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25 February 2026

Smart Secure Electricity Systems: Implementing the load control licensing regime

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore and offshore wind and solar generation, as well as energy storage. EDF is therefore driving the transition towards 'an Electric Britain' – a secure, affordable, low-carbon future for everyone. As Britain's biggest generator of zero carbon electricity, we are investing more than £100 million weekly in Britain's electricity infrastructure. We supply millions of customers with electricity and help homes and businesses switch to electricity for heating, transport and industrial processes.

EDF welcomes the opportunity to respond to Ofgem's consultation on implementation of the load control licensing regime. Consumer led flexibility will be a key contributor to achieving net zero through a more flexible electricity system that encourages customers to use electricity that is low cost and low carbon. EDF is already providing products and incentives to our domestic and business customers that encourage them to use electricity more flexibly, such as our innovative Free Phase tariff, Sunday Saver and electric vehicle (EV) and heat pump specific tariffs.

Regulatory Approach

As a consumer product, consumer led flexibility is still very early in the innovation lifecycle, with a wide variety of flexibility products and customer propositions being brought to the market by a diverse range of parties, including EDF. At this early stage, any external intervention must be light touch and support that innovation, not restrict it - it should facilitate the benefits of consumer led flexibility while protecting consumers and the grid, not create unnecessary bureaucracy.

We agree that consumers using load control services should expect to receive the same level of protection, irrespective of who their service provider is. Providers should also be able to compete fairly on a level playing field. That is not currently the case, with energy suppliers subject to an additional cost burden because they hold a supply licence and are subject to those requirements, specifically where load control is feature of their supply contract with the consumer. Given their existing relationship with consumers, suppliers are best placed to engage them in consumer led flexibility and deliver the benefits of flexibility to consumers and the wider electricity system.

While we advocate for a level playing field, having considered the need for the development of any new regulation to align with Ofgem's work on Customer Outcomes¹ and with Government's broader

¹ <https://www.ofgem.gov.uk/call-for-input/energy-consumer-outcomes>

commitments in the Regulation Action Plan² to tackle the complexity and burden of regulatory systems, we disagree with the regulatory approach proposed by Government and supported by Ofgem. Rather than creating a separate load control licence that increases the complexity of the regulatory landscape and the administrative burden for Ofgem and other parties, a more efficient and effective solution would be to adapt the existing supply licence to include load control obligations and require Flexibility Service Providers (FSPs) to hold that supply licence. Those organisations can then seek to be derogated from the requirements within the supply licence that are not applicable to their load control activity or use the current Licence Lite³ approach and regulatory sandbox to test this out.

This approach will protect consumers while supporting investment, innovation and economic growth. Implementing an entirely new and distinct licensing regime is completely counter to the commitments made by Ofgem and Government and creates additional red-tape for all parties involved – suppliers, load controllers, FSPs and Ofgem.

Given that the content of the draft load control licence is largely based on the supply licence this alternative approach would address the risks of regulatory divergence and ‘double jeopardy’ inherent in the current approach, while ensuring that those organisations providing load control services meet appropriate requirements. It will avoid many of the complexities noted in this consultation that arise as a result of requiring suppliers to apply for and operate a load control licence that closely mirrors existing obligations they are already held accountable for by Ofgem when supplying gas and electricity.

This alternative approach also aligns with the Government’s proposed approach to the Gas and Electricity (Consumer Complaints Handling Standards) Regulations, which is to extend the existing regulation to include load control activity, rather than creating new, unnecessarily duplicative regulation specific to load control.

Approach to licensing organisations at a corporate group vs. legal entity level

We are concerned by proposals that separate licences would need to be held by each separate legal entity involved in load control activity, even where those legal entities are part of a single company group and therefore subject to a single point of control and accountability. Due to the nature of their corporate structures many organisations may own and use multiple legal entities in the provision of load control services. Requiring a separate licence for each of these companies within the group will be administratively burdensome for those companies and for Ofgem, unnecessarily duplicative and disproportionate to the risk posed to consumers or grid stability.

As an example, EDF currently provides load control services to consumers with electric vehicles (EVs) and electric vehicle charge points (EVCPs), with different elements of that service being provided by EDF Energy Customers Limited⁴ (which holds a supply licence), EDF Energy Limited, Pod⁵ and Dreev⁶, all of which are wholly owned and operated by EDF Group. Requiring all of these organisations to each hold their own individual licence is unnecessary. Therefore, the approach we suggest of requiring

² <https://www.gov.uk/government/publications/a-new-approach-to-ensure-regulators-and-regulation-support-growth/new-approach-to-ensure-regulators-and-regulation-support-growth-html>

³ https://www.ofgem.gov.uk/sites/default/files/docs/2015/04/482_an_introduction_to_licence_lite_factsheet_web_0.pdf

⁴ <https://www.edfenergy.com/>

⁵ <https://podenergy.com/>

⁶ <https://dreev.com/en/>

organisations to hold a single supply licence that covers all the load control activity undertaken by any legal entities within the same group would provide the same outcomes for consumers and grid stability, but with a much lower administrative burden.

Our detailed responses are set out in the attachment to this letter, which covers the main consultation and the questions posed in Annexes C and D. Should you wish to discuss any of the points raised in our response or have any queries, please contact Paul Saker or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely

A handwritten signature in black ink, appearing to read "Denise Willis".

Denise Willis
Senior Manager of Industry Change

Attachment

Smart Secure Electricity Systems: Implementing the load control licensing regime

EDF's response to your 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? Please provide reasons for your answer.

Yes, we agree that the proposed principles are the right ones; however, we disagree that a separate load control licence is required to achieve them.

In the context of load control, consumer protection and cyber security/grid stability are vitally important, especially in an emerging market that requires active consumer participation. Consumers will only participate if they have trust in the service they are accessing, and the organisation that is providing it. The existing supplier licensing regime already provides consumers with that confidence and is well understood by all parties.

That is why we disagree we disagree that a separate licence needs to be created for this activity. In our view this approach increases the complexity of the regulatory landscape and the administrative burden for Ofgem and other parties.

Instead, a more efficient and effective solution would be to adapt the existing electricity supply licence that consumers are already familiar with to include load control obligations and require Flexibility Service Providers (FSPs) to hold that supply licence. Those organisations can then seek to be derogated from the requirements within the supply licence that are not applicable to their load control activity. This approach will protect consumers while supporting investment, innovation and economic growth. Implementing an entirely new and distinct licensing regime is completely counter to the commitments made by Ofgem and Government and creates additional red-tape for all parties involved – suppliers, load controllers, FSPs and Ofgem.

Q2. 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.

Yes.

As noted in our response to Question 1, we disagree with the regulatory approach proposed by Government and supported by Ofgem. Rather than creating a separate load control licence that increases the complexity of the regulatory landscape and the administrative burden for Ofgem and other parties, a more efficient and effective solution would be to adapt the existing supply licence to include load control obligations and require Flexibility Service Providers (FSPs) to hold that supply licence. Those organisations can then seek to be derogated from the requirements within the supply licence that are not applicable to their load control activity or use the current Licence Lite approach and regulatory sandbox to test this out.

This approach will protect consumers while supporting investment, innovation and economic growth. Implementing an entirely new and distinct licensing regime is completely counter to the commitments made by Ofgem and Government and creates additional red-tape for all parties involved – suppliers, load controllers, FSPs and Ofgem.

Given that the content of the draft load control licence is largely based on the supply licence this alternative approach would address the risks of regulatory divergence and 'double jeopardy' inherent in the current approach, while ensuring that those organisations providing load control services meet appropriate requirements. It will avoid many of the complexities noted in this consultation that arise as a result of requiring suppliers to apply for and operate a load control licence that closely mirrors existing obligations they are already held accountable for by Ofgem when supply gas and electricity.

Q3. 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.

Setting aside our comments in response to Q1 and Q2, while we broadly agree with the proposed application form evidence requirements, we question why some sections would need to be completed by holders of a supply licence.

For example:

- Where the applying organisation already holds a supply licence, Ofgem will already hold the standard information requested in questions 3 to 8. While it might be necessary for an applicant to confirm that the organisation is the same as already holds a supply licence, it is unnecessary to require them to provide all these details again.
- Question 22 includes a requirement for applicants to provide a statement of intent to accede to and/or comply with a number of industry codes. The supply licence already places this same obligation on suppliers to be party to these codes; it is not clear why suppliers are being asked to provide this information as part of this application.

A key benefit of our recommended approach to licensing load control activity is simplification of the process for licensed suppliers, who would not need to apply for a new licence that duplicates many of their existing obligations. Under this approach, not only would Ofgem follow the existing application process for supply licences that it is already familiar with to grant licences to FSPs, the number of new licence applications that Ofgem will need to process will be much lower.

Q4. Do you agree with the proposal for a 12-month transition period? Please provide reasons for your answer.

Only if our suggestion to adapt the supply licence to include load control obligations is accepted.

A key benefit of our recommended approach to licensing load control activity is simplification of the process for licensed suppliers, who will not need to apply for a new licence that essentially duplicates

many of their existing obligations. As a result, the number of licence applications that Ofgem will need to process will be much lower.

If the decision is to proceed with a separate load control licence, we are concerned that Ofgem may not have sufficient resource to be able to process the high volume of licence applications that they are likely to receive within the 12-month transitional period. The consultation notes it may take up to nine months to process applications, requiring organisations to apply within three months of the regulations coming into effect.

Hard coding a 12-month period into legislation creates an unnecessary risk that organisations that already provide flexibility services may need to interrupt those services if there are any delays in being granted a licence that are outside of their control; or be committing a criminal offence. Instead, the legislation should enable the Secretary of State to determine the effective date based on the progress made in the transition period, allowing it to be delayed if required.

Q5. 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 disagree with the proposal that separate licences would need to be held by each separate legal entity involved in load control activity, even where those legal entities are part of a single company group and therefore subject to a single point of control and accountability. Due to the nature of their corporate structures many organisations may own and use multiple legal entities in the provision of load control services. Requiring a separate licence for each of these companies within the group will be administratively burdensome for companies and for Ofgem, unnecessarily duplicative and disproportionate to the risk posed to consumers or grid stability.

As an example, EDF currently provides load control services to consumers with electric vehicles (EVs) and electric vehicle charge points (EVCPs), with different elements of that service being provided by EDF Energy Customers⁷ (which holds a supply licence), Pod⁸ and Dreev⁹, all of which are wholly owned and operated by EDF Group. Requiring all of these organisations to each hold their own individual licence is unnecessary. Therefore, the approach we suggest of requiring organisations to hold a single supply licence that covers all the load control activity undertaken by any legal entities within the same group would provide the same outcomes for consumers and grid stability, but with a much lower administrative burden.

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?

⁷ <https://www.edfenergy.com/>

⁸ <https://podenergy.com/>

⁹ <https://dreev.com/en/>

As noted previously, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This would simplify the approach for non-domestic suppliers as existing consumer protection obligations in the supply licence relevant to small businesses could be extended to include load control activity.

Q7. Do you agree with our proposed application process for non-licensed suppliers? Please provide reasons for your answer.

As these organisations have not been subject to the scrutiny of the licence application process previously, they should be required to complete the application process in full.

As noted previously, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity.

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? Please provide reasons for your answer.

Yes.

The proposed application process appears proportionate to the risks posed by different types of organisations and minimises unnecessary administrative burden and duplication of effort.

Q9. Do you agree that our proposed timelines for licence application processing are reasonable? Please provide reasons for your answer.

No.

We question the nine month timescale to process and approve an application noted in the consultation. We would expect this period to be shorter, especially where the applicant is already a licenced supplier known and approved by Ofgem.

The three month period from the opening of the application process noted in the consultation may not be sufficient for all organisations that need to apply for a load control licence to compile and submit a full application. This situation is likely to be exacerbated if licence applications need to be made at a legal entity rather than at a corporate group level, which will significantly increase the volume of licence applications.

As noted in our response to Question 4, a key benefit of our recommended approach to licensing load control activity is simplification of the process for licensed suppliers, who will not need to apply for a new licence that essentially duplicates many of their existing obligations. As a result, the number of

licence applications that Ofgem will need to process will be much lower and the proposed timelines easier to achieve.

Q10. Do you agree with our proposal that tacit authorisation should not apply to the load control licence? Please provide reasons for your answer.

Yes.

We agree in principle that those providing load control services should not be subject to tacit authorisation. In line with our previous comments, we recommend that they should be required to hold a supply licence before they can offer these services.

Q11. Should Ofgem reconsider the question of tacit authorisation in future? Please provide reasons for your answer.

Tacit authorisation does not seem to be an appropriate approach given the risks to consumer protection and grid stability that are being addressed by the licence requirements.

Ultimately, Ofgem needs to improve the speed of the licence application process for all types of licences, to ensure that organisations that are ready to enter the market and deliver services and benefits to consumers are not delayed from doing so by delays Ofgem's application processes.

Q12. Do you agree with the proposed approach to compliance-related monitoring? Please provide reasons for your answer.

Yes, we broadly agree with the proposed approach.

Suppliers are already subject to a large number of data requests and requests for information (RFIs) under their supply licences, so the additional burden where they also hold a load control licence needs to be minimised. We welcome that this is recognised in the consultation. We also support suggestions such as combining existing complaints RFIs for supply licence holders where possible to reduce administrative burden and avoid duplicative information submissions.

As noted previously, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This approach would reduce the administrative burden for suppliers and Ofgem by ensuring that there is a single route for data requests and RFIs.

Q13. 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.

Yes, we broadly agree with the proposed approach.

EDF and other suppliers have recently worked with LCP Delta to look at how consumer flexibility is being enabled beyond just the tariffs that suppliers offer; this is available in their 'Beyond Tariffs' report¹⁰. Ofgem should ensure it gathers information from industry on wider flexibility products such as add-on and bundles, not just tariffs.

Q14. Are the proposed RFIs proportionate and manageable? Please provide reasons for your answer.

Yes, the proposed RFIs appear reasonable.

As noted in our response to Question 12, suppliers are already subject to a large number of data requests and requests for information (RFIs) under their supply licences, so the additional burden where they also hold a load control licence needs to be minimised.

As noted previously, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This approach would reduce the administrative burden for suppliers and Ofgem by ensuring that there is a single route for data requests and RFIs.

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? Please provide reasons for your answer.

No response.

Q16. 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.

We agree that the compliance approach should be risk based, and that the proposed priority areas detailed in the consultation (cyber security, treating customers fairly, and operational, financial and managerial controls) are the correct ones to focus on initially.

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)? Please provide reasons for your answer.

While we recognise that the level of compliance engagement might be different for different types of licensees, it is important that all licensees are operating on a level playing field as far as possible, and that organisations are not being treated unduly harshly purely on the basis that they are an existing

¹⁰ <https://www.lcp.com/en/insights/publications/beyond-tariffs-gb-household-flexibility-market-monitor>

licensee. New licensees will need support with compliance, especially in the early days – but they should not be exempt from enforcement action where they fail to comply.

Q18. 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 have found our current account management relationship with Ofgem to be beneficial as it allows a more collaborative way of working that has benefits for both Ofgem and the organisations it is regulating.

Q19. Do you agree with the proposed priority areas for compliance engagement? Please provide reasons for your answer.

Yes.

We agree that the compliance approach should be risk based, and that the proposed priority areas detailed in the consultation (cyber security, treating customers fairly, and operational, financial and managerial controls) are the correct ones to focus on initially.

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? Please provide reasons for your answer.

Yes, we agree with the proposed approach.

As noted previously, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This approach would reduce the administrative burden for suppliers and Ofgem by ensuring that there is a single route for enforcement for supply and load control activity.

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

We are especially concerned by the potential for organisations that hold both a supply and load control licence to become subject to 'double jeopardy' as a result, especially where the consumer has a single contract that is covered by both licences. Our suggested approach would ensure that any potential enforcement action would be subject to a single investigation that is based on the outcome and impact of the potential compliance issue, rather than the number of licence(s) that have potentially been breached.

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

In our view the requirements for different types of Load Controllers are clear.

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

Yes, we agree with the proposed approach. However, we do not agree that a load licence needs to be created to implement this approach. Instead, accession to and compliance with the relevant codes could be a condition of participation in flexibility markets.

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

Yes, we broadly agree with the approach.

However, the monitoring and compliance methodology should be proportionate to the risk and not become overly onerous. For example, if each legal entity is required to hold its own licence (which, as noted previously, we do not support) it should be ensured that, where a parent organisation has a number of subsidiaries with their own licences, a single security audit can be undertaken that covers all those entities. Requiring multiple security audits in this scenario is not required and will result in unnecessary costs.

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

No response.

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

Yes.

The proposed process follows a similar pattern to other cyber security standards such as Cyber Essentials (which uses IASME for inspections) and the Smart Energy Code (SEC) which uses EY to support its inspection process.

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

Yes, however, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This approach would reduce the administrative burden for suppliers and Ofgem.

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

Yes, this approach is aligned to current licence transfer processes.

However, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This approach would reduce the administrative burden for suppliers and Ofgem.

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

Yes, this approach is aligned to current licence amendment processes.

However, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This approach would reduce the administrative burden for suppliers and Ofgem.

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, this approach is aligned to current licence revocation processes.

However, our preferred approach to licensing load control activity is to adapt the electricity supply licence and require FSPs to hold that licence, rather than developing and implementing a whole new regulatory regime just for this activity. This approach would reduce the administrative burden for suppliers and Ofgem.

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

As noted in the consultation, these costs are ultimately borne by consumers through their bills and should be minimised as many consumers continue to struggle with the cost of energy. Recovering costs via the licence application fee is appropriate, and Ofgem should keep this under review as the market grows.

Annex C: Draft load control licence application form

Q1. Do you consider the information and evidence requirements in the draft application form to be clear and aligned with the policy intent as set out in the 'Smart Secure Electricity Systems: Implementing the load control licensing regime' consultation document and the 'Draft load control consumer protection guidance'?

We broadly agree with the content of the draft application form. However, as noted previously, we are not clear why some sections would need to be completed by holders of a supply licence.

For example:

- Where the applying organisation already holds a supply licence, Ofgem will already hold the standard information requested in questions 3 to 8. While it might be necessary for an applicant to confirm that the organisation is the same as already holds a supply licence, it is unnecessary to require them to provide all these details again.
- Question 22 includes a requirement for applicants to provide a statement of intent to accede to and/or comply with a number of industry codes. The supply licence already places this same obligation on suppliers to be party to these codes; it is not clear why suppliers are being asked to provide this information as part of this application.

Q2. Do you have any comments on the overall usability and structure of the draft application form?

Yes.

We have the following feedback on the current application form, which should be considered when updating form to include the load licence changes:

- Question 1.6: This question states to 'go onto question 1.9 if yes', or 'question 1.10 if no'. Should it state instead, 'if yes go to question 1.7' to provide the joint venture details? This was quite confusing as there is also a question 1.8 that seemed to need to be completed whether there is a joint venture or not.
- Question 8.1: The field for 'details of licence(s) held' is not long enough and cuts off halfway through. More space is required to note the multiple types of licence some larger organisations hold e.g. gas and electricity supply licences, gas shipper licence, generation licence.
- Question 8.2: The field for 'type of licence applied for or intended to be applied for' doesn't appear to work. The box underneath needs to be ticked, and the information provided as an attachment instead.
- Question 11.1: The field cuts off halfway down the text box, so that you can only use the first 21 lines of it.
- Question 12.3: The field cuts off halfway down so only the first four lines can be typed into.
- Question 12.5: The field cuts off halfway down so only the first four lines can be typed into.

Q3. Do you find the signposting approach (indicating which questions applicants should answer), sufficiently clear? Please explain your answer and suggest any improvements.

Yes, in most instances. However, as above some of the requirements in the existing licence application could be clearer as highlighted in our response to Question 2 above. Additionally, the signposting for questions 21 and 22 could be clearer as to whether these apply to Load Control applicants only, or to suppliers who are also Load Control applicants.

Annex D: Draft load control consumer protection guidance

Q1. Does the guidance contain enough information to support you in complying with the consumer protection conditions? Please provide reasons for your answer.

In principle we do not agree with the use of guidance in relation to compliance with licence obligations. There is a risk that this guidance indirectly imposes prescriptive requirements in addition to principles based regulation where mandatory obligations are effectively placed on licensees without going through the full process of developing and consulting on new licence obligations.

Guidance is helpful when it clarifies intent and supports consistent interpretation, but it becomes unhelpful when it introduces de facto new obligations or adds complexity without improving outcomes. If there is something that all licence holders must do, then this should be in the licence itself, not in the guidance. EDF supports guidance that explains expectations in plain language and provides illustrative examples, while avoiding duplication or creating parallel compliance regimes.

We have the following specific comments on the content of the draft guidance:

- Section 2.2 states that *'FSPs must provide sufficient information to ensure consumers do not mistakenly sign up to multiple FSPs to provide the same service'*. FSPs cannot control whether consumers mistakenly sign up to multiple FSPs; this should be reworded to state that *'FSPs must provide sufficient information to minimise the likelihood that consumers mistakenly sign up to multiple FSPs to provide the same service'*.
- There are multiple instances where the guidance appears to go beyond a normal standard of consumer protection and proposes that FSP take actions that go beyond a standard service offering. For example, the guidance suggests that *'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'*. While FSPs might want to provide this level of service to differentiate themselves from their competitors, it should not be expected or required from all FSPs, or for all consumers.

Q2. Are there any additional risks that are not currently addressed by this guidance, or does this guidance sufficiently cover the key risks? Please provide reasons for your answer.

There are no additional risks not covered by this guidance. As noted in our response to the previous question, in some cases this guidance seems to go beyond mitigating risks to consumers and strays into placing unnecessarily prescriptive requirements on FSPs.

EDF
February 2026