

SSES: Draft load control licence regulations and conditions



Executive Summary

Citizens Advice welcomes the opportunity to respond to this consultation. We are supportive of the proposal to introduce a new load control licence. Automation is a key enabler of consumer-led flexibility, and will be key to helping consumers achieve good outcomes without compromising comfort or requiring consumers to manually shift their usage¹. With affordability issues still front and centre of many consumers' experiences of the energy market, it is crucial that the technical and regulatory frameworks for consumer-led flexibility help consumers achieve good outcomes - such as lowering their bills - from load control².

With regards to the consumer protection licence conditions proposed in this consultation, we understand that the government has chosen to align with the existing regulatory framework in the retail market. **However, it is our view that both the supply licence and the proposed load control licence should be reformed to reflect a more outcomes-focused approach, as undertaken in recent years in the financial services sector.** For many people, flexibility services could be a route into driving down bills should they find products and services which suit their needs, and regulation should put outcomes front and centre - with a Consumer Duty which focuses flexibility service providers' minds on helping consumers achieve good outcomes³.

It is also our view that derogations relating to consumer protection licence conditions should not be granted to suppliers. Where licence conditions are similar across both the load control and supply licences, this should ease compliance requirements for suppliers rather than be used as a rationale for derogation.

Finally, we understand that statutory advocacy and advice is not being consulted on at this stage of the consultation process for the load control licence and accompanying regulations. However, it is our view that access to a statutory advice service is a crucial component of an adequate consumer protection

¹ National Energy System Operator, [CrowdFlex report: utilisation trial](#), December 2025.

² Citizens Advice, [Frozen in place: Why the Government needs to move quicker to address energy affordability](#), February 2025.

³ Citizens Advice, [Raising the bar](#), April 2022.

framework for flexibility services. Consumers **must have access to independent advice on their rights**, and statutory advocacy provision can play a unique and significant role in ensuring regulation is responsive to emerging harms or risks to consumers. A landscape with some energy services in and out of scope for advice is likely to lead to poorer outcomes given in some cases there may be a single contract for supply and load control. We look forward to engaging with the government with regards to future consultations.

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 agree in principle with the intention of the proposed approach.

Given the central role of load control in shaping consumer experiences of their electricity usage, flexibility services and their appliances, it is critical that load controllers are properly regulated. Strong financial resilience and sound governance requirements are necessary to prevent poorly managed or irresponsible actors from operating in this market. Poor load control services, or load control failures, could lead to significant consumer disruption and harm; the proposed licence conditions (particularly Conditions 3, 4, 5 and 10) should mitigate some of these risks.

For example, if electric vehicles are not charged when consumers expect them to be, this could leave people unable to travel at critical times. The impact could be particularly severe for people living in remote or rural areas, without reliable public transport, or for consumers who rely on their vehicles for work, childcare, or medical appointments. The potential impacts on caregiving, commuting or other essential daily - or emergency - activities could be significant.

Similarly, issues with home heating controlled remotely could cause serious disruption. For example, a consumer returning home to find their heat pump or electric heating system has not switched on as expected could face a cold or uncomfortable home or frozen pipes. Vulnerable groups, such as older adults, families with young children, or those with health conditions could face significant risks if heating is unavailable during periods of extreme cold. Disruption to domestic hot water could impact personal hygiene, cooking and care routines.

Due to the nascency of the market, evidence of consumer harm is limited but there are examples in the electric vehicle smart charging point market and in international contexts⁴. These examples illustrate the kinds of disruption that could occur:

Brian contacted the Consumer Service, following going to use his electric vehicle one morning and finding it had not been fully charged. This was unexpected as his charger had worked for two years without an issue. After contacting the company who provided it, he was informed the charge had been paused due to the electricity supply being above the voltage limit. Brian was concerned that the charging had been interfered with by the company without his knowledge, and requested the charger be reset. Brian informed us he was finding the situation extremely frustrating.

Consumer confidence in smart technologies will be crucial to the successful development of a more flexible energy system and the load control licensing regime will play an important role in setting standards for the market.

However, we understand that there is confusion within the industry about which types of companies would be brought into scope as a consequence of different types of signal being captured by the proposed wording.

From a consumer protection perspective, this confusion carries risks. Where companies are unclear about whether or not they are in scope, some may operate without a licence, or assume that another organisation within the value chain is licenced and therefore responsible for complying with licence conditions. This presents clear risks in relation to cyber security and grid stability, and also creates direct risks for consumers. Should unclear regulatory scope create the space for bad faith actors to act without a licence, there is a significant risk that consumers will experience poorer services, without due consideration of the risks to their household needs. To mitigate this risk, the government should provide the utmost clarity in their response to this consultation.

⁴ Vindeg & Julsrudd, [Digitised demand response in practice: The role of digital housekeeping for smart energy technologies](#), December 2024

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.

We agree. Companies which enter into contracts with consumers for the purposes of load control should be licensed to help build confidence and minimum standards in the market.

Load control and related flexibility services could form a significant element of a consumer's engagement with their electricity supply and household heating. Consumers understand and support the view that energy suppliers should be held to higher standards because of the responsibility that comes with providing an essential service⁵. Consumers are therefore likely to assume and expect that there are similar frameworks in place for flexibility service providers given the interaction with their technologies. In addition, flexibility offers will not be suitable for all households and do carry some risks; licensing places a clear degree of responsibility on flexibility service providers to operate with due care. Given the interaction between flexibility services and a consumer's experience of an essential service, we think this is a proportionate approach.

We agree with the government's view that the load control licence remains proportionate even where a consumer has multiple flexibility services with different providers for the same asset.

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.

⁵ Ofgem, [Energy consumer outcomes: research](#), November 2025.

We agree. However, as more bundled products and services enter the market, it is conceivable that an organisation may carry out some activities under the load control licence and some under Ofgem authorisation (for example, where heat networks or third party intermediaries offer licensable flexibility services). If there is misalignment across the regulatory frameworks, or if the routes to redress differ, then this could cause confusion for consumers and duplication or contradiction of effort by multiple regulators (for example, for bundled services offering financing). In our response to the government's ongoing review of Ofgem, we argued a more flexible regulatory regime may be needed⁶. Options for this could include relaxing the universal service obligation, to allow suppliers to specialise in specific forms of energy (e.g. electric vehicle charging).

Additionally, we have long argued that a Consumer Duty, inspired by the approach taken in the financial services sector, could enable a more coherent approach to regulation, reducing the need for some prescriptive regulation in the retail market, whilst ensuring consistent protections and a level playing field for firms across a range of energy services⁷.

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.

We agree. In our response to the 2024 Smart and Secure Electricity System consultation package, we were in favour of a technology agnostic approach to defining which activities would be in scope. By using an exemptions order to mandate which technologies are in scope, this should allow for new technologies

⁶ Citizens Advice, [Citizens Advice response to DESNZ's review of Ofgem](#), March 2025.

⁷ Citizens Advice, [Raising the bar](#), April 2022.

to be added swiftly in the future to reflect changes in the market should they be needed.

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.

We agree with using the small business consumer definition to determine the additional consumer-based exemption for FSPs. It is our view that this approach achieves the policy intention of excluding companies which only sell services to large businesses, while protecting small business customers of companies which sell to both small and large businesses. Please see our response to question 25 for our detailed position on why it is important that flexibility service providers selling service to small businesses are brought in scope of the consumer protection licence conditions.

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.

We see no need for further exemptions.

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.

We have no concerns with the proposed transitional period. We understand that some licensees - particularly new market entrants or firms who do not have a supply licence - will need time to ensure they are able to meet compliance requirements.

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 agree with the proposed amendments. We are supportive of the introduction of a load control licence - as per our response to other questions in this consultation - and are supportive of the proposals to put them on a similar footing to other regulated activities. We are submitting a response to Ofgem's parallel load control licence implementation consultation where we detail our positions on the application process.

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 strongly agree with the proposal to bring FSPs within scope of the existing statutory framework regarding complaints handling and ADR. We agree that bringing FSPs in scope of 2008 regulations (rather than using them as a basis for the load control licence) helps to futureproof the regulatory approach and ensures consistency with the wider retail market.

If a consumer is unsatisfied with the service received from their flexibility service provider, knowing how to make a complaint is crucial. A clear complaints procedure helps ensure consumers are protected by giving them a formal avenue to have grievances addressed, and helps consumers access third party

redress if the issue has not been resolved. It will also help to instill transparency and consistency in a new and emerging market - by making clear to consumers how to raise issues, what to expect and timelines for responses.

Complaints procedures should also serve as an important feedback loop for FSPs. By systematically recording, tracking and responding to complaints, providers can identify patterns or recurring issues, allowing them to improve service quality and responsiveness. This process not only benefits the individual complainant but can drive wider improvements that enhance the experience of all consumers.

The publication of complaints data, as mandated by Regulation 11, should help to ensure that providers take their complaints handling responsibilities seriously and that systematic problems are identified and corrected. Regulation 11 would also allow third parties - such as consumer advocacy bodies or price comparison sites to analyse complaints data which will help consumers make informed choices, and incentivise flexibility service providers to drive down complaints.

We strongly agree with the requirement for FSPs to participate in the Energy Ombudsman ADR scheme. In the retail market, Citizens Advice works closely with the Energy Ombudsman and other organisations that form part of the complaints handling framework, and recognise the vital role they play in helping consumers enforce their rights. This includes formal reporting mechanisms such as the Tripartite (a forum for the Energy Ombudsman, tier 1 and tier 2 statutory advocacy services to cooperate and share data and insights with Ofgem).

Choosing the Energy Ombudsman as the ADR provider for flexibility service providers would align protections with the retail market and provide a consistent route to redress for consumers. This also ensures continuity for customers of flexibility service providers who are a part of the FlexAssure HomeFlex scheme, for which the Energy Ombudsman has already been selected as the ADR provider⁸.

Regulation 8

⁸ Energy Ombudsman, [Energy Ombudsman confirmed as ADR for flexibility service providers](#), December 2025.

With regards to regulation 8, we would urge the government to remain open-minded about the potential need for a specialist service for vulnerable consumers with regards to licensed flexibility service providers. Regulation 8 puts an obligation on suppliers to engage with the statutory advice service when the power to investigate complaints on behalf of consumers (as granted to the statutory advocate via the in the Consumers, Estate Agents and Redress Act 2007) is used. In practice, this power is exercised through the Tier 2 service delivered by the Extra Help Unit for gas and electricity, with the equivalent service for Heat Networks in England and Wales delivered by Citizens Advice. Given this is a developing market with significant intersections with the supply market (for example with regards to billing and tariff structures) we would think the government needs to consider this question carefully.

We therefore recommend that the government consults on whether a Tier 2 statutory advice service is required for the flexibility market in the second phase of the licence condition consultations, at which point themes of consumer harm for vulnerable groups may have emerged in the evidence from Ombudsman cases or other advice services. At that point, the government may need to consider whether a mechanism - aligned with Regulation 8 - is required to ensure flexibility service providers engage with the statutory service when investigating complaints on behalf of vulnerable 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.

We partially agree. We understand that it would be impractical to introduce consumer advice referral arrangement requirements ahead of the government

deciding on an approach to consumer advocacy and advice. We also understand that the approach taken needs to join up with the work elsewhere in DESNZ regarding wide consumer engagement with flexibility.

However, **we urge the government to commit to a detailed timeline for consulting on and establishing consumer advocacy and advice for flexibility services.** The current timeline - with a commitment to consult on consumer advocacy in 2027 - does not indicate when they expect a service to be operational. We are concerned that the government's decision to pause on developing their approach - because of the wider Consumer Engagement framework taking place elsewhere in the department - risks delaying a crucial component of the flexibility service consumer protection framework.

It is crucial that consumers have access to independent advice as they navigate a complex and new market. We understand that the Consumer Engagement framework proposals relate more broadly to driving uptake of flexibility offers and helping consumers feel confident when navigating the market. It is our view that, while related to broader information or advice on flexibility, consumer protection advice is a discrete type of advice which must be delivered by an impartial third party which can provide rights-based advice, independent of government policy objectives related to uptake.

We understand that the government will consult on an approach to consumer advocacy and advice when it consults on the second tranche of licence conditions in 2027. With regards to flexibility service providers, there are five key issue areas where we see statutory advice playing a key role in ensuring consumers are protected and can access impartial advice on their rights.

1. **Billing:** In the retail market, billing errors are the second most common issue that people contact us about. In 2025, Citizens Advice's consumer service team helped nearly 22,900 people with billing errors and Local Citizens Advice teams assisted 20,500 people with queries related to bills and meter readings⁹. We also know from our 2024 research that billing issues with time-of-use tariffs can be complicated and difficult to resolve¹⁰. While responsibility for billing sits with the supplier, it is foreseeable that

⁹ Citizens Advice, [A New Year, Same Billing Problems?](#) January 2026.

¹⁰ Citizens Advice, [Smart timing: making time-of-use tariffs work for consumers](#), September 2025.

the increasing use of third party flexibility services - including load controllers and flexibility service providers - will introduce new points of friction of failure in the billing chain. For example, a scheduled load control event might not be accurately reflected in a consumer's bill due to data or signalling issues between a flexibility service provider and the supplier, or a load control failure could lead to a significantly higher and unexpected bill. Consumers may need help navigating redress options (or understanding who is responsible for what) if they face issues that span both the flexibility service provider and supplier obligations.

2. **Load control failure:** When a consumer enters into an arrangement with a flexibility service provider for the purposes of load control, they give up a degree of control over their appliance. There are therefore potential risks that, if the appliance fails or communications are interrupted, consumers could experience disruption - for example, heating not coming on when intended or an electric vehicle not charging overnight¹¹. Consumers may need advice in getting problems fixed, understanding their rights when it comes to exiting a contract, or navigating the redress process.

3. **Suitability:** The proposed load control licence conditions require flexibility service providers to 'recommend suitable services' and mis-selling is prohibited. Flexibility services will be new to most consumers, and many will have questions about whether a particular service is right for them, especially as more consumers change the technology in their homes. Independent pre-shopping advice could help consumers consider their options and be more confident to engage with these services, alongside wider conversations consumers will be having when choosing the right energy tariff. This is particularly important for consumers who may have energy-related health needs or accessibility needs who may need to consider whether remote load control is right for

¹¹ Vindegg & Julsrud, [Digitised demand response in practice: The role of digital housekeeping for smart energy technologies](#), 2025

their needs. While consumers will generally have the ability to override a single load control event under the design of new energy smart appliances, this override is limited and the terms of their arrangements will determine whether or not they can opt out permanently¹².

4. **Affordability:** Offers developed by flexibility service providers can make time-of-use tariffs significantly more appealing to consumers by enabling appliances to automatically shift their usage rather than relying on consumers to shift manually. Evidence shows that households who use automated load control can save significantly more than consumers who shift manually¹³. But for consumers who have the most to benefit from such offers (such as low income consumers for whom energy costs make up a significant proportion of their income), there may be barriers - such as worry about loss of control or lack of trust with new services¹⁴. Pre-shopping advice, or general advice/information about flexibility service providers could help level out these barriers.

5. **Customer service:** In the retail market, we see consumers coming to the Consumer Service with customer service issues (such as not being able to contact their supplier). Where appropriate, clients can be transferred to their supplier via our referral mechanisms, which also means fewer cases going to the Energy Ombudsman. In an emerging market like the flexibility sector, statutory advice will be key to developing insights into the customer experience and adding value to the wider consumer protection system.

As the statutory advocate for energy consumers, Citizens Advice plays a formal role in the energy system, by analysing the data and insights from our service to identify emerging harms and advocate for consumers in the policy and

¹² Department for Energy Security and Net Zero, [Smart Secure Electricity Systems \(SSES\) Programme: first phase energy smart appliances regulations](#), December 2025.

¹³ National Energy System Operator, [CrowdFlex report: utilisation trial](#), December 2025.

¹⁴ Citizens Advice, [Supplementary evidence pack to Smart timing: making time-of-use tariffs work for consumers](#), September 2025.

regulatory landscape alongside industry stakeholders. Designed well, the flexibility service market could give more consumers the power to shift their electricity consumption, with minimal disruption and maximum inclusivity. **But there are risks. If consumers feel they are losing control of their appliances without seeing the benefits, or experiencing disruption from signing up to complicated services, this could put consumers off smart technology and services, and significantly hamper uptake of consumer-led flexibility.**

Getting the right consumer protection frameworks in place is fundamental to mitigating these risks and ensuring consumer voices, supported by data and evidence, feedback to the sector, the regulator and government.

Finally, in our response to the government's consultation on a Consumer Engagement framework for consumer-led flexibility, we outlined that broader advice and information on flexibility should be considered in the context of home upgrade advice¹⁵. We know from research that consumers often install low carbon technologies but then do not take up a time-of-use tariff or engage with a flexibility service, meaning they may miss out potentially significant savings¹⁶. In the context of an ongoing affordability crisis, the government should consider expanding statutory advocacy and advice to cover wider advice topics to meet the changing needs of the market. This will be particularly important as more households take up offers announced in the government's Warm Homes Plan.

An expanded statutory advice service, with both specific consumer protection advice for flexibility service providers, as well as wider consumer protection advice about technologies and the broader flexibility market, would help empower consumers to make informed choices that help them achieve the right outcomes¹⁷.

Given the scope of the existing statutory service - which includes pre-shopping advice in the retail market, as well as consumer protection advice on consumers' rights when engaging with suppliers, we suggest the government looks at

¹⁵ Citizens Advice, [Citizens Advice response to DESNZ consultation on consumer engagement with consumer-led flexibility](#), September 2025.

¹⁶ The MCS Foundation, [Unlocking Flexibility: how to engage households in demand side response](#), August 2025.

¹⁷ Citizens Advice, [Smart timing: making time-of-use tariffs work for consumers](#), September 2025.

expanding this service to cover the flexibility market. We look forward to working with the government as they design the Warm Homes Agency to ensure consumers access advice about technologies at the right points and from the right sources throughout their journey.

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.

We agree with the drafting of licence condition 3. The requirement for licensees to maintain robust internal capability, system and processes is appropriate given the potential risks to consumers. This licence condition should minimise the risk of 'cowboy' firms emerging in the market with poor practices and processes.

Risks to consumers include but are not limited to:

- Load control failures mean heating systems do not work as intended, leaving consumers cold and uncomfortable. This could have significant impacts on particular consumer groups (such as households with young children, older consumers, or consumers with health conditions)
- Advertised savings are not achieved due to mis-selling or consumers not having the right equipment. Consumers see higher bills and are stuck on contracts they can't leave.
- Errors mean consumers are billed incorrectly for their energy use or flexibility participation, creating confusion, overcharging or disputes that are difficult to resolve
- Poor or unclear communication about flexibility events leads to consumers being unprepared, affecting health, comfort or appliance usage

- Inadequate opt-in processes result in consumers being enrolled onto flexibility services without fully understanding the terms or whether the service is suitable for their household needs.

It is our view that an outcomes-based approach to regulation, with a Consumer Duty which requires firms to avoid causing foreseeable harm to consumers, could deliver higher standards. See our response to question 26 for more detail on how an outcomes-based approach could work with regards to the consumer protection licence conditions.

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.

Nil response.

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.

We agree that market exit from a flexibility service provider or load controller would be less damaging to consumers than the exit of a supplier and that this should be reflected in the financial responsibility licence condition. However, Ofgem will need to monitor the market for patterns of exit-related consumer harm spotted, and make changes to the licence if required.

It is our view that the most likely harm that could emerge would be consumers assuming their load control signals are still functioning as usual and then experiencing unexpectedly higher bills in the event their load controller or flexibility service provider has exited the market. In the retail market, the supplier of last resort process mandates that the new supplier must provide

accurate billing and account management. If a flexibility service provider fails, this could result in higher bills due to load control failure, but no established process to recover those costs. This should be something Ofgem monitors and considers as the market grows.

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 this licence condition. We welcomed Ofgem's recent proposal to introduce a general ongoing fit and proper requirement to non-supply licences, which should bring consistency across the energy sector¹⁸.

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.

Nil response.

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.

¹⁸ Citizens Advice, [Response to Ofgem consultation on a general ongoing fit and proper requirement](#), October 2025.

We agree. Ofgem's powers to request information from licensees are fundamental to its ability to monitor performance and take compliance action where needed.

The proposal to exclude these specific obligations related to data retention in the standard licence conditions in the retail market regarding purchasing electricity appears reasonable. However, we would propose some data retention rules should be in place for flexibility service providers. This will be important for ensuring there are records of consumer-facing operations, for example for the purposes of compliance investigations. We propose this is consulted on in the second round of consultations looking at the second tranche of licence conditions.

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.

We agree. It is reasonable and proportionate for flexibility service providers and load controllers to be required to be open and cooperate with Ofgem and the government. As per the consultations and stakeholder engagement undertaken by the government in recent years, a clear and well-evidenced case has been made for a licensing regime for load control to ensure a high standard of consumer protection and to ensure cyber security and grid stability risks are managed. The sector will need to be open and cooperative as the market develops and the regulator monitors consumer experiences.

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.

We agree that load controllers should be party to the relevant provisions under the Balancing and Settlement Code (BSC). We look forward to working with

Elexon to ensure the consumer voice is represented on the Technical Governance Group (TGG).

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.

Nil response.

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.

We support the intention for load controllers to be required to accede to and comply with relevant sections of The Grid Code via CUSC and DCUSA, and with the relevant sections of the BSC. Membership of codes provides a mechanism for standardisation of processes as well as compliance with technical and commercial standards. We welcome that load controllers will be subject to the ongoing monitoring functions of the relevant codes provided through their Performance Assurance Boards (or equivalent) to ensure compliance and/or to ensure rectification of any issues.

Questions 21 - 22:

- **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.

- **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.**

Having the right cyber security framework in place for load controllers is vital to ensuring consumers can be confident their personal energy usage data is protected and their energy smart appliances are not at risk of being misused. While we are not in the position to comment on the technical details of the proposed cyber security framework and cyber security licence condition, the tiered approach proposed seems reasonable and proportionate. Ofgem will need to continually monitor the risk posed by cyber threats and assess the suitability of this threshold as the market grows.

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.

We agree with the drafting of this condition. Load control failures could not only damage confidence in the market, but it could also result in actual harm to consumers. Adverse consequences could include safety risks, such as overheating of appliances, disruption of essential devices like medical equipment (if, for example, a device was plugged into a battery), electrical faults caused by uncontrolled switching or increased risk of fire from malfunctioning devices. While modern safety features should mitigate many of these risks, robust load controller operational controls remain essential to protecting consumers.

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.

Nil response.

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.

We agree with the proposed definition of small businesses for the purposes of determining which non-domestic consumers are in scope of the consumer protections, and agree the thresholds should be consistent with the definition used in the retail market¹⁹.

It is important that protections extend to small businesses as well as microbusinesses. Many small businesses interact with the market in ways that are more similar to microbusinesses or domestic consumers than larger companies, facing comparable challenges around negotiating power, understanding complex products and managing operating constraints²⁰. Evidence from our research indicates that small businesses are often deterred from engaging with time-of-use tariffs or flexibility services due to the practical barriers associated with running a business, such as inflexible operating hours or limited administrative capacity²¹.

¹⁹ Department for Energy Security and Net Zero, [New threshold for businesses accessing the Energy Ombudsman](#), September 2024.

²⁰ Citizens Advice, [Small and micro businesses experiences of the energy retail market](#), March 2025.

²¹ Citizens Advice, [Time on side: making energy flexibility work for small businesses](#), September 2025.

Load control services could play a valuable role here, enabling businesses to take advantage of flexible offers without needing to make manual adjustments, for example through bespoke charging schedules that align with operational needs. However, consumer protections are crucial to ensuring the market develops responsibly and that small businesses are not exposed to undue risk or complexity.

With regards to concerns that it may be challenging for flexibility service providers to determine whether or not a customer is a small business, we do not see this as an issue given the same principle applies in the retail market. In order to comply with proposed licence condition 12 (recommending suitable services), flexibility service providers will be required to identify key characteristics about their prospective customer. It is reasonable to expect that the flexibility service provider can ascertain, at that point, what the nature of their obligations are to the consumer, for example if they offer services to both small and large businesses. Regarding the risk that non-domestic customers could move in and out of thresholds as they grow, the regulations should incentivise FSPs to monitor and proactively engage with their customers to ensure they are meeting their consumer protection requirements.

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.

We understand that the licence conditions have been shaped by the existing standard licence conditions in the retail market. With that in mind, we partially agree with the proposed drafting of condition 11 in the load control licence. Alignment with the retail market provides regulatory consistency, builds on a familiar and well-established framework and allows Ofgem to build on existing compliance functions.

With regards to the Standards of Conduct, we believe it is proportionate and appropriate that the same rules apply to flexibility service providers. Consumer confidence in flexibility services will be shaped by early experiences of the

market and it is right that licensees are required to adhere to the same principles as suppliers with regards to their behaviour, provision of information, customer service and treatment of vulnerable consumers.

However, Citizens Advice has consistently called for a shift to a more outcomes-based regulation in the retail market and wider energy sector²². We therefore welcomed Ofgem's recent call for input on a consumer outcomes framework²³. In our response, we proposed Ofgem:

- Introduce additional consumer outcomes which reflect the increasing complexity of products and services - in particular on fair pricing, and ensuring products meet consumer needs.
- Update the requirement to treat customers fairly (SLC 0/0A) in line with the Financial Conduct Authority's new consumer principle, which requires firms to 'act to deliver good outcomes for retail consumers' - and which covers the price and value of products.
- Consolidate and simplify the proposed 24 outcomes, address back stop gaps for certain consumer bases, and take steps to encourage more supplier-led monitoring of outcomes.

Given close alignment between condition 11 in the proposed load control licence and SLC 0/0A, any potential changes to the regulatory approach in the retail sector should be brought over to the load control licence in due course to maintain alignment for consumer protection standards, and consistency for Ofgem's compliance approach.

With that in mind, our view is that the load control licence would benefit from a Consumer Duty, with a set of outcomes which could be tailored to the flexibility market. Example consumer outcomes could be:

- Consumers can easily see and understand whether they are receiving the benefits of a load control service and are supported in taking any actions needed to achieve those benefits.

²² Citizens Advice, [Raising the bar](#), April 2022.

²³ Citizens Advice, [Response to Ofgem's Call for Input on Consumer Outcomes](#), January 2026.

- Consumers understand clearly what control a flexibility service provider has over their appliance(s) and the practical impact this may have, including the frequency, duration and type of interventions.

Just as SLC0/0A in the retail market explicitly excludes price in the retail market, in the proposed load control licence the requirement to treat customers fairly excludes the amount or amounts of any rewards given to customers as a result of a load control activity. In our response to Ofgem's call for input on their Consumer Outcomes proposals, we have called for the consideration of a fair pricing outcome price. An outcomes-based approach, which requires firms to 'act to deliver good outcomes' and covers the price and value of products could be made applicable to the wider energy sector, including flexibility services.

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.

We agree with the proposed drafting of this licence condition.

Representatives only Recommend, to a Customer, CLF which are appropriate to that Customer's characteristics and/or preferences.

Consumers should feel informed and empowered to choose services and products that are appropriate for their circumstances. However, this relies on consumers having access to the right information when deciding whether to take up a flexibility service. There may be instances where consumers could face serious detriment or harm if they subscribe to a service which does not meet their needs. For example, certain flexibility services could be unsuitable for a consumer reliant on an oxygen machine powered by a battery energy storage system, or for households with specific energy-related health requirements. Flexibility service providers can mitigate these risks by clearly communicating, at the point of marketing, who the product or service is suitable for.

In the Financial Conduct Authority's rulebook, a comparable principle is applied through an outcomes-based approach, whereby firms must ensure that products and services meet the needs and objectives of the target customer.

While we recognise that the load control licence follows the regulatory approach of the supply licence, we would suggest an outcomes-based approach could provide a more robust framework to ensuring consumers are adequately protected by focusing firms' minds on outcomes rather than adhering to principles-based licence conditions.

The licensee must not, and must ensure that its Representatives do not, mislead or otherwise use inappropriate tactics, including high pressure sales techniques, when selling or marketing to Customers.

We agree with the drafting of clause 12.2. Given the nature of flexibility services and their interaction with the essential service of supply, we think that holding flexibility service providers to a higher standard than is required by general consumer law is proportionate. As the market grows and firms develop propositions targeted at specific consumer segments, there is a risk that certain groups could be inadvertently exposed to harm. For example, households who have benefitted from government grant schemes - such as ECO - could be targeted with high pressure sales targets. These consumer groups could benefit the most from flexibility services by way of rewards and bill savings - but could also be more vulnerable and more likely to already be rationing their energy use.

The licensee must make the Principal Terms clear to Customers ahead of time when agreeing a Contract and post Contract confirmation.

The licensee must ensure that the structure, terms and conditions of Rewards are clear and easily comprehensible.

We strongly agree with the inclusion of these clauses in the licence. Exit fees could be high - particularly in the case of bundled services that link a flexibility service to leased low carbon technologies. It is vital that costs related to non-CLF products - for example, an energy smart appliance - are made clear to the consumer before they enter into a contract. This could be particularly pertinent for customers signing up to third party ownership models. Recent research tells us that consumers need clarity on all cost implications including maintenance, interest fees and administration prior to signing up.²⁴ See our response to questions 29 and 30 for more detail on our views on the Principal Terms.

²⁴ Citizens Advice, [Owned and Operated](#), 2025

The nature, cadence and value of rewards will need to be made clear to the consumer at the point at which they enter the contract. For many consumers, flexibility services will be unfamiliar and given consumer confidence in this market is so key to the government's Clean Power 2030 goals, it is crucial that flexibility service providers are held to a high standard.

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

We agree with the Principal Terms for the reasons explained in our response to the previous question. We agree in particular with the requirement for the principal terms to include 'options for and implications of signing the ESA up to a service with another FSP', given consumers may be unfamiliar with or make assumptions about the nature of particular services where more than one flexibility service relates to a single appliance.

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

We propose an additional term:

- *Any conditions on the customer required for participation (including any technical, compatibility or tariff requirements).*

Compatibility requirements should be made clear to consumers at the point at which they are entering into a contract. This Principal Terms requirement should incentivise flexibility service providers to ensure they have the right interoperability arrangements in place with other companies (such as software companies or manufacturers) given the fact that consumers could be put off entering into a contract if they are unsure whether or not their technology is compatible with the service. We acknowledge that interoperability is a fundamental objective of the SSES programme and welcomed the tariff interoperability consultation, as well as the interoperability requirements in the

ESA consultation²⁵. It is our view that bringing an interoperability element into the Principal Terms acts as an additional safeguard to consumers - helping to empower them to investigate whether or not they are entering into a contract that is compatible with their appliances, as well as putting onus on the flexibility service provider to consider compatibility at the point at which they are marketing to the consumer.

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.

Nil response.

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 drafting of this licence condition, however would like to reiterate our view that an outcomes-focused approach to regulation could be more effective than the supply licence wording in its current form. The customer's ability to exit a service is fundamental to the development of an innovative and competitive market, where consumers can freely move from and to products and services depending on their needs.

²⁵ Citizens Advice, [Response to DESNZ's Smart Secure Electricity Systems Programme: Phase 1 Energy Smart Appliances Regulations consultation](#), February 2026; Citizens Advice, [Response to DESNZ/Recco Tariff Interoperability consultation](#), January 2026.

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.

We think that load controllers should also be subject to condition 13.2. It is crucial for the growth of the market that consumers are able to switch between flexibility service providers effectively. Consumers being locked into services which don't work for them could lead to significant disruption and, in some cases, detriment. We recognise that load controllers may wish to integrate closely with assets or services to optimise performance and that doing so can help the consumer experience good outcomes and more seamless customer journeys. However, integration must not inhibit the consumer's ability to switch to a different flexibility service provider for their asset. Applying condition 13.2 to load controllers as well as flexibility service providers could help prevent scenarios where a consumer wishes to switch service but finds the barriers to doing so relate to the load controller's systems.

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.

Nil response.

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.

We agree with the proposed drafting of this licence condition. High exit fees can discourage consumers from leaving unsuitable services and result in lock-in. For models such as third-party ownership, or where a consumer purchases an appliance with a bundled flexibility service, transparency and clarity regarding exit fees at the point of entering into the contract is crucial. Requiring FSPs to make the Principal Terms - including exit fees - clear to customers upfront should achieve this.

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.

We understand that the government is considering further derogations for suppliers with regards to some licence conditions, but believes licence condition derogations should only be pursued if they do not lead to a loss of consumer benefit. For this reason, it is our view that **derogations should not be granted to suppliers with regards to conditions 12-14.**

We understand that some suppliers may feel that some consumer protection licence conditions bring in duplicative regulation given they already must oblige by the supply licence with regards to their supply activities.

However, it is our view that Ofgem should manage these concerns through their application process, and compliance and monitoring approach.

Flexibility services are a distinct service from the activities of supply. Regardless of how a service is marketed by suppliers - whether as a separate service or linked to a tariff or other supply activities, the consumer protection load control licence conditions should apply. It will be important for consumers to understand what a load control service means in practice - even if this is bundled with a time-of-use tariff and marketed as a single product or service, and the load control licence protections, along with the guidance, should help ensure suppliers are meeting the right standards.

Conditions 12 - 14

Licence condition 12 requires flexibility service providers to recommend suitable services and prohibits misselling. Condition 12.1 (recommending services which are appropriate to that customer's characteristics and/or preferences) borrows language from SLC 25.5:

The licensee must only Recommend and ensure that its Representatives only Recommend to a Domestic Customer, tariffs which are appropriate to that Domestic Customer's characteristics and/or preferences. (SLC 25.5)²⁶

The key difference is that SLC 25.5, as written in the supply licence condition, relates specifically to the activity of supply (tariffs), whereas the relevant proposed clause in the load control licence relates to consumer-led flexibility, as defined in load control licence condition 1. Should a derogation be granted to suppliers with regards to this licence condition, this would lead to flexibility service consumers who contract with their supplier not being protected in the same way as a consumer who contracts with a non-supplier flexibility service provider. The same reasoning applies to conditions 13 and 14.

In addition, as the market develops, there could also be instances where a flexibility service provider who is also a supplier offers flexibility services to customers who are not their supply customers. This could also open up a protection gap where consumers experience different standards based on whether or not their flexibility service provider is a supplier.

Condition 11 - treating customers fairly

SLC0 in the supply licence is intentionally broad and requires suppliers to treat customers fairly with regards to all their interactions, not those related specifically to supply. This means that flexibility services are in scope of this condition in the supply licence. In deciding whether or not to allow a derogation for suppliers with regards to this condition, DESNZ and Ofgem should consider:

- How this affects the value and practical application of the guidance document produced by Ofgem with regards to the load control licence conditions. The guidance document outlines key risks that flexibility

²⁶ Ofgem, [Standard conditions of electricity supply licence](#), granted under the Electricity Act 1989.

service providers should take into consideration with regards specifically to the activity of load control.

- How this would affect Ofgem's compliance and monitoring capabilities. We would be concerned that a derogation for Condition 11 for suppliers could result in Ofgem's view of the market being informed only by non-supplier flexibility service provider activities, creating significant gaps in oversight.

In general, it is our view that the deliberate alignment between the load control consumer protection conditions and the equivalent provisions in the supply licence should support simpler compliance and monitoring for suppliers. It should not be used as the rationale for reducing the scope or strength of their licensing requirements.

As we have shared elsewhere in this consultation response, Ofgem should consider shifting to more outcomes-based regulation to ensure suppliers and flexibility service providers, across both regulatory regimes, are focused on helping their customers to achieve good outcomes. SLC0 in the supply licence and the corresponding Condition 11 in the load control licence should be strengthened with a consumer principle requiring firms to 'act to deliver good outcomes for consumers', and Ofgem should consider outcomes that can span multiple regulatory regimes.

Conditions 3 - 7

With regards to the licence conditions which do not relate to consumer protections, we would not be opposed to derogations for suppliers, as long as Ofgem is confident that the information submitted for the supply licence reflects the level of information required for compliance in the load control licence.

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