



Decentralised Energy Systems Team
Ofgem
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Emailed to Flexibility@Ofgem.gov.uk

17th February 2026

Dear Decentralised Energy Systems team,

Smart Secure Electricity Systems: Implementing the load control licensing regime – Consultation

Drax Group plc (Drax) owns and operates a portfolio of flexible and renewable electricity generation assets – providing power for the equivalent of more than 8 million homes across the UK. Drax also has a supply business – Drax Energy Solutions Limited (DESL) - that supplies electricity to non-domestic customers and provides energy services and load flexibility solutions to support businesses in their decarbonisation journey. Drax is an Operator of Essential Services (OES) and is subject to The Network and Information Systems (NIS) Regulations 2018.

We are supportive of the introduction of a load control licensing regime that is proportionate to the harm it seeks to address, allowing the market to develop in a way that is innovative, resilient and promotes growth. As the Consumer Led Flexibility (CLF) landscape has developed, we have seen the emergence of a diverse range of organisations operating to varying standards. As a business already subject to supply licence conditions and the NIS Regulations, we support DESNZ's proposals to level the playing field by introducing a minimum level of consumer protection and cyber resilience, and ensuring service providers are held to account.

While we support the bar being raised, there is a general lack of detail and clarity, in both this consultation and DESNZ's Proposals on Load Control Licensing, on where responsibility begins and ends from a cyber security perspective. There are some aspects of the load control supply chain that are outside of a load controllers' control, and the lack of clarity in the proposals makes it difficult to determine how responsibilities are divided up and who is in scope. This is likely to be further complicated in future as the load control market evolves and new models emerge, introducing new parties and layers of complexity. Early clarity is crucial from a planning perspective, as decisions on infrastructure, software and contractual accountability, need to be taken at an early stage.

We welcome the pragmatic approach DESNZ has proposed to align the load control licence conditions with existing protections under the Electricity Supply Licence, promoting consistency and streamlining Ofgem's compliance processes. Ofgem similarly notes the importance of ensuring the implementation approach to existing supply licensees is proportionate and minimises any unnecessary burden where parties are already complying with the supply licence. We are therefore disappointed by Ofgem's proposal to treat domestic and non-domestic suppliers differently for the purposes of the licence application process. We disagree with Ofgem's view that non-domestic suppliers should be required to provide evidence on consumer protection and management controls. Non-domestic suppliers are subject to extensive obligations focused on consumer protection, including the Standards of Conduct (Standard Licence Condition 0A) and the Complaint Handling Standards. Non-domestic suppliers are also subject to SLC 4A (Operational capability),



4B (Financial responsibility), 4C (Ongoing Fit and proper requirement) and 5A (Principle to be open and cooperative). We therefore do not believe non-domestic suppliers should be subjected to a more onerous licence application process than domestic suppliers. A burdensome application process is disproportionate and unwarranted, and risks deterring non-domestic suppliers from diversifying into the CLF market and developing propositions to benefit the businesses they supply.

Our responses to the consultation questions are appended. We'd be happy to discuss any aspect of our response with you further if that would be helpful.

Yours faithfully,

Matt Young

Group Head of Regulation
Drax Group plc

Appendix 1: Responses to consultation questions

Q1. Do you agree that the Licence Policy Principles, as well as Ofgem's Growth Duty, are the correct principles to guide the development of Ofgem's implementation proposals?

Yes - A framework that embodies the proposed Licence Policy Principles should deliver the necessary balance between consumer protection, system security and sector growth.

Q2. Are there other measures Ofgem and DESNZ should consider in order to ensure the regime is proportionate and our approach minimises unnecessary burden?

Ofgem should ensure that licensee reporting requirements align with those already in place under the supply licence where possible. There should also be data sharing agreements in place with the ADR provider and other authorities (e.g. DESNZ, Citizens Advice and Code bodies) from the outset and commonality across information requests, wherever possible. The principle should be to minimise unnecessary burden and avoid duplication.

Please see also our response to question 6.

Q3. Do you agree with the proposed application form evidence requirements for each area?

Broadly, yes. Though it should be noted that details regarding the make-up of the load control activity may be confidential or proprietary and needs to be treated as such.

Q4. Do you agree with the proposal for a 12-month transition period?

We would welcome clarity on the expectations for load controllers above the 300MW threshold and whether they would be subject to a 12-month transition period. It appears licence conditions for organisations meeting the criteria for Operator of Essential Services (OES) will come into effect on being designated an OES, which doesn't allow time to build capability in line with the requirements. In our view, all parties should be afforded a 12-month transition period.

Q5. Do you agree with our proposed application process for certain licensed suppliers?

A pragmatic approach should be considered where a wider business has demonstrated robust financial responsibility and operational capability. See also our response to question 6.

Q6. Do you agree that the proposed application process for certain licensed suppliers should apply to licensed domestic suppliers, and not licensed suppliers who supply non-domestic customers only?

No. It is disproportionate and unwarranted for non-domestic suppliers to be subject to a more burdensome application process than domestic suppliers. We disagree with Ofgem's view that non-domestic suppliers should be required to provide evidence on consumer protection and management controls. Non-domestic suppliers are subject to extensive obligations focused on consumer protection, including the Standards of conduct (SLC0A), which apply to all non-domestic consumers, and the Complaint Handling Standards which apply to consumers in scope of the CLF proposals (i.e. Small Business Consumers). They are also required to comply with SLCs 4A (Operational capability), 4B (Financial responsibility), 4C (Ongoing Fit and proper requirement) and 5A (Principle to be open and cooperative). We therefore do not believe non-domestic suppliers should be subjected to a more onerous licence application process than domestic suppliers.

Holding non-domestic suppliers to a disproportionately burdensome application process will add to the regulatory burden and may deter suppliers from extending their flexibility offerings to smaller businesses.

Q7. Do you agree with our proposed application process for non-licensed suppliers?

We don't have a view on this process.

Q8. Do you agree that the proposed application process for different types of applicants is proportionate and reflects the SSES purpose and Licence Policy Principles?

No - As explained in our response to question 6, we disagree that the application process proposed for non-domestic suppliers is proportionate.

Q9. Do you agree that our proposed timelines for licence application processing are reasonable?

We believe the proposed 12-month period is overly ambitious given a significant number of parties are likely to apply for a load control licence at the same time, many of whom will have no experience of the process. The proposed timeline is based on Ofgem's capability to manage applications for supply licences, but those are received sporadically and in lower numbers than is likely to be seen at the advent of this entirely new licensing regime. Moreover, load control licensees will be providing information to Ofgem covering cyber security which will require additional scrutiny and is a new activity that may complicate and elongate the assessment process. The ability to satisfy demand for external audit party involvement (CRAs) also does not seem to have been fully considered.

Q10. Do you agree with our proposal that tacit authorisation should not apply to the load control licence?

We do not agree, as there doesn't appear to be a contingency plan in the event Ofgem is unable to complete its assessment of licence applications within the 12-month transition window. The consultation simply states that tacit authorisation should not apply to load controllers if Ofgem does not make a decision within the prescribed time period. This could result in the cessation of load control activities for existing service providers to the detriment of the energy system and consumers. Ofgem should consider how it plans to mitigate the risk and ensure the existing market is not negatively impacted. For example, Ofgem could prioritise applications and the associated approval process to ensure that existing providers, who can demonstrate a track record of service delivery, are not prevented from continuing to operate without just cause. Alternatively, tacit authorisation could be afforded on a time-limited or revokable basis, subject to a licence being granted within a fallback period.

Q11. Should Ofgem reconsider the question of tacit authorisation in future?

See our response to question 10 - Ofgem should reconsider the question now.

Q12. Do you agree with the proposed approach to compliance-related monitoring?

We fully appreciate the need for monitoring and reporting but it is essential that any associated requirements are proportionate and targeted. Ofgem should not underestimate the cost and resource burden of RFIs, which has increased significantly for energy suppliers in recent years as the volume of regular and ad hoc RFIs has steadily grown. We urge Ofgem to align the proposed data requests so that load controllers who are also suppliers, and who already submit RFIs under their supply licence, are not required to duplicate effort. We would urge Ofgem to develop the scope and content of any RFIs collaboratively with the industry.

Ofgem should also have data sharing agreements in place with the ADR provider (and other authorities) from the outset. The absence of such agreements means that suppliers currently have to submit similar (but not identical) data sets to Citizens Advice and the Retail Energy Code, as well as Ofgem, as part of Non-Domestic market monitoring. This duplication of effort and differences in data requests increases the administrative burden and cost for suppliers unnecessarily.

Finally, we would stress that changes to existing supplier RFIs will require changes to systems and processes and will require appropriate lead time.

Q13. Do you agree with the proposed approach to market insights-focused monitoring, and are there any additional market indicators we should consider tracking?

While we appreciate monitoring is helpful for assessing the state of the market, it's important that the data requested is targeted and proportionate, and most importantly that it is useful. For example, we don't agree that high levels of switching necessarily indicates a competitive market.

We also note that DESNZ proposes tracking both domestic and "small business customer" numbers for FSP services. There is no requirement currently for energy suppliers to identify or record the number of Small Business Consumers they supply, and to do so would be costly and burdensome. If non-domestic numbers need to be tracked, then we suggest reporting the number of microbusiness consumers, which suppliers are already required to identify. This would provide Ofgem with accurate data that is readily available.

Q14. Are the proposed RFIs proportionate and manageable?

See our response to question 12. It is difficult to elaborate further without detail of the RFIs and whether suppliers will be required to submit duplicate or similar additional reports.

Q15. Please estimate the costs for your organisation for responding to the proposed RFIs. In the impact assessment accompanying the DESNZ Licensing Consultation government estimated indicative costs of approximately £7,000 to £24,000 per annum. Is this estimate appropriate?

It's not possible to predict these costs without further details on the requirements. For example, the burden will materially change depending on whether the RFIs will align with those suppliers currently submit, whether suppliers will be required to submit identical or similar RFIs twice, whether data sharing agreements will be in place from the outset, and if/how any derogations will apply.

Q16. Do you agree with our proposed risk-based and proportionate approach to compliance under the load control licensing regime?

Yes, we agree that compliance activity should focus on issues that pose a significant risk to consumer detriment and/or have sector-wide implications. We therefore agree with the initial priority areas of focus listed in the consultation.

Q17. Are there additional factors we should consider when determining the level of compliance engagement for different types of licensees (e.g. new entrants vs licensed suppliers)?

We broadly agree with the approach proposed. We would however note that the area of cyber security will be largely new for both new entrants and smaller licenced suppliers. Ofgem should continue to utilise the working groups and forums established to develop the load control licence alongside the creation of a dedicated support function to support licensees with interpretation of how the outcomes detailed in the security requirements section should be applied.

Q18. Do you support the proposal to use informal account management relationships to support licensees into compliance in the early years?

Yes, although see also our response to question 17.

Q19. Do you agree with the proposed priority areas for compliance engagement?

Yes, see our response to question 16.

Q20. Do you agree with our proposal to align enforcement under the load control licensing regime with Ofgem's existing enforcement approach, outlined in the Enforcement guidelines?

Yes, this approach is well established. Although, we would welcome clarity on how enforcement will be tailored based on "scale, maturity and risk profile" of the licensee, particularly how a licensee's risk profile will be determined.

Q21. Do you agree with our proposed enforcement approach for multiple licence holders?

Yes, this is a sensible approach.

Q22. Are the regulatory requirements for different types of Load Controller sufficiently clear?

As the profile for Tier 1 load controllers is yet to be consulted on, the requirements are unclear at this time.

Q23. Do you agree with the proposed approach to cyber security assessments for load control licence applications?

There is not enough detail provided in the consultation document for us to provide an informed view. The stated intent is to acquire information on the applicant's current attainment against the NCSC CAF rather than assessing the suitability for the applicant to meet any of the objectives at the point of application. This is a concerning precedent to set and risks licences being granted to market entrants with insufficient capability. In our view, Cyber Essentials Plus should be a minimum prerequisite before granting a licence. That approach will ensure that a nominal set of cyber hygiene controls have been established at the point of commencing operations.

Q24. Do you agree with the proposed approach to cyber security monitoring and compliance?

We note that market entrants will be allowed to become licenced and perform the load control function for a period without needing to meet any cyber security standard. This could create perverse incentives that see organisations being created to provide load control services for short durations, i.e. only until CAF attainment against the Tier 2 profile becomes a mandatory requirement. Establishing some form of basic cyber hygiene requirements as part of the application process would ensure that a level of security is achieved from day one of operation.

For organisations controlling above 300MW, the proposals for monitoring oversight closely mirrors existing requirements for OES established by Ofgem. However, there is insufficient detail to explain how compliance and enforcement will be conducted, meaning we're unable to comment further on the measures to be applied for cyber security or how these interface with related compliance activities under non-cyber security licence conditions. We welcome the intention to provide a view on attainment timelines



for the Tier 1 profile, although would like more detail to explain how this will be applied, e.g. for existing OES with both standalone, hybrid and fully integrated operating environments. Without this we are unclear as to the need to include cyber physical assets within the scope of the profile, and understand the CAF profile to be an ICT attainment profile as opposed to OT with the boundary point being at the network interface point.

Q25. What would you suggest is a reasonable equivalent of a CRA Audit?

The CRA currently operates similarly to most assured consultancy services offering Audit and Review. Providers offering an equivalent service which could be directed to conduct CAF based audits using Ofgem's supplementary guidance could be considered as a reasonable equivalent. Alternatively, we would suggest ISO27001 as a standard benchmark.

Q26. Do you agree with the inspection process outlined for the cyber security of below 300MW Load Controllers?

Yes, this is in line with what we would expect.

Q27. Do you agree with our proposed approach to licence modifications?

Yes, we welcome the broad alignment with other licencing regimes. Due to the crossover with the supply licence, it is important that related modifications are processed concurrently.

Q28. Do you agree with our proposed process for the transfer of a load control licence?

Yes, we agree that the process should mirror the existing supply licence process.

Q29. Do you agree with our proposed approach to extending/restricting a licence?

Yes, we agree that the process should mirror existing processes.

Q30. Do you agree with our proposed approach to revocation of the load control licence, including our proposal to include a revocation item on the basis of failure to comply with the NIS regulations?

We don't have a strong view at this time.

Q31. Do you agree with our proposed approach to cost recovery for the load control licensing regime?

Yes, we agree with this approach in principle.