

# Non-Domestic Glossary of Terms

This is a glossary of terms for **Non-Domestic customers** to aid in their understanding of their bills.





## A

### **Account Balance**

The financial status of a customer's account, showing whether they owe money or have a credit balance (see credit definition).

### **Account Manager**

A representative from an energy supplier or broker who manages the customer supply account and serves as the primary point of contact for a business customer.

### **Account Number**

A unique identifier assigned to a customer's account with an energy or utility provider.

### **Agreed Supply Capacity**

An agreed amount of electricity with your distributor that they make sure is available to give you at any time. Businesses that use more energy have higher ASCs, so they can operate at full capacity without worrying about running out of power. Sites with ASCs are split into 3 categories depending on their size: low voltage, high voltage and extra high voltage. This cost is collected by your supplier and paid to the Distribution company.

### **Auto Rollover Contract**

Where a contract will automatically roll over at the end of the term. Due to the terms of a contract, a supplier has the ability to extend the duration of an existing Fixed Term tariff or apply a new Fixed Term tariff without a customer's positive assent.



## B

### Back Bill

A back-bill is a 'catch-up' bill sent to you by your gas or electricity supplier when you haven't been correctly charged for your energy use. Back-bills can be for any amount but there is an obligation (SLC 21B) in place for domestic customers and Micro Businesses defining when, in what circumstances, and for how far back your supplier can charge you.

### Bad Debt

Bad debt refers to the amount of money owed by customers in the energy system, which is unlikely to be repaid. The cost of this is recouped through all customers' energy bills.

## C

### Carbon Footprint

Carbon footprint measures greenhouse gas emissions, primarily carbon dioxide that is emitted from business activities.

### Change of Occupancy/Tenancy

The process of transferring the responsibility of energy or utility bills from one party to another in a rented or leased property. This may include the transfer of ownership of a property in common usage.

### Charges

The presentation of unit rate, a fixed monthly/daily amount (standing charge), metering costs, that you pay your electricity/gas supplier for maintenance and other costs, such as maintaining connection to the power network.

### Commodity Costs

The cost of gas or electricity in wholesale market (see wholesale energy costs). This is one of the main costs that make up your energy bill.



## D

### Debit

A negative balance on a customer's account, indicating they owe money for unpaid charges.

### Deemed Contracts

A deemed contract relationship will normally exist where a customer moves into new premises or otherwise assumes responsibility for a premise, and starts to consume gas and/or electricity, without agreeing a contract with a supplier. It can also exist in some circumstances where an existing contract comes to an end and the customer continues to consume gas and/or electricity, but the original contract does not expressly provide for what will happen after expiry. It is different from an "Out of Contract" rate.

### Deemed Rates

A deemed rate is the actual tariff that the customer is on, whilst on a deemed contract. As above, a deemed contract relationship will normally exist where a customer moves into new premises, and starts to consume gas and/or electricity, without agreeing a contract with a supplier. It can also exist in some circumstances where an existing contract comes to an end and the customer continues to consume gas and/or electricity, but the original contract does not expressly provide for what will happen after expiry. It is different from an "Out of Contract" rate.

### Direct Debt

A payment method where automatic withdrawals are taken from a bank account to pay bills.

### Distribution Costs

Electricity is transmitted to your home via a network. Managing and maintaining this network costs money. This is why a distribution cost is charged. This cost is collected by your supplier and paid to the Distribution company.



## E

### EBDS

The Energy Bills Discount Scheme (EBDS) replaced the Energy Bill Relief Scheme (EBRS) on April 1, 2023. The new scheme offered a possible discount on non-domestic gas and electricity unit rates for consumers who qualified. The scheme concluded on 31st March 2024.

[Link to UK Government information on EBDS](#)

### EBRS

The Energy Bill Relief Scheme ran from October 2022 to March 2023 and was replaced by the EBDS (see above). The EBRS was a discount applied to gas and electricity unit rates for non-domestic consumers who qualified.

[Link to UK Government information on EBRS](#)

### End of fixed term notification

A communication from a supplier to a consumer, indicating that the fixed term period of the consumer's energy supply contract is due to expire, and setting out the arrangements that the consumer will default to, and the options to act available to the consumer in response to this notification.

### End of fixed term period

When an agreed upon fixed rate deal which is time limited comes to an end.

### Energy Efficiency

The measure of how effectively a business utilises energy to perform its tasks or operations, aiming to minimise waste and reduce energy consumption.



## E

### Environmental and Social Costs

Costs passed through to customers bills to pay for various policies that, for example, support clean energy, help with social issues, or support the rollout of 'green' gas. Please see below a list of current environmental and social costs, these are subject to change. Government-imposed tax to encourage reduction in gas emissions and greater efficiency of energy used for business or non domestic purposes. CCL is chargeable only on units/kWh used and not on any other component of the bill, e.g. standing charge. The rate of CCL is now index-linked and therefore likely to increase on 1 April each year.

#### **Climate Change Levy (CCL)**

*Government-imposed tax to encourage reduction in gas emissions and greater efficiency of energy used for business or non domestic purposes. CCL is chargeable only on units/kWh used and not on any other component of the bill, e.g. standing charge. The rate of CCL is now index-linked and therefore likely to increase on 1 April each year.*

#### **Contracts for difference (CfD)**

*A private law contract between a low carbon electricity generator and the Low Carbon Contracts Company (LCCC), a government-owned company. A generator party to a CfD is paid the difference between the 'strike price' – a price for electricity reflecting the cost of investing in a particular low carbon technology – and the 'reference price' – a measure of the average market price for electricity in the GB market.*

*It gives greater certainty and stability of revenues to electricity generators by reducing their exposure to volatile wholesale prices, whilst protecting consumers from paying for higher support costs when electricity prices are high.*

*Scheme designed by government to promote the uptake of renewable and low-carbon electricity generation.*



## E

### **Feed-in Tariffs (FiT)**

*Introduced on 1 April 2010, the scheme requires participating licensed electricity suppliers to make payments on electricity generated and exported by accredited installations. This scheme is currently closed.*

*A government environmental scheme that provides financial incentives for new anaerobic digestion biomethane plants to increase the proportion of green gas in the gas grid.*

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### **Green Gas Support Scheme (GGSS)**

*The scheme is open to applicants in England, Scotland and Wales for four years from 30 November 2021.*

*Registered participants will receive quarterly payments over a period of 15 years. Payments are based on the amount of eligible biomethane that a participant injects into the gas grid.*

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### **Green Gas Levy (GGL)**

*An obligations on licensed gas suppliers, including a requirement to make quarterly levy payments, in order to fund the GGSS.*

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### **Renewable Obligation**

*A support scheme for renewable electricity projects in the UK. It puts an obligation on UK electricity suppliers to source an increasing proportion of their electricity from renewable sources. The RO is underpinned by legislation and there are three "RO Orders" that cover England and Wales, Scotland and Northern Ireland. The Renewables Obligation (RO) is a scheme which supports the deployment of large-scale renewable electricity generating stations in the UK.*





## E

### **Renewable Obligation continued**

*Technically the RO is three different schemes covering the devolved jurisdictions of the UK:*

- The Renewables Obligation (England and Wales) - RO*
- The Renewables Obligation (Scotland) – ROS*
- The Renewables Obligation (Northern Ireland) – NI*

*When we say 'the RO' without qualifying it further we're normally talking about all three schemes collectively.*

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### **Renewable Energy Guarantees of Origin (REGO)**

*The Renewable Energy Guarantees of Origin (REGO) scheme provides transparency to consumers about the proportion of electricity that suppliers source from renewable electricity.*

*This scheme provides certificates called REGOs which demonstrate electricity has been generated from renewable sources.*

### **Estimated Annual Consumption**

The estimated energy consumption of a customer over a 12 month period, based on a supplier specific methodology, and the best available information about that consumer's historical consumption.

### **Estimated Annual Costs**

The estimated cost to a consumer over a 12 month period, based on a supplier specific methodology, and the best available information about that consumer's historical consumption.

### **Estimated Billing**

Billing based on estimated energy consumption when actual meter readings are not available. This will be done by applying standard industry values (e.g., AA/EAC) or by consumption history.





## E

### Excess Capacity Charges

Excess capacity charges are applied to customers who use more than their Agreed Supply Capacity, ASC. i.e. if you use more than your Agreed Supply Capacity in a given month, you will see an Excess Capacity Charge on your bill to cover this overage. This cost is collected by your supplier and paid to the Distribution company.

## F

### Fixed-term contract

Contracts between a customer and an energy provider that specify a fixed duration during which the terms and rates of service remain constant.

## H

### Half-hourly

A way of metering energy use. These meters automatically send readings every half an hour to a data collector, who submits them to your energy supplier. There's no need for manual meter readings, and your bills are based on this half-hourly data, so they're more accurate and timely.



## M

### Maximum Resale Price

A direction issued under section 37 of the Gas Act 1986 and section 44 of the Electricity Act 1989 by Ofgem that fixes (by amount or methodology) the maximum price at which gas and electricity may be resold if it has already been bought from an authorised supplier. The current MRP direction states that the maximum price at which each unit of gas or electricity may be resold shall be the same as that paid to the authorised supplier by the person reselling it.

### Meter

A meter is a device which measures and records the amount of energy (gas or electric or both) which a customer uses. There are different types of meters which are detailed below:

#### **Traditional**

*This is the most common type of electricity meter and uses a mechanical display to show your readings. You'll need to take a reading of five black numbers from left to right - ignoring any red numbers (if present).*

*AMR means Automated Meter Reading or sometimes Advanced Meter Reading. These AMR meters are more advanced energy meters that are capable of measuring and storing energy usage for multiple time periods.*

#### **Automated Meter Reading Meters (AMRs)**

*There are three types of AMRs:*

*Advanced meter – contains a remote reading device.*

*Data logger – provides remote reading equipment on larger sites.*

*Gas embedded meter – contains a remote reading device.*



## M

### **Smart Meters**

*Automated Meter Reading meters and Smart Meters are similar, but they operate using different technologies. AMRs have a SIM within them that transmits data over a mobile network, whereas Smart Metering Equipment Technical Specifications (SMETS) meters use a communications hub. Smart meters are only being installed in domestic and small businesses and are being rolled out to all homes and small businesses by 2025.*

### **Pre-payment Meter**

*A payment method where customers pay in advance for energy or services, often using pre-payment meters. This could be via Smart or Traditional meters.*

### **Meter Class**

A classification of electricity or gas meters based on their features and capabilities.

### **Link to more information on meter classes**

### **Meter Operator Charge (MOP)**

MOP stands for Meter Operator, and it is their role to provide and maintain your electricity meter and communications, typically on a five year lease contract. If you see a Meter Operator Charge on your supply bill that was not specified on your supply contract, this is a default MOP charge. This cost is collected by your supplier and paid to the Meter Operator.

### **Meter Point Administration Number (MPAN)**

A unique reference number for an electricity supply point or meter, used for identification and billing purposes.

### **Meter Point Reference Number (MPRN)**

A unique reference number for a gas supply point or meter, used for identification and billing purposes.



## M

### Micro Business

A non-domestic customer is defined as a Micro Business consumer if they: employ fewer than 10 employees (or their full time equivalent) and has an annual turnover or balance sheet no greater than €2 million; or uses no more than 100,000 kWh of electricity per year; or uses no more than 293,000 kWh of gas per year.

## N

### Network Costs

These include the costs to build, maintain and operate the gas pipes and electricity wires run by the network companies who transport energy to your property. Suppliers are charged by network companies for this, and pass on this cost to their customers. We limit network costs carefully through price controls. This is because you can't normally choose which network company you use. See below for specific network costs:

#### **BSUoS**

*BSUoS stands for Balancing Services Use of System, and it considers the daily costs associated with the balancing of electricity generation and consumption. BSUoS represents approximately 3% of the total bill.*

#### **TNUoS**

*TNUoS stands for Transmission Network Use of System, and is also an electricity charge. Again, it's part of your overall electricity bill. You pay it in addition to your kWh unit charge. It is there to pay for the cost of installing and maintaining the electricity transmission system in England, Wales, Scotland and offshore. TNUoS is charged via a set residual charge according to geographical location for all suppliers. For certain locations a further charge based on peak consumption may be charged.*



## N

### **DUoS**

*DUoS stands for Distribution Use of System; it's part of your overall electricity bill. You pay it in addition to your kWh unit charge. DUoS covers the cost of installing and maintaining local electricity distribution networks. These help distribute power to your business. This cost is collected by your supplier and paid to the Distribution company.*

### **Tloss and Dloss**

*Tloss and Dloss stands for transmission and distribution losses.*

### **AAHEDC**

*AAHEDC stands for Assistance for Areas with High Electricity Distribution Costs. AAHEDC is charged to support areas with high distribution costs compared to the rest of the UK. The AAHEDC cost is negligible compared to the other bill cost components.*

### **Reactive Power Charge (KVAR)**

*Reactive power refers to the difference between the electricity supplied and the electricity converted into useful power (i.e. that which you are able to use). If a site has high Reactive Power i.e. if there is a large amount of power being wasted, more current needs to flow to provide the same output. This puts an additional strain on the distribution network, potentially increasing costs for the DNO. This charge is a contribution towards those costs, it is collected by your supplier and paid to the Distribution company.*



## N

### Non-Commodity Costs

The wholesale cost of the gas or electricity you use makes up about half of the amount of your overall bill. The rest of your bill is made up of non-commodity costs, also known as non-energy costs. They include network costs, environmental and social costs, supplier operating costs and your supplier's pre-tax margin. Among these costs are third-party costs, these are costs that are charged to your supplier by the organisations responsible for the cables and pipes that get your energy to your building (please see network charges above as these are included in non-commodity costs).

### Notice Period

Period of notice required by an energy supplier for ending your contract.

## O

### Off-peak tariff/rates

A pricing structure for energy where lower rates are charged during times when demand is typically lower, such as overnight or during weekends.

### Out of contract rates

The rate charged by an energy supplier that continues to supply a consumer after a contract has ended.



## P

### Pence per kilowatt hour (p/kWh)

The commodity portion of an energy bill is usually charged in pence per kilowatt hour. A kWh is a measure of electricity use that allows you to compare the energy use of different appliances and measure your overall energy consumption. 1 kWh is the amount of energy needed to run a 1 kW appliance for an hour.

### Principal Terms

The most important terms of a supply contract, including the charges, duration, amount of any termination fees and any terms which may reasonably be considered to significantly affect the evaluation by the consumer of the contract under which they are supplied with energy.

### Product Bundle

A package or combination of energy services and features offered to customers as part of an energy plan, tariff or contract.

## R

### Renewal Letter

When your energy contract is due for renewal you will receive a renewal letter. This letter provides the notice period (usually a minimum of 30 days) which is the amount of time you have to inform your supplier of your intentions at the end of the fixed contracted period, e.g. to exit your contract at the end of the fixed period.

### Renewal Window

See renewal letter above. The renewal window is the notice period that should be specified in the renewal letter. If notice is not provided in the notice period, you may automatically be signed up to a new agreement.





## S

### Security Deposit

A security deposit is a sum of money held by a supplier as a risk based deposit to cover the potential non-payment of a customers account.

### Standing Charge

A standing charge is a fixed daily amount that you pay on your bill regardless of how much energy you use (although it should be noted that not all non-domestic suppliers will use standing charges). Standing charges apply to both gas and electricity and will vary by supplier, where you live, how you pay and what meter you have.

The standing charge is used to cover the costs of, among other things:

- Using and maintaining the energy supply network that gets electricity and gas to your home.
- Meter reading visits.
- Government support schemes.

### Start/end read (of meter)

Referring to meter readings, the first and the last one (of the day/period, including the start/end of the supply period or billing period).

### Statement of account

Statement that details your energy usage and costings. Energy suppliers will send this directly to the customer.

### Statement of renewal terms

Where a supplier enters into, or extends the duration of, a Micro Business Consumer Contract for fixed term period, the supplier must prepare a statement of renewal terms. For further information please refer to standard licence condition 7A in the electricity and gas supply licences.



# T

## Tariff

The rate or pricing structure that determines how much a business pays for electricity and/or gas usage, often based on consumption levels and time of use. Tariffs are subject to periodic price changes.

## TCR and rules for meter banding

The Targeted Charging Review (TCR), was an Ofgem initiative set up with the aim to modernise the electricity network and ensure the fair allocation of Transmission and Distribution charges for businesses and consumers. It examined the 'residual charges' which recover the fixed costs of providing existing pylons and cables, and the differences in charges faced by smaller distributed generators and larger generators. The conclusion of the review was that residual charges are now levied in the form of fixed charges for all households and businesses. The amount you will be charged is based on annual usage, and type of meter.

[Link to more information on the TCR](#)

## Termination fees

These are the contractually agreed fees a customer must pay if they terminate their contract before the agreed contract end date.

## Third party intermediary (TPI) (also known as Energy Brokers)

Third Party Intermediaries (TPIs) are companies or businesses that can offer advice and products to assist with a range of functions including energy procurement, efficiency and management. They can include switching websites, energy brokers and energy efficiency advice providers who interact with energy consumers.

If you use a TPI as a business consumer, you may pay them their commission or fee directly or, more often, indirectly through your supplier. In the latter case your supplier may charge you a fee linked to your consumption, or a flat rate, which the supplier then transfers to the TPI. TPIs can also be referred to as brokers or energy brokers.

[Link to more information about TPIs](#)



## T

### **Time of use (TOU) rates/tariffs**

A pricing structure where energy costs vary based on the time of day or day of the week, encouraging businesses to shift energy-intensive activities to off-peak hours.

### **TPI costs (also known as service fees)**

Any fees, commission or other consideration including a benefit of any kind, due to, paid, or made to the TPI as stated in the contract they have with either the supplier or customer.

## U

### **Unit rate**

The unit rate is the price-per-unit of the gas and electricity that your business consumes. Unit rates can vary for a number of reasons, such as your location or the type of tariff you are on.



## V

### Value added tax (VAT)

A consumption tax applied to the value of goods and services at each stage of production or distribution. It is typically paid by consumers. The rate is normally 20% for businesses consumers and 5% for domestic consumers.

## W

### Wholesale energy costs

The wholesale cost of energy is the price that energy suppliers buy the energy at in an open and competitive market, which is then resold to customers.

If you have any queries or comments on this publication, please contact [NonDomesticRetailPolicy@ofgem.gov.uk](mailto:NonDomesticRetailPolicy@ofgem.gov.uk)

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