

# Energy UK response to Smart Secure Electricity Systems (SSES) Programme: Enduring Governance

29/09/2025

Submitted via email to [SSESConsultation@energysecurity.gov.uk](mailto:SSESConsultation@energysecurity.gov.uk)

## About Energy UK

**Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.**

From growing start-ups to major electricity generators, grid and infrastructure developers and energy suppliers, our members are driving change across power, heat, transport and flexibility.

We provide a collective voice for the sector, working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders. We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

## Executive Summary

Energy UK supports the proposal for Elexon to take responsibility for the enduring governance mechanism. To ensure this governance is delivered effectively, Energy UK highlights the following key positions:

- A key concern throughout the whole consultation is the need for genuine alignment of governance groups with similar functions across industry codes. At present, there is a risk that the REC, SEC and BSC could each establish

similar security and technical working groups, each operating to a narrow remit without strategic coordination. To avoid siloed workstreams, active and strategic cross-code coordination is needed.

- Licensed suppliers, load controllers, and wider aggregators (including those who may operate without a licence) are separate entities with unique perspectives and obligations. These should have distinct representation within the groups.
- Representation of different device types is also needed, given the wide scope of appliances within the Smart mandate. For example, some load controllers and/or manufacturers may specialise in heat pumps and/or EVs and will have different expertise and priorities.

If you would like to discuss anything noted in this response in more detail, please do get in touch.

Sincerely,

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## Consultation Response

### **1. Do you agree that the Balancing and Settlement Code (BSC) administered by Elexon is the most suitable code to house SSES Enduring Governance functions?**

Energy UK is supportive of Elexon delivering the enduring governance mechanism, given the overlap of responsibilities with its roles in delivering both the Flexibility Market Asset Register and as Market Facilitator.

Throughout the consultation, Energy UK would stress the importance of strong coordination with other industry code groups to ensure work is not developed in a silo. Active and strategic cross-code coordination is needed, which will be of critical importance for system security. This could be supported by Ofgem's ongoing work on energy code reform and, in particular, through the introduction of a Strategic Direction Statement, which could provide direction for this issue.

This is particularly relevant as this governance group covers fairly similar areas to existing governance groups under the Smart Energy Code (SEC), namely the Technical Architecture and Business Architecture Subcommittee and the Security Subcommittee.

There also needs to be close alignment with the Retail Energy Code Company's (RECCo) working groups, given their development of the tariff interoperability solution, which will influence how smart assets operate.

In addition, Elexon should provide reassurance to industry that it has sufficient resource to deliver the proposed responsibilities, alongside its other recent appointments.

Finally, the governance process must be transparent so that industry can scrutinise and support the standards development process.

### **2. Do you agree with the suggested term limit of two years for the SSES Technical and Security Governance Group members?**

Yes. Two years is in line with the structure of similar governance groups.

As this is a fast-moving area, ongoing engagement will ensure that planned interventions remain relevant and resources are well-directed.

Alongside this need for engagement and agility, governance may need to plan in longer timeframes than two years, particularly in relation to large-scale IT changes

(such as the NESO's current dispatch upgrade, the Open Balancing Platform, which is being phased in over 3 years).

Energy UK would also highlight some minor procedural processes which will need clarity:

- Whether members can nominate alternatives when they are unable to attend.
- What happens if a member resigns, for example, is there a new election, does the alternate take over, and does this reset their tenure?

**3. Do you agree that the business architecture design, technical architecture design, plain language schema and the GB Interoperable CLF Companion Specification should be managed by the SSES Technical Governance Group? If you disagree, please provide information on how these documents should continue to be managed.**

Energy UK broadly supports the proposals, with the following considerations:

- Given the need for SSES Energy Smart Appliances (ESAs) requirements to be aligned with Europe, Energy UK would urge the involvement of representatives who operate across international markets to ensure that policy is not designed to be GB-centric.
- As outlined in Q1, the group should take expertise and alignment with the Smart Energy Code: *Technical Architecture and Business Architecture Sub-Committee* (TABASC). This will help to share expertise across groups and codes, as well as respecting industry resource.

**4. Do you agree that government and/or regulators should make the final decision on changes to the companion specification? Please explain your answer.**

Energy UK supports the proposals, as it seems sensible to have Government input so change requests can be implemented through standard legal routes swiftly.

Energy UK would also stress the need for a clear consultation and risk assessment of the SSES ESA companion specification.

**5. Do you agree that the SSES Technical Governance Group should have a longer-term role in assurance and testing?**

Energy UK supports the proposals, as members note this broadly aligns with what is done for SEC.

Energy UK would highlight the need for strong links with the Office for Product Safety and Standards (OPSS).

Lessons should be learnt from the synergies with the SEC's Smart Meter Device Assurance Sub-Committee (SMDASC), given the similarities in coverage.

**6. Do you agree with the categories for seat allocation and the suggested split of seats for the SSES Technical Governance Group?**

No.

It will be necessary to explicitly include suppliers, either in their role as load controllers or in their capacity as an aggregator (including those who may operate without a licence). This needs to be separate from non-supplier members to ensure full representation of the load control market, as these will not necessarily be the same entities with the same interests.

It would be sensible to also ensure representation of different device types, given the large scope of devices within the mandate. For example, some load controllers may specialise in heat pumps and/or EVs and will have different expertise. This will be the same for ESA manufacturers who have different specialities and may only cover one section of the market.

Energy UK would suggest that the 6 (+) industry participants (3 manufacturers and 3 load controllers) should be separate from the trade association to ensure adequate representation of on-the-ground expertise.

The Government should consider whether 6 industry participants is enough to cover this scope.

**7. Do you have any other reflections on the proposed governance structure for the SSES Technical Governance Group?**

Please see Q6 for the Energy UK detailed position. Load controllers and suppliers should have distinct representation. Given the cohort of different technologies in the mandate, there should also be distinct representation of different ESA manufacturers.

Elexon should look to ensure fairness between BSC paying members and new market entrants for cost recovery.

Elexon should take specific lessons learnt from existing governance bodies, particularly under the SEC. As this will be a new governance structure, Elexon should look to understand what works and what doesn't in similar governance structures in the SEC to adapt the group to, rather than reinventing the wheel.

**8. Do you agree with the proposed membership composition of the SSES Security Governance Group, including the number of members in each category?**

It may be useful to ensure representation from the SEC Security Subcommittee on the SSES governance group, and vice versa, to ensure expertise is shared between groups and to avoid work being developed in silo, particularly given any security concerns.

**9. Are the scope of the roles and responsibilities of the SSES Security Governance Group manageable and proportionate?**

The National Cyber Security Centre (NCSC) should be considered a permanent member. This is particularly key given their role in developing national guidance for Small and Medium Enterprises (SMEs) in the UK. They should be a key part of the structure, given the impact the proposals may have on critical national infrastructure.

It is also worth noting that cybersecurity and grid stability, while often interlinked, are two distinct areas of expertise. It's important to ensure that the group has access to expertise to cover both of these, respectively, rather than just one or the other. A broader pool of expertise may be needed to cover these areas.

**10. Should any responsibilities of the SSES Security Governance Group be added or removed?**

In addition to maintaining links with the Load Control Licensing teams, there also needs to be engagement with RECCo on tariff interoperability. This is particularly important given that both cybersecurity and grid stability considerations are involved.

As noted throughout this response, alignment and coordination with security forums in other codes is needed.

**11. Do you agree with the proposed content of the BSC code modification set out in Annex A? If you disagree, please set out your reasonings and any suggested changes.**

Energy UK members do not note any issues with the draft legal text.

**12. Do you agree the SSES Technical and Security Governance Groups should report into the BSC Panel (recognising the proposals in this consultation are subject to change following the outcomes of code reform consultations)?**

Energy UK broadly agrees, with the following considerations:

- Energy UK would welcome further clarity on how the implementation of [DESNZ and Ofgem's broader plans for future code reform](#) would impact the groups.
- Manufacturers are non-BSC parties. We would highlight the need for fairness in contribution costs.

**13. Do you agree that the set-up costs during the Transition Phase for SSES Enduring Governance should be treated as BSC Costs, subject to review prior to the delivery phase?**

As outlined in Q12, Energy UK would highlight the need for fairness in contribution costs. Load controllers do not contribute to costs in the BSC – to ensure fairness, there should be proportionate fees between those involved in the groups.

**14. Do you agree that government reserving the right to change the chair is a sufficient method to hold the SSES Technical and Security Governance Groups to account for their activities?**

Yes.

**15. Are there any key elements we are not including in the timeline which will need to be factored into our roll-out of SSES Enduring Governance?**

Energy UK notes that the timeline for the phase 2 transition could be kept under review. Longer timeframes could increase risks as the sector grows - shortened timeframes could help to reduce risks.