

THE BIG NON-ENERGY COST SHAKEUP: TNUoS & DUoS



WHAT'S HAPPENING?

TNUoS and **DUoS** are two of your non-energy costs which will change after Ofgem's Targeted Charging Review.

Both charges comprise of two component costs: Residual Costs, for keeping the network running, and Forward-Looking Charges which reward you for decreasing energy use.

However, both of these components are currently **bundled**. So, businesses who are able to reduce their energy usage are rightly rewarded by the Forward-Looking Signals. But, that means those same businesses who are paying a lower amount aren't being charged to help maintain the network.

Ofgem is looking for a new fair and future-fit way to share residual costs between energy users. Here are two options for how these charges might be brought up to date from as early as 2021.

WHERE CAN I FIND OUT MORE?

On the shakeup

- ▶ [Fast video overview](#)
- ▶ [Full explainer webinar](#)

On non-energy costs

- ▶ [Quick definitions](#)

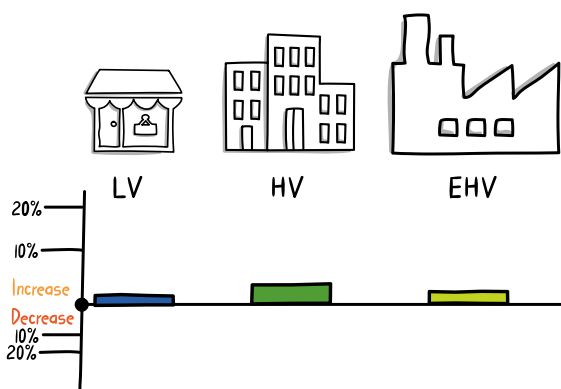
News on changes

- ▶ [TalkPower emails](#)
- ▶ [Quarterly Monitor Report](#)

HOW COULD RESIDUAL COSTS CHANGE?

Option 1

FIXED CHARGE



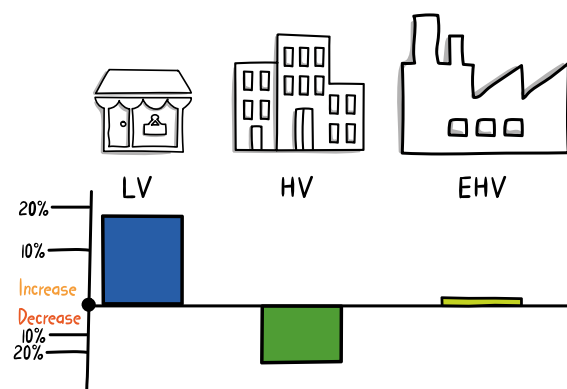
WHAT IS THIS APPROACH?

The Fixed Charge approach would see your energy costs calculated based on the voltage level used within your business' segment. This cost would then be recalculated every year.

Whilst, overall, businesses will see an increase in this Residual Cost, most of the increases will be seen by sites with lower usage whilst sites with a higher usage may see a decrease.

Option 2

AGREED SUPPLIED CAPACITY



WHAT IS THIS APPROACH?

Agreed Supply Capacity would see a charge on each KVa of the agreed supply capacity per month.

Overall, Low Voltage businesses will see an increase in this residual cost, and High Voltage businesses will see a decrease in this residual cost. But the amount of increase or decrease a business sees will vary by amount of usage of their site.

So, customers should review their agreed supply capacity to ensure it meets their needs.

HOW WILL BUSINESSES BE REWARDED IN FUTURE?

Right now, Forward-Looking Signals reward energy users for reducing their consumption during periods of peak demand. This includes triad season for TNUoS, and Red Amber Green time-zones for DUoS. Ofgem still wants to reward businesses who manage their energy to help balance supply and demand, so they're conducting a review of these charges too. We expect to see further updates from Ofgem throughout 2019, with the implementation of changes likely beginning in 2023.

WHAT SHOULD I DO NEXT?

The key thing to know is that the first changes could start being put into effect from as early as April 2021.

Until then, there are still a lot of decisions that Ofgem needs to make, which makes it difficult to forecast exactly how these changes will impact your business' energy contract.

If you're buying an energy contract that extends past 31st March 2021, be sure to check the clauses and T&Cs. You'll want to know if your provider will pass these costs on to you when they're defined.