5.1 This condition requires FSPs to:

- ensure that any exit fee included in a load control contract is proportionate, and does not exceed the direct economic loss to the licensee resulting from the customer terminating the contract

### Licensee behaviour under this condition

#### Necessity of exit fees

5.2 High charges can discourage customers from leaving unsuitable services and leave them locked into arrangements that do not meet their needs. Therefore:

- FSPs **must** only charge exit fees where necessary, such as when an ESA product is included in a load control arrangement, and must not be excessive or disproportionate

#### Clearly communication of exit fees

5.3 Clearly communicated exit fees will help consumers to make informed decisions before entering into a load control arrangement. Therefore:

- FSPs **must** ensure customers, including those with accessibility or literacy needs, understand the existence, amount, and conditions of any exit fees

### Example of good practice

5.4 This example demonstrates what good practice may look like under SLC 14:

**Table 7: Example of good practice for SLC 14**

| <b>Contract step</b>          | <b>Example: EVSCP included in load control arrangement</b>                                                                                                                                                                                                                                                       |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Load control bundled contract | Customer signs a contract with an FSP, to enter into a load control arrangement. Customer does not have an ESA but chooses a contract under which the FSP provides the customer with an EVSCP for their use.                                                                                                     |
| Reclaiming cost of asset      | To reclaim the cost of the ESA, the FSP creates a payment plan to recoup the cost. This is clearly stated in the contract and communicated to the customer when they sign with the FSP and is not buried in terms and conditions. This plan can be viewed at any time throughout the customer's contract period. |
| Switching service             | Customer realises they can receive a higher payment from an alternative FSP and so decides to leave their current provider's service early.                                                                                                                                                                      |
| Proportionate charging        | As the customer is exiting their service early without completing the payback of the ESA, the FSP bills the customer for the outstanding amount. There are no additional costs, as the FSP is simply reclaiming the cost of the EVSCP it provided.                                                               |

## 6. Enduring consumer protection responsibility

- 6.1 The load control market is currently in a nascent stage, with more vulnerable consumers expected to participate as the market grows. This means that whilst some of the main risks to consumers have been specified in this document, this list is not exhaustive, and additional risks are likely to emerge in the coming years.
- 6.2 In addition to continuing to meet the expectations outlined in this Guidance, FSPs also have a responsibility to be proactive in making sure they are aware of new and emerging risks and attempting to mitigate them.