



Non-energy charges guide

Non-energy (or third party) charges cover the cost of transporting your energy and various Government obligations. They can account for between 40% - 70% (for electricity) or 20-50% (for gas) of your bill depending on your meter type and the location of your business.

If you have a pass-through contract, your terms and conditions include a reference to 'pass-through amounts' in clause 8.3. These may change throughout the length of your contract.

Why do non-energy charges impact my rates?

Having a pass-through contract means we're able to keep your costs down as we don't need to add a premium to your electricity rates to cover the possibility of future changes to non-energy charges.

To keep things simple, if the non-energy charges do change, we'll usually only change your rates once a year.

Types of non-energy charges

These fit into four main categories:

Energy infrastructure costs

The cost to transport energy from where it's generated to your site (TNUoS and DUoS for electricity, NTS and LDZ for gas)

Energy related costs

The costs for the National Grid to balance energy supply and demand in real time (BSUoS)

Low carbon generation costs

Costs from Government schemes that all suppliers must pay. They help to fund low carbon and renewable generation (RO, FiT, CFD FiT)

Security of supply costs

Government costs to maintain supply security as the UK builds more intermittent renewable generation (CM)

What do the terms mean?

TNUoS – Transmission Network Use of System

Costs to operate and maintain the Transmission Network (the high voltage pylon system which you can sometimes see while travelling). This network transports electricity from generators to local Distribution Networks.

Prices vary by area and customer, meaning some may see an increase and others a decrease. Ofgem regulates and caps prices, but they're driven by Transmission Owners.

DUoS – Distribution Use of System

DUoS helps maintain and operate the Distribution Network, which transports electricity from the Transmission Network to meters.

Again, Network Operators drive the prices, which vary by area and customer. Ofgem regulates and caps the prices.

NTS – National Transmission System

Costs of using the National Transmission System (NTS). This is the national network of pipelines which transports gas from terminal and storage facilities to Distribution Networks, large consumers and overseas.

The National Grid acts as the Transmission Network Owner and System Operator. It controls the cost of NTS charges, under the review and price regulation of Ofgem.

LDZ – Local Distribution Zone

Costs of using of the local network of pipelines which transports gas from the National Transmission System directly to meters and the cost of energy lost in the process (such as through leakage). We refer to unaccounted for amounts of gas as 'unidentified gas'.

These charges are set by Distribution Network Operators, under the review and price regulation of Ofgem.

BSUoS – Balancing Services Use of System

Paid by generators and suppliers, these charges help keep the Electricity Transmission System balanced each day. They also ensure power can be transmitted to where it's needed. National Grid calculates each half-hour based on the system needs at that point.

RO – Renewable Obligation

A government scheme to support large-scale renewable generators by providing them with extra income above the value of energy they produce. This scheme closed to new applicants in March 2017, but the costs for existing applicants are still supported.

The Government increased the required proportion of total energy consumption that eligible renewable generators get paid for under the RO scheme.

CFD FiT – Contracts for Difference – Feed-in Tariff

The Government set a fixed price to pay to large renewable energy generators for every MWh generated. To support them, suppliers need to contribute the difference between the fixed price and the market value of that energy.

FiT – Feed-in Tariff

Cost to support small-scale renewable generators, such as solar roof installations. This scheme guarantees a fixed tariff based on how much the generator generates. Suppliers make payments to Ofgem to help fund this. Because of the increasing adoption, costs for suppliers have been increasing year on year.

CM – Capacity Market

Capacity Market charges ensure there is always a supply of energy. It enables non-renewable generators to schedule their generation at times when it's required, such as when renewable generation is intermittent. An auction run by the National Grid on behalf of the Government determines the cost.