Nationwide Utilities

Third Party Charges

Non-Commodity Forecast

Energy
Management
Renewable
Supply
Network
Connections

nationwide energy solutions utilities

Electricity Charges Forecast

Your energy bill is made up of several elements that are not just the cost of wholesale energy, a significant part is made up of non-commodity cost.

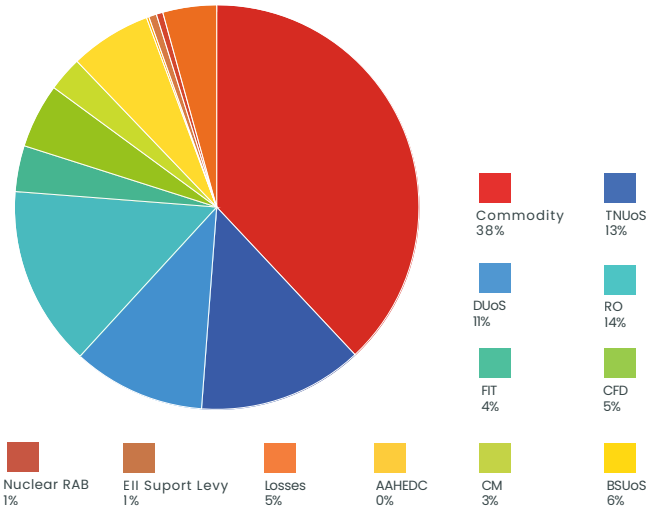
Non-commodity as the name suggests is any additional cost that are not directly associated to the cost of wholesale energy or commodity.

They now make up an ever increasing share of the total electricity price. This guide will help navigate the increasingly complex landscape and how they are likely to develop in future.

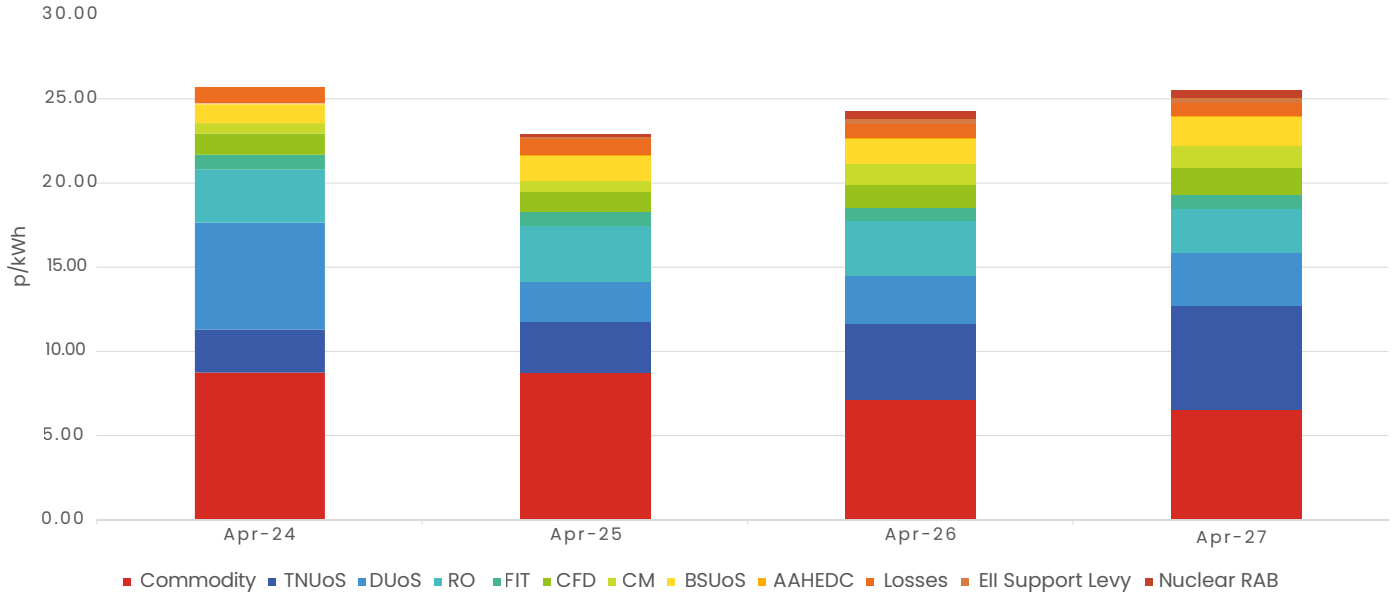
The two types of charges:

- Network Charges and Security of Supply
- Environmental Charges

Commodity and Non-commodity split
12 month price 2025/26



Future Cost Breakdown (financial year)



Priced as of February 2026

Network and security of supply

These are the non-commodity charges associated with delivering electricity from the source of generation to the end user via the networks (TNUoS and DUoS). They will also recover costs to ensure the network is safely balanced and stable (BSUoS) and guarantee supply when it is needed most (Capacity Market).

Transmission Use of System (TNUoS)

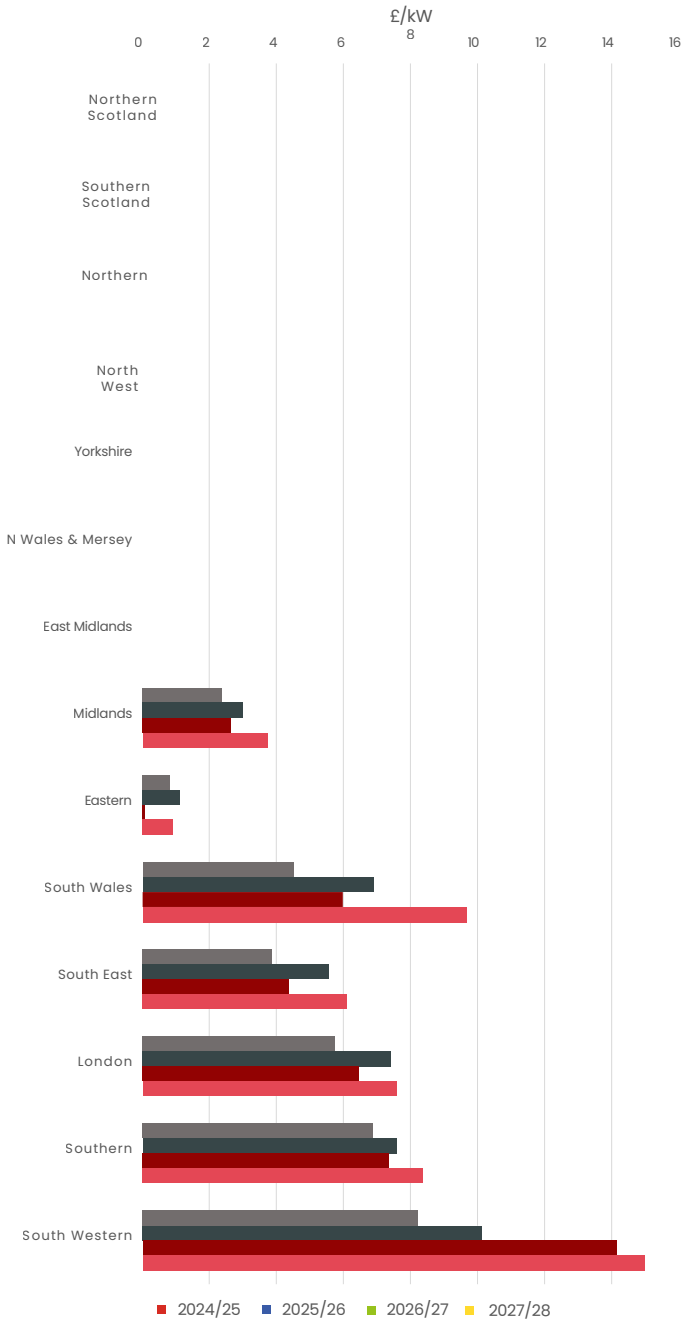
TNUoS charges recover the costs of installing and maintaining the transmission network across Great Britain, including offshore infrastructure. Customers pay a mix of unit rate and standing charges, based on location, whether electricity is imported or exported and capacity. TNUoS costs reflect the revenue that the 3 transmission owners are allowed to collect under Ofgem regulation. The framework for allowed revenue is set in price control periods, typically lasting 5 years.

The next price control period, known as RIIO-T3, will start in April 2026, and is expected to see transmission costs increase significantly as investment in the transmission system increases to improve infrastructure and help meet net zero targets. The first year of actual rates for the RIIO-T3 have been published, covering 2026/27, and represent an average increase of around 60% above 2025/26 rates. This is a smaller impact than expected due to Ofgem's decision to phase the costs during RIIO-T3.

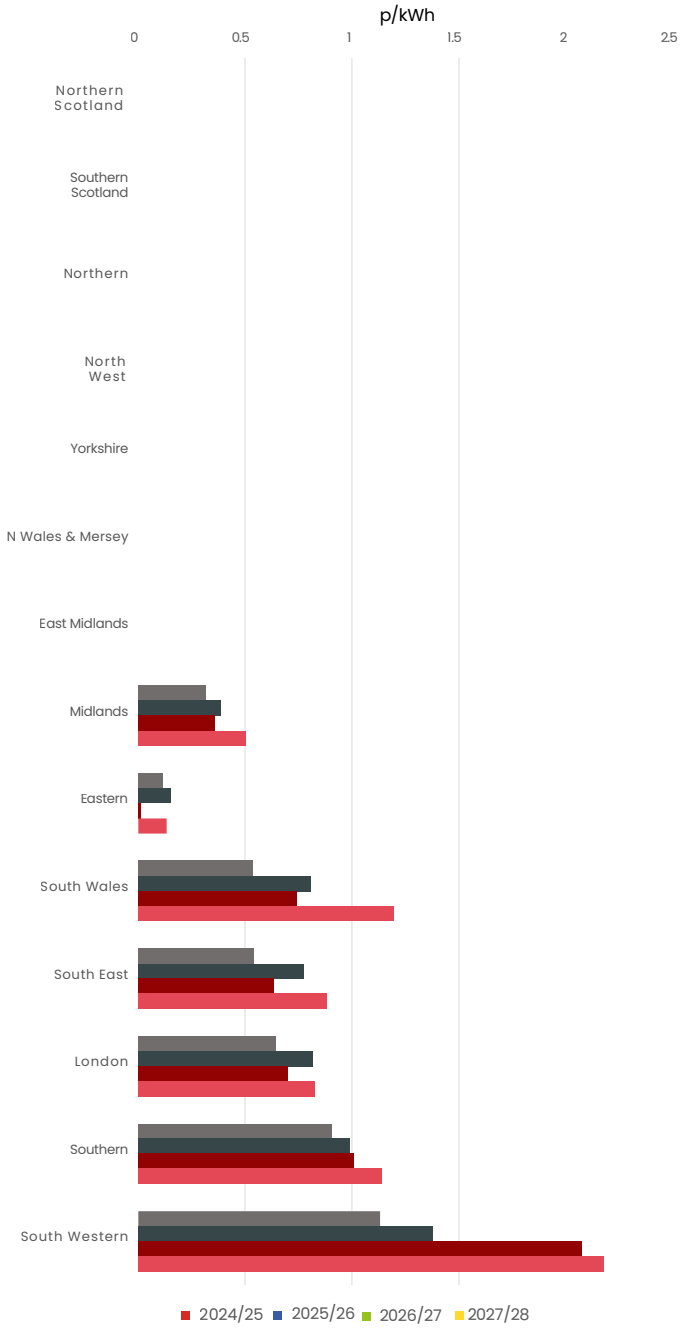
Unit Rate Charges for TNUoS are split by location and depend on meter type. For half hourly (HH) demand sites locational costs are calculated by applying the half hourly TNUoS rates to demand 'TRIADs'. These are the 3 highest metered demand half hours between November and February, separated by at least 10 days. For non-half hourly (NHH) sites, the locational costs are calculated using demand during 16:00 to 19:00 all year round.

Standing Charges became the main cost recovery method for TNUoS from April 2023. Both HH and NHH meters are charged a fixed standing charge that is independent of location. The standing charges are broken down by bands, which are determined by specific meter capacity and consumption.

Half Hourly Demand Charges



Non-Half Hourly Demand Charges



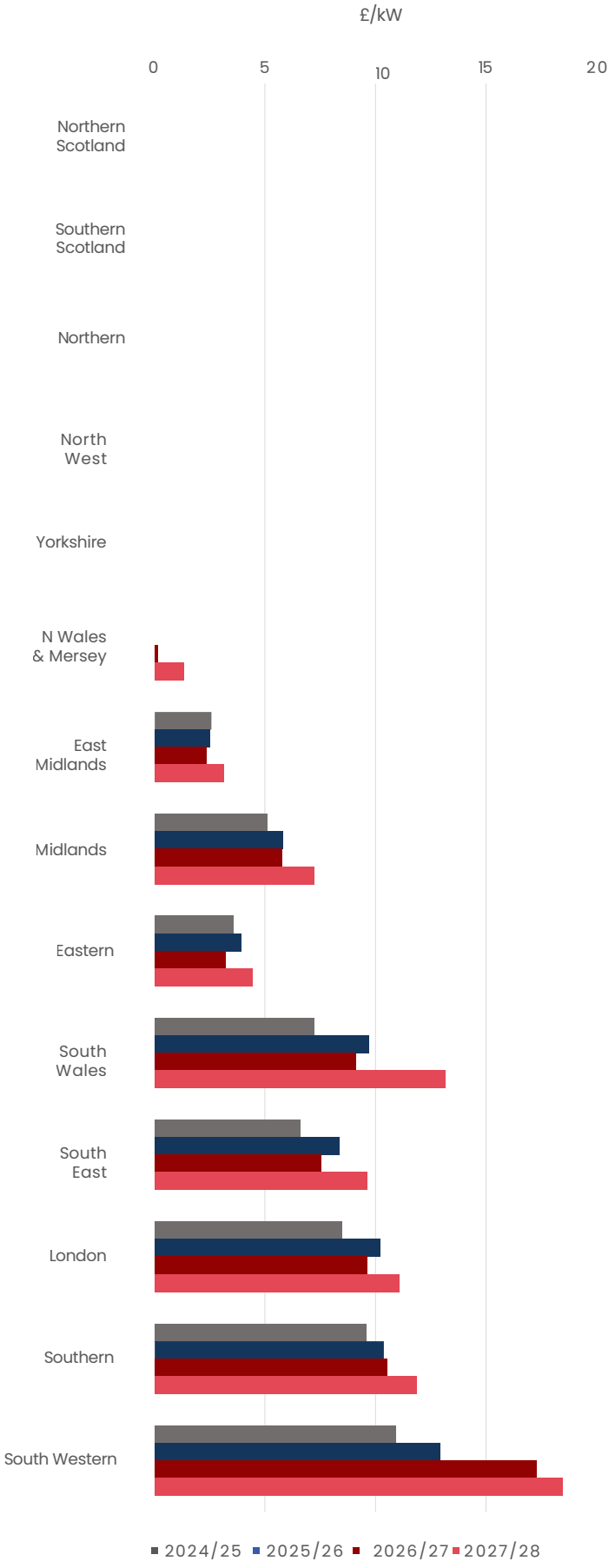
Final 2026/27 TNUoS Actuals were published at the end of January 2026.

Embedded Export Benefit

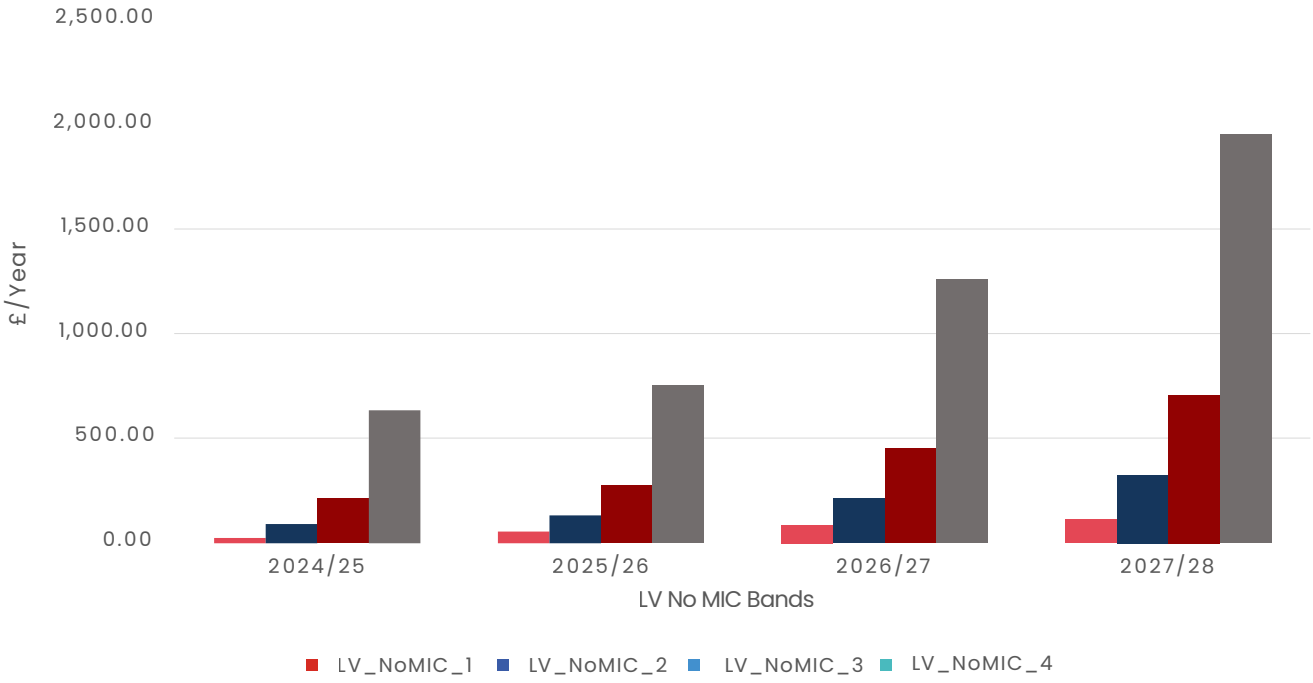
For certain distribution connected generation sites, TNUoS can be a benefit. In a similar way to the HH unit rate TNUoS charges, there is a locational rate applied to triad periods.

The rate is a credit to the generators to compensate them for alleviating demand on the transmission network during peak periods.

To focus the benefit to regions where demand is typically higher than generation, there is a floor price of zero. This means that in some zone, such as Norther Scotland where generation is abundant, there is no embedded export benefit

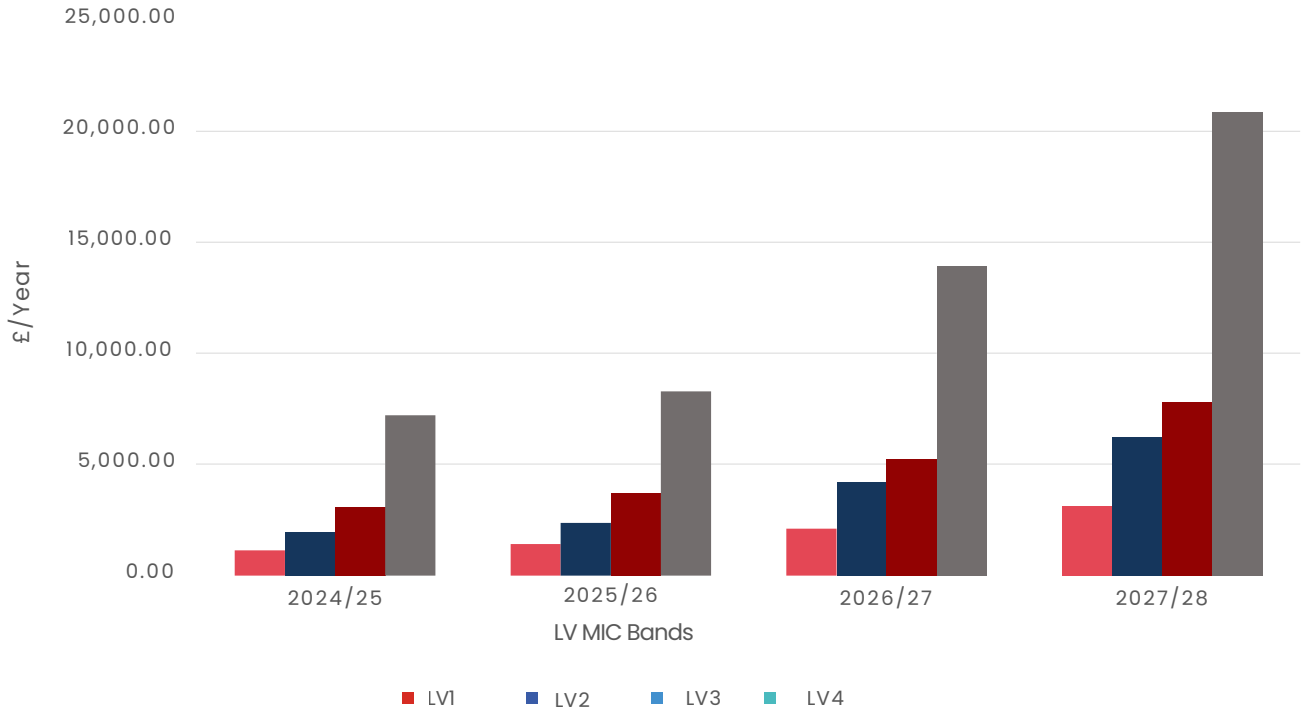


Small Non-Domestic TNUoS (Banded by kWh)



Includes 26/27 actuals and current forecast

Large Non-Domestic TNUoS (Banded by kVA)



Includes 26/27 actuals and current forecast

Distribution Use of System (DUoS)

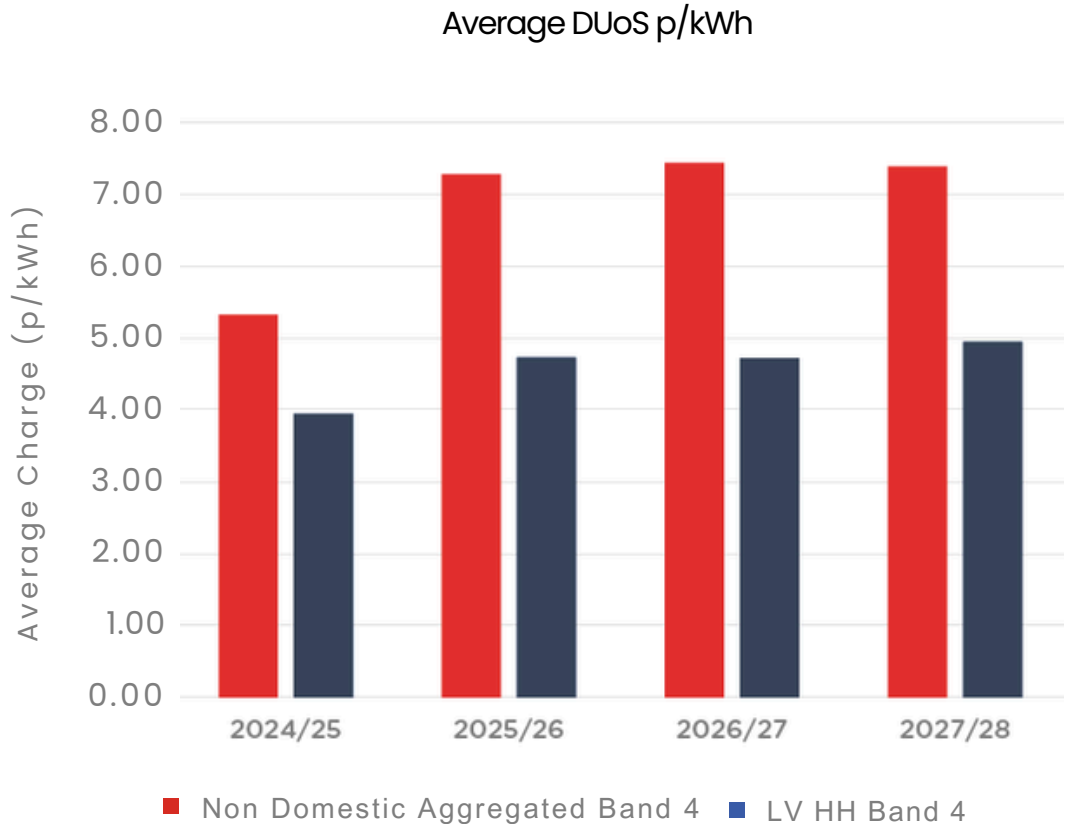
The distribution network is the infrastructure that transports electricity exiting the transmission grid to the end user. There are 14 main regions in Great Britain with their own distribution networks, each network is run by a Distribution Network Operator (DNO).

DNOs charge for the use of their distribution network in each region to recover the costs associated with running their network, such as maintenanc repairing and investing into the network.

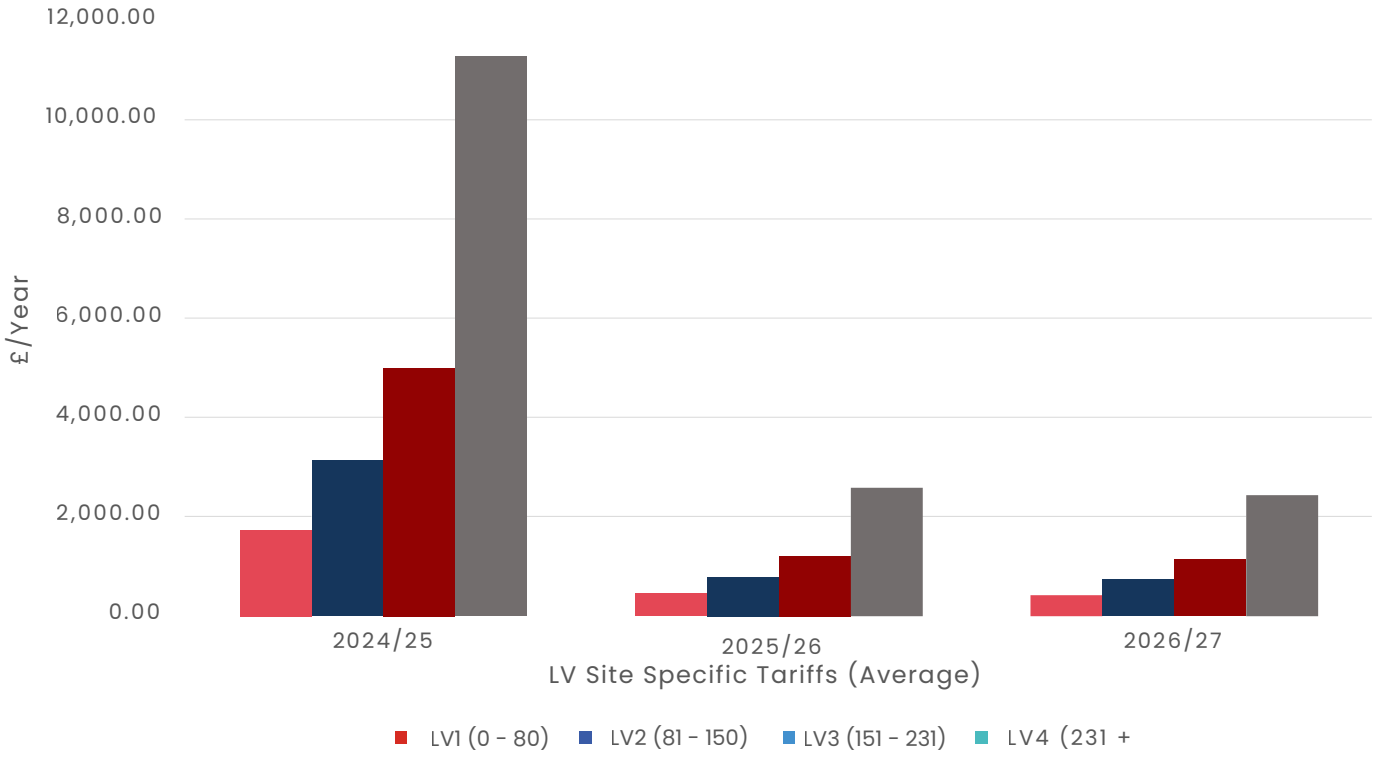
Due to the complex nature of the distribution networks and the variance of end users, such as voltages and meter types, there are multiple DUoS tariffs for each region. HH and NHH meters will see a mix of u rates charged against consumption and a fixed standing charge, with certain sites receiving additional capacity related charges.

2027/28 DUoS Charge Actuals

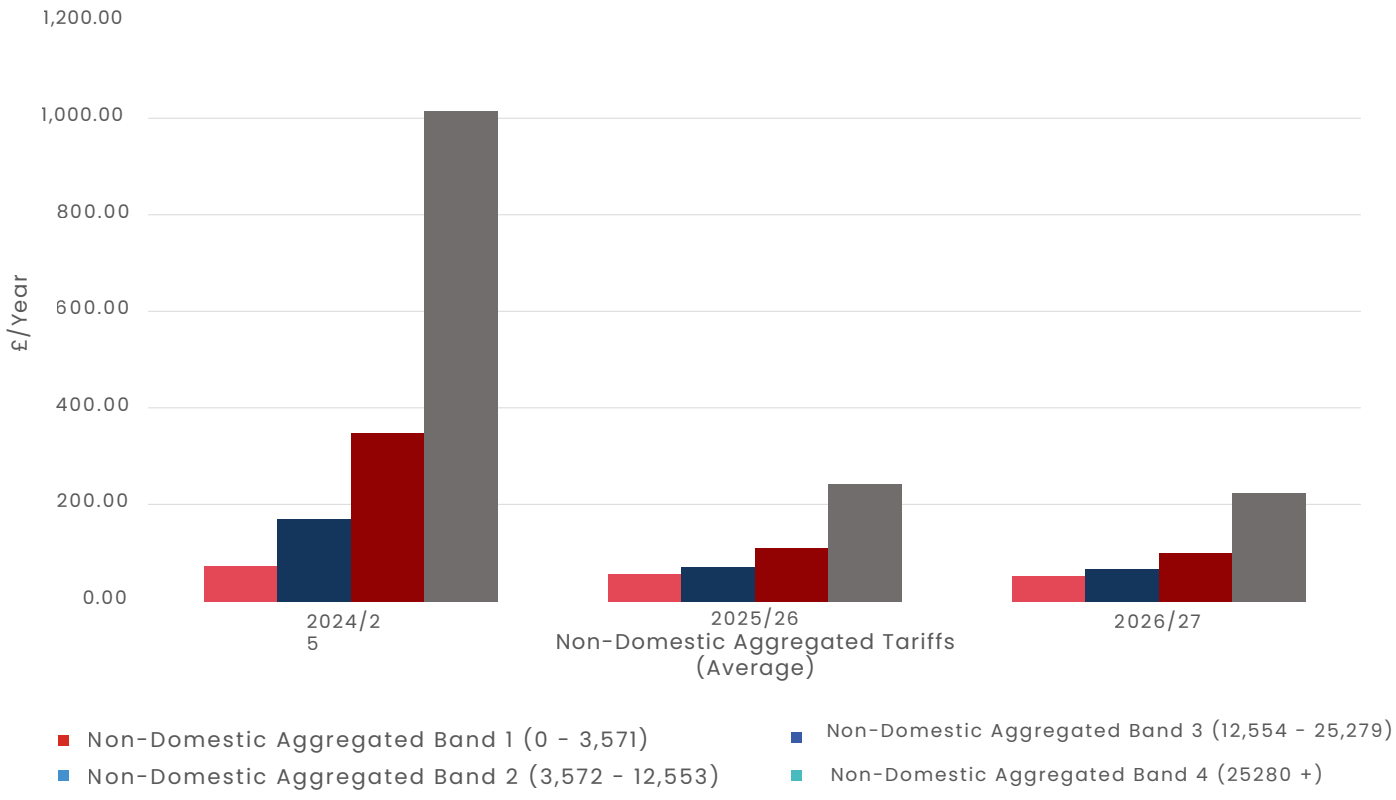
All DNOs have now published their charges for 2027/28, following a slight delay from DNOs 11 (East Midlands) and 14 (West Midlands). Revenues across most regions have increased compared to 2026/27, and these costs have been redistributed across the different charge types, increasing both standing charges and unit rates.



LV Site Specific DUoS (Banded by kVA)



Based on averages across all Distribution Networks

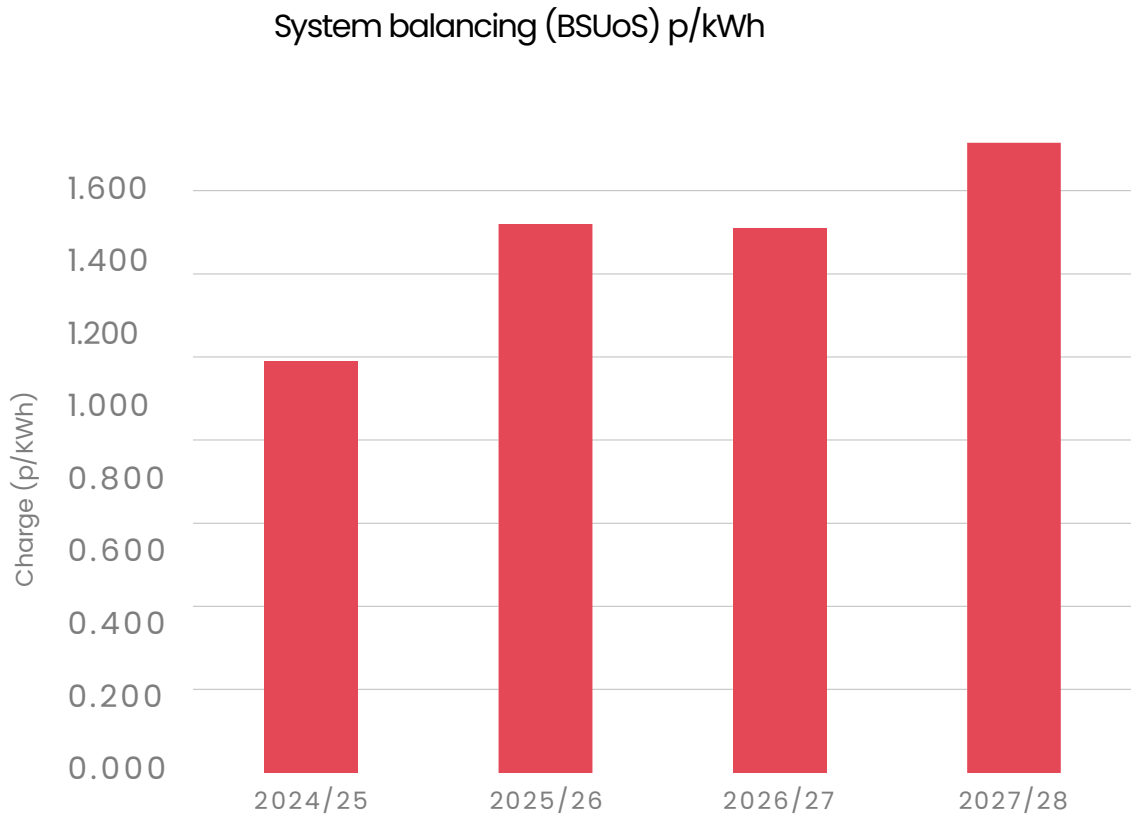


Based on averages across all Distribution Networks

Balancing Services Use of System (BSUoS)

Balancing Services Use of System (BSUoS) charges are how the National Energy System Operator (NESO) recovers the costs of balancing the system, ensuring that the right amount of electricity is in the right places at the right time. Actions NESO can take to achieve this include shutting off generation where there is excess and getting demand side customers to decrease demand when generation is low.

BSUoS rates apply to demand customers only, and are published in advance for a year at a time. Two rates are published each year, one covering winter and one summer. The published rates are NESO's best view for the expected balancing costs for the coming year, as well as any corrections for over or under recovery from previous published rates.



Published BSUoS rates

In December 2025 NESO published the final BSUoS tariffs for April 2026 to March 2027.

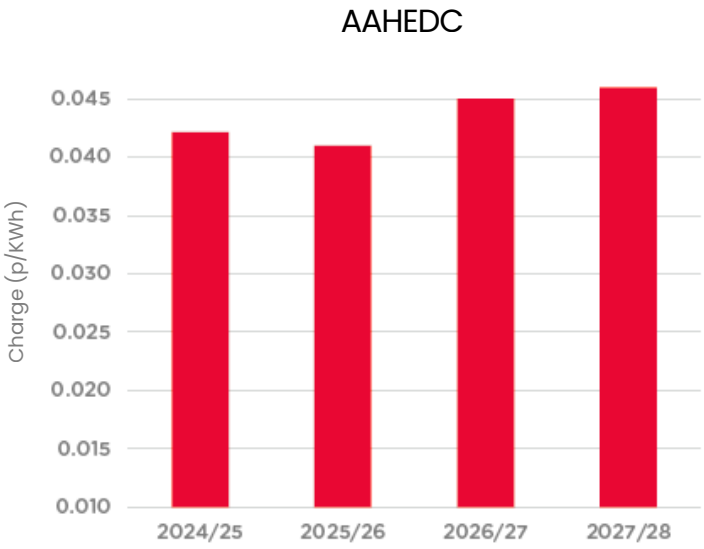
At £13.74/MWh for summer and £12.49/MWh for winter, the rates have increased slightly from the draft publication due to higher expected balancing costs not offsetting the increased over recovery from current tariffs.

April 2026 to March 2027 final rates: https://www.neso.energy/document/375086/download

Assistance for Areas with High Electricity Costs (AAHEDC)

Also known as the Hydro benefit, AAHEDC is a socialised levy to help subsidise the high costs of distributing electricity in Northern Scotland. It is added to all electricity sold from the transmission system to all users in Great Britain so is a relatively small and stable charge.

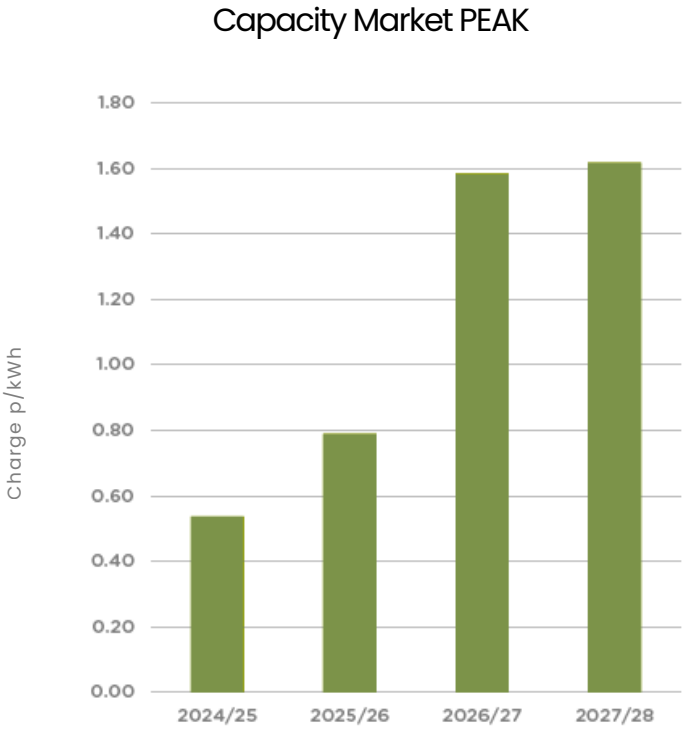
Each year NESO publish a draft tariff in March, before the start of the scheme year in April. The actual rate is finalised and published in July, part way through the scheme year. Actual charges are currently available up the 2025/26.



Capacity Market (CM Obligation)

The Capacity Market (CM) scheme is designed to ensure security of supply during times of system stress, such as balckouts. Each year there is an auction process to secure capacity for future years aimed at securing sufficient capacity at a competitive price. Generators can bid to provide capacity when needed and demand side response can also enter and would be required to reduce demand if called upon. So far there has not been a capacity market event, but the scheme remains as a backup for extreme circumstances.

The Capacity Market auctions largely happen in advance, with most capacity being secured 4 years ahead of time in what is known as the T-4 auctions. Recent auctions have seen particularly high prices, driven by a lack of capacity entering the auctions. Because of this, CM rates are expected to increase materially from April 2026. Unlike a lot of other charges, Capacity Market costs apply only to consumption during peak periods, which includes demand between 16:00 and 19:00 on working days from November to February.



In March 2025 the T-4 auction for capacity delivery in 2028/29 achieved a clearing price of £65/kW/Year for 43.1GW.

The T-1 for 2025/26 delivery cleared at £20/kW/Year for 7.9 GW.

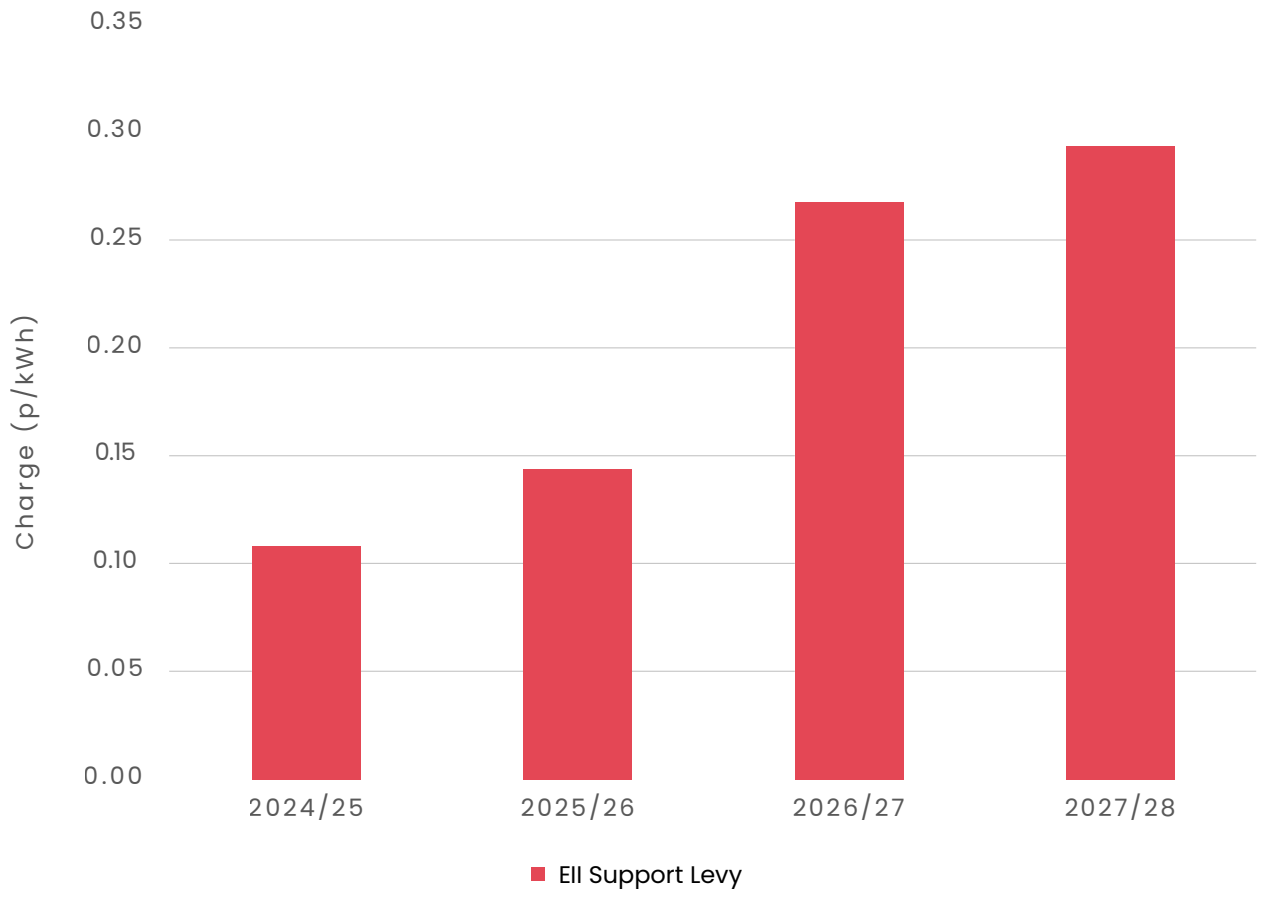
EII Support Levy (ESL)

The EII Support Levy funds the Network Charging Compensation Scheme (NCCS). The NCCS refunds Energy Intensive Industries (EIIs) up to 90% of their network charges, including TNUoS, DUoS, and BSUoS. The Government introduced this levy to reduce EIIs' energy costs, aligning them with European standards. This scheme complements EII exemptions from RO, CfD, FiT, and CM costs.

From April 2025, suppliers will be charged monthly based on their market share for NCCS claims from April 2024. The ESL charge is made up of EII Levy Payments, covering the compensation claims made by EIIs, Administrator costs to cover Elexon's costs to run the scheme and Reserve Fund Payments to ensure there is sufficient money in the scheme to pay EIIs.

ESL Update

From April 2026, EIIs can claim back up to 90% of the network costs, an increase on the 60% when the scheme first started. This update, alongside the increase in TNUoS costs from April 2026, means that ESL rates are expected to increase significantly in the coming year.



Evironmental Charges

These are the non-commodity charges associated with government environmental policy, incentivising investment into low carbon, renewable generation. They have played a pivotal role in the decarbonisation of the UK electricity sector; however, they also represent the biggest contributor to increases in the electricity price.

In November 2025, as part of the government's budget, it was announced that 75% of renewable obligation (RO) costs and the Energy Company Obligation (ECO) would be removed from bills. These changes only impact domestic customers, not businesses, and are not reflected in the figures in this report.

Feed-in Tariff (FiT)

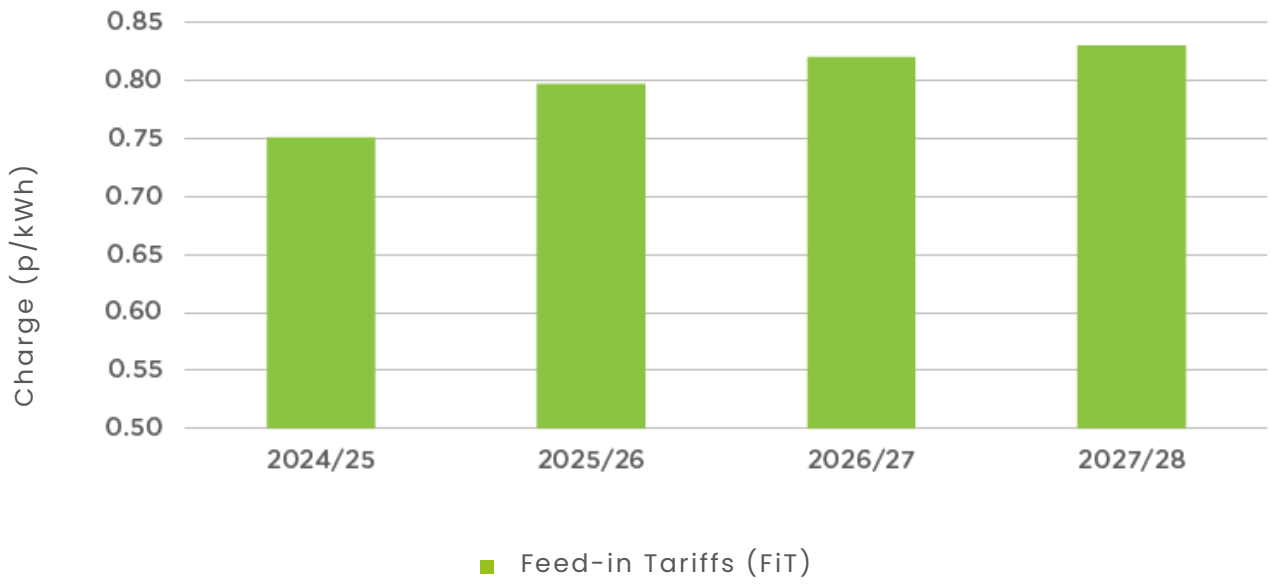
The Feed-in Tariff was introduced to incentivise small scale low carbon generation (5 MW and below) in Great Britain for the general public. A FiT generator can receive two possible payments from the scheme: a Generation payment for every kWh generated and an Export tariff which pays for every kWh exported to the local electricity network. Introduced in April 2010 to England, Scotland and Wales, the scheme has since closed as of April 2019 causing the overall scheme costs to stabilise for consumers .

FiT Year 15 2024-25

The FiT Year 15 levelisation completed in September 2025 Scheme costs out-turned at approximately £1.8bn which has given an actual rate of £7.50/MWh for 2024/25.

Reindexation

The FiT scheme costs are inflation linked, as of April 2026 the government have announced the that inflation index will be changed from RPI to CPI, as part of their efforts to reduce energy bills. CPI is generally lower than RPI, which means FiT costs will grow more slowly than previously expected, with the benefit increasing each year.



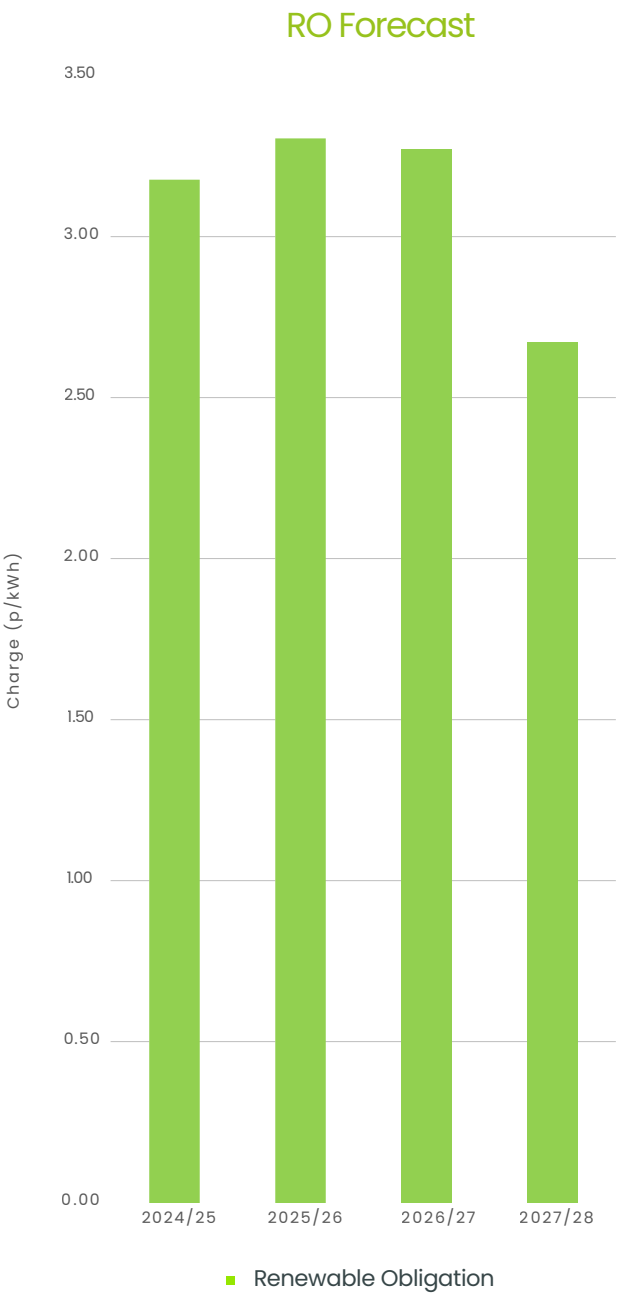
Renewable Obligation (RO)

The RO was introduced to incentivise investment into large scale renewable energy by providing generators with a payment for each MWh generated, in the form of a ROC (Renewable Obligation Certificate). Suppliers are obligated to buy the certificates from generators in order to meet their target for each financial year, which is a percentage of the overall supply estimate set by DESNZ.

Introduced in England, Wales and Scotland in 2002, and in Northern Ireland in 2005, the RO scheme has since closed to new capacity as of 31 March 2017, with several grace periods for different technologies, with the last closing 31 March 2019. Closure and the lower yields of technologies such as sewage gas mean we may see the total amount of ROCs start to slowly decline as of 2020, however, due to the RO being contractual for 20 years we may not see any significant reductions until the late 2020's when we will see some generators exit the scheme as contracts end.

2026/27 ROC obligation

0.472 (47.2%) ROCs per MWh for England, Wales & Scotland
0.184 (18.4%) ROCs per MWh for Northern Ireland



Reindexation

Like FiT, the RO scheme costs are inflataion linked. As of April 2026 the government have announced the that inflation index will be changed from RPI to CPI, as part of their efforts to reduce energy bills. CPI is generally lower than RPI, which means FiT costs will grow more slowly than previously expected, with the benefit increasing each year.

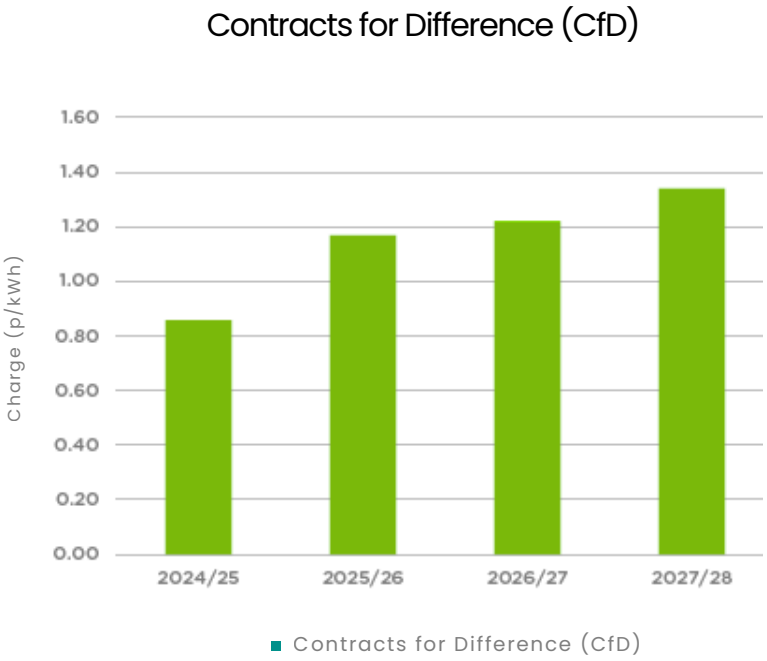
No Mutualisation for 24/25

There was no shortfall in RO payments for the 2024/25 compliance period, as such mutualisation will not be triggered and there will be no further costs to consumers for this period.

Contracts for Difference (CfD)

The CfD scheme is designed to incentivise investment into low carbon generation and now represents the main subsidy available for large scale generators. Contracts are awarded via a competitive auction.

A successful CfD generator is awarded a pre-agreed strike price for each MWh of electricity generated, guaranteeing a stable return of investment, avoiding exposure to fluctuations in the wholesale power market. The CfD scheme will provide a top up payment to the generator to achieve the agreed strike price when wholesale prices are below the agreed price.



In times when the wholesale price exceeds the strike price, the generator will pay the difference back into the scheme.

Costs are forecast by taking into account information on awarded contracts, including strike prices, forward wholesale prices, latest known project capacity, commissioning dates and technological- specific assumptions on load factors.

(AR7) Results

AR7 will deliver 14.7GW of new low carbon generation (compared to 9.6GW in AR6), the increase was driven by an increased focus on the scheme by government to help finance new renewable projects.

A majority of the capacity is coming from offshore wind (8.4GW), including floating offshore wind sites, which were awarded CfD contracts for the first time in AR6.

Solar, onshore wind and tidal stream make up the rest of the contracts.

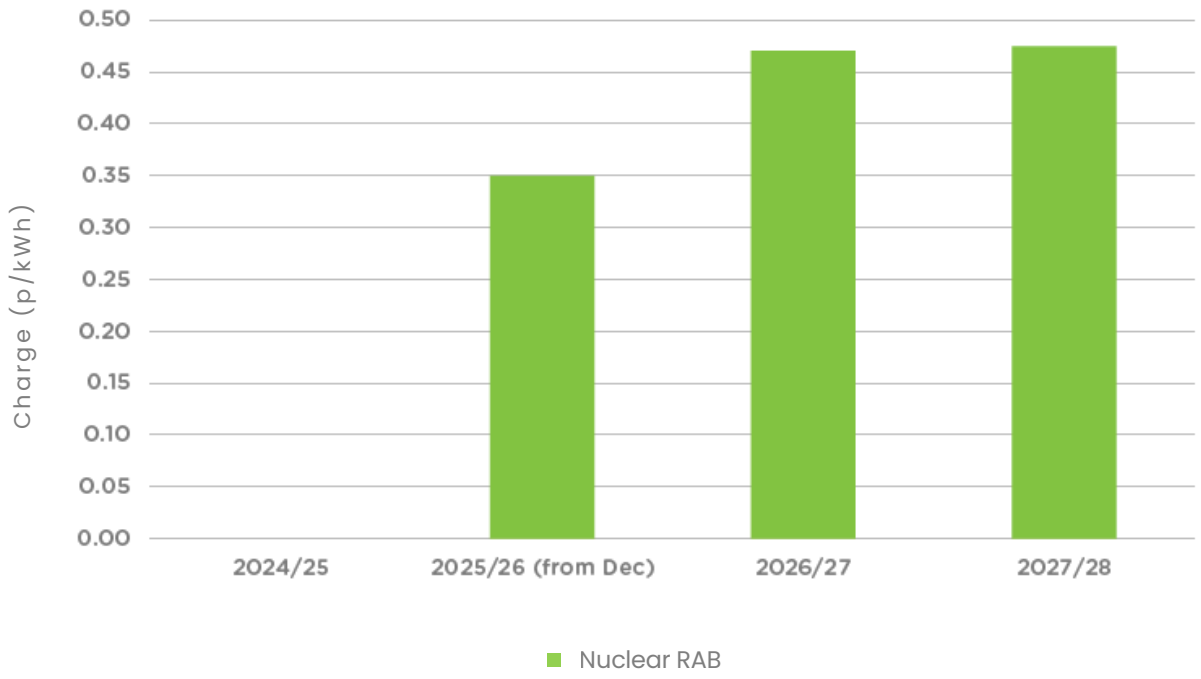
Allocation Round 8

There is expected to be a continued focus on the CfD scheme, with it being as the main tool to help fund new, large scale renewables projects, in line with the government's Clean Power 2030 plans. We are likely to see a large amount of capacity secure from AR8 and future allocation rounds. While the scheme costs depend on market prices, typically more capacity means increased costs.

Nuclear RAB

The Nuclear Regulated Asset Based (RAB) scheme has been introduced to fund future nuclear projects, starting with the Sizewell C nuclear site under construction in Suffolk. The scheme is designed to support costs for the design, construction, commissioning, and operation of new nuclear projects.

It follows a similar structure to the Contracts for Difference (CfD) scheme, which could see the scheme being a benefit as well as a cost once a nuclear site is generating energy. Until a nuclear site is operating, the Nuclear RAB will be a cost.



The scheme started recovering costs from December 2025, with three parts to the rates. The Interim Levy Rate (ILR) is published at least 30 days in advance of each quarter and in the first stage of the scheme covers the financing for the construction costs of Sizewell C. There will also be a Total Reserve Amount (TRA) collected, to build up funds in case of under recovery.

The final, and smallest part of the cost is the Operational Costs Levy (OCL), recovering the administrative costs of the scheme.

Latest Published Rates

The Low Carbon Contracts Company (LCCC), who administer the scheme, published the updated ILR for April-June 2026 at £4.683/MWh. The is combined with the OCL to create the final rate. Please note that these are not final rates, and are subject to change mid period for extreme circumstances .

Industry focus

Upcoming Changes

Name	Description	Expected Start	Impact	Next Update
British Industrial Competitiveness Scheme (BICs)	Exemptions from CM, FiT and RO costs for advanced manufacturing industries.	Apr-27	Expected increases to CM, FiT and RO costs for those not eligible for exemption	Government consultation ended 19th January 2025, awaiting response
AI Growth Zones	Targeted bill discounts for data centres who build in regions of high generation and low demand, and help reduce balancing costs.	Apr-27	Small scale increases for bill payers to support data centre discounts. There are expected to be benefits in balancing costs that may offset the increase.	Consultation expected
RIIO ED3 for DUoS	New price control period for electricity distribution, network operator allowed revenues will be reviewed which impacts DUoS rates	Apr-28	Unknown at this stage, but it is expected that DUoS rates will increase to reflect increased investment required to improve networks to help meet net zero targets	Government consultation ended 4th December 2025, awaiting response

Network Charge Organisation Quick Reference

NETWORK CHARGE	ORGANISATION
Transmission Network Use of System (TNUoS)	National Energy System Operator (NESO)
Distribution Use of System (DUoS)	Distribution Network Operator (DNO & IDNO)
Balancing Service Use of System (BSUoS)	National Energy System Operator (NESO)
Assistance for Area with High Electricity Costs (AAHEDC)	National Energy System Operator (NESO)
EII Support Levy (ESL)	Elexon

ENVIRONMENTAL CHARGE	ORGANISATION
Renewable Obligation (RO)	Ofgem
Feed-in Tariff (FiTs)	Ofgem
Contracts for Difference (CfD)	Low Carbon Contracts Company (LCCC)
Nuclear RAB	Low Carbon Contracts Company (LCCC)
Climate Change Levy (CCL)	HM Revenue & Customs

Industry focus

Non-Commodity Levels

Non-Commodity Charge	Fixed (NHH & HH)	Pass-Through (HH)	Charge consumption level
TNUoS	Fixed for duration of contract Wrapped into the unit rate/ standing charge	Estimated and reconciled (via TRIAD reconciliation) Reconciled annually - May	GSP Consumption
DUoS	Fixed for duration of contract Wrapped up in the unit rate/ standing charge/capacity rate	Pass-through Published actuals	MSP Consumption
BSUoS	Fixed for duration of contract Wrapped into the unit rate	Estimated and reconciled (via BSUoS reconciliation) Reconciled monthly	NBP Consumption
AAHEDC	Fixed for duration of contract Wrapped into the unit rate	Pass-through Published actual	GSP Consumption
CM	Fixed for duration of contract for both obligation and operational levies. Wrapped into the unit rate	Obligation levy - estimated and reconciled at NBP consumption, initially billed at GSP (via CM reconciliation) Operational levy is pass- through	GSP consumption
RO	Fixed for duration of contract Wrapped into the unit rate	Pass-through Published actual	MSP Consumption
FiT	Fixed for duration of contract Wrapped into the unit rate	Forecasted and reconciled (via FiT reconciliation) Reconciled annually - October	MSP Consumption
CfD	Fixed for duration of contract for both obligation and operational levies Wrapped into the unit rate.	Obligation levy is estimated and reconciled (via CfD reconciliation) Operational levy is pass- through Obligation Levy Reconciled annually - January	NBP Consumption
ESL	Fixed for duration of contract Wrapped into the unit rate	Estimated and reconciled quarterly	MSP Consumption
Nuclear RAB	Fixed for duration of contract Wrapped into the unit rate	Estimated and reconciled at NBP consumption, initially billed at GSP	MSP Consumption

Consumption Description	Meaning
Meter Supply Point (MSP)	Meter Consumption
Grid Supply Point (GSP)	Meter + Distribution Loss Consumption
National Balancing Point (NBP)	Meter + Distribution Loss + Transformation Loss Consumption

Supercharge your business with a 360 Energy Strategy

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Speak to one of our energy consultants at a time that works for you.

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