

Energy UK response to Smart and Secure Electricity Systems (SSES) [DESNZ draft load control licence regulations and conditions](#) and [Ofgem implementing the load control licensing regime](#)

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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 welcomes Government's continued work with industry on the Smart and Secure Electricity System (SSES) programme.

Energy UK strongly supports the primary goals of the SSES programme - building customer trust and enabling the growth of flexibility and low-carbon technology markets, whilst ensuring the secure operation of the electricity system.

Flexibility markets are a core part of the UK's energy transition pathway – and are evolving and innovating alongside the increasing deployment of low-carbon technologies (LCTs).

Government and industry share the collective goal of delivering positive outcomes for consumers, where customers are provided with affordable, accessible, and safe LCTs. When regulation is clear, proportionate, and predictable, industry can develop and scale new products with confidence, which in turn drive down costs and improve service quality. In turn, customers benefit from greater choice, better value, and increased trust in technologies they may not yet be familiar with.

Energy UK's view is that the biggest gains will come from getting the wider system initiatives right, rather than over-optimising individual rules too early.

In particular, this focuses on improving the system signals that are currently driving instability, and affecting the full ability for customers to access innovative offers. This includes:

- Reformed national pricing arrangements so that they better reflect system conditions
- Ensuring networks provide high-quality, timely, and accessible system data to enable informed participation of low carbon assets
- Implementation of broader flexibility initiatives (such as Market Half Hourly Settlements, Flexibility Market Asset Register) that work consistently across the system, and allow customers to access flexibility offerings.

In this context, regulation must strike an appropriate balance between enabling innovation in a fast-moving market and developing a firm, safe and secure regulatory backstop that gives customers and market participants confidence to engage in emerging flexibility offerings. Energy UK therefore strongly supports the direction of the SSES programme, provided it is implemented in a proportionate, coordinated way that aligns with wider industry and policy initiatives.

For existing suppliers, this means streamlining obligations to avoid double regulation and to enable them to deliver greater flexibility offerings (including where these obligations are reviewed as part of broader government workstreams).

For emerging market entrants, conditions need to be proportionate and easily interpreted. Organisations must also be well-supported to adhere to new regulations, given that it's the first of its kind.

All market participants want conditions to be clearly defined and future-proofed to accommodate emerging business models and wider electricity system policy changes.

There must be a level-playing field for all market participants on future compliance, and avoid a situation where certain licence holders are held to different standards to others.

Energy UK is largely supportive of the introduction of the licence; however, in line with the position above, there are some key concerns which need to be addressed, particularly around scope, timeframes, and regulatory approach before the licence is implemented.

Scope of licence

Energy UK strongly welcomed Ofgem and DESNZ's active participation and engagement with industry in the joint Load Control Licensing Working Group in the development of these proposals. However, despite best efforts, this process has not yet identified all potential issues.

Greater clarity is required regarding the definition and scope of organisations captured under the proposed Flexibility Service Provider (FSP) and Load Controller licences. The current proposals do not accurately understand and recognise the breadth of business models in the flexibility market, causing several issues, namely:

- Accountability gaps, where responsibility for addressing consumer harm is unclear.
- Unclear ownership of system instability issues.

- Unnecessary regulatory burden, where organisations may be captured despite limited or incidental involvement in flexibility services.
- Reduced business certainty, limiting investment and innovation.

Without sufficient clarity, there is a risk that participants may face ambiguity as to whether they require a licence – in itself creating a barrier to market entry. Similarly, the proposals do not seem to recognise the complex relationships already in the market between suppliers and FSPs. As the DESNZ scope appears to have broadened since its April 2025 Government Response, there needs to be a much clearer delineation of responsibilities before it is implemented.

The licence framework should recognise that some parties act on behalf of suppliers. Rather than requiring each of them to hold a separate licence for the same activity, they should be treated as supplier representatives operating under the supplier's licence. Any ambiguity ahead of implementation will lead to loss of licence and loss of service to customers and the energy system - creating precisely the consumer and system harms the SSES programme is intended to prevent.

Interaction with existing regulation

The Government's priority should be to streamline and rationalise existing regulation, rather than layering additional obligations on top of the current supplier licence framework.

Energy UK agrees that consumer protections should be consistent across energy services. However, this does not mean simply adopting overlapping energy supply obligations but reviewing how this can be done in a streamlined, efficient, customer-focused way.

There is a material risk of regulatory duplication where obligations overlap between suppliers, FSPs and load controllers. As mentioned above, where the same organisation operates across multiple roles, poorly aligned requirements could result in unnecessary complexity and compliance burden, without delivering additional consumer or system benefit. There are still several concerns around suppliers facing a "double jeopardy" of regulation.

In several areas of the proposals, existing regulatory mechanisms are already capable of delivering the intended consumer protection and system outcomes of the licensing proposals. At the same time, there are ongoing reviews of the current supplier licence. Under the current proposals, there is a real risk of divergence between the proposed iterative approach to the FSP licence and any future changes to the supplier licence.

As such, alongside examining whether the proposals could be delivered through existing regulatory frameworks, to avoid a "double jeopardy" for existing regulation, Energy UK recommends that where load control is through a supplier tariff, the customer protections within the supply licence should take precedence over the FSP licence. In this instance, a targeted exemption is more appropriate than relying on derogations.

Timeframes

As outlined in scope uncertainty, there are concerns that the industry won't be able to adapt to the licence proposals given that companies will only have three months to submit an application, and the scope is still uncertain.

There are further concerns that Ofgem will not have the resources to assist industry with application queries and then process applications within the full 12-month window ahead of the requirements being in operation.

Ofgem should therefore maintain an open--door approach, enabling industry to raise new implementation challenges as they emerge.

If Ofgem is not intending to apply tacit authorisation, it must consider alternative mitigation measures in case applications cannot be processed before the end of the window. This is needed to avoid FSPs withdrawing existing flexibility services from consumers and the market.

Given the current ambiguity around scope, which could bring a significant number of organisations into regulation, DESNZ needs to provide clear, strategic oversight and ensure Ofgem has the resources needed to deliver on the licence regulation. Energy UK is not confident these have been fully assessed or allocated yet.

Energy UK's support for the direction of the SSES programme is therefore contingent on these key areas being resolved ahead of implementation, ensuring that emerging flexibility and low-carbon devices can scale in a way that supports consumers and system stability.

Kind regards,
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