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29 September 2025

RECCo response to: Smart Secure Electricity Systems (SSES) Programme: Enduring Governance

We welcome the opportunity to respond to this consultation. Our non-confidential response represents the views of the Retail Energy Code Company Ltd (RECCo) and is based on our role as operator of the Retail Energy Code (REC). RECCo is a not-for-profit, corporate vehicle ensuring the proper, effective, and efficient implementation and ongoing management of the REC arrangements. We seek to promote trust, innovation and competition, whilst maintaining focus on positive consumer outcomes. We are committed to ensuring that RECCo is an “*intelligent customer*”, ensuring efficacy and value-for-money of the services we procure and manage on behalf of REC Parties, including those which constitute the REC Code Manager.

As the body responsible for delivering effective retail market arrangements under the REC, our priority is that SSES is fully integrated with retail processes—including consent, data access, switching—so flexibility can scale to the mass market. Without this integration, fragmented governance risks potential competition issues: e.g., proprietary or siloed flexibility models that lock consumers in, hinder supplier switching, and dilute consumer protections. We therefore support an enduring, federated governance model that has regard to the impacts upon and potential synergies with the retail arrangements governed under the REC and the smart metering arrangements governed under the SEC, in addition to those of the BSC, with coordinated, concurrent code change where needed, so that interoperability and data portability are built-in and consumers retain genuine choice, mobility and protection..

While we have responded to each of the consultation questions in the appendix attached, we would emphasise the following key points:

- **Governance & decision rights:** We support BSC as the lead home but favour a federated model (BSC/REC/SEC) with Elexon (as Code Manager licensee) accountable for *how* assurance is delivered; the TGG/SGG should set the *outcomes/risks* and operate with an “open wrapper” of transparency, with published KPIs and decision logs. We also consider that it will be important to strengthen consumer, REC and SEC participation and embed formal cross-code coordination.
- **Consumer engagement—win hearts & minds early:** We have suggested in response to the early DES NZ consultation¹ that efforts on awareness should launch from 2026, with a neutral Advice “front door”, behaviourally informed communications, and segmented consumer journeys so benefits reach *all* consumer types—not just already-engaged, affluent asset owners. Price signals alone won’t persuade everyone; tailor messages and offers to diverse needs to build broad, durable demand. Early, inclusive engagement builds confidence and creates broad, durable demand. SSES enduring governance should hard-wire this approach through consumer seats, metrics and cross-code coordination.

¹ “Consumer led flexibility – proposals seeking views on the best approach to consumer engagement”, DES NZ, July 2025

- **Interdependencies & funding evolution:** SSES timelines should be coordinated with the REC-led Consumer Consent service and plan for user contributions as services go live, avoiding duplication across codes and ensuring proportionate, transparent cost recovery.

We are happy to discuss any of the points raised in this response.

Yours sincerely,

Jon Dixon
Director, Strategy and Development

Appendix: RECCo response to consultation questions

Q1: Do you agree that the Balancing and Settlement Code administered by Elexon is the most suitable code to house SSES Enduring Governance functions?

Partially. Whilst the BSC should lead SSES enduring governance, reflecting Elexon's new Flexibility Market Facilitator role and adjacent capabilities such as the FMAR. That said, we do not consider that the BSC is the only impacted and relevant code. As we have previously suggested, to make CLF genuinely consumer-led and mass-market, enduring governance must be federated², with clear, working interfaces to the REC (consumer journeys, switching, consent, retail data/communications) and the SEC (smart metering security, device/communications assurance).

Why BSC should lead: We recognise the rationale for the government's minded-to case to select Elexon/BSC, citing synergy with flexibility roles and the ability to stand up Technical and Security governance relatively quickly (though these could have been done elsewhere without the need for a code modification).

Why a federated model is preferred: RECCo's response advocates an enduring, federated governance model across BSC/REC/SEC/NESO, delivered via coordinated, concurrent code change where needed. This best reflects how CLF touches retail processes, consumer consent and smart infrastructure, not just balancing/settlement.

Concerns with the proposed sub-group constitution: We were disappointed to learn from the SSES Enduring Governance webinar 16 September that the current Technical Governance Group and Security Governance Group membership omits both REC and SEC representation and proposes only one consumer representative on the Technical Group and none on the Security Group. For a consumer-led programme, this risks a system-optimisation bias and under-weights potential retail, consent and smart-meter dependencies. We note that the Elexon response to the consultation on consumer-led flexibility notes that effective consumer protection will be critical to building trust, and that the Market Facilitator is not the right vehicle to drive consumer engagement activities. We therefore recommend adding REC and SEC seats and strengthening consumer representation across both groups.

Consumer voice is not a monolith: While Citizens Advice has a statutory role, consumers span multiple archetypes—from highly engaged households with ESAs to those without assets or ability to respond to price signals. Enduring governance must embed multi-segment representation and protections so non-participants are not exposed to detriment from signals they cannot reasonably act on. Our earlier CLF response sets out this segmentation and protections approach.

Recommendation

Proceed with BSC as lead for SSES enduring governance but adopt a federated model with formal REC/SEC roles, concurrent cross-code changes (where relevant) and enhanced consumer representation in both sub-groups. This will align system security and interoperability with retail outcomes, switching and consent, enabling a scalable, consumer-led CLF market.

Q2: Do you agree with the suggested term limit of two years for the SSES Technical and Security Governance Group members?

Partially. We understand that the SSES Technical and Security Governance Groups will be established in mid-2026 and, after the transition, "continue to function" in the delivery phase (mid-2029 onwards)—i.e., part of

² i.e. central lead sets direction while defined responsibilities and decision rights are distributed across participating bodies, coordinated through shared rules, interfaces, and joint decision-making to deliver end-to-end outcomes.

business-as-usual governance, not just a transitional forum. We consider that the governance of the groups should appropriately be reviewed and refreshed once the final position in respect of the BSC Code Manager licence is known. While the proposed two-year term for TGG and STG members may be consistent with the proposal under Code Reform for Stakeholder Advisory Forum members etc, we consider that any prescribed terms and risk unnecessary churn and loss of expertise. Our concerns in respect of the TGG and STG would lessen with an open governance wrapper (published Terms of Reference, logs, KPIs), clear Code Manager accountability for how assurance is delivered, and government/regulator sign-off on technical/security standards, but we would suggest staggered appointments (e.g., half 2-year, half 3-year initially, then rolling renewals) to balance renewal and continuity, with renewal based on performance and impartiality. We also suggest that the terms limits should not apply to consumer representatives.

Q3: 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.

We partially agree - subject to safeguards. We support the TGG stewarding these artefacts and making recommendations, provided governance is federated across BSC/REC/SEC with formal cross-code coordination so retail processes (consent, data access, switching) and smart arrangements are fully aligned. In practice, we would prefer the TGG to act as the convenor of subject matter expertise, owning analysis, drafting direction and material for public consultation, while Exelon, as Code Manager licensee, is accountable for *how* delivery is executed—including version control, change impact assessment, procurement/assurance logistics and publication. This should all operate within an “open wrapper” of transparency, KPIs, decision logs and redacted minutes. Final decisions on the Companion Specification (and any normative technical baselines) should rest with government and/or regulators (the bespoke Option 2 route), to manage system and consumer risks. This model keeps technical coherence with retail and consumer outcomes, preserves competition (interoperability, portability, open standards), and avoids siloed or proprietary implementations. It also reflects our wider CLF position; that consumer-facing journeys need a consistent, neutral backbone and clear hand-offs across codes.

Q4: Do you agree that government and/or regulators should make the final decision on changes to the companion specification? Please explain your answer.

Yes, we support Option 2 - bespoke change with final decision by government and/or regulators). The Companion Specification (CS) is the technical “rulebook” that constrains how existing open standards are implemented for GB interoperability, including which parts of standards must/must not be used, any additional requirements, and associated testing/assurance artifacts. It is expressly conceived to have governance separate from the underlying standards so an authority can ensure policy objectives are met. We understand that public consultation would precede any decision under either option.

Because the CS will be mandated through legislation, the consultation argues this process requires oversight from government and/or regulators to protect consumers, enable innovation at least cost, and manage system risks; the minded-to position is therefore Option 2. We agree with this rationale.

While under ordinary BSC practice a Code Subsidiary Document (CSD) change does not require an Authority decision (Panel CP route), the paper recognises CS changes are exceptional and proposes reserving final approval to government/regulators.

We agree this bespoke treatment is justified given:

- (i) cross-market externalities,
- (ii) consumer protection and grid-stability implications, and
- (iii) the CS’s quasi-regulatory status once mandated.

Ordinarily, we would suggest Ofgem should take final decisions given its role as the energy regulator and competition authority, particularly to assess how technical requirements could distort competition (e.g., favouring certain device ecosystems or service models). However, the CS also directly impacts device manufacturers and operators—many outside Ofgem’s current remit and competencies—and intersects with product safety and security considerations. On balance, a government/regulatory decision model is appropriate, provided it is structured as:

- TGG-led analysis and recommendation, after public consultation.
- Final decision by government and/or regulators (Option 2), with Ofgem leading the competition/consumer outcome assessment and other authorities (e.g., those responsible for product regulation/cyber) contributing on manufacturer/operator and security impacts.
- Clear service levels for assessment/decision timeframes, to maintain predictability for innovators.

Conclusion: We support Option 2. Bespoke governance with a reserved government/regulatory sign-off recognises the CS’s legislative footing and system-wide consequences, while still drawing on industry expertise through the TGG and public consultation.

Q5: Do you agree that the SSES Technical Governance Group should have a longer-term role in assurance and testing?

We offer qualified support as we are not convinced the TGG should hold the enduring role as described in the consultation but could support the TGG evolving into a subject-matter expert (SME) group that advises Elexon in its capacity as Code Manager licensee, with the licensee accountable for many of the decisions currently proposed for the TGG.

On that basis, we agree in principle that the TGG should help define what must be assured for interoperability and what outcomes/risks the assurance regime must address. The technical framework (including the Companion Specification) is the right place to set scope, objectives and risk coverage—i.e., what conformance must be evidenced and why.

However, we do not support the TGG having any decision-making role over how assurance is provided (scheme design choices, operational modalities, vendor/lab models, or detailed processes). The consultation’s suggestion that the TGG might “develop, operate and/or maintain” the regime, including dispute design, asks too much of a representative group with limited, rotating membership. The TGG should set the “what” and “why”, not the “how.”

On delivery, we support Elexon procuring and managing services if device testing is required. As the responsible delivery body with existing assurance expertise, Elexon is better placed to determine how assurance is discharged day-to-day, ensure supplier competence, manage conflicts, and balance practicality with proportionality—subject to outcome requirements set with TGG advice and appropriate Panel/government oversight. Concentrating operational decisions in the licensee helps keep the regime targeted and proportionate, avoiding undue costs or barriers to competition.

Proposed checks and balances:

- **TGG (as SME advisory group):** advise on the outcomes/risks the regime must mitigate; periodically review whether those outcomes are being met and recommend adjustments.
- **Elexon (as accountable licensee):** design/operate the practical assurance mechanics under published KPIs (timeliness, proportionality, market impact), using transparent procurement and accreditation standards. Elexon should be clearly accountable for final delivery choices.

We are agnostic about any TGG role in disputes but consider that the design and operation of dispute processes require procedural expertise and independence; the TGG may be conflicted if it helped specify the requirements at issue. Our preference would be to use existing independent mechanisms (e.g., BSC/Panel routes or independent adjudication), with the TGG providing technical advice only when requested.

In summary:

- Yes, to TGG involvement initially in defining what is assured and which risks/outcomes assurance must address—preferably as an SME advisory group.
- No to TGG deciding how assurance is delivered; Exelon should lead design and procurement, be accountable for delivery and any future changes to the CS regime.
- Disputes: route via established, independent processes; TGG advisory only.

Q6: Do you agree with the categories for seat allocation and the suggested split of seats for the SSES Technical Governance Group?

Partially. We support a balanced core between manufacturers (x3) and load controllers (x3), alongside networks (1), NESO (1) and a consumer seat (1), with an independent chair and non-voting places for a standards body, government, OPSS and Ofgem. This mirrors the consultation's intent to combine implementers, system-operators and consumer interests in a compact group.

However, for a genuinely *consumer-led* flexibility programme, this split under-weights retail, consent, and smart-meter dependencies.

Q7: Do you have any other reflections on the proposed governance structure for the SSES Technical Governance Group?

What we'd change (while keeping the group small)

Add retail/smart governance voice(s): One voting seat for each of the REC and SEC (or two seats with a shared vote if necessary to retain balance). This anchors consumer journeys, data/consent flows and smart-meter interoperability within technical decisions, avoiding system-only optimisation.

Strengthen the consumer perspective: Upgrade from one to at least two consumer seats (or one voting + one non-voting) to reflect the diversity of consumer archetypes (asset-owning vs non-participating, vulnerability considerations). The second seat could come from a group representing a different consumer demographic or set of needs.³ This aligns with the programme's "consumer-led" positioning.

Clarify constituency balance and conflicts: If two trade associations are appointed, they should draw from distinct membership pools to avoid over-aggregation of interests. Publish simple impartiality declarations and refresh terms every two years (staggered) to reduce capture risk.

Invite capability without bloating membership: Use the Chair's ability to invite non-members for specific agenda items (e.g., Home Energy Management System specialists, cyber, data protection) so the committee stays small but draws in the right expertise at the right time.

Cross-code alignment: As noted, we consider that CS and technical framework must touch retail/consent and smart-meter dependencies if it is to achieve mass-market penetration. Therefore, irrespective of our point on

³ E.g. The **Centre for Sustainable Energy (CSE)** which has practical experience running community trials and consumer engagement on flexibility/demand-side response, or **Energy Saving Trust** due to its trusted brand with broad consumer programmes; good on behaviour change and accessibility of offers.

group membership, we request a formal duty is placed upon TGG and/or the BSC Code Manager (Elexon) to coordinate with REC and/or SEC as and when such cross-code impacts may arise.

Q8: Do you agree with the proposed membership composition of the SSES Security Governance Group, including the number of members in each category?

Further to our answer to Q6 on TGG membership and balance, the same principles should also guide the Security Governance Group (SGG) - recognising that, by its nature, security work will justify more closed sessions and redacted materials. We therefore accept that the direct role of consumers and RECCo will not be as strong in security as in technical design; nevertheless, consumer outcomes (privacy, consent, fair access, non-discrimination) still warrant a clear line of sight into security policy choices and their impacts.

Learning from SEC's privacy/security arrangements. Security fora inevitably restrict sensitive detail, but experience around smart metering shows that opacity can erode confidence if there is insufficient "open wrapper." We therefore recommend the SGG be required to:

- publish Terms of Reference, membership categories, forward workplan, decision logs, and redacted minutes/headline reports as standard (with security-sensitive content withheld);
- issue an annual public summary of security posture changes and rationale; and
- define clear appeal/escalation routes for materially affected parties (separate from the group that drafted the measures).

These measures preserve necessary confidentiality while improving accountability and the rationale of decisions that influence wide market practice. Where relevant, practicable and cost-effective, potential conflicts between the SSES and SEC security requirements should be avoided.

Q9: Are the scope of the roles and responsibilities of the SSES Security Governance Group manageable and proportionate?

Yes, they appear to be manageable and we consider that the SGG's scope is appropriate given national-security sensitivities, however there is a risk that it may become unwieldy and have a disproportionate and adverse effect unless tightly bound. E.g., as noted above it should set outcomes and risks (what needs mitigating) and policy guardrails, while Elexon determines how assurance is delivered.

To keep it proportionate, we propose an "open wrapper" (published Terms of Reference, redacted minutes, decision logs), clear KPIs for timeliness/proportionality, a simple information-classification policy, and appeal/escalation to an independent body.

Q10: Should any responsibilities of the SSES Security Governance Group be added or removed?

Whilst we recognise that there can be a role for committee-based governance of programmes and potential extended through a transitional period, we do not agree that they are the best form of governance on an enduring, operational basis. Noting that by the time these groups are established Elexon will – in all likelihood – have been awarded the BSC Code Manager licence, we consider that it would be better placed to make and be accountable for many of the expected operational decisions, rather than the SGG (or TGG).

The SGG should set *what risks/outcomes* must be mitigated and provide policy guardrails; Elexon should decide *how* assurance is delivered, procure/manage services, and be accountable for them. This could either be directly through incorporation of these roles into the Elexon Code Manager licence, codified or more flexibly, by incorporating the SSES deliverables with the Strategic Direction Statement.

As noted, we consider that the governance should have an open wrapper (published Terms of Reference, redacted minutes, decision logs) and retain Option 2 for CS-level changes (final decision by government/regulators after consultation).

Q11: 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.

We have no specific comment on the content of the draft BSC modification, other than to note that it could be expended to include additional roles and responsibilities for Elexon, either in isolation of coterminous with the effective date of the BSC Code Manager licence as set out in response to Q10.

Q12: 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)?

As noted, these proposals are running alongside those of Code Reform, and at the moment it is not currently clear whether the TGG and SGG will be stood up ahead before or after the effective date of the BSC Code Manager licence. It is therefore not clear whether the BSC Panel will have any substantive role in practice, but it would nonetheless be sensible to draft any BSC Panel oversight of both groups in such a way that can readily transferred to the Code Manager licensee, the Elexon Board and/or the BSC Stakeholder Advisory Forum as appropriate, in accordance with where those former BSC Panel responsibilities rest once determined by licence.

Q13: 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?

Yes, with review prior to the delivery phase. We support the treatment of initial SSES Enduring Governance set-up costs as BSC Costs during the Transition Phase—this is pragmatic given the functions are being inserted under the BSC and the groups will be BSC Panel sub-committees.

A review before Delivery is essential because the ultimate commercial beneficiaries will extend beyond BSC funding parties (e.g., future load control licensees, manufacturers, aggregators), and government already proposes reassessing recovery to reflect the full range of beneficiaries/accountable parties. indeed, this may well be a requirement of the BSC Code Manager licence. In parallel, we note similarities with REC services or initiatives (e.g., enquiry services and consumer consent): once services are operational, users should contribute alongside code Parties. Over time, with the Code Manager licence in place, there should be no barrier to Elexon recovering SSES-related costs other than via BSC charges.

Q14: 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?

No, we consider that government reserving the right to change the independent chair of the TGG and SGG is likely to be inadequate. Replacing a Chair is a blunt and reactive tool: it intervenes after problems emerge, doesn't guarantee remedy of substantive decisions already taken, and can undermine independence if used (or perceived) as a policy-alignment lever rather than performance management. It also doesn't provide continuous transparency, metrics, or stakeholder redress.

What to add (practical upgrades).

- **Open wrapper & reporting:** Publish Terms of Reference (ToR), forward plans, decision logs, and redacted minutes/headline reports by default; embed periodic effectiveness reviews. (ToR will be BSC subsidiary documents—use that to codify duties.)
- **KPIs & oversight:** Require Panel-visible KPIs (timeliness, proportionality, market impact) with Elexon reporting initially under its administrative role and in due course, potentially as a Code Manager licensee; this creates routine accountability beyond personalities.
- **Escalation/appeal:** Define a right of reference from TGG/SGG decisions to the BSC Panel (and post-Code Reform, to Elexon as the licensee or a body that replaces that Panel).

- **Independence safeguards:** Conflict-of-interest declarations, and periodic membership refresh (the consultation already anticipates rotating membership—formalise it).

Retaining a government right to replace the chair is useful but insufficient as the primary accountability lever. Pair it with codified transparency, KPIs with Panel oversight, clear appeals, and regular effectiveness reviews to ensure sustained, proportionate, and trusted governance.

Q15: 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?

Alongside SSES's own milestones, the roll-out should track interdependent programmes, notably the REC-led Consumer Consent platform, and sequence changes so consumer-facing journeys, data access and retail messaging line up with the SSES go-live (mid-2026 onwards).

Consistent with our CLF engagement response, we recommend a much earlier launch of market awareness and consumer education—from 2026: stand up a neutral Advice “front door” and light standards/terminology function, with pilot communications that hand off to Advice, then scale through 2027–28. This would de-risk delivery and builds informed demand.

Without early, impartial signals, commercial offers will set de facto standards, risking fragmentation and confusion the CLF consultation already cautions against. Coordinated, earlier communications reduce that risk and avoid later “grandfathering” of inconsistent positions that should instead be set by the programme.