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Systems Flexibility Team,

SSEN Distribution Response: Smart Secure Electricity Systems: Implementing the load control licensing regime

I am writing to you in response to the consultation on your [Smart Secure Electricity Systems: Implementing the load control licensing regime](#). We, at SSEN Distribution, welcome the opportunity to outline our response to this consultation. This response is being submitted on behalf of Scottish Hydro Electrical Power Distribution plc (SHEPD) and Southern Electric Power Distribution plc (SEPD), being together SSEN Distribution.

SSEN Distribution is the electricity Distribution Network Operator (DNO) responsible for delivering power to over 3.9 million households and business across the north of Scotland and central southern England. We service some of the most diverse and unique geographies across Great Britain, keeping customers and communities connected as we develop our networks to facilitate a low carbon economy and unlock economic growth.

As a DNO, we recognise the critical importance of ensuring both system security and consumer protection as flexibility services scale. We appreciate Ofgem's proactive approach in developing this regulatory framework ahead of significant future growth in domestic-scale flexibility. Our comments aim to support Ofgem's direction while ensuring that regulation remains proportionate, targeted, and supportive of innovation.

While we support the introduction of regulatory requirements, we also note that the flexibility sector remains nascent, particularly at the domestic level. Many Flexibility Service Providers (FSPs) are newly formed, innovative organisations with limited resources. We therefore welcome Ofgem's recognition - within the consultation - that licensing must avoid creating unnecessary or disproportionate burdens.

Onerous regulatory requirements for FSPs could lead to a lack of market participation, which would itself undermine consumer access and choice. Proportionate regulation will therefore be key. It is essential the application process and requirements for FSPs do not go beyond the minimum viable scheme required for such regulation. At the outset, requirements could be reduced to enable the market to mature with more robust regulation being introduced later once a threshold of market liquidity is reached.

It should be noted that Flex Assure's Domestic & Microbusiness scheme may prove to be a good starting point for introducing regulatory requirements, as their standards are directly mapped to draft licence conditions. This

platform could provide vital consumer protection and act as a practical interim compliance bridge until licensing takes effect. The scheme could help smaller FSPs build governance, consumer protection processes and application-ready evidence, while sharing anonymised scheme-level insights (complaints, suitability challenges, exit issues) with Ofgem to refine guidance.

Policy Principle 1 – consumer protection and experience

We strongly support this principle. Ensuring that consumers receive fair treatment, clear information, and protection against poor practice is essential for maintaining trust in flexibility services.

We recognise and emphasise Flex Assures' Domestic and Microbusiness scheme as an interim compliance bridge until licensing takes effect providing Ofgem with audited readiness evidence, scheme-level complaint/ADR insights, and a practical on-ramp for small FSPs to reduce administrative burden. A level of 'passporting' for Flex Assure scheme members, alongside I&C gap-filling, would balance burden with consumer protection.

Policy Principle 2 – Ensure energy security

This principle is particularly relevant to our role as a DNO. We agree that load controllers should avoid actions that jeopardise network stability. Given that domestic flexibility is still developing, we believe guidance may need to evolve over time to reflect emerging behaviours and technology. A flexible, iterative approach will support both system security and innovation.

Policy Principle 3 – Enable vibrant markets

The consultation recognises that flexibility markets are not yet fully formed. We share this view and caution that introducing an overly complex regulatory framework at this stage may limit growth. Flexibility markets have the potential to deliver wide-ranging system benefits, including highly localised services essential for distribution networks. Additionally, highly local markets can have limited offerings for consumers restricting how they participate in markets. Smaller FSPs often play a vital role in these localised services, and any regulatory measures that create barriers for them risk constraining the future flexibility toolkit.

Policy Principle 4 – Enable effective regulation

We also note the consultation's position that "consumers must be consistently and adequately protected regardless of how they engage." While we agree in principle, we are mindful that without a viable market, this protection would be moot. Ensuring that the regulatory environment does not inhibit market formation should therefore remain a central objective.

We support Ofgem's overall direction and the intent behind the proposed licensing regime. The focus on cyber-security, operational stability, and consumer protection is well-timed as the sector evolves. Our primary concern is ensuring that regulation remains proportionate and fosters the continued growth of a diverse and competitive flexibility market - one capable of delivering localised and system-wide benefits as demand for flexibility increases.

We look forward to continued engagement with Ofgem and DESNZ as the framework develops, and we welcome the opportunity to contribute further as proposals are refined.

Yours sincerely,

Jack Tyler-Chamberlain

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