
Response | Ofgem | Smart Secure Electricity Systems Implementing the load control licensing regime 18 FEBRUARY 2026

Context

ADE: Demand welcomes the opportunity to respond to the consultation on implementing the load control licence. Phase 1 ESA Regulations consultation.

Our vision, and what ADE: Demand exists to make happen, is no less than a complete re-imagining of the role of demand in our energy system so that:

1. Demand is given equal consideration to generation.
2. Every household, commercial business and industrial site has a commercially viable path to decarbonisation.
3. It is recognised that energy users and their assets have a day job – they shouldn't have to work around the energy system, the energy system should work around them.
4. Millions of users with automated energy provision can play a major part in keeping the lights on.

ADE: Demand Response

We support Ofgem's proposals to reduce the regulatory burden faced by dual licensees and adopt a cooperative approach towards monitoring and compliance. In particular, Ofgem's proportionate approach to cyber security compliance is appreciated, considering the novelty of cyber regulations for all licensees. However, we have serious concerns with the limited timeframe licensees will have in order to meet evidence requirements to begin/continue load control activities immediately after the transition period ends. Although we appreciate the need to guard against consumer harm, the absence of guardrails to ensure applications are processed on time risks causing existing operators significant disruption through no fault of their own, and will have the knock-on effect of harming the consumers reliant on their services. In addition, there remains a lack of clarity over industry codes and CAF profiles, which makes it all but impossible for prospective licensees to properly estimate the impact of the proposals.

Sitting alongside these concerns is the fact that DESNZ is still consulting on its proposed regulations and conditions, which themselves have outstanding issues. Overall, we support the policy intent behind DESNZ's proposals and the extensive engagement government has undertaken over the past three years of consultation. As we've said in our ESA draft response however, despite the positive steps forward in this consult, Government has consistently been made aware throughout this process that regulation is outpacing market access and revenue streams, causing serious concerns within industry that the added cost of regulation to the manufacturing and maintenance process and the added legal and compliance costs of licensing will not be recoverable through flexibility revenues, at least in the early stages of regulation and will therefore add costs for consumers. We strongly recommend that more work is done to resolve this mismatch through greater collaboration with the Clean Flex Roadmap team and utilising ADE: Demand's Industry Progress Board that welcomes Roadmap Delivery Partners to discuss difficult issues. The goal of SSES has always been to implement proportionate regulation which includes an element of timeliness and this needs to be seriously reviewed. We are not necessarily

recommending that regulation be delayed but Government must find a way to ensure that it is proportionate and commensurate with what customers can actually save/earn from their ESAs through FSPs and load controllers, or risk slowing down rollout of LCTs due to cost. In addition, where relevant we have indicated where we believe that government needs to provide further evidence to support their positions, and to show industry / potential licensees what they will be required to comply with.

Furthermore, there is significant confusion within industry as to how policy intent matches stated definitions within the DESNZ and Ofgem consultations, making it difficult to provide full support at this time. While we appreciate that the legislative framework necessitates definitions living in multiple instruments (the 1989 Act, the 2023 Act, the 2026 regulations, the ESA regulations, the standard license conditions), this puts even more emphasis on DESNZ producing plain language regulatory guidance with all relevant definitions and interdependencies highlighted that can be updated as legislation is updated. (Our full response to DESNZ's consultation on the regulations and conditions can be found in Appendix 1).

Considering this, consulting on the implementation of the load control licence at this stage seems somewhat premature.

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 believe that the Licence Policy Principles and Ofgem's Growth Duty are the correct principles.

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.

There is insufficient forecastable value to justify new entrants spending resources to meet these requirements. We appreciate that Ofgem, DESNZ, and Elexon's work as part of the CP30 Roadmap will remove market barriers, but there is little value on the horizon for flex, as the Capacity Market makes DSR more difficult and the Balancing Mechanism for DSR remains almost non-existent. If Ofgem expects innovators, small companies, and foreign parties to make the ongoing investments outlined in the consultation, there needs to be far more certainty of attainable value in the 2027 timeframe. In addition, licence obligations relating to system risk, dispatch responsibility, and code compliance should attach only where an entity exercises discretion over electricity flow for system, market or network objectives. This would avoid unintended scope creep into OEM-led HEMS activity.

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.

We agree with the evidence requirements in theory. However, for certain regulation areas, more information is needed to know how exactly those requirements will look like in practise, and the cost impact of abiding by them.

Licensees are expected to provide statements of intent to comply with applicable sections of five industry codes, but it is not clear what those applicable sections are. Additionally, licensees are required to provide detailed evidence to satisfy cyber security requirements. This includes, a “self-assessment against the relevant CAF profile”, but the CAF profiles are still being consulted on.

In short, it is difficult for licensees to know whether they agree with the evidence requirements until they know exactly what those evidence requirements are.

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

We agree with the need for a transition period. However, we are concerned that the proposed period does not represent an adequate amount of time.

Ofgem anticipates that it should take nine months to process applications. However, this means that organisations planning to begin/continue load control activities immediately after the transition period ends will only have three months to satisfy the wide breadth of evidence requirements. This will pose significant challenges to established organisations in the sector, never mind to newer or smaller businesses unused to such regulatory burdens.

We also have concerns over Ofgem’s ability to process applications within the timeframe. The nine months guidance seems to be based on the time it takes to assess an electric supply licence application. However, unlike supply licence applications that are received throughout the year, we anticipate, in the absence of tacit authorisation, a wave of organisations applying on mass. We are concerned that Ofgem has underestimated the resources it will need to process applications whilst dealing with stakeholder queries.

Consequently, we would like Ofgem to outline exactly how it means to avoid bottlenecks in the application process. One practical mitigation would be for Ofgem to provide a letter of comfort stating it would not take enforcement action against existing operators that have submitted a robust application before the end of the application window. This could be accompanied by a formal interim/temporary licence mechanism pending Ofgem’s decision.

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.

We believe the proposed dual track application system will help avoid unnecessary regulatory duplication for licenced suppliers.

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?

Yes, we believe this is reasonable.

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

Again, we would stress that the 12-month timeline (which is actually only 3 months for organisations following Ofgem’s guidance) is too short a window to expect licensees to meet all evidence requirements and submit their applications. If the transition period cannot be extended, Ofgem should allow existing operators to use evidence of their current operations when completing the form.

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.

We agree with the proposals setting out the different evidence requirements for FSPs and Load Controllers. However, we believe that the evidence requirements for all licensees are disproportionate to the time they have to meet them.

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

No. As outlined in our response to Q4, the proposed 12-month period is actually 3 months for licensees that follow Ofgem guidance and submit their applications early. We believe that it will be extremely difficult for licensees to meet evidence requirements in this condensed timeline, especially for smaller organisations and those not accustomed to such regulatory burdens. We are also concerned that Ofgem underestimates the resources needed to process the sheer number of applications it will receive within the outlined timeframe. A letter of comfort stating enforcement action will not be taken against existing operators that have submitted robust applications on time, alongside a formal interim mechanism, would help assuage applicant concerns.

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 believe that, unless a suitable contingency is implemented that prevents/mitigates the risk of bottlenecks in the application process, tacit authorisation will be necessary. We appreciate that Ofgem’s prohibition against tacit authorisation is to guard against consumer harm. However, we believe that greater harm for consumers would arise if a Load Controller/FSP suddenly stopped providing the service it was contracted to provide. As outlined in Q4 and Q9, potential contingencies could be Ofgem providing a letter of comfort ruling out enforcement action against existing operators that have submitted their applications on time, and the implementation of a formal interim licence mechanism pending a decision by Ofgem.

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

Tacit authorisation should be reconsidered if Ofgem cannot guarantee one or both of the following:

- that applications received nine months before the transition period ends will be processed in time.

- that enforcement action will not be taken against existing operators that submit their applications in time whilst a decision is pending.

By Ofgem's own admission, some applications may be delayed through no fault of the licensee, and the consequences of being forced to halt load control operations are massively disproportionate. Whilst we appreciate Ofgem wishes to protect consumers, this hard stop risks causing disruption for organisations and consumers both.

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

We agree with Ofgem's proposal to work cooperatively with licensees to ensure compliance. However, the regulatory burden shouldered by licensees is significant, and more tangible help is needed, particularly to abide by the required industry codes and to understand how RFIs are being used.

In addition, there have been well documented issues with getting engagement from non-BSC/code signatories in WGs even when it directly affects them (e.g. P412, IG114, the first Market Facilitator change process). What steps will Ofgem take to ensure this does not continue when small companies will continue to struggle to resource engagement? It is not enough to 'encourage' participation, when they do not have the people to send. Ultimately, Ofgem will need to simplify processes so that smaller parties can actually participate.

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 agree with the market indicators Ofgem intends to monitor and the necessity of collecting such data. However, we do not agree with the proposed approach that places the onus of obtaining this information on licensees, particularly when Ofgem so infrequently demonstrates the value of RFIs for suppliers. Currently, Ofgem intends to issue RFIs to obtain market insights, placing licensees under greater financial and administrative burden. Instead, Ofgem should seek to utilise other sources of information, such as FMAR.

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

We appreciate the necessity of RFIs for ensuring compliance. However, as we outline in our response to Q15, the cost of RFIs are higher than Ofgem and DESNZ appreciate. In addition, the sheer amount of information licensees must provide will place a significant administrative burden on organisations. We would ask that Ofgem reconsiders the frequency of RFIs, particularly whether quarterly RFIs for FSPs are necessary. It may be best to implement a risk-tiered reporting model. For example:

- Annual reporting for lower-scale operators.
- Quarterly reporting for higher-scale/high risk actors.
- Event-driven reporting for material incidents.

As outlined in Q 13, we also believe that Ofgem should seek to obtain information about the state of the market from other data sources, rather than placing yet more burdens on individual providers.

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.

The £7,000 to £24,000 estimation seems to refer to the cost of a single RFI, rather than annual costs. The proposals require FSPs to respond to quarterly RFIs, as well as an annual complaints report, and Ofgem may also issue RFIs on an ad hoc basis. Consequently, the burden on licensees (particularly suppliers) is likely to be far bigger than DESNZ and Ofgem realise. It is essential that RFIs are proportionate for all market participants.

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, we believe this approach is reasonable.

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.

No comment.

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.

Yes, we agree with the cooperative intent of Ofgem's proposed compliance.

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

We broadly agree with the proposed priority areas, but would like more clarity regarding "treating consumers fairly". Specifically, the interaction between ESA regulations (mandatory smart capability, temporary opt-out) and FSP licence conditions (voluntary participation and exit rights) is not yet clearly articulated. We would like a clarification on whether a consumer can operate an ESA in full regulatory compliance without being party to an FSP contract. Such a clarification would reduce future ambiguity and ensure regulatory layering remains coherent.

We also support Ofgem's proposed proportionate approach to compliance on cyber elements, which recognises the time licensees will need to meet the relevant CAF profile.

20. 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? Please provide reasons for your answer.

Yes, we agree with the aligning of enforcement action.

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

Yes, we believe that a single investigation for dual licensees would be more efficient.

22. Are the regulatory requirements for different types of Load Controller sufficiently clear? Please provide reasons for your answer.

We believe the regulatory requirements for below 300MW Load Controllers and above 300MW Load Controllers are clear, broadly speaking. However, until such time as DESNZ has finished, and published its response to the consultations on Tier 2 and Tier 1 CAF profiles, it is impossible to know the specific requirements.

In addition, it would be useful to have more clarity on the circumstances in which a below 300MW Load Controller could be designated as an OES and thus be required to use the Tier 1 CAF profile.

23. Do you agree with the proposed approach to cyber security assessments for load control licence applications? Please provide reasons for your answer.

We largely agree with the proposed approach, with certain caveats. There should be explicit confidentiality for sensitive submissions, transparent governance for SGG involvement, and a defined clarification/response mechanism where applicants dispute SGG input.

We would also like to reiterate that until CAF profiles are finalised, it is impossible to know the full impact on licensees.

24. Do you agree with the proposed approach to cyber security monitoring and compliance? Please provide reasons for your answer.

We agree with the proposed approach. However, considering the costs of RFIs on licensees (as outlined in Q15), it is important that Ofgem does not overburden licensees with information requests.

25. What would you suggest is a reasonable equivalent of a CRA Audit? Please provide reasons for your answer.

No comment.

26. Do you agree with the inspection process outlined for the cyber security of below 300MW Load Controllers? Please provide reasons for your answer.

We agree with the inspection process as laid out in the consultation and with the proposed role of the SGG, provided governance is transparent. However, as mentioned in our response to Q3, until DESNZ finishes and publishes its response to the Tier 1 and Tier 2 CAF profile consultations, it is impossible to gauge the full impact of the inspection process.

27. Do you agree with our proposed approach to licence modifications? Please provide reasons for your answer.

We agree with the proposed reasons for licence modifications. However, considering the administrative burden already shouldered by licensees, we believe that the responsibility to ensure licensees are aware of the modifications lies with Ofgem, rather than with the licensees themselves.

28. Do you agree with our proposed process for the transfer of a load control licence? Please provide reasons for your answer.

Yes, we agree with the proposed approach as it seems reasonable.

29. Do you agree with our proposed approach to extending/restricting a licence? Please provide reasons for your answer.

Yes, we believe the proposed approach is reasonable.

30. 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? Please provide reasons for your answer.

Yes, we agree with the proposed approach. However, due to the novelty of the cyber security requirements, it is worth stressing that Ofgem must be on hand to help licensees remain compliant, and that licence revocation should be undertaken only as a very last resort.

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

Yes, we agree with the proposed approach to cost recovery. However, we would like greater clarity on quantified costs.

FOR MORE INFORMATION, PLEASE CONTACT:

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ADE: DEMAND

Appendix 1

ADE: Demand Response

Overall, we support the policy intent behind the proposals and the extensive engagement government has undertaken over the past three years of consultation. As we've said in our ESA draft response however, despite the positive steps forward in this consult, Government has consistently been made aware throughout this process that regulation is outpacing market access and revenue streams, causing serious concerns within industry that the added cost of regulation to the manufacturing and maintenance process and the added legal and compliance costs of licensing will not be recoverable through flexibility revenues, at least in the early stages of regulation and will therefore add costs for consumers. We strongly recommend that more work is done to resolve this mismatch through greater collaboration with the Clean Flex Roadmap team and utilising ADE: Demand's Industry Progress Board that welcomes Roadmap Delivery Partners to discuss difficult issues. The goal of SSES has always been to implement proportionate regulation which includes an element of timeliness and this needs to be seriously reviewed. We are not necessarily recommending that regulation be delayed but Government must find a way to ensure that it is proportionate and commensurate with what customers can actually save/earn from their ESAs through FSPs and load controllers, or risk slowing down rollout of LCTs due to cost. In addition, where relevant we have indicated where we believe that government needs to provide further evidence to support their positions, and to show industry / potential licensees what they will be required to comply with.

Furthermore, as outlined below, there is significant confusion within industry as to how policy intent matches stated definitions within this and the Ofgem consultations, making it difficult to provide full support at this time. This raises legitimate concern as to the appropriateness of Ofgem's implementation and onboarding timelines which we address further in that response. Found in Appendix 1.

While we appreciate that the legislative framework necessitates definitions living in multiple instruments (the 1989 Act, the 2023 Act, the 2026 regulations, the ESA regulations, the standard license conditions), this puts even more emphasis on DESNZ producing plain language regulatory guidance with all relevant definitions and interdependencies highlighted that can be updated as legislation is updated.

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.

We believe that the proposed definition does not provide adequate clarity on what a load controller is, and what the scope is intended to cover. We would ask DESNZ to consider how they can add a behavioural definition for load control to create greater clarity. Noting that Load Controller activity involves exercising discretion over electricity flow for system, market or network objectives.

This would help ensure that behind-the-meter optimisation (HEMS), operating under household objectives, is not inadvertently captured.

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.

Yes, we agree with the proposed sub-section as this is in line with the understood definition of an FSP, however, in line with our response above we believe that the definition needs to be more clearly demarcated and accessible.

An example of this further clarification could be found by encouraging greater distinction between what is meant by 'capability' and 'commercial participation', such that supplying ESA-compliant smart devices alone should not trigger FSP status.

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.

Yes, we do agree that these actions should be included in the Electricity Act, and that Ofgem should be authorised to grant load control licences.

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.

No, as we have articulated in our response to the Phase 1 Draft ESA regulations consultation, we can see that there are inconsistencies throughout the definitions for EHAs, and that the variance in definitions provided is creating further difficulties in understanding the application of these technologies within the regulations.

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.

Yes, we agree with the proposal, regulations should be used to create consistency and benefit to those that it serves and applying load control licence requirements on FSPs who only service non-domestic consumers, when they are not in scope, would be a waste of administrative effort.

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.

The scope of the question remains fairly narrow by focusing on exemptions which can breed loopholes, we would ask DESNZ to consider a more positive assessment process that can highlight behavioural alignment, opening up more opportunities for potential licensees to participate rather than creating blockers.

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.

No, we are concerned that the proposed 12-month transitional period has the potential to create additional issues that could create delays or negatively impact consumer access. We believe that for this to be successful, DESNZ and Ofgem have based the 12-month transitional period on a number of assumptions, namely that they do not expect to receive large numbers of applications at any one time (which cannot be discounted), and that the Ofgem team responsible for reviewing the licence applications is sufficiently resourced to meet the needs of the regulations.

We ask that DESNZ and Ofgem provide response on how they are managing the risks of delays. Specifically, we would like Ofgem to outline exactly how it means to avoid bottlenecks in the application process. One practical mitigation would be for Ofgem to provide a letter of comfort stating it would not take enforcement action against existing operators that have submitted a robust application before the end of the application window. This could be accompanied by a formal interim/temporary licence mechanism pending Ofgem's decision.

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.

We believe the proposed amendments are in line with previously consulted on material. We are also providing a response to the Ofgem consultation on load control licensing.

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.

Please explain your answer and if you disagree provide alternative suggestions.

We support an aligned approach to complaints handling for FSPs. The evidence provided on the available resourcing within the Energy Ombudsman ADP is positive and alleviates our ongoing concern that through developing robust processes, government is applying further administrative burdens on licensees. We would ask that the advice for these processes, and the guidance, is easy to access and easy to understand for FSPs and consumers.

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.

Yes, we agree with this approach, there should be a wider consumer advocacy strategy for FSPs rather than many small, piece-meal options. Considering our feedback to the July 2025 consultation, we had asked government to develop a more joined up approach and have greater consideration for how 'consumer advocacy services' are tools to make entering flexibility markets simpler, improve trust and knowledge in the sector and underscore alignment of direction setting.

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.

Yes, we agree with the drafting of licence condition 3, this is reasonable.

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. Please include as much supporting evidence as possible in your response.

Overall, we agree that there should not be any additional costs to comply with licence condition 3, however, in extreme cases where a licensee or FSP may run into issues with a third-party, the potential high and low costs should be considered and assessed for licensees benefit.

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.

The draft licence condition sufficiently meets the intended outcome that has been laid out in the consultation. Our concern is around creating additional administrative burdens for licensees to meet the requirements and show their compliance. We would ask that DESNZ consider how to streamline this process to create a pathway for self-identification as well as the assessment of this required information, to alleviate further stresses on licensees.

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.

We agree with the drafting of licence condition 5, it is clear and meets the intended outcome, as described in the consultation.

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. Please include as much supporting evidence as possible in your response.

No comment.

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 your answer and if you disagree provide alternative suggestions.

The wording of the licence condition is in line with the proposed intention within the consultation, however, for licensees and FSPs to meet the requirement to provide information is a substantial administrative burden, and we believe that there needs to be clarity developed alongside the condition which clearly outlines the scale and scope of information being requested, timeframes to bring everything together, and timeframes for a response.

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.

Yes, we agree with the draft wording of the licence condition.

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.

While we agree that the current drafting of licence condition 8 is sufficient to meet the proposal within the consultation, we ask that DESNZ provide more evidence to support this change in direction. We are

concerned that the basis of this condition requires the Licensees and FSPs to comply with five separate codes, where there has been little to no direction on the specific aspects that each will be required to comply with; just a recommendation to demarcate at a later date. Overall compliance is not an issue, but businesses of all sizes will struggle to ensure they are meeting the requirements, and DESNZ needs to ensure that it is not creating administrative burdens for the sake of creating them.

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.

We believe the proposed provisions set out for licensees are sufficient to create an enabling environment for interactions with the codes, as they set out the basis for standard administrative processes. Our concern is with the overall inclusion of compliance with five separate codes, acknowledging that this was not included in the 2025 government response, and is lacking supporting evidence.

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.

While we understand the intent of the proposal, and recognise the benefits of requesting further compliance with the codes, we are concerned that DESNZ have introduced this proposal without the necessary evidence to demonstrate what aspects of each code a licensee will be required to comply with. It is stated *"we acknowledge that the relevant codes are lengthy and that load controllers may be concerned that compliance with them may be a complex matter. However, we believe that any obligations placed on load controllers via these codes should be clearly demarcated in a dedicated section of the code. As a consequence, it should be possible to limit the need for load controllers to look beyond the specific sections that apply to them."* We do not disagree that the inclusion of demarcated sections is a useful tool for licensees, but that is a delivery concern, and is not adequate detail to confirm the intricacies and specific requirements for the different licensees across each code. Government should have included the specific sections of the grid codes, that they believe licensees will be required to comply with, for review.

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.

Overall, we are supportive of the cyber security licence conditions being proposed and appreciate that there will be ongoing alignment between the requirements for load controllers and the NIS regulations.

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.

At this time, we agree with the proposed 18-month transition period and Ofgem’s discretion to provide extensions at a case-by-case basis. The outstanding concern we hold is around the intricacies of each Cyber Assurance Framework (CAF) tier level, and the different requirements between each, especially as the draft is not being treated as public.

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.

Yes, we agree with the draft wording of licence condition 10, and believe it is in line with the proposals within the ESA Phase 1 Regulations consultation.

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.

No comment.

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.

Yes, we agree with the definition of small business consumer. This is aligned with previously given feedback, and the definition accepted in the Licensing Working Group.

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.

Yes, we agree with the proposed licence condition, in particular we believe that the drafting gives FSPs enough room to develop processes that are fit-for-purpose, innovative, and meet the requirements.

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.

There is a degree of interpretation within condition 12.1 which could allow a licensee to skirt the intention, specifically through “which are appropriate to that Customers’ characteristics and/or preferences”. While this should be mitigated through condition 12.2, it could be demonstrated to a consumer that one is not misleading. The wording of the draft licence condition is not as secure as initially intended and could create unforeseen consumer impacts.

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

Yes, we agree with the terms included in the draft Principal Terms definition. We do ask that should industry determine that these specific terms are no longer fit-for-purpose, DESNZ make the appropriate changes to prevent avoidable consumer harm.

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

Whether there is a signing or introductory fee.

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.

No comment.

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.

We agree with the proposed licence condition and support the alignment with the HOMEflex Code of Conduct. It is in the best interest for the sector to ensure there is ongoing alignment of compliance, to make the process straightforward, and accessible for consumers to understand.

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.

Yes, we agree with this proposal. Recognising that at the core of this proposal is to ensure that consumers have choice and industry is not unfairly impacted, we would support continuity between load controllers and FSPs.

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. Please include as much supporting evidence as possible in your response.

No comment.

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.

Yes, we agree with the draft wording of licence condition 14. Noting that 14.1(a)(b) are easy to understand and apply.

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.

Where the intention is to prevent duplication, and make the processes of applying the licence conditions clearer, then we believe that this is an appropriate option going forward.