

SSES: Implementing the load control licensing regime

Submit your response by 18 February 2026 by emailing flexibility@ofgem.gov.uk.

The Centre for Sustainable Energy (CSE) is a charity (charity 298740) supporting people and organisations across the UK to tackle the climate emergency and end the suffering caused by cold homes. We do this by sharing our knowledge, practical experience, and policy insights. For over 40 years, we have supported people to take effective action on energy in their homes. Our research and analysis focus on making the energy system greener, smarter, and fairer. Through our advice line, home visits and one to one support, we support around 15,000 people a year to reduce their bills and make their homes more energy efficient.

We have considerable experience in advising consumers on smart energy technology and in researching equity issues in the expansion of this sector.

CSE's Smart and Fair¹ applied research programme continues to show that as our energy system becomes smarter and more flexible, it brings new ways to generate unfairness. Some people benefit from these changes, while others risk being left behind.

Additionally CSE was funded by [National Grid Electricity Distribution](#) to pilot the delivery of tailored advice for vulnerable customers ensure they are better able to participate in a smarter energy system.

We welcome these proposals and the focus on building consumer trust in this emerging market, but would comment as follows in respect of these specific questions:

1. [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? Please provide reasons for your answer.](#)

Yes. We agree with the policy principles and primary focus on consumer protection and experience, recognising that consumer-led flexibility cannot be achieved without consumer trust.

2. [Are there other measures Ofgem and DESNZ should consider in order to ensure the regime is proportionate and our approach minimises unnecessary burden? Please provide reasons for your answer.](#)

We do not believe there should be any derogation or exemptions in relation to the consumer protection license conditions, including for licensed energy suppliers as they are not “already subject to and demonstrably meeting” the licence conditions for customer protection in **load control services**.

As the consultation states, there are key distinctions between electricity supply and load control. 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, and their ability to benefit from specific flexibility offers and products. 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.

Essentially load control contracts pose new risks for consumers as well as benefits, and new areas where consumers can experience harm which were not anticipated when the electricity supply licences were drafted. In addition, if suppliers are providing load control to a customer separate to a supply service, these customers would not be protected. It does not make sense to create regulation for standalone FSPs but not also apply this regulation to electricity suppliers.

From our experience of delivering fuel poverty advice, we are aware that holding a supply license does not guarantee fair outcomes for consumers. Poor practice by licenced suppliers has led to low levels of trust from consumers, millions of UK households continue to struggle to afford their energy bills, there are systemic issues with billing, customer service and the smart meter roll out - all of which impact more vulnerable customers much more. To avoid this in this new market for load control, all FSPs including licensed suppliers should be required to treat customers fairly as detailed in the license conditions.

As licensed energy suppliers make up a large part of the load control and flexibility services market it will undermine the load control licensing regime if they are excluded. They are also the providers most likely to rapidly scale up their FSP offering, which could present a further increase in non-licensed load control services. This would also undermine the market monitoring proposals outlined, as presumably any organisation with a derogation or exemption would not be required to provide information.

3. [Do you agree with the proposed application form evidence requirements for each area? Please provide reasons for your answer, including any concerns with providing the requisite information and why.](#)

The statement of intent for meeting customer protection requirements may be adequate but there is a risk that this relatively undefined requirement may result in insufficient evidence provided. The evidence is important because it allows customers, customer advocacy services and the regulator to understand what constitutes fair treatment in relation to specific services and to hold FSPs to account. We recommend that Ofgem should review the quality of the evidence provided and how this meets the best practice set out in the customer protection guidance, strengthening the requirement in future if needed.

We would like to see the statement of intent for customer protection freely available to customers, on the provider website and provided as part of contracts. This would help to build a culture of transparency and fairness to build trust in FSPs and consumer led flexibility, and help customers understand the service they should expect from their FSP.

4. [Do you agree with the proposal for a 12-month transition period? Please provide reasons for your answer.](#)

As load control contracts already exist and are growing rapidly, we believe that to protect existing and new customers, the regulations should be implemented as soon as is feasible for the regulator. We raise concerns that flexibility service providers will not need a license until the end of 2027 and would strongly urge Ofgem not to delay this any

further, leaving customers without protection for longer. Ofgem should consider ways to drive uptake of the Flex Assure domestic scheme, to promote best practice in customer communication and protection whilst the licensing regime is being implemented.

5. Do you agree with our proposed application process for certain licensed suppliers? Please provide reasons for your answer. Note, please refer to the DESNZ Licensing Consultation for a specific question on licence condition derogations.

No, we do not agree that domestic electricity suppliers already operating as FSPs and domestic electricity suppliers looking to become FSPs only should be exempt from submitting consumer protection information.

This is basic information and enables customers to understand what fair treatment is and for consumers, the regulator and consumer advocacy organisations to hold FSPs to account. The scope and content of the proposed consumer protection guidance shows clearly how differently electricity providers will have to engage with consumers as FSPs (in comparison to their conventional role as a more passive electricity provider) in order to provide a good service which is not mis-sold. Our view is that the regulations offer a good opportunity to prompt electricity providers to set out how customers will be protected in this different role.

6. 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?

We don't have a view on this.

7. Do you agree with our proposed application process for non-licensed suppliers? Please provide reasons for your answer.

Yes

8. Do you agree that the proposed application process for different types of applicants is proportionate and reflects the SSES purpose and Licence Policy Principles? Please provide reasons for your answer.

As detailed above – we don't believe any type of provider should be exempt from the customer protection application form submission.

9. Do you agree that our proposed timelines for licence application processing are reasonable? Please provide reasons for your answer.

We don't have a view on this.

10. Do you agree with our proposal that tacit authorisation should not apply to the load control licence? Please provide reasons for your answer.

We don't have a view on this.

11. Should Ofgem reconsider the question of tacit authorisation in future? Please provide reasons for your answer.

We don't have a view on this.

12. Do you agree with the proposed approach to compliance-related monitoring? Please provide reasons for your answer.

We believe that some further elements are needed to adequately monitor compliance:

We consider it likely that consumers who have taken up FSP contracts may not always be able to differentiate the cause of high fuel bills and may misattribute high bills to their energy provider rather than their flexibility service provider, whether or not their supplier is also their FSP. We would therefore suggest that Ofgem also interrogates complaint patterns submitted to energy providers where a customer also has an FSP contract in place, provided that this information is available.

Within table 5 we suggest adding a further bullet point:

- Evidence that the FSP sought sufficient information from the customer to recommend a suitable service

As well as monitoring complaints, Ofgem should reach out to other organisations to understand the range and frequency of customer issues that may not have made it to complaint stage. This is already implemented in the supply market via the statutory advice service and should be expanded to include non-statutory advice providers like CSE.

We also raise concerns about complex business models and bundled services, and the risk this presents in relation to double counting of complaints which could undermine regulatory monitoring and reporting.

13. Do you agree with the proposed approach to market insights-focused monitoring, and are there any additional market indicators we should consider tracking? Please provide reasons for your answer.

We strongly welcome the proposals which will help to build a picture of participation in the smart energy market.

We recommend that as part of monitoring FSP customers and propositions, Ofgem also request data on participation of different consumer groups including customers that may be vulnerable in the energy market.

This would be a first step towards building understanding of participation in smart energy, essential to Ofgem's Consumer Vulnerability Strategy theme of encouraging positive and

inclusive innovation. By understanding who is participating, Ofgem can, in future, act on any emerging gaps, ensuring that there are offers on the market for different types of household.

14. Are the proposed RFIs proportionate and manageable? Please provide reasons for your answer.

Not applicable

15. 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? Please provide reasons for your answer.

Not applicable

16. Do you agree with our proposed risk-based and proportionate approach to compliance under the load control licensing regime? Please provide reasons for your answer.

Yes this approach seems adequate in relation to customer protection.

17. Are there additional factors we should consider when determining the level of compliance engagement for different types of licensees (eg new entrants vs licensed suppliers)? Please provide reasons for your answer.

We would like to see all FSPs, including licensed suppliers, fully monitored for the reasons set out in response to question 1.

18. Do you support the proposal to use informal account management relationships to support licensees into compliance in the early years? Please provide reasons for your answer.

We don't have a view on this.

19. Do you agree with the proposed priority areas for compliance engagement? Please provide reasons for your answer.

Yes

Q20-31 are outside the remit of CSE as a customer advocacy charity and we do not have a response.

31. Do you agree with our proposed approach to cost recovery for the load control licensing regime? Please provide reasons for your answer.

No.

We support costs being recovered from charging licensees for a licence application, allowing them to recover these costs from consumers benefiting from consumer-led flexibility.

We do not support folding the costs of the licensing regime into Ofgem's usual operating costs. Costs should not be pushed onto network charges and ultimately customer bills, including bills of vulnerable customers who may not be benefiting from energy flexibility products.

Whilst it is argued that consumer-led flex ultimately brings costs down for all bill payers through avoided network investment, lack of transparency on how this is passed onto customers and whether it offers value for money, means it is hard to gauge the distribution of costs and benefits. Fairness is an essential principle that must underpin the energy transition. Until these impacts are better understood and communicated, it cannot be fair that all bill payers contribute to the cost of load control implementation whilst only some (typically higher income) households benefit.