

Demanding attention

A risk register for domestic demand-side response



Updated September 2022

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Contents

Joint foreword	3
Background	4
Risk register	5 - 22
1. Pre-contract risks	5
2. Risks during use	12
3. Risks when something goes wrong	20
Next steps	23
Appendix: Policy developments	24

Joint foreword

The evolution of the energy retail market continues to be a core element of the UK's transition to net zero. As we decarbonise how we travel, how we heat our homes and our energy generation, it's likely we'll see increasing adoption of electric vehicles, heat pumps, solar and storage and smart domestic appliances. These products might mean we need to increase how much electricity we produce but they also offer new potential to be 'flexible' with how and when we use it - for example, using more electricity when renewable generation is high. Doing so will help us maintain energy system resilience in a cost effective way, reducing costs for energy bill payers.

We're seeing companies offer services to help consumers use electricity flexibly, using smart controls to cater to the needs of their customers and balance the grid. Many companies, including members of the Association for Decentralised Energy (ADE) and Energy UK, are already offering such services, whilst innovation in the market continues to broaden what those services could look like.

Citizens Advice's vision of the future energy market is one that is inclusive by design and recognises the essential nature of energy supply. It should facilitate and encourage innovation, be accessible by all and treat everybody fairly, regardless of their circumstances.

To achieve this, it is vital that the sector is proactive in identifying any gaps in consumer protections as these propositions develop. Given the critical importance of this developing market and the high potential for innovation, we need to ensure that it is delivering positive consumer outcomes that enable and encourage others to make the transition.

This report therefore seeks to provide insight into areas of consumer protection most relevant to evolving propositions, with a broad analysis of how far existing policy and legislation addresses these areas.

Some of the risks highlighted in the report are expected to fall away as rewards for participation are established, whilst new risks may emerge over time as the market changes or more evidence becomes available of potential harm. Many providers are conscious of ensuring positive outcomes for consumers and recognise the importance of building consumer confidence.

In this report, Citizens Advice, ADE and Energy UK have assessed a series of different risks in this market to identify any gaps in protections. This is the first step in delivering benefits to consumers as we continue towards net zero.

Background

Demand Side Response (DSR) incentivises people to change the way they use energy based on price signals. DSR can help Great Britain to reach its target to achieve net zero carbon emissions by 2050 by allowing more intermittent renewable energy to be connected onto the grid.

There are significant potential benefits for people who want to use energy at times when prices are lower, or even sell energy to the grid when the system needs it most. Domestic DSR can also help to reduce overall costs for energy consumers, by reducing the need to build or upgrade our current energy infrastructure.

Getting consumer protections right from the outset will be essential to ensure the success of these services and technologies. While industrial DSR is already relatively widespread, DSR in homes is still relatively nascent. We know that not everyone has the same ability to access these offers and that people's early experiences of a market can shape their ongoing engagement and trust so now is a good time to consider some of these risks, and the current landscape of protections that might address them.

In **Smartening Up**, Citizens Advice published research concluding that, for people to have confidence in smart energy products and services, they need to feel confident about the contracts they sign up to, know where to go for help and have control over their data.

Citizens Advice, the Association for Decentralised Energy (ADE) and Energy UK have together developed a risk register for domestic DSR.

This risk register provides an update on progress and presents the case for why tackling consumer protection gaps is so important for both industry and consumers.

In this register, we consider:

- Potential consumer risks
- Where they are covered by existing legislation
- What work is currently being undertaken to address these risks in the future
- Where there are likely to be a protection gaps in the future

Since the first publication of this risk register in January 2021, there have been a variety of policy developments including government proposals for a regulatory approach to organisations with a role in load control. The appendix lists the key policy developments affecting the risks. In addition, we brought risks 3 and 4 together, given their overlap, and added risk 18 about when a company goes out of business.

Pre-contract risks



About

Consumer unwillingness to engage could be due to a range of reasons. Citizens Advice research, [Smartening up](#), identified 3 themes around people's reasons for not being confident about smart home technology. In order to trust smart energy companies and the products and services they offer, people need to:

- feel confident about the contracts they sign up to
- know where to go for help
- have control over their data

Data privacy concerns, concerns about cost and savings, and difficulty understanding offers can hold people back from engaging in smart home technology.

Existing protections

No substantive protections currently

Current activity

In July 2022, the [Energy Bill](#) was laid before Parliament and included powers to make regulations about energy smart appliances and organisations with a role in load control.

The government has set out proposals for an appropriate regulatory approach, as part of its [consultation on delivering a smart and secure electricity system](#). It expects the regulatory approach to “improve trust and confidence in DSR, ensuring consumers know they can rely on a minimum standard of service.”

In July 2022, in its [response](#) to the Energy Digitalisation Taskforce's final report, the government committed to several actions, including further examining the development of a consumer consent dashboard to give consumers better control over how their data is used and for what purposes.



About

In [Future for all](#), Citizens Advice considered the consumer groups that are likely to be restricted from engaging with the future market.

In addition to financial barriers, consumer inability to engage with DSR services could result from:

Digital exclusion or lack of confidence

This could lead to risks at various stages, such as marketing, using the product or service and receiving customer support.

Unavoidable inflexibility of electricity use

This could lead to unfair penalisation (especially if not being able to participate leads to a greater burden of energy system costs) and unfair access (including people who rely on a constant supply of electricity for medical equipment) for certain consumer demographics.

Living in the private rented sector

Citizens Advice research, [Room for reform](#), found that over 1 in 8 renters (13%) have their landlord manage their gas and electricity, meaning they are barred from engaging in the energy market and risk missing out on key protections.

This could prevent participation from tenants as they may lack autonomy to make decisions. In addition, technology and services may fail to take their needs into account

Existing protections

Where DSR is offered as part of a supply contract this could be covered by the relevant Standard Licence Conditions.

The [Equality Act 2010](#) could, in theory, protect some individuals but it is specific to people who cannot access the information due to a specific barrier.

Current activity

In July 2021, the government set out in its [Smart Systems and Flexibility Plan](#) that it wants to “help remove barriers for consumers who may otherwise struggle to participate in smart energy.”

The government’s [consultation on delivering a smart and secure electricity system](#) proposes that a future licensing framework for DSR service providers would include “additional support for vulnerable consumers.” However, the focus is on enabling low income and vulnerable consumers to participate. There is limited consideration of the wide range of circumstances that may create barriers.

Citizens Advice is conducting exploratory qualitative research to increase understanding of the barriers different consumer groups may face to participating in smart energy technology, with findings expected in Spring 2023. The research will focus on the usability of technologies, rather than upfront financial barriers, and will hear from groups such as disabled people, people who are digitally excluded, people with learning difficulties which impact literacy and people who speak English as an additional language.

3. Mis-advertising and other mis-information about expected costs, revenue or savings



Limited protection

About

Domestic DSR offers may begin to advertise the revenue benefits of more flexible loads. Such appliances may come with higher running costs for bulk electricity supply that must be clearly explained and understood by consumers before making a decision.

This risk is unlikely to be significant where models offer fixed payments independent of revenues received.

The risk increases if payments start to reflect an individual's behaviour or revenues received are not fixed or are shared; as occurs in the I&C market.

Existing protections

Where DSR is offered as part of a supply contract this would be covered by the relevant Supply Standard Licence Condition e.g. SLC25.

There are limited protections under general consumer law. The [Consumer Rights Act 2015](#) states that contract terms must be prominent and transparent, otherwise they can be assessed for unfairness. The [Consumer Protection from Unfair Trading Regulations 2008](#) protects consumers from unfair or misleading trading practices and bans misleading omissions. Redress can only be achieved through the courts.

The [UK Code of Broadcast Advertising \(BCAP Code\)](#) and the [UK Code of Non-broadcast Advertising and Direct and Promotional Marketing \(CAP Code\)](#) provide consumers with protection against misleading or otherwise harmful advertising.

Current activity

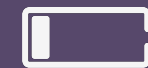
The government's [consultation on delivering a smart and secure electricity system](#) proposes that energy suppliers make time-of-use-tariff data openly available in a common format, accessible over the internet. This must be designed to meet consumer needs.

In July 2022, in its [response](#) to the Energy Digitalisation Taskforce final report, the government committed to “explore opportunities to further examine development of a consumer consent dashboard.” This could help consumers use their tariff and usage data to compare smart tariffs and energy products, and ultimately expected revenue or savings.

This must build on previous relevant work, such as Ofgem's [Midata in energy programme](#), the [Smart Data Working Group](#) and the Citizens Advice [data dashboard proof of concept](#).

In June 2022, SSEN launched an innovation project, [HOMEflex](#), with ADE and CSE. Expected outputs include a model and recommendations for a Code of Practice for domestic flexibility services. This is expected to cover information provision and pricing transparency.

In 2020, a government-funded [trial Smart Tariff Comparison tool](#) was launched to demonstrate how a comparison tool could work for smart meter-enabled tariffs. It's unclear when the final tool will go live.



About

DSR products and services are new and complicated concepts for consumers with financial risks and high levels of asymmetric information between companies and consumers. As such, transparent and clear T&Cs are crucial.

In [Powering up or facing resistance?](#) Citizens Advice ran comprehension tests with people after they'd read information about smart energy services. 40% got something wrong in the tests.

Existing protections

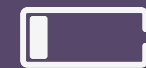
Where DSR is offered as part of a supply contract this would be covered by the relevant Supply Standard Licence Conditions, e.g. SLC0, SLC22.

Limited protections under general consumer law. The [Consumer Rights Act 2015](#) states that contract terms must be prominent and transparent, otherwise they can be assessed for unfairness. The [Consumer Protection from Unfair Trading Regulations 2008](#) protects consumers from unfair or misleading trading practices and bans misleading omissions. Redress can only be achieved through the courts.

Current activity

The government's [consultation on delivering a smart and secure electricity system](#) proposes additional protections for consumers against unreasonable terms and conditions. This has the potential to fill in the gaps left by the EU's [Electricity Directive](#), which introduced a sectoral approach to aggregators.

In June 2022, SSEN began an innovation project, [HOMEflex](#), with support from ADE and CSE. A key output will be the publication of a model and recommendations for a Code of Practice for domestic flexibility services. It is expected to cover appropriate information provision and transparency around pricing.



About

This could be the case if software systems enabling DSR aggregation or energy smart appliances are not interoperable. Under such circumstances, consumers face barriers to switching between, or entering into new contracts with, other energy service providers. There also may be difficulty understanding the term 'smart' and what this means for consumers.

Existing protections

Limited protections under general consumer law. The [Consumer Rights Act 2015](#) states that contract terms must be prominent and transparent, otherwise they can be assessed for unfairness. Unfair terms may include excessive early termination charges. Redress can only be achieved through the courts.

[PAS 1878 and 1879](#) set out standards for smart appliances, including some interoperability requirements. These are currently voluntary.

Current activity

The government's [consultation on delivering a smart and secure electricity system](#) proposes requirements for larger domestic scale energy smart appliances, such as electric vehicle charge points, batteries and heat pumps, to be fully interoperable with DSR service providers.

Interoperability with European technologies and software will be partially shaped by UK-EU trade negotiations.

[The Electric Vehicles \(Smart Charge Points\) Regulations 2021](#) require domestic and workplace electric vehicle (EV) charge points to include smart functionality.

In addition to interoperability requirements, the government's [consultation on delivering a smart and secure electricity system](#) proposes similar requirements for heating appliances such as heat pumps, storage heaters, and heat batteries to have smart functionality.



About

Flexibility may involve investing in expensive equipment that pays back over time. This could be done either by the consumer directly or by the flexibility provider. Where the investment is made by the flexibility provider, there should be fair terms and conditions regarding contracts and exit terms.

Business models are emerging where a supplier or DSR provider bundles electricity supply with other services.

There must be transparency of the terms and conditions of bundled products/services.

Consumers should know:

- what the ownership status of a product may be and any consequences that may arise from this
- what happens if you decide to leave one contract earlier than anticipated.
- what the costs of each individual product or service may be

As flexibility markets develop, this risk may need to be considered in more detail.

Existing protections

Any business offering credit or financing to consumers must be authorised by the Financial Conduct Authority (FCA). Depending on asset ownership arrangements and the nature of the contract, activities carried out by some DSR providers could be considered regulated consumer credit activities. It's unclear how much this would protect consumers in practice.

Where DSR is offered as part of a supply contract this would be covered by the relevant Supply Standard Licence Conditions, e.g. SLC0, SLC22 and SLC25.

Limited protections under general Consumer law. The Consumer Rights Act 2015 states that contract terms must be prominent and transparent, otherwise they can be assessed for unfairness. Unfair terms may include excessive early termination charges.

The Consumer Protection from Unfair Trading Regulations 2008 protects consumers from unfair or misleading trading practices and bans misleading omissions. Redress can only be achieved through the courts.

Ofcom has powers of oversight where products are bundled with telecom services, under The Electronic Communications and Wireless Telegraphy Regulations 2020.

Certain models may be covered by FCA regulation - for example, The Consumer Credit Act 1974.

Current activity

In the energy white paper, Powering our net zero future, the government committed to consult on regulating third party intermediaries, with a view to ensuring the regulatory framework adequately covers the wider market.

In August 2021, BEIS began the consultation process with a call for evidence. This ran until December 2021, with no developments since.

Risks during use



About

The potential for contract lock-in could occur due to long term contracts, and wider complexity emerging from uncertainty around asset ownership.

Consideration will be needed with regards to how consumer protection is maintained where a consumer signs a long-term agreement for the DSR provider or supplier to pay for the upfront installation cost of assets or metering. Consideration will also be needed for situations where a customer's circumstances change and a product is no longer suitable.

Flexibility may involve investing in expensive equipment that pays back over time. This could be done either by the consumer directly or by the flexibility provider. Where the investment is made by the flexibility provider, there should be fair terms and conditions regarding contracts and exit terms.

Existing protections

Any business offering credit or financing to consumers must be authorised by the Financial Conduct Authority (FCA). Activities carried out by some DSR providers could be considered regulated consumer credit activities. It's unclear how much this would protect consumers in practice.

Where a bundle includes energy supply, domestic suppliers must have a specific reason for objecting to a customer leaving a contract. Suppliers can charge a fee for early contract exit, though SLC0 specifically includes discretion to waive these charges for those unable to pay. Any such mechanism must be clearly set out in terms and conditions.

There are limited protections under general consumer law. The Consumer Rights Act 2015 states that contract terms must be prominent and transparent, otherwise they can be assessed for unfairness. Unfair terms may include excessive early termination charges.

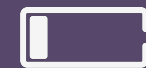
The Consumer Protection from Unfair Trading Regulations 2008 Act protects consumers from unfair or misleading trading practices and bans misleading omissions. Redress can only be achieved through the courts.

The Electricity and Gas etc. (Amendment etc.) (EU Exit) Regulations 2019 require regulators to engage in activities listed in Article 37 of the EU's Electricity Directive. For example, regulators must monitor that exit fees are proportionate and do not exceed the direct economic loss to providers.

Current activity

The government's consultation on delivering a smart and secure electricity system proposes that a future licensing framework for DSR service providers would include protections that "ensure consumers are not unfairly 'locked-in' to certain services or 'locked-out' from better propositions through practices of organisations."

Within the consultation, the government states it is considering requirements for companies to "provide information and advice on whether a product/service is appropriate for a consumer," although it's unclear whether this would only apply at the point of sale.



About

As domestic DSR continues to develop, significant individual data to the level of individual appliance use may be collected, stored and used.

Existing protections

The [Data Protection Act 2018](#) (the UK's implementation of the GDPR) means that personal data can only be processed if there is a lawful basis to do so, and outlines what constitutes a lawful basis.

Data collected for half hourly settlement is collected on an opt-out basis for settlement and on an opt-in basis for billing and marketing.

The [Data Access and Privacy Framework \(DAPF\)](#) was established to safeguard consumers' privacy regarding their smart meter data, whilst enabling proportionate access to energy consumption data. However, this only relates to smart meter data accessed via the DCC.

The DCC requires 'other users' accessing data through the DCC to meet minimum standards for data and cyber security.

Current activity

The [Data Protection and Digital Information Bill](#) proposes significant changes to the data protection regime in the UK and is likely to result in the reform or repeal of the [Data Protection Act 2018](#). It is essential that any reforms aimed at simplifying GDPR do not come at the expense of consumer trust and confidence.

The government's [consultation on delivering a smart and secure electricity system](#) proposes that a future licensing framework for DSR service providers would include protections to "ensure organisations are not able to use their privileged control of consumer devices to cause detriment to consumers."

In July 2022, in its [response](#) to the Energy Digitalisation Taskforce's final report, the government committed to several actions, including further examining the development of a consumer consent dashboard to give consumers better control over how their data is used and for what purposes.

The EU's [Electricity Directive](#) empowered the European Commission to develop secondary legislation to create an interoperability framework for data access and exchange across national borders. Further upcoming EU initiatives include a proposed DSR network code and an [action plan for digitalising the energy sector](#). It's not yet clear how the UK will coordinate with the EU approach.

9. Poor installation and unclear maintenance obligations of assets such as batteries



No protection

About

People should feel confident that the installer they choose is competent and the installation has been completed correctly.

Responsibilities should be clear, for example notification of other bodies (e.g. DNOs), warranty and liabilities.

There must be a robust process of monitoring, audits, enforcement and support if issues arise.

Existing protections

There are some requirements for installers to notify DNOs but these are poorly enforced.

In respect to goods generally, see the [Consumer Rights Act 2015](#) (Part 1, Chapter 2) and the [Supply of Goods and Services Act 1985](#) (sections 4, 11D and 11J). Services and digital content must be as described, of reasonable quality and fit for purpose.

The [Sale of Goods Act 1979](#) regulates contracts beyond the Consumer Rights Act including an implied term that goods sold in the course of business will be “of satisfactory quality.”

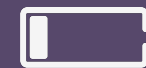
There may be certain protections in relation to the coordination of retrofit (PAS 2030/2035) and security maintenance of energy smart appliances (PAS 1878).

In relation to installation there is no regulation to date, only voluntary standards and loose governance through voluntary consumer codes.

Current activity

Provisions in the EU's [Electricity Directive](#) (e.g. introducing frameworks for active consumers and Citizens Energy Communities) potentially raise related issues but the the UK-EU trade relationship leaves open questions about enforcement and obligations for providers based outside the UK.

Launched in 2021, the [Battery Storage Standard \(MIS 3012\)](#) outlines the requirements for battery installers certified with the Microgeneration Certification Scheme (MCS).



About

As domestic loads and storage are incorporated into broader DSR portfolios, they are likely to be placed into several different markets at both distribution and national levels. Participation in these markets will entail different levels of financial risk for non-delivery; noting that in all markets currently penalties do not exceed income foregone.

For some business models, consumers may be offered a stable tariff, with the company taking on the risk of such price shocks. In others, there may be restrictions placed on this.

It is important that any risk to consumers is limited, risks are passed to consumers only when they are able to manage them and any risk is clearly communicated to consumers.

Existing protections

A lot of domestic DSR is expected to be provided by time-of-use tariffs offered as part of a supply contract. Suppliers may be covered through a broad definition of Supply Standard Licence 0, SLC 25 and SLC31F.

The content of contracts, in particular domestic consumer contracts, is prescribed so that rights (including those on dispute resolution, renewal and termination) are made particularly clear.

Limited protections under general consumer law. The [Consumer Rights Act 2015](#) states that contract terms must be prominent and transparent, otherwise they can be assessed for unfairness. Unfair terms may include excessive early termination charges. [The Consumer Protection from Unfair Trading Regulations 2008](#) protect consumers from unfair or misleading trading practices and ban misleading omissions. Redress can only be achieved through the courts.

Current activity

Some provisions for price shocks in [The Electricity and Gas etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019](#).

There are provisions in the EU's [Electricity Directive](#) about balancing responsible parties, meaning that responsibility is placed on consumers unless expressly reassigned to the aggregator. In Great Britain, this provision is reflected in the [Balancing and Settlement Code \(BSC\)](#) and interrelated network codes.

The level of protection is likely to be subject to national interpretation of the directive.

In June 2022, SSEN began an innovation project, [HOMEflex](#), with support from ADE and CSE. A key output will be the publication of a model and recommendations for a Code of Practice for domestic flexibility services. It is expected to cover appropriate information provision and transparency around pricing.



About

It will be important that domestic DSR software or hardware is not vulnerable to hacking. This may present as two separate risks - one being to the customer whose assets are hacked, and one to national infrastructure if a large number of assets are controlled as one.

Existing protections

[The Network and Information Systems \(NIS\) Regulations 2018](#) require all companies to inform Ofgem if they identify a threat to critical national infrastructure, but DSR providers are not currently within the scope of the more comprehensive requirements of the NIS Regulations.

The [BSI PAS 1878 and 1879](#) set out standards for smart appliances, including cybersecurity considerations. However, these are currently voluntary.

[The Electric Vehicles \(Smart Charge Points\) Regulations 2021](#) require new domestic and workplace electric vehicle (EV) charge points to meet specified cybersecurity requirements. These are based on ETSI EN 303 645, a European cybersecurity standard and are compatible with the BSI PAS 1878 and 1879.

Current activity

[The Product Security and Telecommunications Infrastructure Bill](#) sets out security requirements to protect consumers from cyber harm such as loss of privacy and personal data.

The government's [consultation on delivering a smart and secure electricity system](#) proposes that certain larger load controllers would become subject to the NIS Regulations. It considers different approaches to anomaly detection such as through common systems (several options are under consideration to achieve this, including extending the role of the DCC and the Smart Energy Code) or through further appliance / organisation requirements.

A group convened by Energy UK and BEAMA has been looking at the future of smart charging and collating industry views, with a report expected shortly.

12. Confusion due to multiple parties interacting with the consumer



No protection

About

If, for example, it becomes not only possible but common for multiple parties to offer services directly to the consumer, this risks it no longer being clear who holds responsibility for consumer protections and who the consumer should contact in case of issues.

Existing protections

Limited protections under general consumer law. The [Consumer Rights Act 2015](#) states that contract terms must be prominent and transparent, otherwise they can be assessed for unfairness. [The Consumer Protection from Unfair Trading Regulations 2008](#) protect consumers from unfair or misleading trading practices and ban misleading omissions. Redress can only be achieved through the courts.

Current activity

Currently, the supplier hub model reinforces the primary role of the supplier in interacting with the customer and thereby reduces this risk, but the future of this model is unclear.

13. Confusion if DNO uses emergency charge limitation



Likely to be protected

About

Though very unlikely, emergency charge limitation could bring about meter problems, impacts on billing or a particular type of offer (for example, free charging during a certain time period) or damage to the vehicle. There may also be risks with overuse if appliances do not respond appropriately to the situation, upon identification.

Existing protections

No current protections

Current activity

A set of emergency, last-resort solutions has been developed by an industry working group led by the Electric Vehicle Energy Taskforce (EVET). This would include sending direct flexibility requests to consumers and using a tele-controlled load limiting device, with clear communication to consumers. This work is with the Energy Networks Association (ENA), ready for implementation.

14. Not meeting energy needs



Limited protection

About

For example, if the consumer cannot reach a sufficient heating level.

This could arise when a consumer has been sold an inappropriate product or service, or they have not been given a sufficient level of control over their energy assets to allow for short term or sudden changes in their energy needs / mis-management of contract. There might also be a situation where products or services discourage customers to use energy when they need to.

Existing protections

Where DSR is offered as part of a supply contract, suppliers may be covered through a broad definition of Supply Standard Licence Condition 0.

Can load limit in licence, but that is tantamount to disconnection so subject to the same requirements as disconnection.

Current activity

No current activity

15. The needs of consumers in vulnerable circumstances are neglected



Limited protection

About

This could apply to both service or product design and operation.

This could be due to a lack of coordination with the Priority Service Register or industry approaches to vulnerability.

Existing protections

Where DSR is offered as part of a supply contract, this may be partially covered under the Supply Standard Licence Conditions. For example, a broad definition of SLC 0.

Current activity

In July 2021, the government published its [Smart Systems and Flexibility Plan](#), with an aim to “help remove barriers for consumers who may otherwise struggle to participate in smart energy.”

The government’s [consultation on delivering a smart and secure electricity system](#) considers the need for “additional support for vulnerable consumers.” However, the focus is on enabling low income and vulnerable consumers to participate. There is limited consideration of other circumstances that may create barriers.

Risks when something goes wrong

16. Lack of access to redress



No protection

About

This could include a lack of basic complaints handling procedures.

Existing protections

In place for suppliers and energy networks, where related to their licensed activities.

The [Consumer Rights Act 2015](#) allows for ADR if the business is willing. An example of voluntary ADR includes the Heat Trust.

Current activity

The government's [consultation on delivering a smart and secure electricity system](#) considers "the need for an ombudsman to independently handle disputes between consumers and organisations, setting possible appropriate compensation."

In June 2022, SSEN began an innovation project, [HOMEflex](#), with support from ADE and CSE. A key output will be the publication of a model and recommendations for a Code of Practice for domestic flexibility services. It is expected to cover clear dispute mechanisms.

17. Insurance against issues with assets as a result of DSR actions



No protection

About

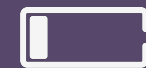
This could include both deterioration of the asset health or damage to the asset.

Existing protections

This would be set out under T&Cs so specific to the kind of business model.

Current activity

No current activity



About

If a company providing DSR services goes out of business, the consumer needs to feel confident that they will not lose out and that their product / service will continue to operate.

It should be clear to the consumer whether they need to take any actions.

Existing protections

This could be set out under T&Cs, but there is no obligation on companies to do this in relation to DSR services.

For energy suppliers, the Supplier of Last Resort (SoLR) process (set out in Supply Standard Licence Condition 8) ensures that customers of failed suppliers maintain their energy supply at the same tariff rates while Ofgem makes arrangements for them. During this period, the directors of the supply company must continue to comply with their statutory and fiduciary duties.

In relation to DSR services, it's much less clear and there are no specific obligations for suppliers that have gone out of business to maintain DSR services.

Current activity

The government's [consultation on delivering a smart and secure electricity system](#) proposes that a future licensing framework for DSR service providers would include protections aimed at "managing risks around insolvency of organisations – for instance, to ensure a consumer isn't left without a usable device or service which has been paid for."

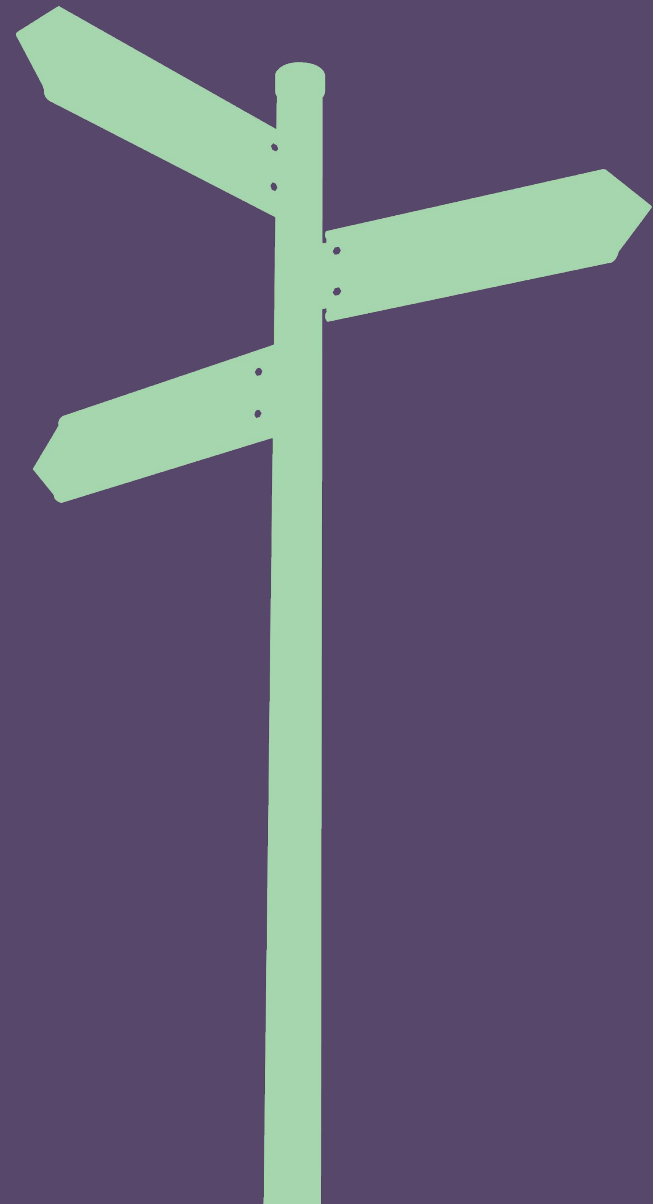
Next steps

As DSR in homes is a relatively new area, we expect some of the risks in this document to fall away while others may emerge as offers change and evidence is collected.

There is a range of promising current activity in the sector with the potential to mitigate several of the risks. In particular the government's proposals for a regulatory approach for organisations involved in 'load control', as part of its [consultation on delivering a smart and secure electricity system](#), presents an important opportunity. It's crucial that the government pushes forward with these proposals.

The Association for Decentralised Energy, Energy UK and Citizens Advice will keep the risk register as a live document, regularly reviewing how consumers are affected by these risks. We will continue to work collaboratively with government, regulators and industry to support the market and protect consumers.

If you have any comments or feedback on the risk register then please email rachel.mills@citizensadvice.org.uk



Appendix: Policy developments

Policy development	Risk(s) affected
<u>The Energy Bill, and accompanying proposals for a regulatory approach for organisations with a role in 'load control'</u>	1, 2, 3, 5, 7, 8, 11, 15, 16, 18
<u>The Smart Systems and Flexibility Plan</u>	2, 15
<u>Energy Digitalisation Taskforce report: joint response by BEIS, Ofgem and Innovate UK</u>	3, 8
<u>The Electric Vehicles (Smart Charge Points) Regulations 2021</u>	5, 11
<u>Third-party intermediaries in the retail energy market: call for evidence</u>	6
<u>The energy white paper: Powering our net zero future</u>	6
<u>The Electronic Communications and Wireless Telegraphy Regulations 2020</u>	6
<u>The Battery Storage Standard (MIS 3012)</u>	9
<u>The Product Security and Telecommunications Infrastructure Bill</u>	11
<u>The Balancing and Settlement Code (BSC)</u>	10
<u>The BSI PAS 1878 and 1879</u>	11

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