Public

Revenue & Charging Forum 2025

NESO
National Energy System Operator

Recordings:

- Intro & Website Tour - Recording
- TNUoS Tariffs - Recording
- TNUoS Billing - Recording
- AAHEDC - Recording
- Connection Charging - Recording
- BSUoS Tariffs - Recording
- BSUoS Billing - Recording
- Q&A & Wrap Up - Recording

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National Energy
System Operator

Welcome!

Nick George

NESO Revenue Manager - Billing and Charging

Questions and Feedback

We'll be using slido throughout the day to gather your questions

*Join at:

- slido.com
- **#Revenue**

Q&A: Slido.com → #Revenue

*A Q&A session was held during the webinar where these slides were presented. This Slido #Revenue is no longer available.

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Q&A: Slido.com → #Revenue

Today's agenda

Welcome and Intro to the day	09:30 – 09:40
Walkthrough of Website	09:40 – 09:50
TNUoS Tariffs	09:50 – 11:00
Refreshments break	11:00 – 11:20
TNUoS Billing	11:20 – 12:00
AAHEDC	12:00 – 12:10
Connection Charging	12:10 – 12:30
Lunch	12:30 – 13:20
BSUoS Tariffs	13:20 – 13:50
BSUoS Billing	13:50 – 14:15
Wrap up / Q&A / 121 Support	14:15 – 15:00

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Meet the Revenue Team

Meet the Revenue Team


Nick George
Revenue Manager – Charging and Billing


Ishtyaq Hussain
TNUoS Billing Lead


Arun Vijay
TNUoS Billing Analyst


Matt Marriott
TNUoS Billing Analyst


Jheaunelle Thomas
TNUoS Billing Analyst


Graeme Hickman
BSUoS Billing Lead

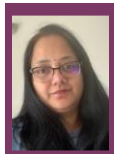
Vacancy
BSUoS Billing Analyst


Sharmila Balendren
Connections Charging Lead


John Beezley
Connections Charging Analyst


Indu Arun
Connections Charging Analyst


Malcolm Rowe
STAR Billing System Product Owner


Rama Kodukula
Compliance Analyst


Nick Everitt
Revenue Manager - Tariff Setting & Change Management


Sarah Chleboun
Senior Revenue & Tariff Analyst


Tobi Odusanya
Revenue & Tariff Analyst


Alan Fradley
Revenue & Tariff Analyst


Dan Hickman
Senior Revenue & Tariff Analyst


Nicky White
Revenue & Tariff Analyst


Priya Chigullapalli
Revenue & Tariff Analyst


Katie Clark
Senior Revenue & Tariff Analyst


Edward Adofo
Revenue & Tariff Analyst


Ajay Pandey
Regulatory Product Owner

Offshore Analysts Team
(Team of 12)

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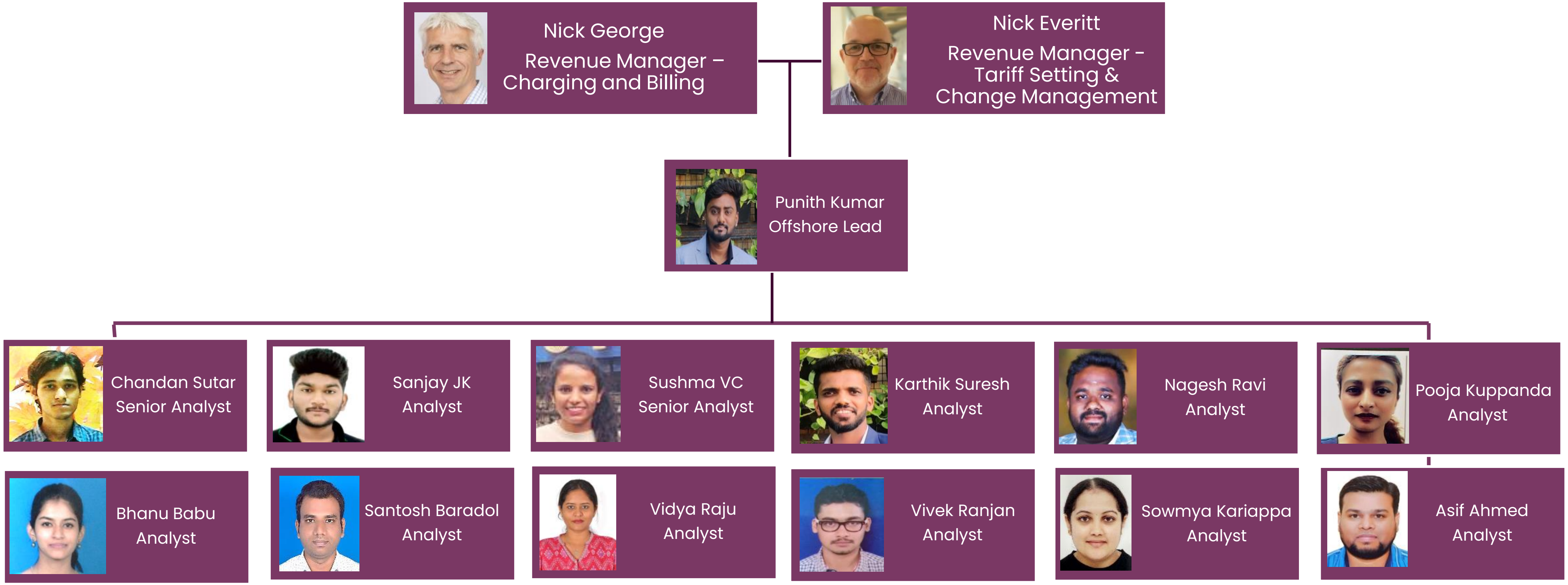
Meet the Revenue Offshore Team



Q&A: Slido.com → #Revenue

Our Charges

TNUoS

Transmission Network Use of System Charges
~ £5.1bn *

Connection Charges

Charges for connecting to the transmission network (inc one-off + cap cons)
~ £400m *

AAHEDC Charges

Assistance for Areas with High Electricity Distribution Costs
~ £110m *

BSUoS

Balancing Services Use of System Charges
~ £3.6bn *

* Forecast for FY25/26, as at Aug 2025

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How to Engage with Us

Q&A: Slido.com → #Revenue

Transmission Charging Methodology Forum (TCMF)

A sub-group Further details can be found on the NESO website

Operational Transparency Forum (OTF)

Useful for information on operational matters, including balancing costs. Details, including a link to receive regular reminders, are available here

Subscribe to our Revenue & Charging mailing list

If you're not already subscribed to our mailing list you can subscribe here

For information on tariff publication, webinars and billing updates

Get in touch

tnuos.queries@neso.energy – TNUoS & AAHEDC queries

bsuos.queries@neso.energy – BSUoS queries

transmissionconnectioncharging@neso.energy – Connection Charge queries

box.otcbanking@neso.energy – Accounts teams (for remittances, payment queries etc)

neso.energy/contact-us - contact details for other matters

Creation of the National Energy System Operator (NESO)

Q&A: Slido.com → #Revenue

- Electricity and gas network planning has been brought under one roof, when the new independent National Energy System Operator launched on 1 October 2024
- The publicly owned body will support the UK's energy security, help to keep bills down in the long term and accelerate the government's clean power mission

Key publications to be provided by NESO over the next few years include:

- **Strategic Spatial Energy Plan:** will set out a coordinated approach for GB's onshore and offshore energy infrastructure
- **Future Energy Pathways:** will advise on how future energy demand + supply could be met by changes to infrastructure, technology, innovation and consumer behaviour in line with net zero targets.
- **Centralised Strategic Network Plan:** will provide a network blueprint, mapping the optimal locations for offshore and onshore transmission infrastructure to support a decarbonised energy grid.

Creation of NESO - Changes to Billing

- Same legal entity, same company registration number, but name changed to "National Energy System Operator Limited".
- VAT number changed on 1 July 2024 to GB463544189
- Bank accounts unchanged (we have one for general payments and one for just BSUoS). Please check these bank account details are not used in your system for National Grid group companies (NGED, NGET etc). We are still occasionally receiving payments for National Grid group companies which we need to return, they can't be forwarded.
- All e-mail addresses have changed to "...@neso.energy" (was temporarily "...@nationalenergyso.com" – e-mails are being forward for a while, but not indefinitely).
- Invoices currently e-mailed from noreply.revenue@nationalenergyso.com, but will change (likely late Nov) to noreply.revenue@neso.energy. Add this to your companies safe-sender list.

Website Tour

Nick George

NESO Revenue Manager - Billing and Charging

www.neso.energy

Public

Revenue and Charging Billing Platform

September 2025

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System Operator

Summary

STAR delivers the ESO strategic platform for Settlement, Charging and Billing. It will be able to respond quickly to an ever-evolving regulatory environment and serve a diverse and complex market.

Update

All monthly, quarterly and annual billing processes for BSUoS, TNUoS, Connections and AAHEDC are now operating from STAR

Transition for the email sender ID to move from noreply-revenue@nationalenergyso.com to noreply-revenue@neso.energy is expected to happen within the next 2-3 months

STAR documentation can be found at https://www.neso.energy/industry-information/charging/charging-documentation

Your feedback is welcome and will continue to inform our design thinking

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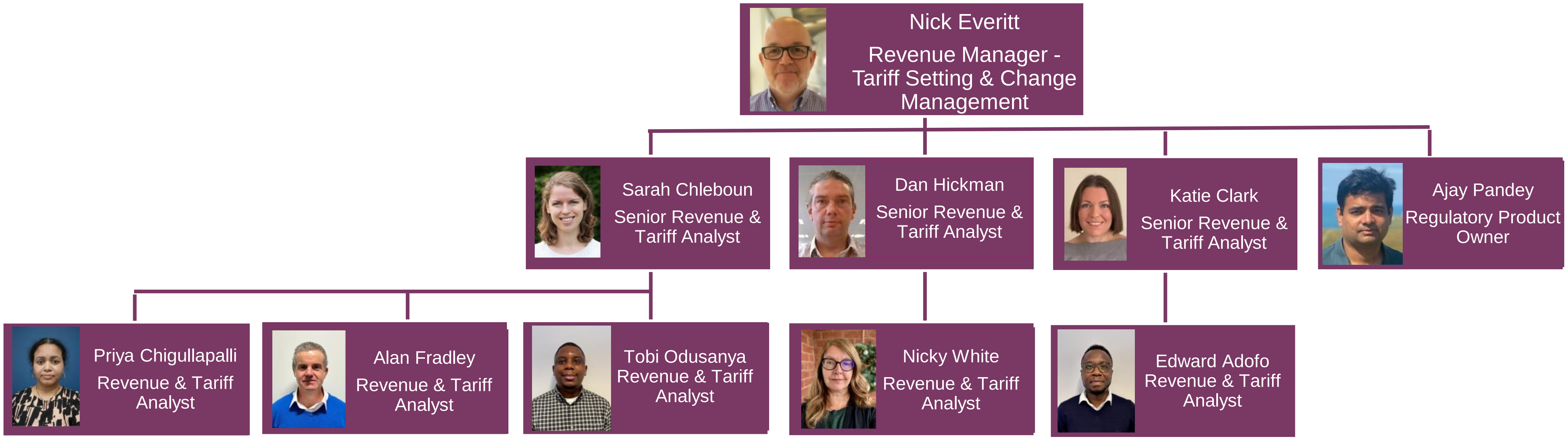
TNUoS Tariffs Overview

TNUoS Tariff Forecasting & Setting Team

Nick Everitt

NESO
National Energy System Operator

Revenue Tariffs Team



Offshore Team

(Team of 9)

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What is TNUoS and who pays

Q&A: Slido.com → #Revenue

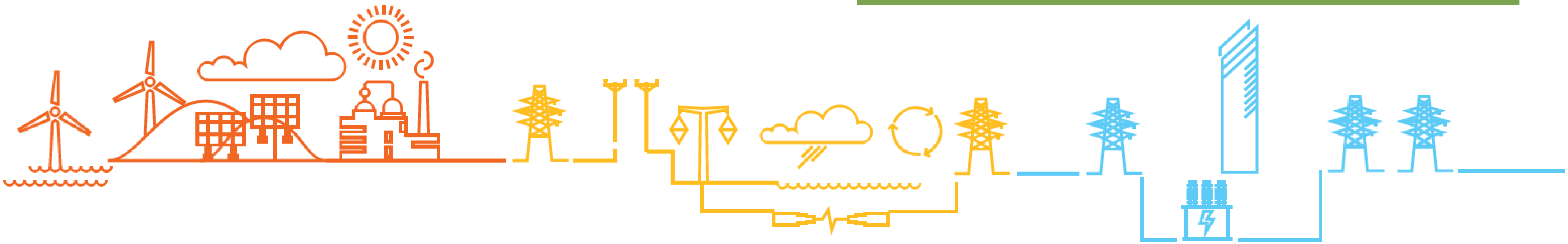
What is TNUoS?

TNUoS is the Transmission Network Use of System charge and recovers the allowed revenue for Transmission Owners for the cost of building and maintaining transmission infrastructure.

Locational charge: reflects the incremental cost of power being added to/taken off the system at different geographical points

Adjustment charge: used to ensure generation tariffs are compliant with EU legislation.

Residual charge: what is not recovered under the Locational charge is recovered in this charge so that the TO's recover their total allowed revenue



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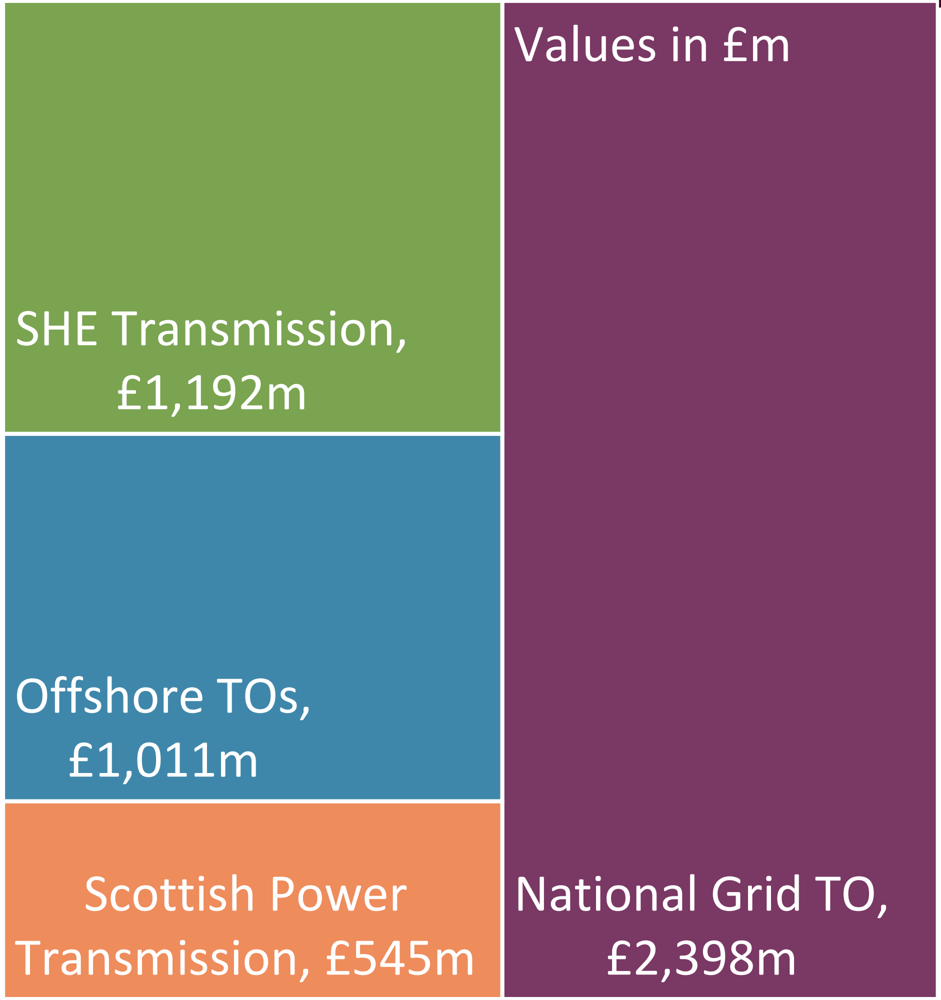
Q&A: Slido.com → #Revenue

What makes up the TNUoS charge?



Recovers revenue for:

- Onshore TOs
  - National Grid Electricity Transmission
  - Scottish Power Transmission
  - Scottish Hydro Electricity Transmission
- Offshore TOs
- Other

Figures from Final TNUoS Tariffs for 2025/26
Note: figures have been rounded to the nearest £1m

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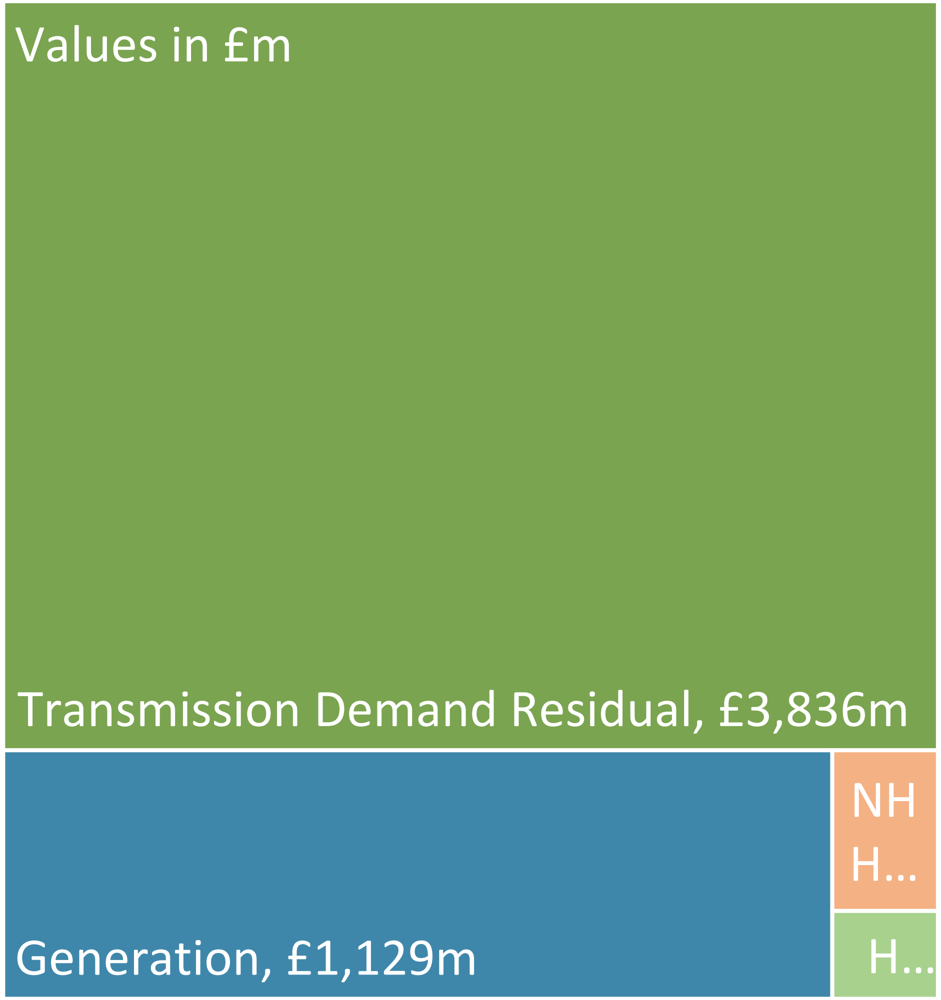
Q&A: Slido.com → #Revenue

Who pays TNUOS?

TNUoS Revenue paid by:

- Total TNUoS Revenue for 2025/26, £5,087m
- Demand Revenue £3,958m
    - HH Demand £51m (Light Green Box)
    - NHH Demand £93m (Orange Box)
    - Embedded Export -£23m (No Box)
    - Transmission Demand Residual £3,836m
- Generation £1,129m



Figures from [Final TNUoS Tariffs for 2025/26]
Note: figures have been rounded to the nearest £1m

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Q&A: Slido.com → #Revenue

Who pays TNUoS? - Generators

Generators that are directly connected to the transmission network & Embedded generators ≥100MW TEC are chargeable

Generation TNUoS is charged on the basis of Transmission Entry Capacity (TEC)

Generators are also liable for Demand TNUoS if they take net demand during the Triad

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Who pays TNUoS? - Demand

- All licenced suppliers are liable for TNUoS charges, for their *gross demand* from the transmission network in one of the following 3 categories:

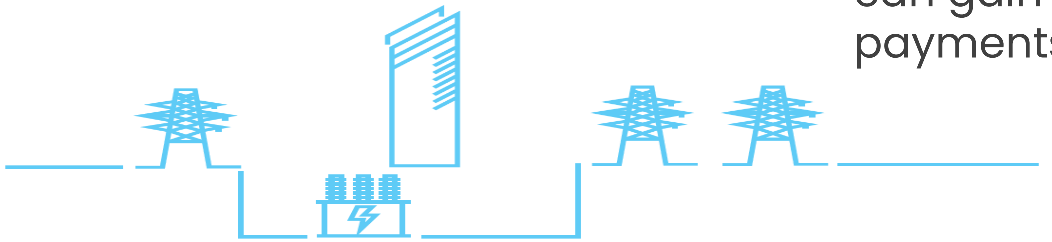
Half-Hourly metered demand on the basis of Triads	Non Half-Hourly demand, total 4pm-7pm annual consumption	Embedded Export credited for export over Triads

Directly Connected Demand

Directly Connected Demand sites pay HH demand charges

Embedded Generation

Embedded Generation (<100MW) which contracts directly with NESO can gain Embedded Export payments

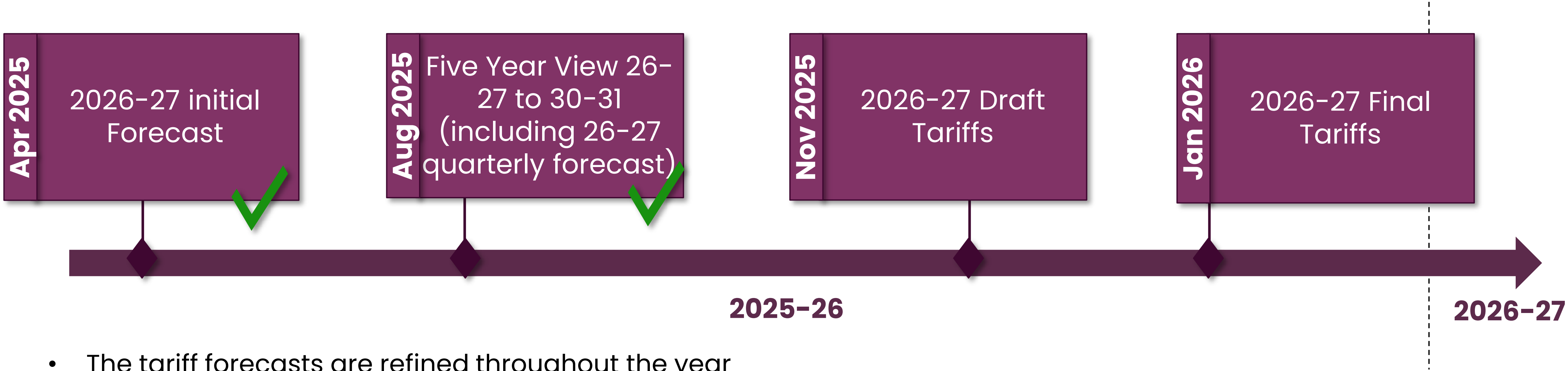


Q&A: Slido.com → #Revenue

Tariff Timetable

NESO has a licence and CUSC obligation to publish quarterly TNUoS forecasts and a 5-year view annually, to enable market participants to make efficient operational and investment decisions.

Example forecast timetable below:



- The tariff forecasts are refined throughout the year
- The Final Tariffs are published by 31st January and take effect from the following 1st April.
- The forecast timetable for each year is published by the end of the preceding January.
- All of our tariff publications and webinar recordings can be found on our website:
- https://www.neso.energy/industry-information/charging/tnuos-charges

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Generation TNUoS

Sarah Chleboun

Generation TNUoS

1. Introduction
2. Wider tariffs
3. Annual load factors
4. Local tariffs
5. Final tariff summary

Generation TNUoS

Generation TNUoS recovers charges from Transmission connected generation and licensable embedded generation

- Maximum revenue from generation set by Limiting Regulation
- Tariffs include wider and local elements
- Final tariffs are generator specific

Generation
£1,129m

Q&A: Slido.com → #Revenue

Generation TNUoS Tariffs

Directly Connected Generators (BCAs) are liable for:

Wider generation Tariff + Local Substation tariff + Local Circuit tariff (if applicable)

Embedded generators (BEGAs) with TEC ≥ 100MW are liable for:

Wider generation Tariff

Embedded generators with TEC < 100MW are not liable for generation TNUoS charges but may be paid the Embedded Export Tariff (EET)

Always applies | May (or may not) apply

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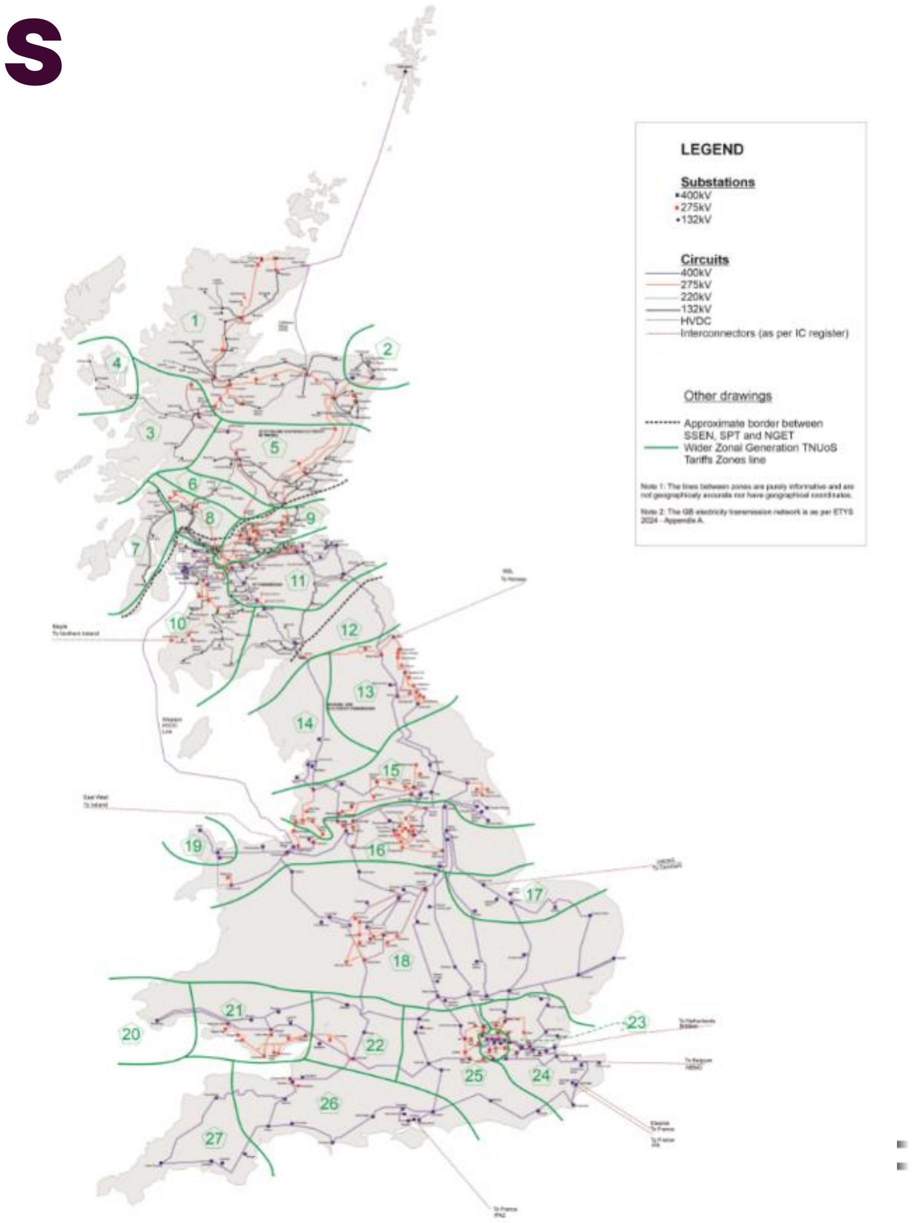
Q&A: Slido.com → #Revenue

Generation Wider Tariffs

- Wider tariffs are calculated per zone
- Currently 27 generation zones
- Components apply based on fuel type

Wider Tariff components:

Peak Security	Year Round Shared
Year Round Not Shared	Adjustment



Wider Generation Charging Categories

Intermittent e.g. Wind, Tidal, Solar

Wider Tariff = [ALF × Year Round Shared] + Year Round Not Shared + Adjustment

Conventional Low Carbon, e.g. Nuclear, Hydro (run-of-river)

Wider Tariff = Peak + [ALF × Year Round Shared] + Year Round Not Shared + Adjustment

Conventional Carbon, e.g. Coal, Gas, Biomass, Pump Storage, Battery

Wider Tariff = Peak + [ALF × Year Round Shared] + [ALF × Year Round Not Shared] + Adjustment

*ALF - Annual Load Factor

Annual Load Factors (ALFs)

- **ALFs** give a measure (over 5 years) of a generator's output compared to its capacity, using:
  - Higher of Metered Output (MO) and Final Physical Notifications (FPN)
  - Transmission Entry Capacity (TEC)
- **ALFs are calculated at power station level**
  - For a power station with multiple Balancing Mechanism Units (BMU), the BMUs are aggregated before calculating the ALF
- **Co-location** of generating sets of different fuel types **within one power station**
  - Currently, the power station is charged according to the predominant fuel type
  - A guidance document is available on our website

- For each year in the past 5 years (where data is available):

Annual Load Factor for each of 5 years = Sum of Max (MO, FPN) for each settlement period ÷ [Sum of TEC for each settlement period ✖ 0.5]

How to Calculate an ALF...

- **ALFs for 2025/26** are based on data from charging years 2019/20 - 2023/24

Charging Years used to set ALF

2019/20 ALF	2020/21 ALF	2021/22 ALF	2022/23 ALF	2023/24 ALF	2024/25 *Calculation*	2025/26 ALF is Applicable
~~40%~~	50%	45%	~~65%~~	60%		Average of remaining 3 years = (50+45+60)/3 = 51.6667%
Lowest			Highest			

- Where a Power Station has less than 5 years data available, then:
  - If 4 years of data – the lowest year is removed
  - If 3 years of data – all 3 years are used, none are removed
  - If < 3 full years of data – we use fuel-specific generic ALFs to complete the 3 years

Local Tariffs

Tobi Odusanya

Q&A: Slido.com → #Revenue

What are Local TNUoS Tariffs?

- Onshore local circuit tariffs may be charged to generators which connect directly to the transmission network if they are not directly connected to the MITS
- Onshore local substation tariffs are charged to generators which connect directly to the transmission network

Onshore Local circuit tariff

Onshore Local substation tariff

- Offshore local tariffs are specific tariffs to cover the cost the Offshore Transmission Owner (OFTO) pays for the offshore transmission infrastructure. They are calculated using actual project costs.

Offshore local circuit tariff

Offshore local substation tariff

ETUoS* (if applicable)

* ETUoS = Embedded Transmission Use of System Tariff

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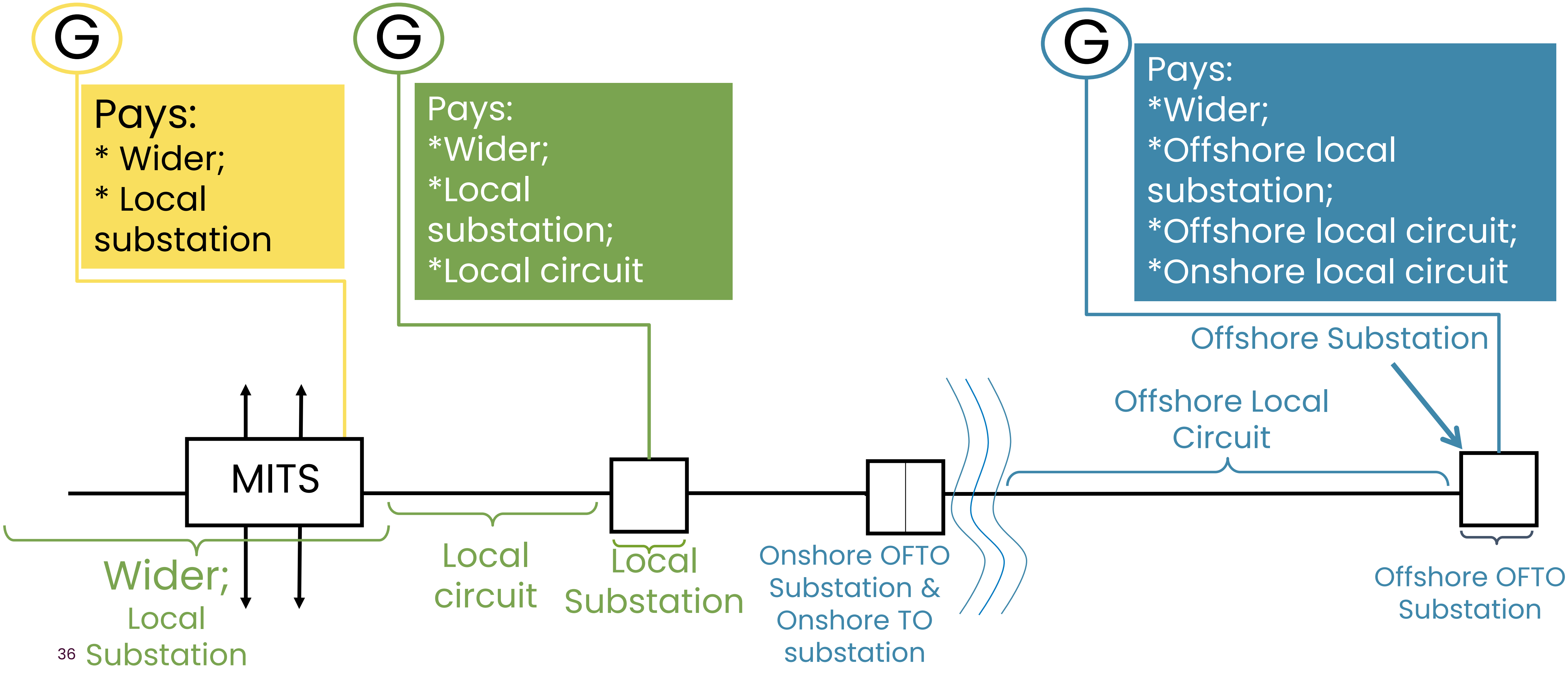
Generation Tariffs: Directly connected generators



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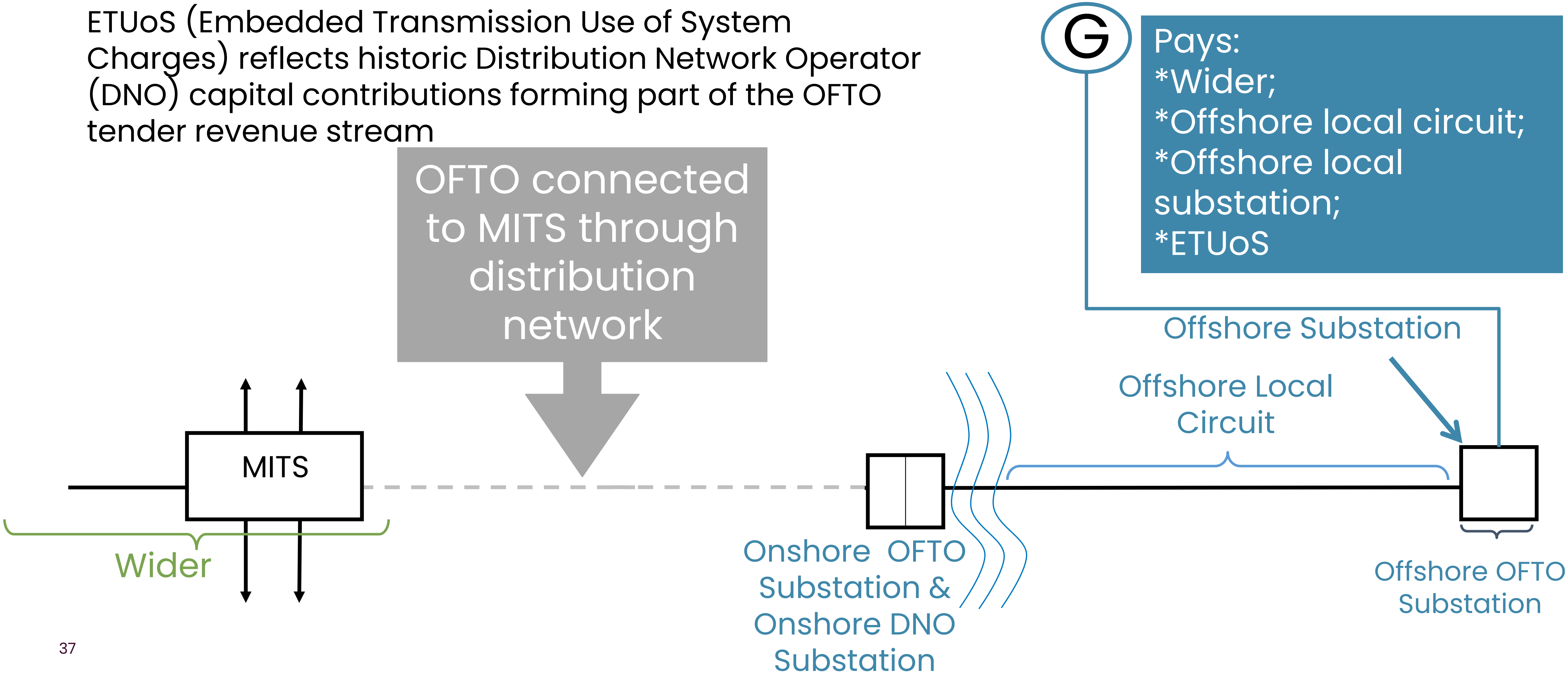
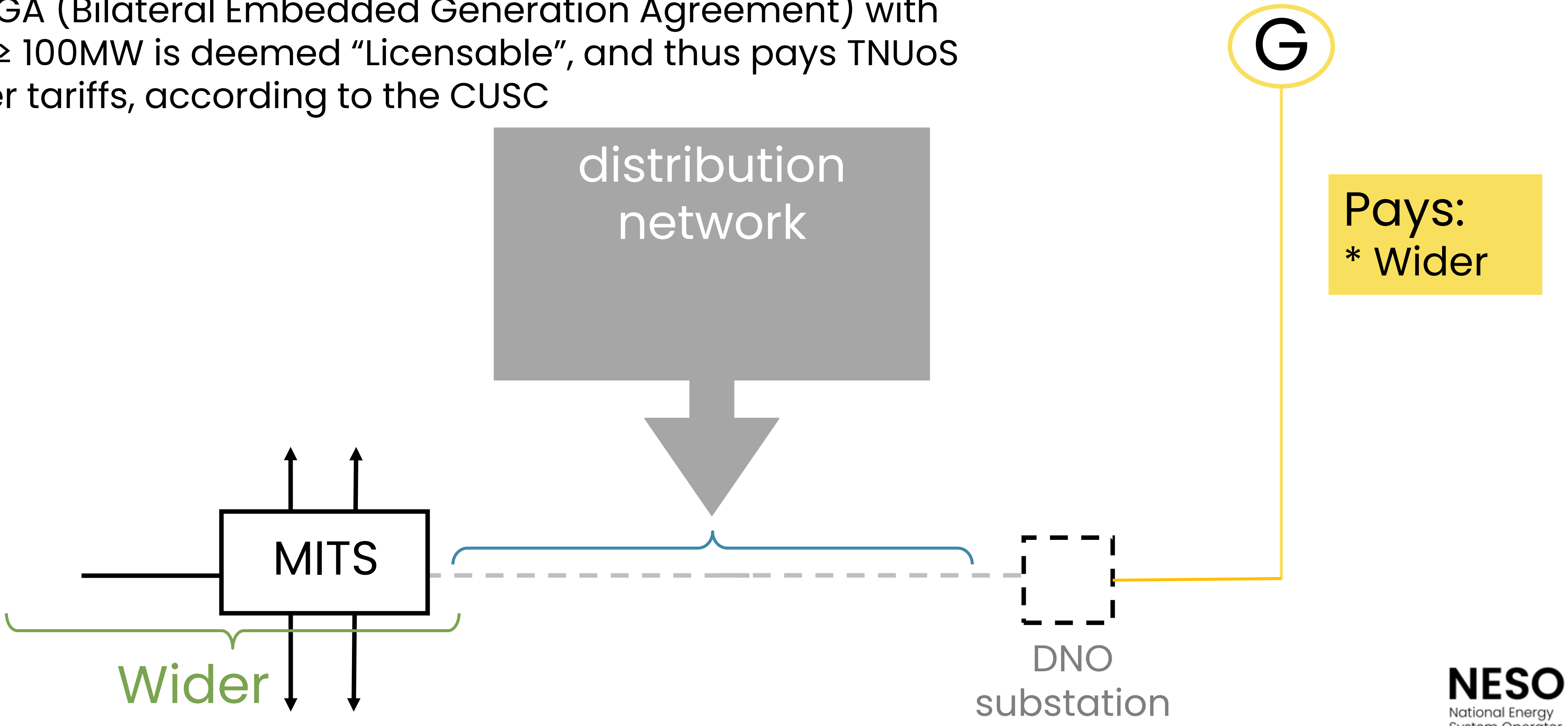
Directly connected offshore generators via "embedded" OFTO

ETUoS (Embedded Transmission Use of System Charges) reflects historic Distribution Network Operator (DNO) capital contributions forming part of the OFTO tender revenue stream



Embedded generators with TEC ≥100MW

A BEGA (Bilateral Embedded Generation Agreement) with TEC ≥ 100MW is deemed "Licensable", and thus pays TNUoS wider tariffs, according to the CUSC



Q&A: Slido.com → #Revenue

Summary: Generation Tariff Structure

Onshore Generation Tariff = Wider Tariff + Local Circuits (onshore) + Local Onshore Substation

Specific to local network

Offshore Generation Tariff = Wider Tariff + Local Circuits (onshore) + Local Offshore Circuit & Substation + ETUoS

OFTO Specific

If OFTO is in a distribution network

Always applies

May (or may not) apply

Demand TNUoS

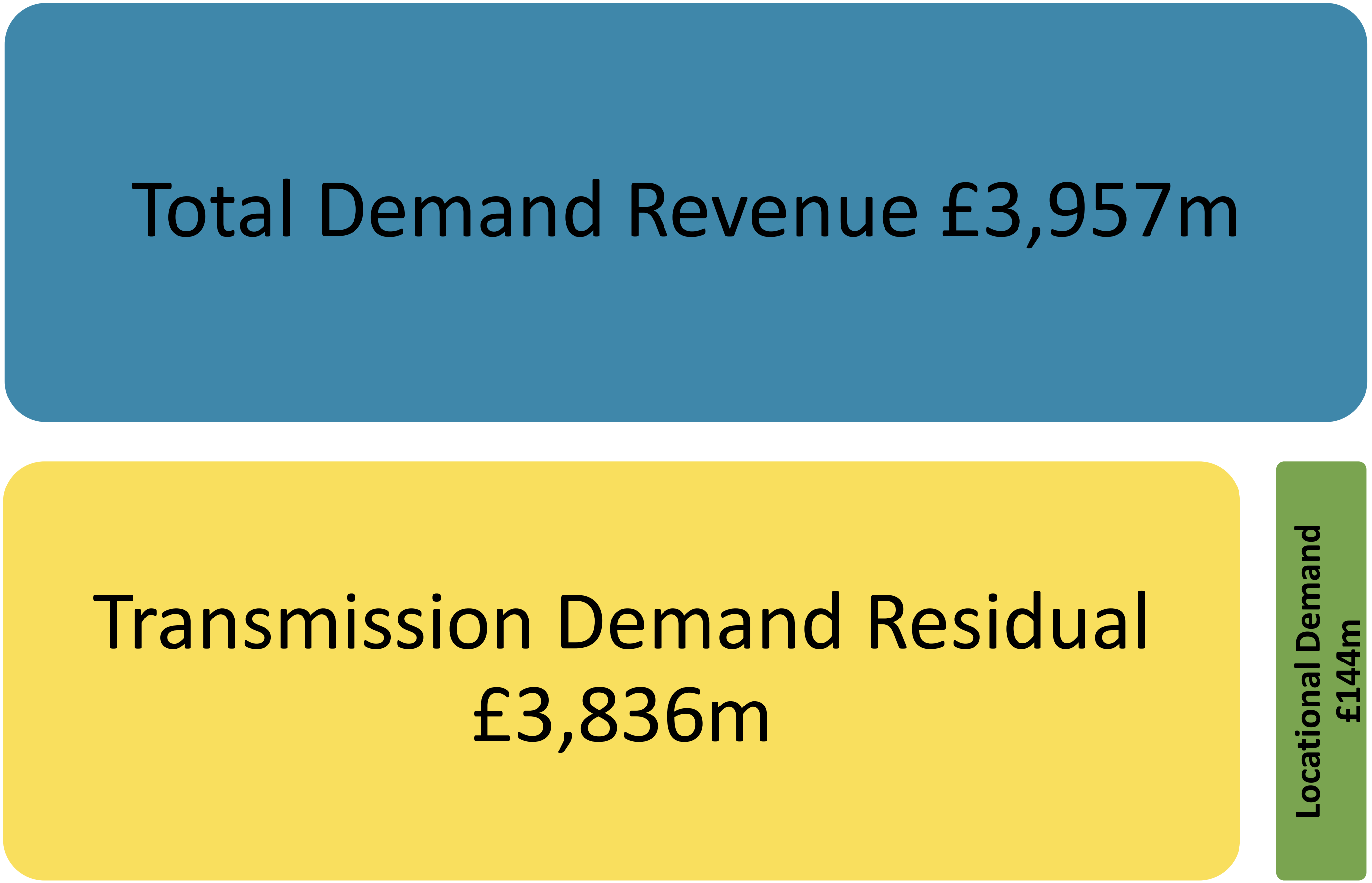
Alan Fradley

Demand TNUoS

1. Transmission Demand Residual
2. TNUoS Demand Locational Tariffs (HH & NHH)
3. Embedded Export Tariffs

Demand TNUoS Breakdown

- Of the total TNUoS revenue (£5,086m) to be recovered for 2025/26 tariffs, demand revenue accounts for £3,957m (78%)
- Transmission demand residual (TDR) £3,836m (97%) makes majority of the demand revenue Charged at £/Site/Day.
- Locational demand £144m (4%) only a small element of overall demand revenue.
- Embedded Export Tariff (EET) expected to pay out £23m



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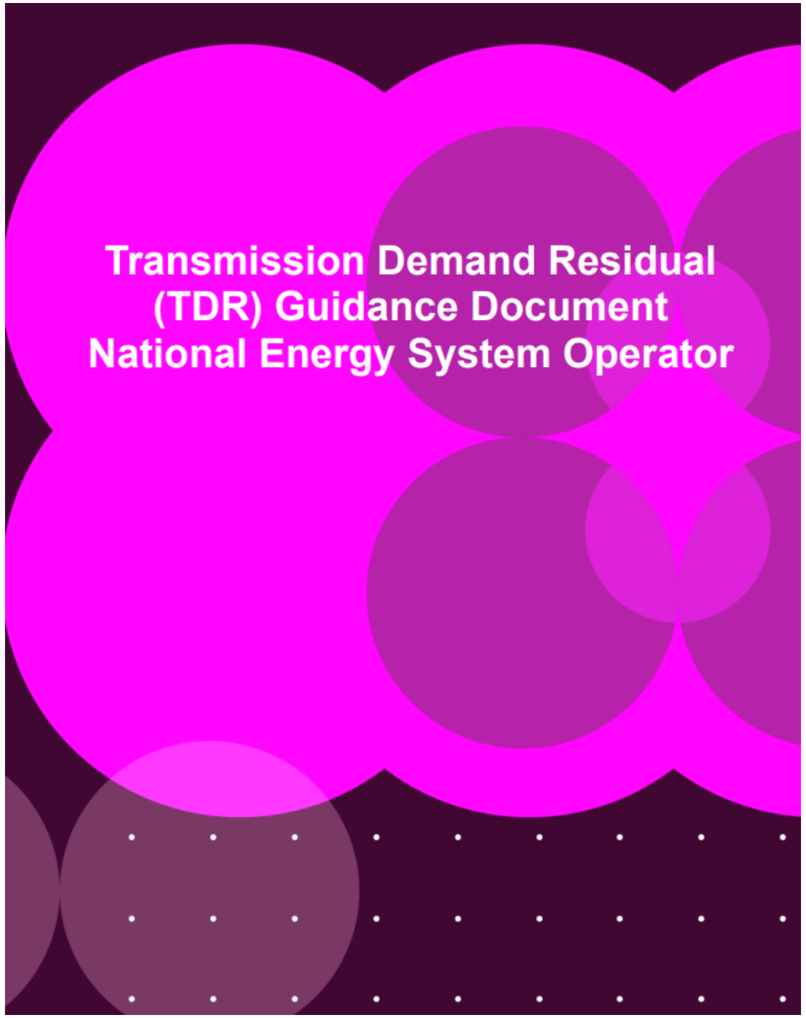
Transmission Demand Residual

- The TDR collects the remainder of the allowed revenue after the generation and locational charges are accounted for.
- The TDR is only paid by final demand users.
- Fixed £/site/day charge,
- TDR Guidance document can be found on the Charging Guidance page of our website.



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New RIIO-ET3 Bands applicable from 1 April 2026

- These are the new band thresholds that will apply from April 2026
- Ahead of each TO price control, NESO convert these percentiles in to 'real' values. This includes DNO bands too as per our obligations as the 'Banding Agent' in DCUSA Schedule 32.

RIIO: Revenue = Innovation, Incentives & Outputs

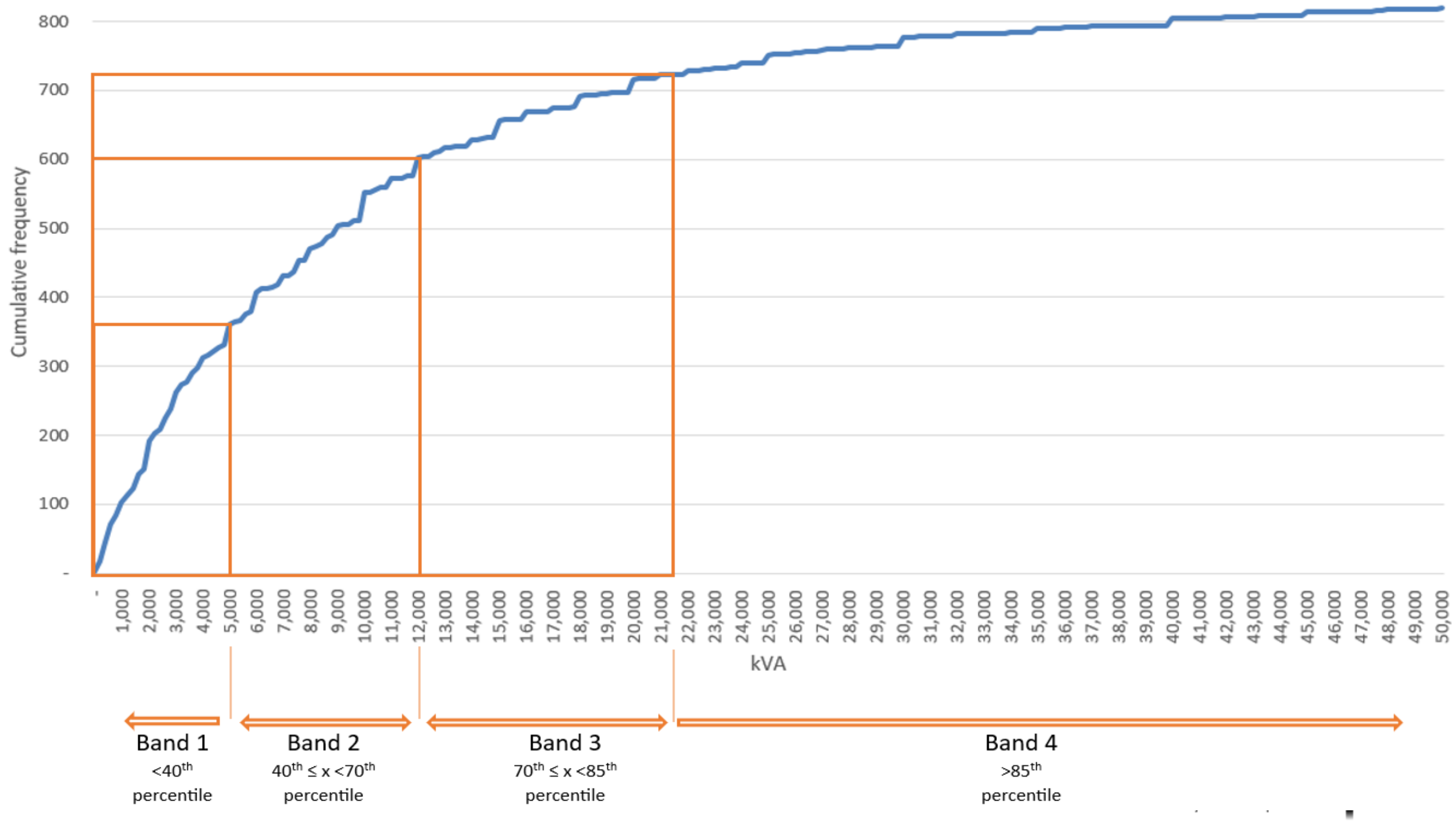
	Band	Tariff	Percentile	Threshold (kWh/MWh or kVA)	
				Lower	Upper
	Domestic	£/Site per Day			
kWh	LVN1		≤ 40%	-	≤3986
	LVN2		40 - 70%	>3986	≤13677
	LVN3		70 - 85%	>13677	≤27543
	LVN4		> 85%	>27543	∞
kVA	LV1		≤ 40%	-	≤90
	LV2		40 - 70%	>90	≤150
	LV3		70 - 85%	>150	≤250
	LV4		> 85%	>250	∞
	HV1		≤ 40%	-	≤500
	HV2		40 - 70%	>500	≤1100
	HV3		70 - 85%	>1100	≤2000
	HV4		> 85%	>2000	∞
	EHV1		≤ 40%	-	≤3500
	EHV2		40 - 70%	>3500	≤11000
	EHV3		70 - 85%	>11000	≤20000
	EHV4		> 85%	>20000	∞
MWh	T-Demand1		≤ 40%	-	≤25131
	T-Demand2		40 - 70%	>25131	≤64451
	T-Demand3		70 - 93%	>64451	≤163688
	T-Demand4		> 93%	>163688	∞

Public

Q&A: Slido.com → #Revenue

How Bands are Created

- The bands are defined in the Distribution Connection Use of System Agreement (DCUSA) and Connection & Use of System Code (CUSC) by percentiles.
- At the beginning of each TO price control, NESO convert these percentiles in to ‘real’ values. This includes DNO bands too as per our obligations as the ‘Banding Agent’ in DCUSA Schedule 32.
- DNO bands based on Max Import Capacity (MIC) or Consumption (kWh) for sites with no MIC
- All Transmission bands based on Consumption (MWh)
- These bands are the same across TNUoS and DUoS charges
- DNO sites subject to DUoS and TNUoS charges
- Transmission sites only subject to TNUoS



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TDR – Calculation of Tariffs

2. Take the consumption per band from the DNOs

	Band	Tariff	Percentile	Threshold (kWh/MWh or kVA) Lower	Threshold (kWh/MWh or kVA) Upper	Consumption (GWh)	Consumption Proportion %	Revenue to collect from band (£m)	Site Count	2025/26 Final
	Domestic	£/Site per Annum				93,047	38.1%	1,462.5	29,670,891	0.135
kWh	LVN1		≤ 40%	-	≤ 3,571	3,119	1.3%	49.0	867,477	0.155
kWh	LVN2		40 - 70%	> 3,571	≤ 12,553	5,504	2.3%	86.5	647,465	0.366
kWh	LVN3		70 - 85%	> 12,553	≤ 25,279	5,974	2.4%	93.9	338,163	0.761
kWh	LVN4		> 85%	> 25,279	∞	16,475	6.8%	259.0	342,973	2.069
kVA	LV1		≤ 40%	-	≤ 80	7,159	2.9%	112.5	78,889	3.908
kVA	LV2		40 - 70%	> 80	≤ 150	10,633	4.4%	167.1	70,132	6.529
kVA	LV3		70 - 85%	> 150	≤ 231	6,647	2.7%	104.5	27,921	10.252
kVA	LV4		> 85%	> 231	∞	17,798	7.3%	279.7	33,704	22.740
kVA	HV1		≤ 40%	-	≤ 422	3,942	1.6%	62.0	7,776	21.830
kVA	HV2		40 - 70%	> 422	≤ 1,000	11,038	4.5%	173.5	7,569	62.800
kVA	HV3		70 - 85%	> 1,000	≤ 1,800	8,789	3.6%	138.1	3,107	121.795
kVA	HV4		> 85%	> 1,800	∞	25,152	10.3%	395.3	3,410	317.598
kVA	EHV1		≤ 40%	-	≤ 5,000	1,683	0.7%	26.5	451	160.765
kVA	EHV2		40 - 70%	> 5,000	≤ 12,000	4,543	1.9%	71.4	264	741.786
kVA	EHV3		70 - 85%	> 12,000	≤ 21,500	4,719	1.9%	74.2	129	1,576.233
kVA	EHV4		> 85%	> 21,500	∞	10,748	4.4%	168.9	119	3,882.736
MWh	T-Demand1		≤ 40%	-	≤ 33,548	481	0.2%	7.6	32	647.799
MWh	T-Demand2		40 - 70%	> 33,548	≤ 73,936	956	0.4%	15.0	18	2,287.644
MWh	T-Demand3		70 - 93%	> 73,936	≤ 189,873	1,897	0.8%	29.8	15	5,446.381
MWh	T-Demand4		> 93%	> 189,873	∞	1,486	0.6%	23.4	5	12,796.715
Unmetered demand										
	Unmetered	p/kWh				2,267	0.9%	3563.0%		
							Demand Residual (£m)			**3836.05**

3. Set revenue to be collected from each band based on proportion of consumption.

4. Divide the total band recovery (from step 3) by the number of sites and days to create a £/site/day tariff.

[2025/26 TB table link here]

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1. Calculate the total value of the TDR

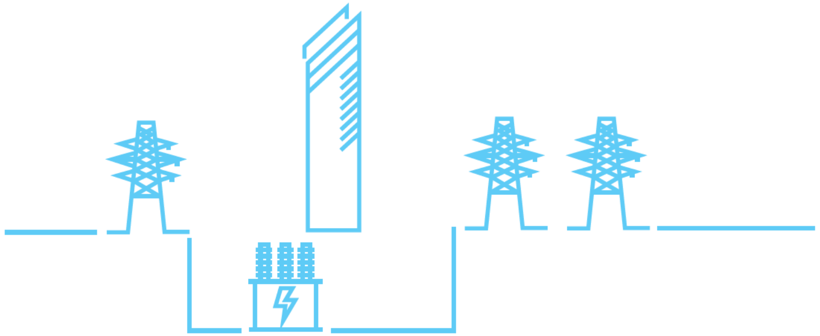
Demand TNUoS Tariffs

- Locational demand revenue £144m in 2025/26.
- There are two demand tariffs for each of the 14 demand zones

Half-Hourly (HH) Demand (£51m)

Non Half-Hourly (NHH) Demand (£93m)

Charged a £/kW tariff for average gross demand over the triads



Charged a p/kWh tariff for consumption between 4pm and 7pm each day

- Sites connected at a GSP that serves more than 1 DNO will have bespoke tariff that is published alongside the regional tariffs each year

Market Half Hourly Settlement

What are Market-wide Half-Hourly Settlement Changes?

Market Half Hourly Settlement (MHHS) is a key enabler for the flexibility required to support the transition to net zero. Changes coming to MHHS will deliver a faster, more accurate electricity settlement process for all market participants, introducing site-specific settlement using Half Hourly meter readings.

For the vast majority of users the TNUoS methodology your billed under wont change because of MHHS but for a small number of sites highlighted yellow below there will be a change when they migrate

Domestic Premises Indicator	Connection Type Indicator	Current Measurement Class	Charging Arrangement Pre- MHHS Transition	Charging Arrangements post MHHS Transition
Domestic (T)	W (Whole Current); L (LV with Current Transformer); H (HV with Current Transformer) or E (EHV with Current Transformer)	A	Chargeable Energy Capacity	Chargeable Energy Capacity
		F	Chargeable Energy Capacity	Chargeable Energy Capacity
		C	Chargeable Demand Locational Capacity	Chargeable Energy Capacity
	U (Unmetered)	B *	Chargeable Energy Capacity	Chargeable Demand Locational Capacity
Non-Domestic (F)	W (Whole Current)	G	Chargeable Energy Capacity	Chargeable Energy Capacity
		A	Chargeable Energy Capacity	Chargeable Energy Capacity
	L (LV with Current Transformer)	C	Chargeable Demand Locational Capacity	Chargeable Demand Locational Capacity
		E	Chargeable Demand Locational Capacity	Chargeable Demand Locational Capacity
		A	Chargeable Energy Capacity	Chargeable Demand Locational Capacity
	H (HV with Current Transformer)	C	Chargeable Demand Locational Capacity	Chargeable Demand Locational Capacity
		E	Chargeable Demand Locational Capacity	Chargeable Demand Locational Capacity
		A	Chargeable Energy Capacity	Chargeable Demand Locational Capacity
	E (EHV with Current Transformer)	C	Chargeable Demand Locational Capacity	Chargeable Demand Locational Capacity
		E	Chargeable Demand Locational Capacity	Chargeable Demand Locational Capacity
	U (Unmetered)	D	Chargeable Demand Locational Capacity	Chargeable Demand Locational Capacity

Chargeable Demand Locational Capacity = Triad
Chargeable Energy Capacity = 4pm – 7pm

Yellow highlight shows change in TNUoS charging as a result of CMP430

- All NHH Unmetered (Measurement Class B) will be transferred to Measurement Class D by the start of the migration period.

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Demand TNUoS: Locational Tariffs

£/kW locational tariff for each zone from the Transport Model

HH Demand Tariff = Demand Locational (£/kW)

£/kW locational tariff from the Transport Model converted to a p/kWh

NHH Demand Tariff (p/kWh) = [Revenue Required per zone − Revenue recovered from Gross HH] ÷ NHH Volume (kWh)

Directly connected sites connected to a GSP supplying more than one DNO will pay the average of tariffs for all the zones connecting to that GSP

Triads – what are they?

Three half hour settlement periods of highest GB net demand

- Separated by a minimum of 10 clear days
- Determined after the event using settlement metering data reported in March

November

February

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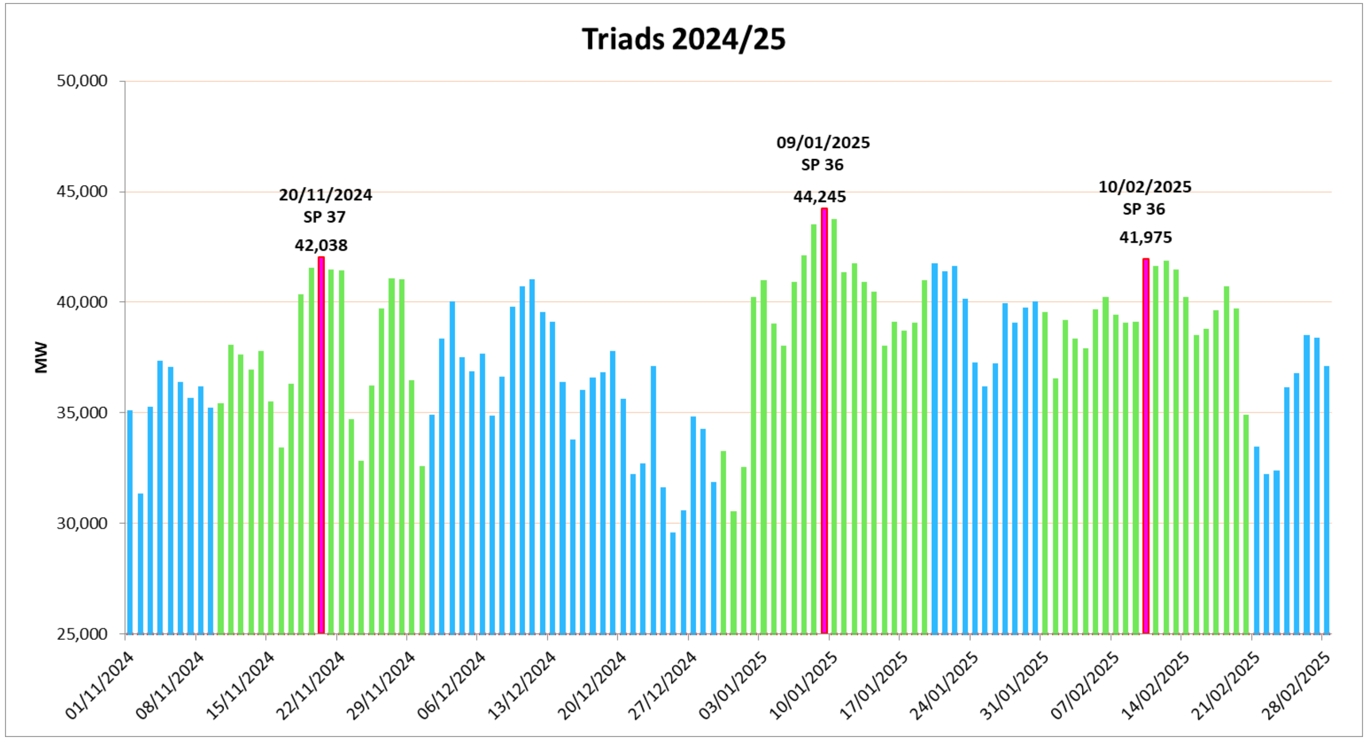
Q&A: Slido.com → #Revenue

Triads for Winter 2024/25



- The Triads are used to calculate charges for those who are half hourly (HH) metered. This tends to be industrial and commercial customers.
- If they don't consume electricity in the three Triad periods, they don't pay HH TNUoS charges for the entire financial year
- Graph shows the 10-day triad rule being applied to triad dates
- Triads in 24/25

Date	Settlement Period	Net System Demand (MW)
09/01/2025	36	44245
20/11/2024	37	42038
10/02/2025	36	41975

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Embedded Export Tariff

- The Embedded Export Tariff (EET) is another element of TNUoS
- The EET is paid to customers based on the HH metered export volume during the triads
- This tariff is payable to exporting HH demand customers and Embedded Generators (<100MW)

Embedded Export (£19m)

Credited a £/kW tariff for average export over the Triads

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Embedded Export Tariff

Embedded Export Tariff	=	Demand Locational (£/kW)	+	AGIC* (£2.79/kW)

- Based on the forecast of Embedded Generation output, a total of £23m will be paid to generators in 2025/26.
- This is added to the revenue to be recovered from the locational demand, to ensure overall revenue recovery is correct.

***AGIC = Avoided GSP (Grid Supply Point) Infrastructure Credit, which is indexed by average May to October CPIH each year.**

5-Year View

Nick Everitt

5 Year View Forecast TNUoS Tariffs (2026/27 to 2030/31)

On Monday 1 September we published the 5-year view of TNUoS Tariffs for 2026/27 to 2030/31.

The report and the tables can be accessed through the links below.

- Download the Report
- Download the Tables File

On Wednesday 17 September we hosted a webinar to go through the key findings and answer your queries on this publication. The webinar slides and a recording of the webinar itself can be accessed through the link below:

Webinar Slides & Recording

If you would like to ask any questions about the 5-year view, please email us at TNUoS.queries@neso.energy

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Key findings

Total Revenue

- The total TNUoS revenue is forecast at **£8.9bn** for FY2026/27, (an increase of £2.7bn from 2026/27 Initial Forecast). This is set to increase to **£13.6bn** in 2030/31, based on published RIIO-ET3 draft determinations business plan financial model

Generation

- Generation revenue is forecast to be **£1.27bn** for 2026/27, It is forecast to grow to **£1.65bn** by FY30/31, an increase of £384m, mainly driven by the increase in offshore generation local charges.
- The generation charging base for 2026/27 has been forecast at **97.5 GW** based on our best view, increasing to **165.3 GW** by FY2030/31.
- The average generation tariff for 2026/27 is **£13.03/kW**, it is expected to decrease to **£10.00/kW** in 2030/31.

Demand

- Demand revenue for 2026/27 is forecast to be **£7.65bn,** it is expected to increase year on year to **£11.98bn** by 2030/31, in-line with the year-on-year increase in total revenue.

Consumer Bill

- The TNUoS cost for the average domestic household is forecast to be **£93.48** for 2026/27, which forms **10.6%** of the average annual electricity consumer bill. This is an increase in the proportion of the consumer bill from 5.8% in 2025/26.

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Potential Future Changes

Nick Everitt

Potential Future Changes

Cost Reflectiveness

- CMP423 Generation Weighted Reference Node
- CMP432 Locational Onshore Security Factor for TNUoS Wider Tariff
- CMP440 Re-introduction of Demand TNUoS locational signals by removal of zero-price floor

Tariff Stability and Predictability

- CMP445 Prorating first year TNUoS for Generators based on their charging date
- CMP442 Introducing the option to fix Generator TNUoS

Significant Code Review and Future Developments

- TNUoS taskforce (link)
- OTNR (Offshore Transmission Network Review
- HND (Holistic Network Design) (link)
- CSNP (Centralised Strategic Network Plan)
- SSEP (Strategic Spatial Energy Planning) (link)
- Net Zero Market Reform
- Ofgem Charging Reform Letter (link)
- Connections Reform
- REMA (Review of Electricity Market Arrangements)

Charging Parameters

- Price Control – Including key parameters such as Expansion Constant, Expansion Factors, Security Factors, Gen Zones, TDR Threshold consumption banding data etc. RIIO3 Period for ET starts in 2026/27

The CUSC mods listed here are non-exhaustive, and are examples of the relevant group themes, please see the following link for active and past mods :- CUSC Modifications

REMA

We are aware that TNUoS charging is undergoing a transition and there will be substantial changes to charging mechanisms over the next few years because of the Review of electricity market arrangements (REMA).

- Department of Energy Security and Net Zero https://www.gov.uk/government/collections/review-of-electricity-market-arrangements-rema
- Ofgem open letter 10th July 2025 https://www.ofgem.gov.uk/sites/default/files/2025-07/open-letter-reforming-network-charging-signals.pdf

Q&A

Please go to: www.slido.com

Event code: #Revenue

Refreshments Break

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TNUoS Charging and Billing

Ishtyaq Hussain

Agenda

1. TNUoS charges overview
2. TNUoS charges for generation
3. TNUoS charges for demand
4. Security requirements
5. Q&A

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What is the TNUoS charge?

The TNUoS charge is the Transmission Network Use of System (TNUoS) charge and recovers the allowed revenue for Transmission Owners (TO) for the cost of building and maintaining transmission infrastructure.

TNUoS Charges for Generation

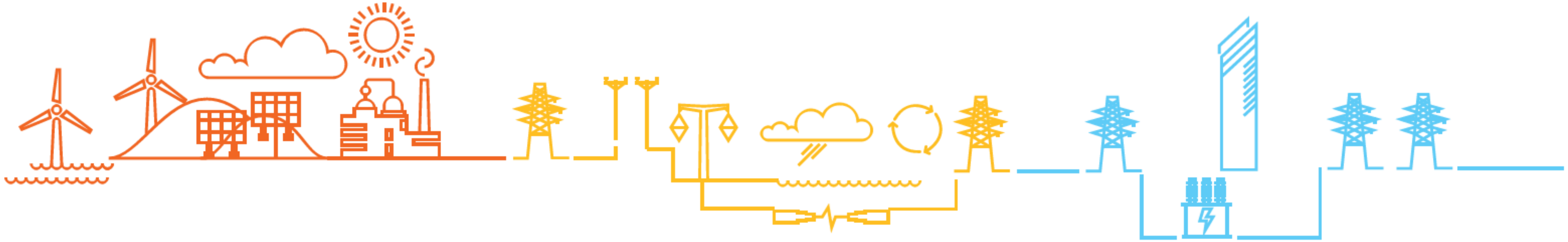
- **Transmission Connected Generation**
- **Large embedded generation (≥100MW)**

TNUoS Charges for Demand

- **Transmission Demand Residual**
- **Half-Hourly metered demand**
- **Non Half-Hourly metered demand**
- **Embedded export benefit**

TNUoS charges are calculated using the Final Tariffs published in the preceding January.

The Final Tariffs for 2025/26 are available at neso.energy.



TNUoS Generation Charging

Ishtyaq Hussain

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TNUoS Generation Billing Timeline

Monthly Invoices

Generators are billed on the 1st of every month and invoices are payable by the 15th

Reconciliations

Generation charges are reconciled annually after the end of each charging year payable within 30 days

Generation Reconciliation
(April)

Reconciliation invoicing = Charging year end + 1 month

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Q&A: Slido.com → #Revenue

Generation Charging

TNUoS charges are applicable to transmission connected generators and embedded generators with Transmission Entry Capacity (TEC) ≥100MW

Generator monthly invoice

[Maximum TEC (kW) x sum of applicable tariffs (£/kW) − Invoices issued to date] ÷ Number of months remaining (in the charging year)

Generation Liabilities

- Generators with positive tariff: based on the maximum amount of TEC effective during the charging year
- Generators with negative tariff: based on the average three highest export during winter season – (only corrected in reconciliation against actual metering)

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Generation Charges - Backing Sheet

Generators receive a backing sheet, along with the monthly invoice, which contain the following details for each station:

K25

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	AAA	TNUGBS02	D	2.02406E+13	SO	NG	BP	TEST1	1	OPER				
2	SCHDR	BackingDetails												
3	BSHD1	Backing Information for Monthly TNUoS Generation Charges												
4	BSHD2	Jun-24												
5	CNAME	ABC Energy												
6	INVNO	7527786194												
7	BLREF	MSM_TNUoS_123456789012												
8	DUEDT	15.06.2024												
9	BSPDT	01.06.2024												
10	BLANK													
11	SCDT1	PowerStationName	GenerationZoneID	GenerationZoneName	FuelType	TransmissionEntryCapacity(MW)	AnnualLoad Factor(%)	SmallGenerator Discount	MITSConnected	EffectiveFrom	EffectiveTo	MonthsAppicable	PeakSecurity(£/kW)	YearRoundShared(£/kW)*ALF(
12	BSDT1	Pname1	24	ESSEX AND KENT	CCGT	112	36.7658	No	Yes	01.04.2024	31.03.2025	8	-2.815943	1.59
13	BSDT1	Pname2	16	North Midlands and North Wales	CCGT	1300	19.6681	No	Yes	01.04.2024	31.03.2025	8	2.975847	0.13
14	BLANK													
15	SCTL1	TotalAnnualLiability£	InvoicedToDateExclVAT£	RemainingTotalAnnualLiability£	RemainingMonths	CurrentMonthlyInvoiceAmountExclVAT£								
16	BSTL1	2951601.664	436729.84	2514871.824	9	279430.2								
17	BLANK													
18	SCFTR	ForQueriesPleaseContact												
19	BSFTR	TNUoS.queries@neso.energy												
20	ZZZ	20												
21														

TNUoS CSV File Specification - STAR Release v8.00 – Page 96

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TNUoS Generation Reconciliation Overview

TNUoS generation reconciliation is issued at end of the April for the previous charging year

Recalculated Liability (1) + Compare Output vs TEC (2) + Calculate Demand (3) − Total of Monthly invoices = Reconciliation Invoice

(1) The liability for each station is recalculated, to ensure all charges have been invoiced correctly

(2) Stations with a negative tariff: the liability is calculated where the peak station output is less than TEC

(3) Stations that take net demand over Triads are charged the half-hourly gross demand tariff

Historical Values

	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Reconciliation (£m)	19.8	24.5	24.6	9.2	42.9	22.1

TNUoS Ex-Post Reconciliation

TNUoS Generation charges should be within a range of €0-2.50/MWh to comply with the Limiting Regulation – “gen cap”.

$$\text{€0/MWh} \leq \left[\text{TNUoS Gen Revenue £m} \div \text{Exports} \div \text{Exchange Rate} \right] \leq \text{€2.50/MWh}$$

If charges are outside the range, an **Ex-Post Reconciliation** will take place to ensure compliance with the range.

For example:

Out-turn = €2.75/MWh, indicating too much TNUoS Generation revenue has been recovered,

Calculate amount, £X, that reduces TNUoS Generation revenue so that out-turn = €2.50/MWh,

Issue total **credits** of £X to Generators and total **invoices** of £X to Suppliers.

If out-turn is below €0/MWh, the ex-post reconciliation would require an additional amount to be charged Generators, and that same amount to be credited to Suppliers.

TNUoS Demand Charging

Arun Vijay

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National Energy System Operator

TNUoS Demand Billing Timeline

Monthly Invoices

Suppliers are billed on the 1st of every month and invoices are payable by the 15th

Reconciliations

Demand charges are reconciled twice (Initial / Final metering), both with 30 day payment terms

Initial Demand Reconciliation (June)	Final Demand Reconciliation (Autumn)
Charging year + 3 months	*Charging year + ~18 months*

TNUoS Demand Charges

The residual is recovered from final demand via the Transmission Demand Residual (TDR) charge:

TDR – Sites, No. of sites

TDR – Unmetered Supplies (UMS), kWh

From 1st Apr 23, HH & NHH charging methodology has recovered **only locational** TNUoS revenue ~3% of demand revenue (embedded generation benefit is unchanged)

Half-hourly (HH) Gross Demand, kW

Non Half-hourly Consumption, kWh

Transmission Demand Residual - Sites

Within year, Suppliers are charged based on the latest actual site counts in each band, as provided by DNOs/iDNOs, and connection agreements

Supplier monthly invoice

[Number of Sites in each band x days in year x relevant TDR tariff (£/site/day) − Invoices issued to date] ÷ Number of months remaining (in the charging year)

Site Counts by Band

BSC Modification P402 introduced a data flow between the DNOs and NESO to provide the site counts by band and supplier that are needed to bill suppliers.
This includes:

- Settlement Date
- Charging Band
- Distribution Network Operator (DNO)
- Supplier Market Participant Identifier (MPID)
- Run Type
- Grid Supply Point Group
- Site Count

It does not include Meter Point Administration Number (MPAN) level information

Example – Forecast Total Annual Site Count Days (SCD)

July invoice using April metering data – total SCD is 34 to end April →

Latest number of sites being supplied, based on the actual data, is **2** (based on actuals for 30th April 2025)

Date	Sites Supplied
01/04/2025	1
02/04/2025	1
03/04/2025	1
04/04/2025	1
05/04/2025	1
…	
…	
25/04/2025	1
26/04/2025	1
27/04/2025	2
28/04/2025	2
29/04/2025	2
30/04/2025	2
Total	**34**

Therefore, the forecast of total annual SCD is:

34 + (2 per day, for days with no actual data)

= 34 + (2 x (365-30))

= 34 + 670

= 704

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Transmission Demand Residual - UMS

Unmetered Supplies (UMS), within year, Suppliers are charged based on the latest actual consumption (kWh) data provided by the DNO in the P402 report.

Supplier monthly invoice

[**Forecast UMS consumption x TDR UMS Tariff (p/kWh)** − **Invoices issued to date**] ÷ **Number of months remaining (in the charging year)**

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Q&A: Slido.com → #Revenue

Transmission Demand Residual – Backing Sheet

Backing sheet shows a summary of annual site count days by charging band, the TNUoS Demand backing sheet now contains registrant ID and DNO level data to help customers understand what their forecast is based on

SCTL1	Total Forecast Annual HH+EE+NHH	Total Annual TDR Liability (£)	Total Forecast Annual Demand Liability (£)	Invoiced To Date Excl VAT (£)	Remaining Annual Forecast Liability (£)	Remaining Months	Current Monthly Invoice Amount Excl VAT (£)														
BSTL1	931.04	6295380.32	6296311.36	1861948.36	4434363	9	492707														
BLANK																					
SCDSO	DNO	ForecastDays	RegistrantID	DOM	EHV1	EHV2	EHV3	EHV4	HV1	HV2	HV3	HV4	LV1	LV2	LV3	LV4	LVN1	LVN2	LVN3	LVN4	UMS
RICBS	EELC	274	TTRE	147	10	0	0	0	0	0	17	0	12	0	0	0	4	0	0	0	1.3728
RICBS	EELC	274	TTRF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	EELC	244	TTRG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	EMEB	244	IDRA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	EMEB	274	TTRH	5	7	0	0	0	0	0	17	0	14	0	0	0	2	0	0	0	1.6084
RICBS	ETCL	274	REDF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	FEAL	244	REDF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	FORB	244	REDF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	GGEN	244	REDF	11	18	0	0	0	0	0	2	0	5	0	0	0	11	0	0	0	1.6403
RICBS	GUCL	244	REDF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	HARL	244	REDF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	HYDE	244	REDF	31	6	0	0	0	0	0	4	0	18	0	0	0	35	0	0	0	73.471
RICBS	INDI	244	REDF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	IPNL	244	TTRE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RICBS	LENG	244	TTRE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TNUoS CSV File Specification - STAR Release v8.00 – Page 96

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Transmission Demand Residual – Inaccuracies in the site count data

If you spot something that doesn't look correct in your data, we recommend you first speak to the responsible DNO. Some issues may be:

- Inclusion of a de-energised site
- Inclusion of non-final demand sites
- Multi feeder sites counted as a site for each MPAN

If a site changes, we will receive an update when the next run type of data comes through, and it will be amended in the data. A credit/ invoice will then be issued for any overpayment/ underpayment across the remaining months, taking account of how much liability you have already paid.

We have included a list of DNO contacts in the next slide

DNO Contacts

DNO Licensee	MPID	Distributor ID	Customer query contact
EASTERN POWER NETWORKS PLC	EELC	10	distributionpricing@ukpowernetworks.co.uk
LONDON POWER NETWORKS PLC	LOND	12	distributionpricing@ukpowernetworks.co.uk
SOUTH EASTERN POWER NETWORKS PLC	SEEB	19	distributionpricing@ukpowernetworks.co.uk
ELECTRICITY NORTH WEST LIMITED	NORW	16	UseOfSystemChargingQueries@enwl.co.uk
NATIONAL GRID ELECTRICITY DISTRIBUTION (EAST MIDLANDS) PLC	EMEB	11	nged.duos@nationalgrid.co.uk
NATIONAL GRID ELECTRICITY DISTRIBUTION (SOUTH WALES) PLC	SWAE	21	nged.duos@nationalgrid.co.uk
NATIONAL GRID ELECTRICITY DISTRIBUTION (SOUTH WEST) PLC	SWEB	22	nged.duos@nationalgrid.co.uk
NATIONAL GRID ELECTRICITY DISTRIBUTION (WEST MIDLANDS) PLC	MIDE	14	nged.duos@nationalgrid.co.uk
NORTHERN POWERGRID (NORTHEAST) PLC	NEEB	15	TCR@Northernpowergrid.com
NORTHERN POWERGRID (YORKSHIRE) PLC	YELG	23	TCR@Northernpowergrid.com
SCOTTISH HYDRO ELECTRIC POWER DISTRIBUTION PLC	HYDE	17	DistributionPricingTeam@sse.com
SOUTHERN ELECTRIC POWER DISTRIBUTION PLC	SOUT	20	DistributionPricingTeam@sse.com
SP DISTRIBUTION PLC	SPOW	18	commercial@spenergynetworks.co.uk
SP MANWEB PLC	MANW	13	commercial@spenergynetworks.co.uk

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CMP425 – Multiple Suppliers at same Transmission Demand Site

The previous charging of the Transmission Residuals was done by the Lead Party of a BMU. This meant multiple customers at one transmission connection point who chose different Suppliers get multiple charges, discouraging competition in supply and leading to undue discrimination between different system users.

CMP425 ensures that there is one TDR charge at a connection site with multiple suppliers. The charge is split on a pro-rata basis between suppliers at the same connection site based on historical consumption

The modification was approved by OFGEM on 13th December 2023 with a retrospective implementation date of 1st April 2023.

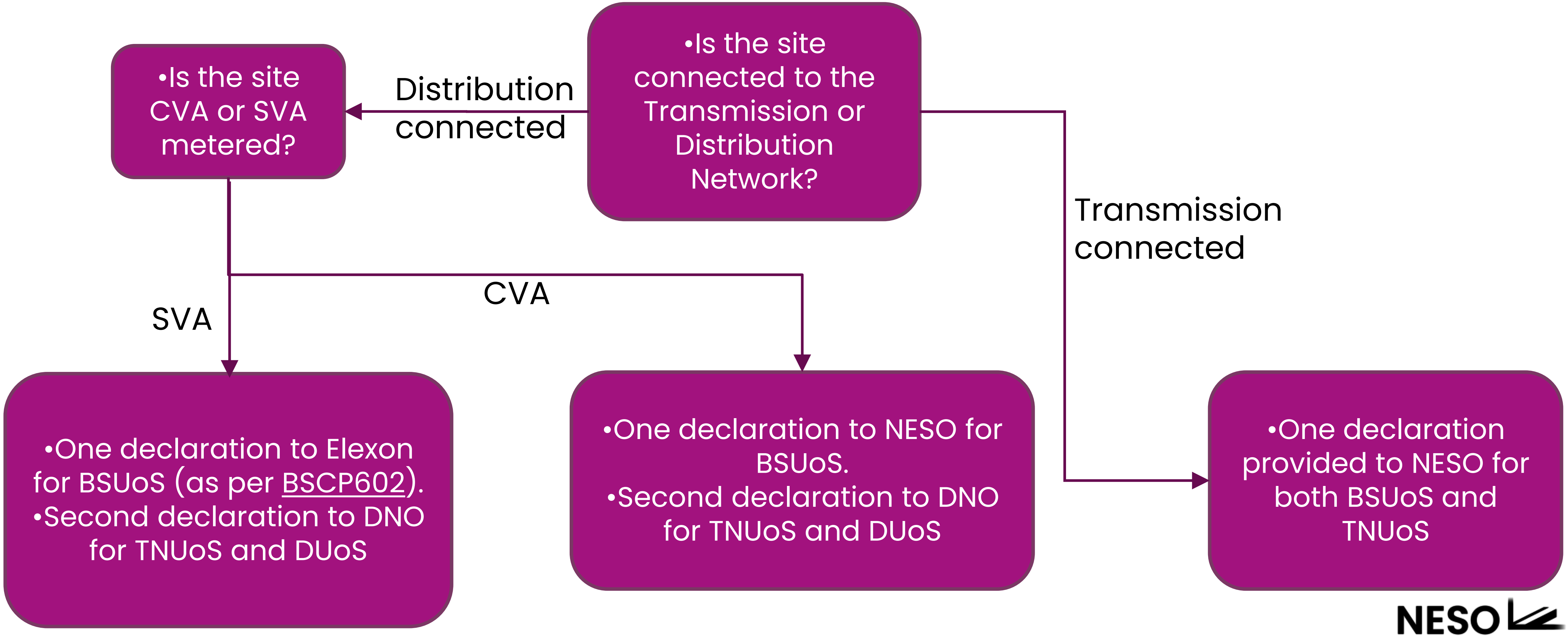
There is now an additional section below the TDR site count information on the backing sheet which will show if you have any sites that share supplier at the same connection. A site charge % will be applied based on the previous 12 month metered consumption data.

SCTCS	TCSName	ChargingBand	EffectiveStartDate	SiteCharge(%)
RITCS	TCS1	TRN1	01.12.2024	40
RITCS	TCS2	TRN1	01.04.2024	100
RITCS	TCS3	TRN2	01.04.2024	100

Q&A: Slido.com → #Revenue

Non-final Demand Declarations

Non-final demand will be required to have submitted a declaration



SVA = Supplier Volume Allocation

CVA = Central Volume Allocation

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Q&A: Slido.com → #Revenue

Non-final Demand Declarations

Pre-populated forms are sent out when we see a new CVA BMU appear

BMU (Ex: T_WNESO-1)	Demand (Select one)	Declaration Date (Same as Declaration Tab)	Site Name (Example: 123 Neso Wind Farm, Warwick, Warwickshire, CV34 1AB)	Tech Type (Select one)	Central Volume Allocation/ Supplier Volume Allocation	Free text comments
T_OAKRO-1	Non-Final Demand	01/04/2025	Oak Road Energy, 4 Oak Road, Testville, O14 6BZ	CCGT	Central Volume Allocation	
T_ACCAV-1	Non-Final Demand	01/04/2025	Accacia Avanue Energy, 5 Accacia Avenue, Testington, AB12 3CX	Multiple Fuel Type	Central Volume Allocation	
T_ACCAV-2	Non-Final Demand	01/04/2025	Accacia Avanue Energy, 5 Accacia Avenue, Testington, AB12 3CX	Multiple Fuel Type	Central Volume Allocation	
2__BACCA001	Final Demand (Please delete off form)	01/04/2025	Accacia Avanue Energy, 5 Accacia Avenue, Testington, AB12 3CX	Other (detail in free t	Supplier Volume Allocation (Please contact	Supplier BMU
E_POPLR-1	Non-Final Demand	01/04/2025	Poplar Energy, 1 Poplar Cresent, Testville, O12 3BN	Battery	Central Volume Allocation	

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Locational Demand Charging

Jheaunelle Thomas

Q&A: Slido.com → #Revenue

Locational Demand Charging

Half Hourly demand - Within year, Suppliers are charged based on their forecast of HH Gross Demand and Exports over the Triads

Supplier monthly invoice

[Forecast Gross Demand at Triad x HH Demand Tariff (£/kW) − Forecast Gross Export at Triad x Embedded Export Tariff (£/kW) − Invoices issued to date] ÷ Number of months remaining (in the charging year)

HH exports will be netted off against HH demand at BMU level, so that monthly chargeable values cannot result in a credit to the supplier

Net credits are settled at the annual reconciliation

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Non-Half-Hourly Consumption

Within year, Suppliers are charged based on their forecast of consumption between 16:00 – 19:00 (inclusive), every day of the charging year (kWh)

Supplier monthly invoice

[**Forecast consumption x NHH Demand Tariff (p/kWh)** – **Invoices issued to date**] ÷ **Number of months remaining (in the charging year)**

Embedded Export Payments

Payment calculation

- Based on average exports over the 3 Triads x Embedded Export tariff
- Outside of the scope of VAT and split as separate line item on the invoice

Embedded generation registered under Supplier Volume Allocation (SVA):

- Settled directly with the Supplier
- Forecast of HH exports can be provided in Supplier demand forecast
- HH exports included in monthly billing
- Further settlement at the initial and final reconciliations

Embedded generation registered under Central Volume Allocation (CVA):

- Settled directly with the Generator
- Forecast is not provided and no monthly billing
- Settlement is at the initial and final demand reconciliations
- Embedded generation is also liable for demand taken over Triads, charged using the HH gross demand tariff

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TNUoS Demand Forecast

TNUoS Locational Demand charges are based on the Supplier forecast

Mandatory requirement in CUSC to submit a forecast by 10th March for upcoming charging year

Forecasts should be revised by the 10th of the month if there are significant changes in demand/ consumption

It also affects the calculation of security requirement

What to include in the forecast?

HH (Triad) demand/ exports

A forecast of your contracted customers' average demand, summed by Balancing Mechanism Unit (BMU) (kW)

A forecast of HH embedded exports average summed by BMU (kW)

NHH consumption

A forecast of your contracted customers' energy consumption between 16:00 and 19:00 (inclusive) every day of the charging year, summed by BM Unit level (kWh)

v6.10 2025/26

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DEMAND FORECAST SUBMISSION

Used for Calculating 2025/26 Monthly TNUoS Charges

Company Name: Z EXAMPLE LIMITED

Company Registered No: 10000000

Contact Name (in case of query):

BM Unit Identifier	Demand Tariff Zone	Forecast HH Triad Gross Demand (kW) *(see note 2 below)*	Forecast HH Triad Embedded Export (kW) *(see note 3 below)*	Forecast NHH Energy (kWh) *(see note 4 below)*
2__AEXAM000	EASTERN	745		6,774,773
2__BEXAM000	EAST MIDLANDS	914		5,513,249
2__CEXAM000	LONDON	1,746		4,996,105
2__DEXAM000	N WALES & MERSEY	912		3,206,701
2__EEXAM000	MIDLANDS	863		4,686,015
2__FEXAM000	NORTHERN	1,652		2,452,885
2__GEXAM000	NORTH WEST	1,984		5,530,108
2__HEXAM000	SOUTHERN	479		5,566,630
2__JEXAM000	SOUTH EAST	332		4,789,624
2__KEXAM000	SOUTH WALES	1,009		4,284,334
2__LEXAM000	SOUTH WESTERN	579		2,324,243
2__MEXAM000	YORKSHIRE	545		2,353,124
2__NEXAM000	SOUTHERN SCOTLAND	301		3,907,242
2__PEXAM000	NORTHERN SCOTLAND	789		2,947,897

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TNUoS Demand Reconciliation

The initial reconciliation invoice/credit issued by 30th June, in respect of TNUoS demand liability for the previous year. Final demand reconciliation issued in autumn the year after.

Demand reconciliation calculation

Out-turn Liability − **Total of Monthly Invoices** + **Payment for Embedded Generation** + **BOE Interest** = **Reconciliation Invoice**

Note: a customer may be liable for demand charges and/or be eligible for payments for embedded generation

Historical values

Following regulatory changes effective from 2018/ 19 the value of the initial demand reconciliation has reduced considerably, as shown in the table below for historical demand reconciliation values.

	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Initial Demand Reconciliation (£m)	-20.18	-9.77	-51.42	6.06	-17.75	-0.77
Final Demand Reconciliation (£m)	To be issued Autumn 2026	To be issued Autumn 2025	0.80	2.23	0.78	2.76

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Use of System Security Requirement (BSUoS and TNUoS)

The value of security required is re-assessed at the start of each month and a statement is emailed to each customer.

Supplier security requirement

BSUoS: security is equal to 32 days of Supplier BSUoS charges

TNUoS: is equivalent to a percentage of your annual demand liability

Generation security requirement

BSUoS: security is equal to 29 days of BSUoS charges (only Final Demand BMU's)

TNUoS: no security requirement for generators

Payment History Allowance (PHA)

One of three forms of Users Allowed Credit (Approved credit rating or independent credit assessment)

Accrued for each month's invoice(s) paid by the due date, up to a maximum of 60 months

Reduced by 50% for late payment, and set to zero for second late payment

BSUoS and TNUoS Security Calculation includes VAT

Q&A

Please go to: www.slido.com

Event code: #Revenue

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AAHEDC

Alan Fradley

AAHEDC (formerly Hydro benefit)

Who pays?

- Electricity suppliers. The scheme amount (£112.4m) is recovered in line with conditions defined in the electricity supplier licence at a tariff of 0.040984 p/kWh.

Who receives?

- Currently there is only one Relevant Distributor, Scottish Hydro Electric Power Distribution (SHEPD), to reduce the cost of distributing electricity in the north of Scotland

How does it work?

- The scheme 'Assistance Amount', 'Shetland Assistance Amount' and the 'Administration Amount' were introduced by the Energy Act 2004 and are inflated annually by the Consumer Prices Index including owner occupiers' housing costs (CPIH) published by the Office for National Statistics (ONS). NESO is the appointed scheme administrator.

Total Scheme Amount £112.4m = Assistance Amount £81.7m + Shetland Assistance Amount £33.6m + Administration Amount £0.15m + Correction Amount -£3.09m

Figures from AAHEDC 25/26 Tariffs
Note: figures have been rounded to the nearest £0.1m

Q&A: Slido.com → #Revenue

AAHEDC timeline

- The Tariff is published annually on or before 15th July (i.e. one month before the first invoice date) and is effective retrospectively from the 1st of April that year. It is a flat rate tariff and does not vary by demand zone.

March	April	May	June	July
Draft Tariff Published	**1 April** Charge effective			**15 July** **Final** Tariff published

- Invoices are issued to electricity suppliers quarterly in arrears.
- The value is calculated using the sum of gross demand attributable to Licensed Suppliers across all Grid Supply Point (GSP) Groups in the previous quarter and includes all settlement periods across all GSP Groups.
- Suppliers are invoiced on 15 August, 15 November, 15 February and 15 May with 28-day payment terms.
- There is no reconciliation; settlement is deemed to be final at the invoice date.

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Connection Charging Overview

John Beezley

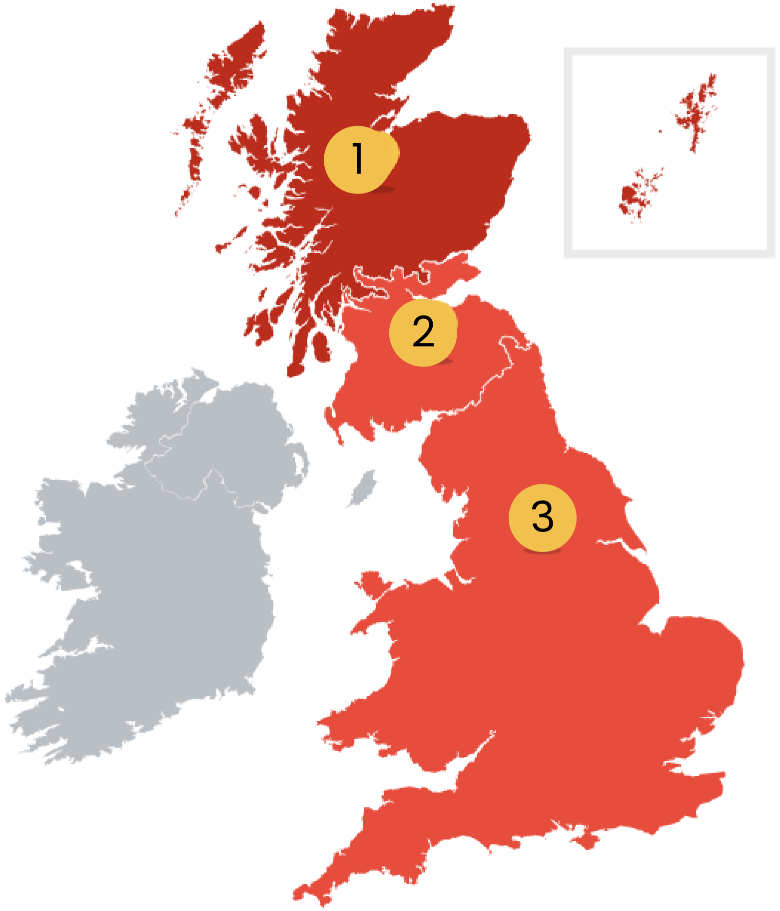
Q&A: Slido.com → #Revenue

What are connection charges?

- Connection charges recover the costs incurred by the Transmission Owner (TO) to design, build and maintain your connection to the transmission system. These charges are usually over a 40-year period.

- We recover these charges on behalf of:

1. Scottish & Southern Electricity Networks
2. SP ENERGY NETWORKS
3. nationalgrid



Invoices are issued on the first of the month, with 15-day payment terms.

Connection Charges

Annual Connection Charge Breakdown – Year 1 - 2024

	Connection Cost	Net Asset Value	Depreciation	RoR	SSM	TRC	Annual Charge
	GAV*n*	NAV	GAV/40 or 15	NAV*RoR	GAV*SSM	GAV*TRC	
Asset 1 – 40 Year	£500,000	£493,750	£12,500	£20,000	£1,900	£5,300	£39,700
Asset 2 – 15 Year	£15,000	£14,500	£1,000	£600	£57	£159	£1,816

Acronyms

Gross Asset Value for year n (GAVn)	Net Asset Value (NAV)	Rate of Return (RoR)	Site Specific Maintenance (SSM)	Transmission Running Costs (TRC)
Total cost of asset including: • Construction costs • Engineering • Interest during construction • Liquidated damages premium	Mid year depreciated GAV of the **asset**	Transmission Owner Rate of Return (Example 4%)	Recovers a proportion of the cost and overheads with the maintenance activities. 0.38%	Rates, operation, indirect overheads incurred by the transmission licensees 1.06%

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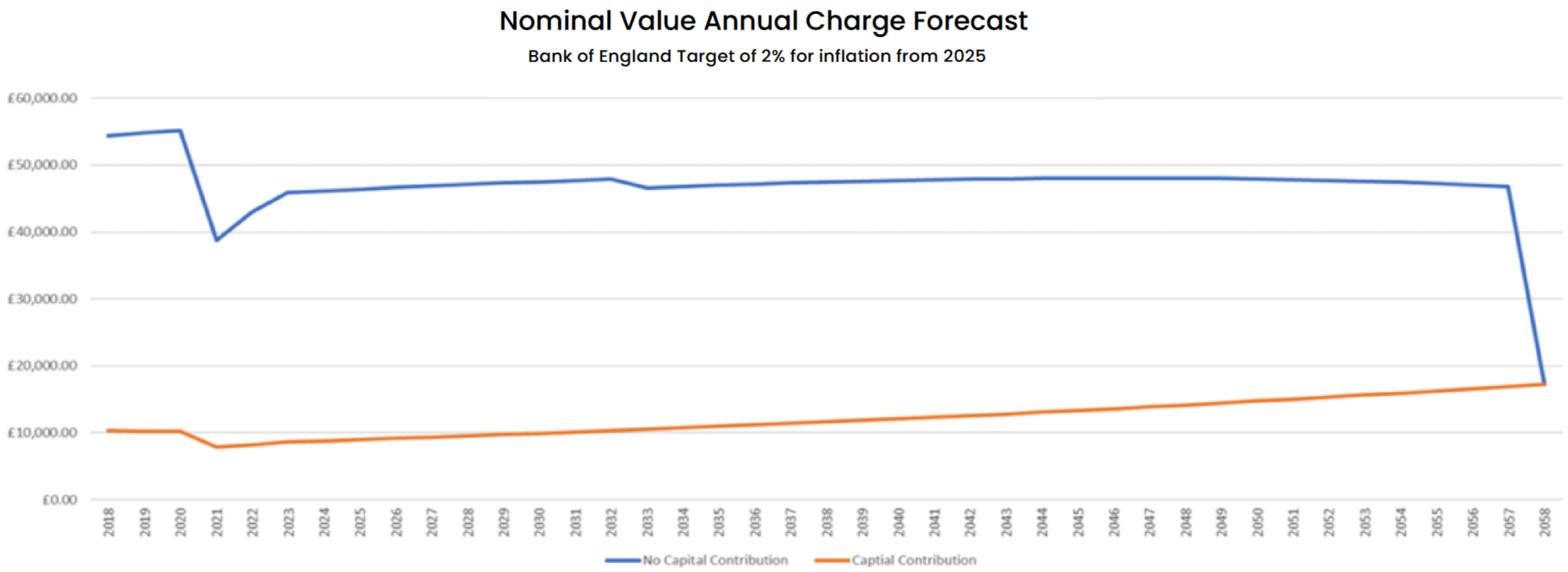
Example of Annual Charge over time



Annual Charges will change over time as we progress through price control periods and methodology changes. Each year inflation and maintenance factors are recalculated.

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Capital Contribution Payments

A Capital Contribution payment can be a lump sum payment, or multiple payments per year.

- Option 1 – Payments alongside the TO's investment to build and install your assets.
- Option 2 – Single payment upon completion of the work.
- Option 3 – Full or partial payments during the lifetime of your connection.

Where capital contributions are chosen:

- Annual Connection Charge = Maintenance of the Connection Assets only

You can opt into Capital Contributions via your initial Connection Application.

A Connection can migrate from Annualised monthly charging to a Capital Contribution via a modification application which your NESO dedicated Connection Contract Manager can assist with

Termination

- If the repayment method for the assets are through annualised charges, and a user requires an asset to be terminated before its economic life ends, the user will be liable for a termination charge.

- The Termination Charge will recover the Net Asset Value (NAV) of the Connection Assets plus the cost of removing the Connection Asset.

- The default economic life/depreciation period is 40 years but can be agreed to be less. It's important that when submitting your connection application that you consider the repayment period for the capital costs of the asset.

Asset Replacement:

- A Connection Asset typically has an expected life span of 40 years, at the end of this life span the asset can still be operational if maintained correctly. But the TO will, at a certain point decide that the asset needs to be replaced and will issue an Asset Replacement Notice

- If the TO considers connection assets are required to be replaced before the end of their normal lifetime, the replacement costs will be borne by the TO. This is called 'Ghost Charging'. You will continue to pay your existing annual charges within the remaining lifetime of your original assets

- At the point the original asset would have reached the end of its normal asset life and would have been fully depreciated, your annual charges will then change to reflect the new asset costs

Q&A: Slido.com → #Revenue

Charging Appendices Example (Appendix A)

Key Points:

- Pre-vesting assets are assets that commissioned pre-1990
- Most assets have a depreciation period of 40 years
- Electronic assets have a 10 or 15 year depreciation

APPENDIX A
TRANSMISSION CONNECTION ASSETS/CONNECTION SITE

User: Sharmila Wind Farm Ltd
Connection Site: Faraday House
Type: Entry

Part 1 - Pre-Vesting Assets

Description	Age (As at 01/04/2031)	Year
Aged Example Transformer 1	56	1975
Aged Example Transformer 2	51	1980
Aged Example Transformer 3	46	1985

Part 2a - Existing Post-Vesting Assets

Description	Age (As at 01/04/2031)	Year
Aged Example Transformer 4	7	2024
Aged Example Transformer 5	8	2023
Aged Example Transformer 6	9	2022

Part 2b - New Post-Vesting Assets

Description	Age (As at 01/04/2031)	Year
New Example Transformer 7	0	2031
New Example Transformer 8	0	2031

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Charging Appendices Example (Appendix B)

If your project is due to commission in the future, the GAV of the assets will be recalculated to account for inflation, and the rate of return and maintenance factors for the charging year will be used.

APPENDIX B
CONNECTION CHARGES/PAYMENT

User: Sharmila Wind Farm Ltd
Connection Site: Faraday House
Type: Entry

(1) Connection Charges
The Connection Charges set out below may be revised in accordance with the terms of this Bilateral Connection Agreement and/or the Construction Agreement and/or the CUSC and/or the Charging Statement.

Part 1 - Pre-Vesting Assets
For indication only, the Connection Charge for those assets extant at 31st March 1990 and specified in Appendix A Part 1 will be at an annual rate for the period 01/04/2031 to 31/03/2032 of £128,700.00, in April 2025 prices, where

Rate of Return 4.30%

Transmission Costs

Part A Site specific maintenance element = £33,300.00
Part B Other transmission costs element = £95,400.00

Asset Description	Gross Asset Value	
Aged Example Transformer 1	£	4,000,000.00
Aged Example Transformer 2	£	3,000,000.00
Aged Example Transformer 3	£	2,000,000.00

Part 2a - Existing Post-Vesting Assets
For indication only, the Connection Charge for those assets installed after 31st March 1990 and as specified in Appendix A Part 2a will be at an annual rate for the period 01/04/2031 to 31/03/2032 of £547,643.75, in April 2025 prices, where

Rate of Return 4.30%

Transmission Costs

Part A Site specific maintenance element = £27,750.00
Part B Other transmission costs element = £79,500.00

Asset Description	Gross Asset Value	
Aged Example Transformer 4	£	2,000,000.00
Aged Example Transformer 5	£	2,500,000.00
Aged Example Transformer 6	£	3,000,000.00

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Charging Appendices Example (Appendix B)

Depending on the work undertaken, an ad-hoc charge may be payable. When a one-off payment or capital contribution is in an offer, it will be in a price base. This will be described in Part 5 of your Appendix B. NESO will inflate the amount up to the date the payment is due from this base. Invoices of this nature have 30-day payment terms.

For indication only, the One-off charge for an intertip scheme as described in Appendix B1 of the Construction Agreement shall be £100,000.00 in April 2023 prices, payable as per the schedule below.

Invoice Date	Excluding VAT	
01 September, 2023	£	25,000.00
01 June, 2024	£	50,000.00
01 August, 2025	£	25,000.00
Total	**£**	**100,000.00**

All Charges in Parts 1 to 5 will be adjusted to reflect indexed asset values and charge factors applicable in the year of invoicing

Example of Invoices due

			8.65%	6.49%	2.00%*
Payment Due Date	**Amount**	**Fiscal Year**	**2023**	**2024**	**2025**
01/09/2023	£25,000.00	2023	£25,000.00	£26,622.50	£27,154.95
01/06/2024	£50,000.00	2024	£50,000.00	£53,245.00	£54,309.90
01/08/2025	£25,000.00	2025	£25,000.00	£26,622.50	£27,154.95

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Definition of a Connection and an Infrastructure Asset

A Connection Asset is classified as a Single User Asset, which has been designed and installed specifically to connect an individual user to the National Electricity Transmission System. The cost of Connection Assets are recovered via Connection Charges

Whereas an Infrastructure Asset which has been designed and installed specifically to be shared by multiple users to benefit the wider network. The cost for Infrastructure Assets are recovered via TNUoS Charges

A Connection Asset can be re-classified as an Infrastructure Asset if there is a second connecting party at the substation for that asset. For example if a DNO is there and then a Tertiary connects the sole use connection asset would become infrastructure as it affects two or more connecting parties

Connections Reform

Connections Reform has been brought in to replace the "first-come, first-served" system with a strategic approach that prioritizes viable, clean energy projects. Focusing on projects ready for delivery, the reform aims to speed up the connection of clean power, reduce a 750GW queue of projects

Please visit https://www.neso.energy/industry-information/connections-reform for a full in depth explanation of the Connections Reform process

Post Commissioning Security

What are post-commissioning securities?

Post-commissioning securities are required to cover the owed amount if the user disconnects from the transmission system during the period that the transmission assets are chargeable to the user.

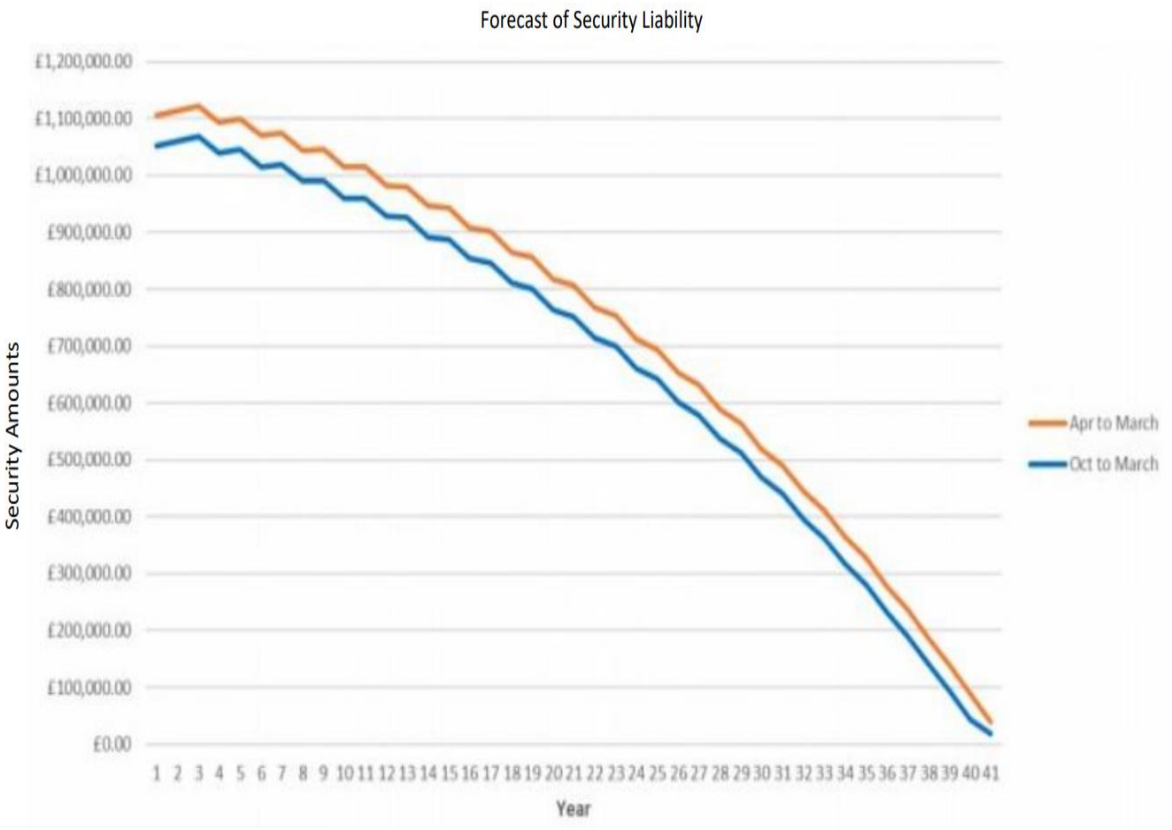
- The Transmission Owners have invested in assets which generally are charged to users over a 40-year life span (can be less subject to agreement from the TO)

- Should the user disconnect from the network the Transmission Owners would not be able to recover the costs of the assets which have been provided, so a termination charge is applied based on the Net Asset Value.

Q&A: Slido.com → #Revenue

How are they calculated?

Securities statements are issued bi-annually. Security is calculated based on the End of Year Net Asset Value (NAV) plus six or twelve months of connection charges, depending on when the statements are issued.



Example

- **April to March (Requested in January)**
  - £501,500 (EOY NAV) + £54,347 (12 months connection charge) = £555,847.00
- **October to March (Requested in July)**
  - £501,500 (EOY NAV) + £27,173.25 (6 months connection charge) = £528,673.00

As you pay connection charges, the security liability is reduced. Once the assets fully depreciate, you are only to secure the maintenance of the assets.

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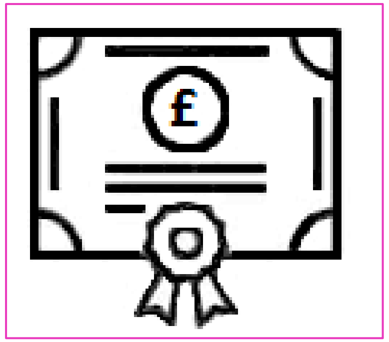
How do customers provide this?

Customers will generally provide security in one of the following forms:

Bank guarantee



Bond

Letter of credit

Cash payment to be held in a NESO escrow account

Public

Q & A

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Public

Lunch

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BSUoS Tariffs

Katie Clark & Edward Adofo

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What are Balancing Service Use of System (BSUoS) charges and who pays them?

What is the charge for?	• The BSUoS charge recovers the cost of day-to-day operation including the cost of balancing the electricity transmission system.
How is it charged?	• Half hourly BSUoS Fixed Tariff £/MWh • Information on specific charging methodologies for BSUoS are available in Section 14.31 of the CUSC

Who pays?	• **Final Demand Site (Since April 2023)**
	  • Suppliers
	  • Directly connected Transmission demand

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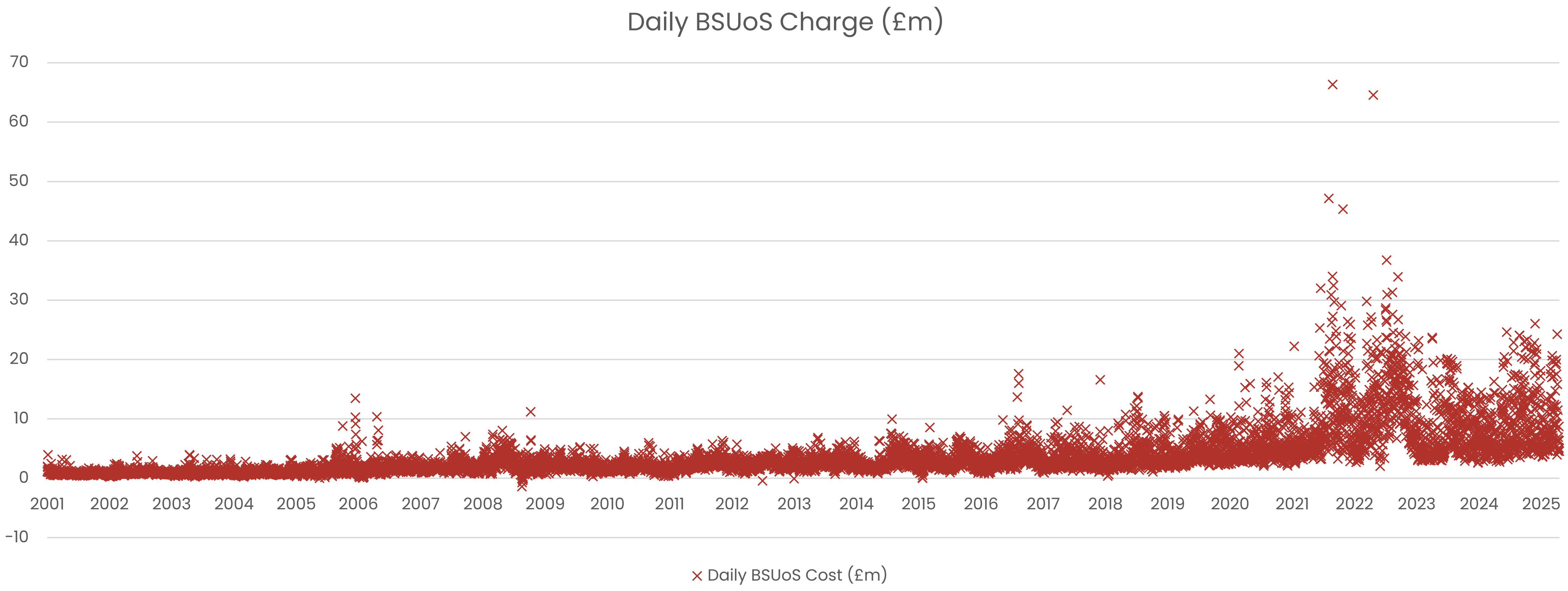
Historic BSUoS Cost



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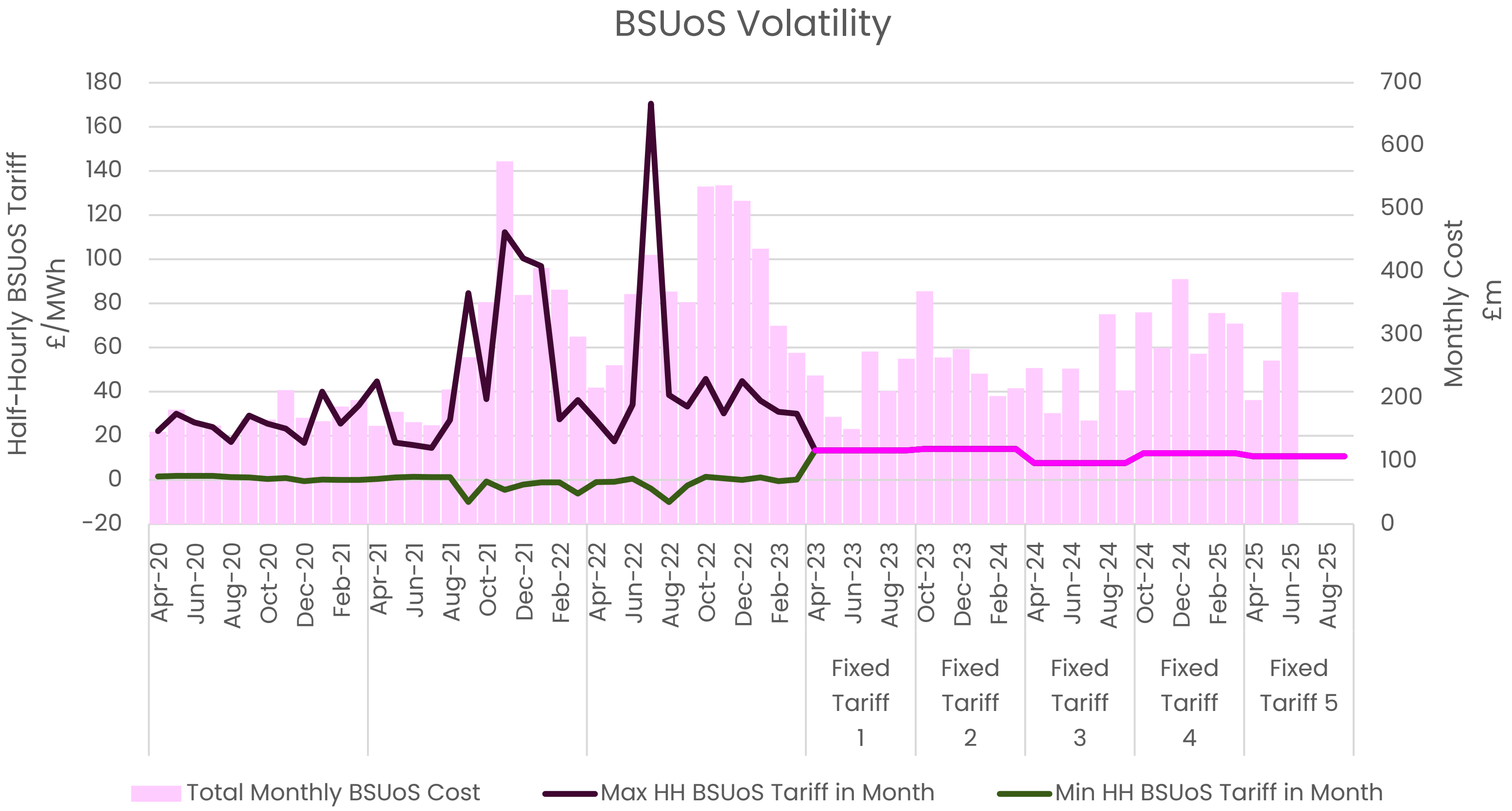
BSUoS Volatility

Fixed Tariff removes volatility of the HH charge to customers, although the volatility of the underlying balancing cost remains



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Recent Modifications

CMP408 Implemented 1 Apr 2025	• Changed the BSUoS Fixed Tariff notice period from 9 months to 3 months
CMP415 Implemented 1 Apr 2025	• Two six-month tariffs are now being published simultaneously to cover a 12-month period (Apr –Sep and Oct – Mar)
CMP453 Under Discussion	• Proposes that for a demand Balancing Mechanism Unit (BMU) which forms part of a transmission connected Trading Unit, BSUoS would be billed on a net basis

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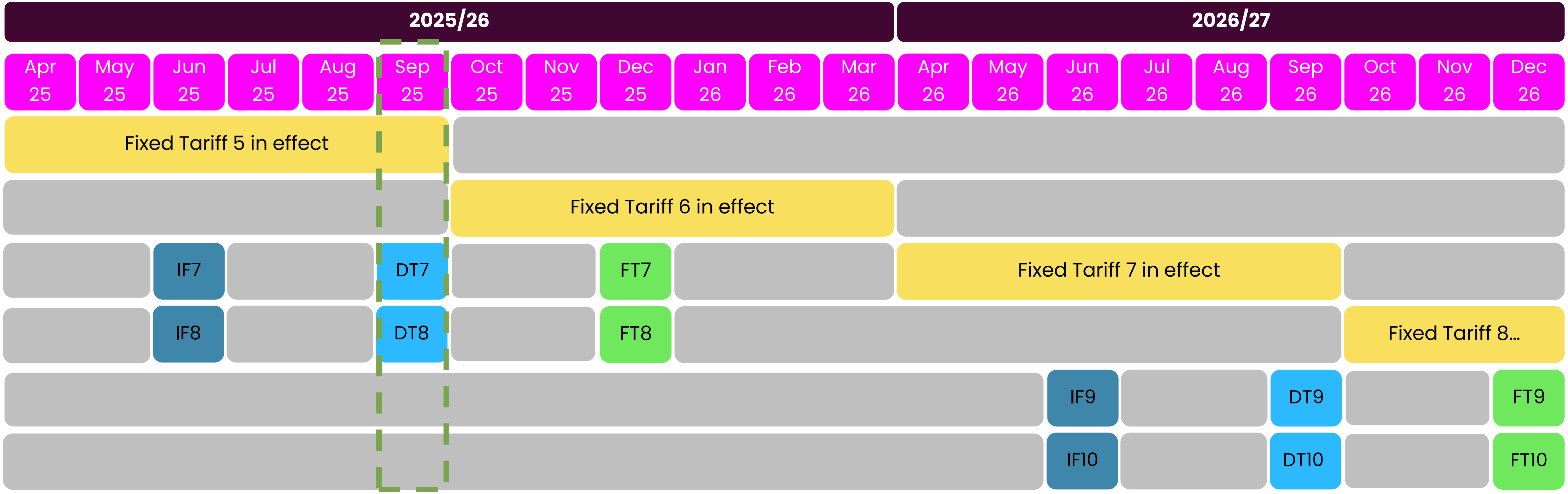
Q&A: Slido.com → #Revenue

BSUoS Fixed Tariff Timetable

- **Upcoming Publication Dates:**
  - **September 2025**
    - Draft Fixed Tariffs 7 and 8
  - **December 2025**
    - Final Tariff 7 (Apr 26 – Sep 26) and Tariff 8 (Oct 26 – Mar 27)

Publish Final Tariff (FT)
Effective Tariff Period
Initial Forecast
Draft Tariff



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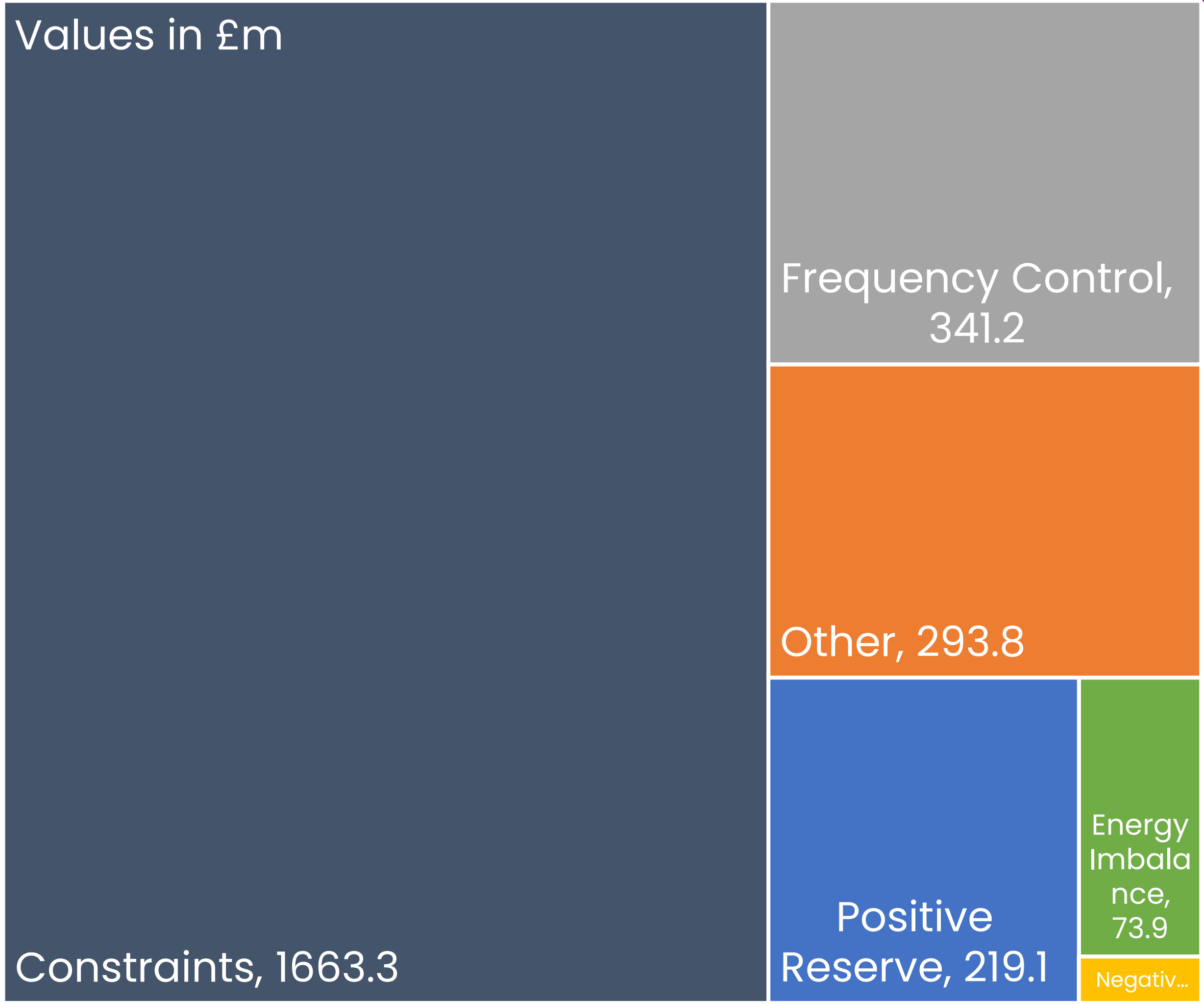
Balancing Cost Components

- **Constraints:** Costs associated with managing constraints on the electricity network.
- **Energy Imbalance**: Costs associated with managing the imbalance between electricity supply and demand.
- **Frequency Control**: Costs of services procured to ensure system frequency remains with operational limits. This includes fast reserve and response services.
- **Negative reserve**: Provides the flexibility to reduce generation or increase demand to deal with unforeseen fluctuations in demand, or generation from demand side, solar and wind.
- **Positive Reserve**: Provides the reserve energy required to meet the demand when there are shortfalls, due to demand changes or generation breakdowns.



Figures from July 2025 BSUoS Forecast for Apr 2026 – Mar 2027

[July Forecast for April 2026 – March 2027]

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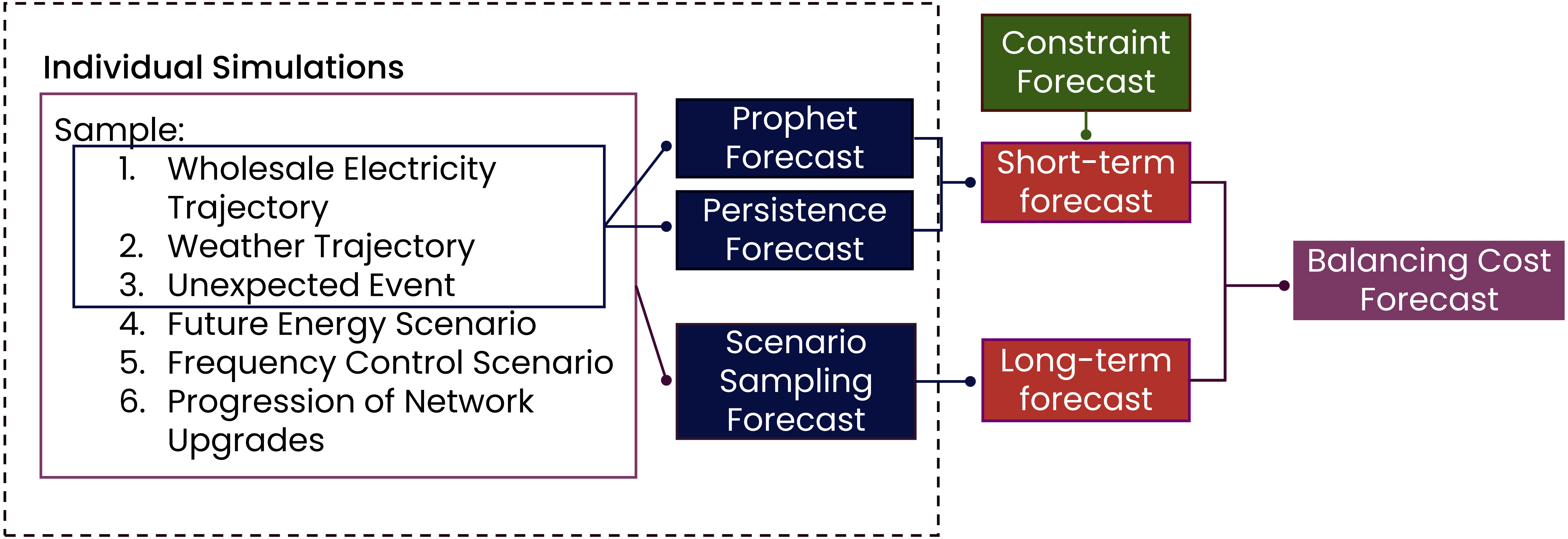
Balancing Cost Forecast



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Drivers of variability

Driver	Impact
Wholesale electricity price	Cost of balancing services linked to wholesale electricity price
Network Changes	Network improvements alter constraint costs
Weather variability	Costs dependent on level of renewable generation
Network and generator outages	Major outages of generators, interconnectors or transmission equipment leads to higher management costs
Large unexpected events	Large unexpected impacts
Policies and Government Regulation	Uncertainty in future regulatory changes or government and charging policies affecting potential future costs

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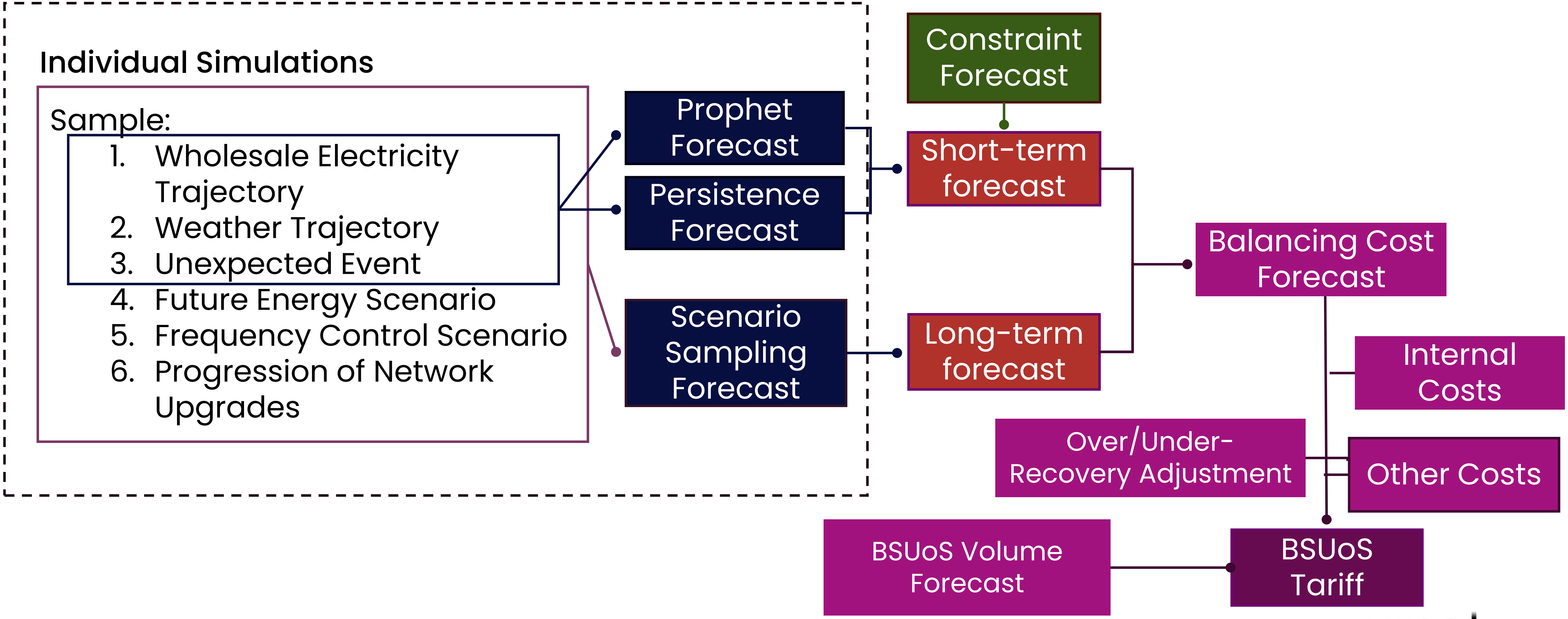
BSUoS Tariff



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BSUoS Fixed Tariff Cost Inputs

Balancing Costs Forecast

- Derived from balancing cost model, based on forward curves of GB wholesale electricity as at Tariff setting.

Internal NESO Costs

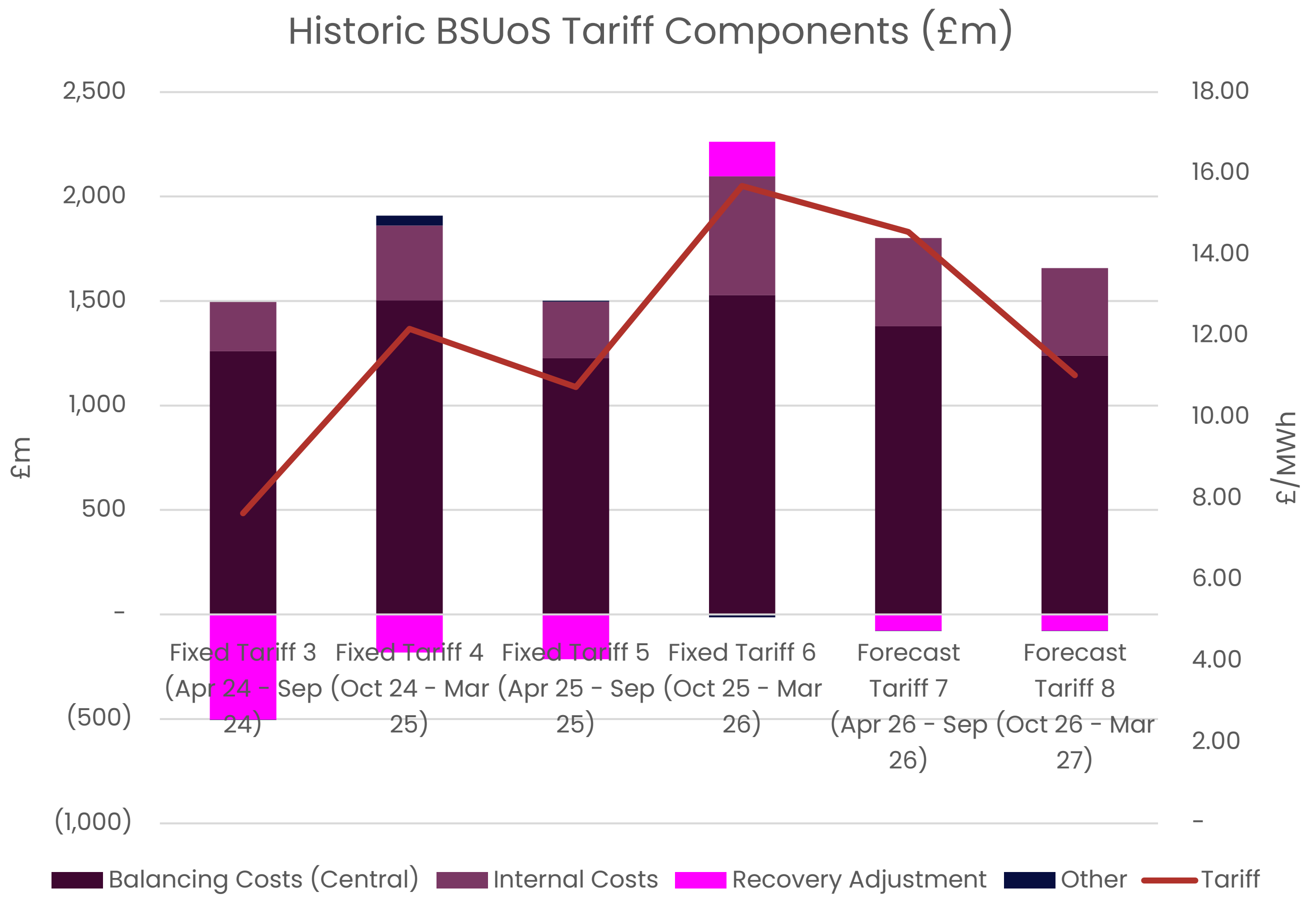
- Internal costs (allowed revenue) are calculated in the NESOI Financial Model

Forecast Over/Under-Recovery

- Final over/under-recovery from previous Fixed Tariff may be included within a Future Fixed Tariff.

Other

- Additional costs that have previously been included in the Fixed Tariffs include:
    - Winter Security of Supply
    - Impacts of CUSC Modifications
    - Additional uncertainties



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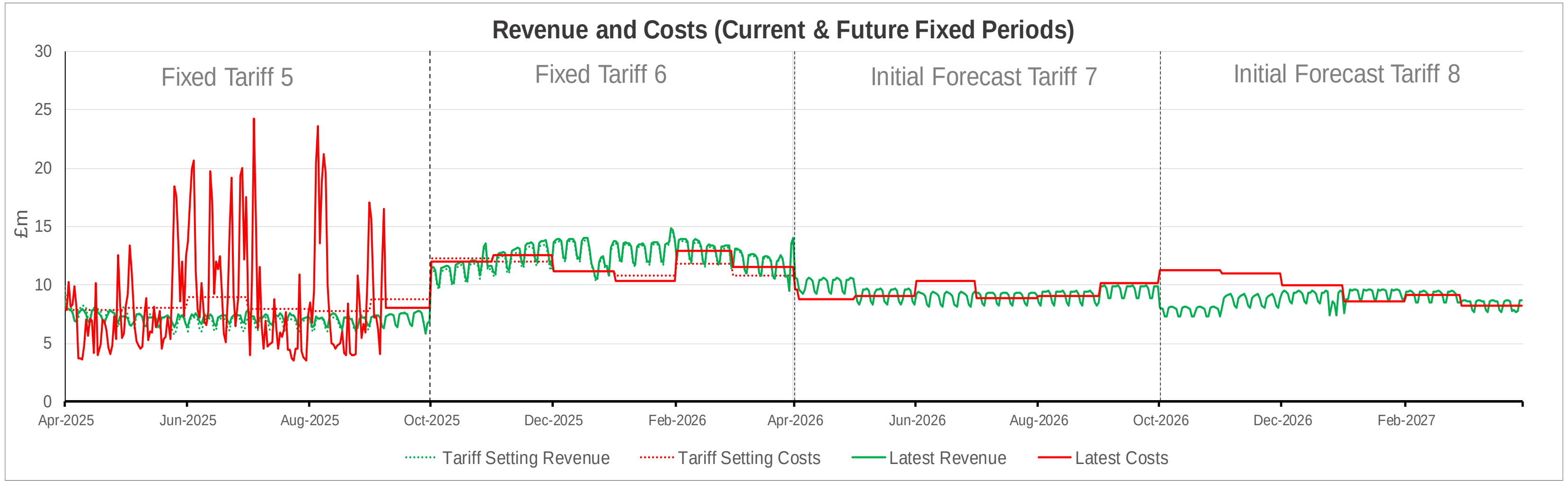
Over/Under Recovery of Charges

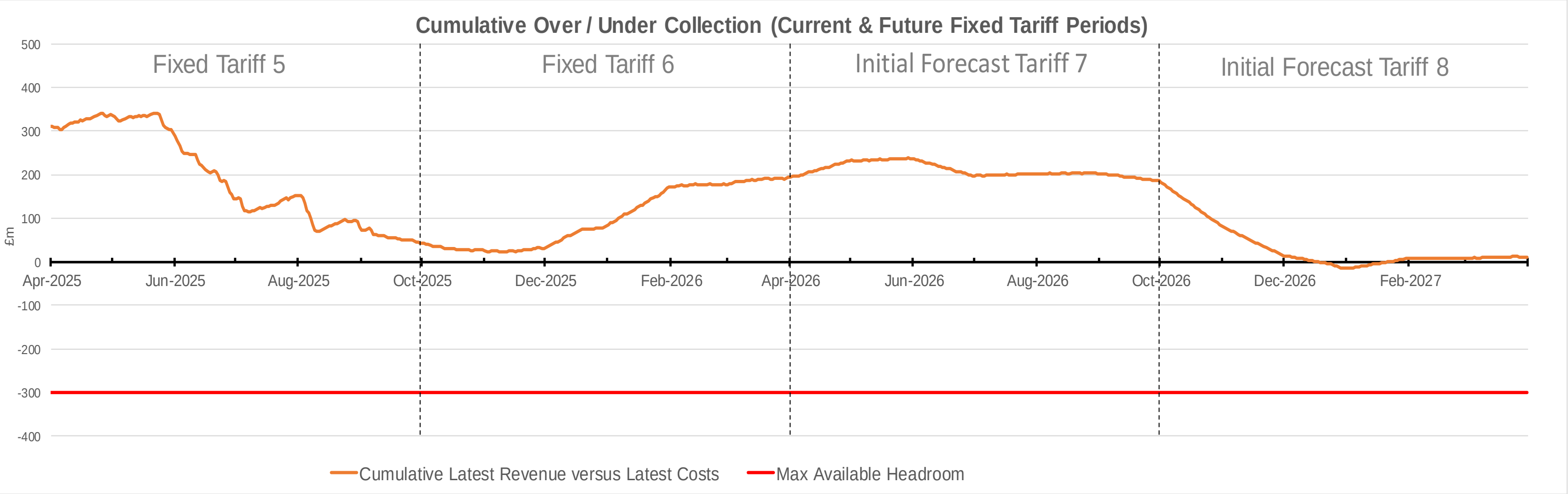
The latest over/under-recovery of data is based on the latest of:

- Control Room Data (+1 WD)
- II Cost and Volume Data (+5 WD)
- SF Cost and Volume Data (+16 WD)
- Monthly BSUoS Forecast (15th of each month)

Today's Date	08/09/2025
Latest Revenue in Fixed Period to date	7,679,716,297
Latest Costs in Fixed Period to date	7,618,539,881
Over / (Under) Recovery to Date	61,176,417

Last date Control Room data available	07/09/2025
Last date II data entered	31/08/2025
Last date SF data entered	13/08/2025
Latest published forecast	October 25





Additional Inputs and Uncertainties for Future Tariffs

CMP398/CMP412 – Recovery of Certain Restoration Costs

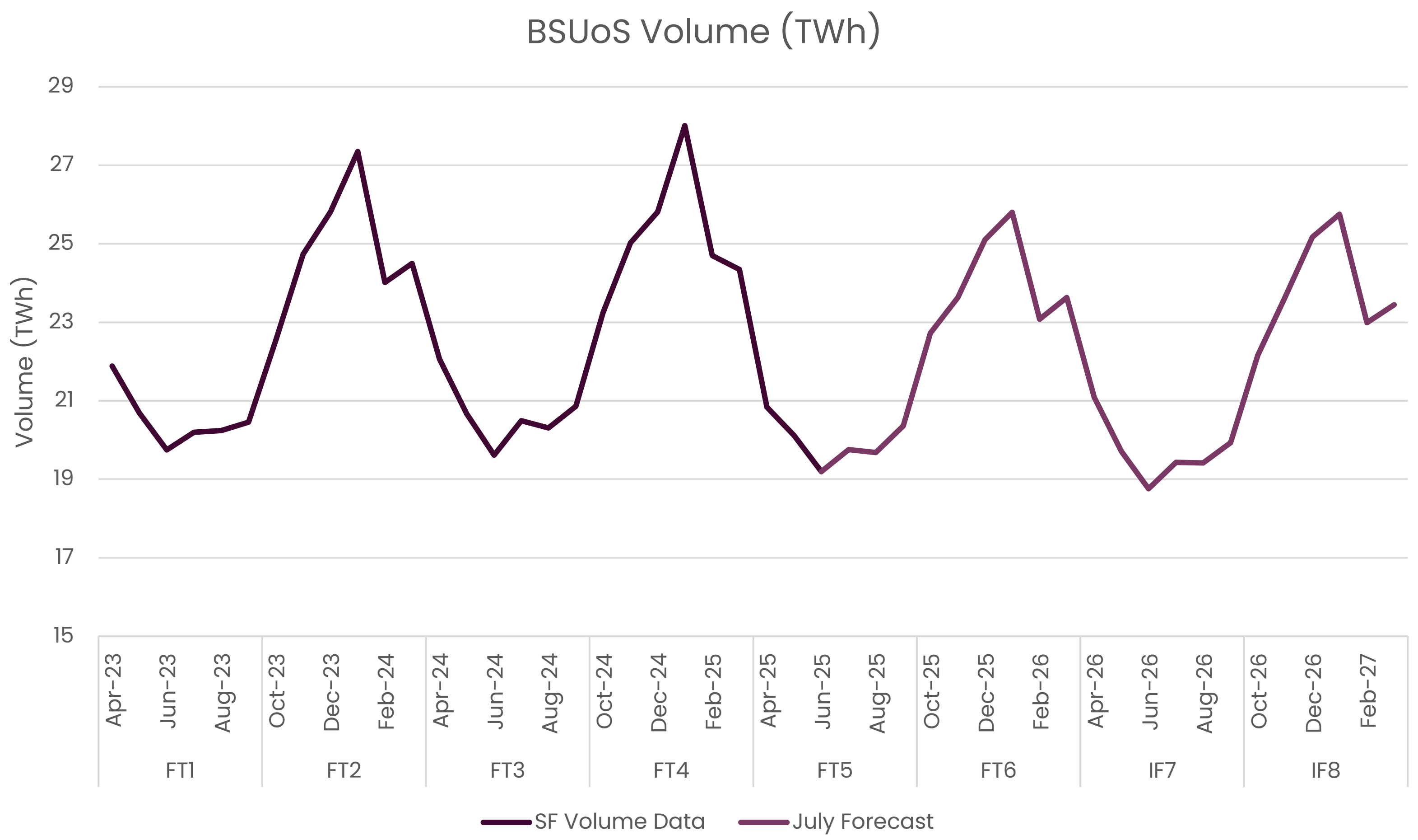
- This modification was required to implement Grid Code Mod 0156 by providing a cost recovery mechanism for CUSC parties who do not hold contracts with NESO to provide Restoration Services.

- The latest forecast for the 2026/27 charging year is £14.6m, evenly distributed across Fixed Tariffs 7 and 8. This aligns with a total forecast of £48m covering the two-year period from April 2026 to March 2028.

- Due to inherent uncertainties around the CMP398 figures, there does remain the potential that generator costs will reach £85m across the remaining period.

Volume Forecast

BSUoS chargeable volume is estimated using a simple linear regression, with the NESO national demand forecast as the explanatory variable.



Forecast values from July 2025 BSUoS Forecast for Apr 2026 – Mar 2027

[July Forecast for April 2026 – March 2027]

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Published Fixed BSUoS Tariffs

Final Tariffs – 2025/26

	Financial Year 2025/26 - Tariff 5 - Final	
	Description	**Final Tariff**
Fixed Tariff 5 Apr-Sep	Balancing Costs (Central) £m	1,225.5
	Internal Costs £m	271.9
	Cumulative forecast over-recovery by end of FT 3, less any adjustment already made in FT 4 £m	-215.0
	CMP398 Claims £m	4.3
	Total BSUoS £m	**1,286.6**
	Estimated BSUoS Volume TWh	119.8
	BSUoS Tariff £/MWh	**£10.74**

	Financial Year 2025/26 Fixed Tariff 6	
	Description	**Final Tariff**
Fixed Tariff 6 Oct-Mar	Balancing Costs (Central) £m	1,528.0
	Internal Costs £m	569.7
	Forecast cumulative over-recovery to the end of Fixed Tariff 5 £m	164.3
	CMP398 Claim Forecast £m	-4.3
	Prior Year Cost Under-Recovery	4.5
	RF Income Adjustment	-14.0
	Winter Security of Supply £m	0.0
	Total BSUoS £m	**2,248.2**
	Estimated BSUoS Volume TWh	143.3
	BSUoS Tariff £/MWh	**£15.69**

Initial Forecast 2026/27

	Financial Year 2026/27 - Fixed Tariff 7 - Initial Forecast	
	Description	**Initial Forecast**
Fixed Tariff 7 Apr 26 - Sep 26	Balancing Cost Forecast £m	1379.1
	Internal Costs £m	421.9
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	-78.8
	CMP398 Costs £m	7.3
	RF Income Adjustment £m	-7.7
	Total BSUoS £m	**1721.8**
	BSUoS Volume Forecast TWh	118.3
	BSUoS Tariff £/MWh	**£14.55**

	Financial Year 2026/27 - Fixed Tariff 8 - Initial Forecast	
	Description	**Initial Forecast**
Fixed Tariff 8 Oct 26 - Mar 27	Balancing Cost Forecast £m	1238.5
	Internal Costs £m	419.6
	Forecast over-recovery to the end of FT6, split between FT7 and FT8 £m	-78.4
	CMP398 Costs £m	7.3
	RF Income Adjustment £m	-7.7
	Total BSUoS £m	**1579.4**
	BSUoS Volume Forecast TWh	143.2
	BSUoS Tariff £/MWh	**£11.03**

Initial Forecast of BSUoS Tariffs for 2026/27

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Q&A: Slido.com → #Revenue

Reporting

Report	Description	Link to Webpage	Webpage Location
BSUoS Monthly Forecast Report	Monthly forecast for month-ahead and a rolling 24 month period	Balancing Services Use of System (BSUoS) charges | NESO	BSUoS Monthly Forecast
BSUoS Monthly Outturn Report	Monthly outturn report for the previous 12 months		BSUoS Monthly Forecast
Revenue vs Cost Report	Weekly view of latest II, SF and forecast revenue and cost data		Current BSUoS Data
Daily Web Prices	II and SF cost data at half-hourly granularity		Current BSUoS Data
Payment Calendar	This tells you which settlement days are being billed on a particular day and the payment day.		Useful Information and Documents
Monthly Balancing Services Summary	Provides the costs and volumes of BSUoS by month and service	Monthly Balancing Services summary (MBSS) | NESO	

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Next BSUoS Tariff Publications

September 2025	Publish Draft Tariffs 7 and 8
December 2025	Publish Final Fixed Tariff 7 and 8 (Apr 26 –Sep 26 and Oct 26 – Mar 27)

Q&A

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Public

BSUoS Billing

Graeme Hickman

Q&A: Slido.com →
#Revenue

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Q&A: Slido.com → #Revenue

What are BSUoS charges and who pays them?

What is the charge for?	• The BSUoS charge recovers the cost of day-to-day operation including the cost of balancing the electricity transmission system.
How is it charged?	• Half hourly BSUoS Fixed Tariff £/MWh • Information on specific charging methodologies for BSUoS are available in Section 14.31 of the CUSC

Who pays?	• **Final Demand Site (Since April 2023)**
	  • Suppliers
	  • Directly connected Transmission demand

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Billing Process – How to calculate your BSUoS charge

BSUoS fixed tariff £/MWh	×	BMU Chargeable Energy Volume (MWh)	×	Transmission Loss Multiplier	=	BSUoS Charge
£10.74*	×	2.007	×	1.021	=	£22.00

*Example from Tariff 5

Transmission Loss Multiplier

- When electrical currents travel on the network, some energy is “lost” due to electrical resistance
- Due to network “losses”, generators produce more energy to ensure demand users receive all energy needed
- TLM calculation is available in the Balancing and Settlement Code, Section T, paragraph 2.
- We are provided the TLM per Half Hourly settlement period for each BMU by Elexon
- TNUoS is not adjusted by TLM

https://www.neso.energy/document/352996/download

Q&A: Slido.com → #Revenue

Billing Process – What will you receive?

Settlement Day

Interim Initial (II): not billed
Settlement Date + 5 working days

II: Backing sheet and Web prices

Settlement Final (SF): Daily, Settlement Date +16 working days

- Backing sheet, Web prices and Invoice

Reconciliation Final (RF): Daily, Settlement Date + 14 months

- Backing sheet, Web prices, Invoice

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Q&A: Slido.com → #Revenue

BSUoS Backing Sheet

	A	B	C	D	E	F	G	H	I	J
1	AAA	BSUSBS01	D	2.02406E+13	SO	NG	BP	ABCE	1	OPER
2	SCHDR	BackingDetails								
3	SETDT	18.02.2024								
4	STDTU	18.02.2024								
5	NOTDT	03.06.2024								
6	DUEDT	06.06.2024								
7	BLREF	MSM_BSUoS_123456789012								
8	RUNTP	RF								
9	BSCH1	ABCE								
10	BSCH2	ABC Energy Ltd								
11	BSCH3	130354.33								
12	DUEFT	14.03								
13	INVNO	7527786321								
14	BLANK									
15	BMUD1	BMUnitID	BSUoSChargeableVolume(MWh)	BSUoSCharge(£)	Demand	PreviouslyBilledCharge(£)	BillableCharge(£)	PayableInterestRFOnly(£)		
16	BMUTD	2__AAA000	3268.534787	46312.56	FD	2001.12	44311.44	2334.68		
17	BMUTD	T_BBB000	0	0	NFD	0	0	0		
18	BMUTD	2__CCC001	6218.758131	88197.13	FD	2154.24	86042.89	4533.43		
19	BMUTD	E_DDD002	0	0	NFD	0	0	0		
20	BMUTD	T_EEE001	0	0	NFD	0	0	0		
21	BLANK									
22	BMUD2	BMUnitID	SettlementPeriod	BSUoSVolume(MWh)	TLM	BSUoSCharge(£)				
23	BSUSV	2__AAA000	1	50	1.0119091	709.85				
24	BSUSV	2__AAA000	2	65.1012	1.0115285	923.9				
25	BSUSV	2__AAA000	3	63.5011	1.0116784	901.32				
26	BSUSV	2__AAA000	4	60.0445	1.0119019	852.45				

- IDD as of 16/09/2025 - https://www.neso.energy/industry-information/charging/charging-documentation

Q&A: Slido.com → #Revenue

Billing Process - Payment Calendar

- The payment calendar is available on the BSUoS website
- It is dependent on Elexon's calendar for when the settlement metering files will be available.
- As highlighted below in purple, a customer can receive multiple SF or RF runs on a single day, reasons for this may include:
    - Catching up on Settlement dates that fall on the weekend/bank holidays
    - Coming back from a planned system outage
- The easiest way to pay for the charge is through a Variable Direct Debit. Payment terms are 3 business days.
- If issues are experienced with daily billing, communications are sent to customers
- Please join our mailing circular, to be kept up to date with BSUoS information.

Sett Date	Settlement Code	Notification Date (SAA released +1WD)	Payment date (notification date +3WD)	Notification Period	Payment Period
01/04/2025	SF	28/04/2025	01/05/2025	18	21
02/04/2025	SF	29/04/2025	02/05/2025	18	21
06/03/2024	RF	29/04/2025	02/05/2025	290	293
03/04/2025	SF	30/04/2025	06/05/2025	18	21
07/03/2024	RF	30/04/2025	06/05/2025	290	293
04/04/2025	**SF**	**01/05/2025**	**07/05/2025**	**18**	**21**
05/04/2025	**SF**	**01/05/2025**	**07/05/2025**	**17**	**20**
06/04/2025	**SF**	**01/05/2025**	**07/05/2025**	**17**	**20**
08/03/2024	**RF**	**01/05/2025**	**07/05/2025**	**290**	**293**
09/03/2024	**RF**	**01/05/2025**	**07/05/2025**	**289**	**292**
10/03/2024	**RF**	**01/05/2025**	**07/05/2025**	**289**	**292**

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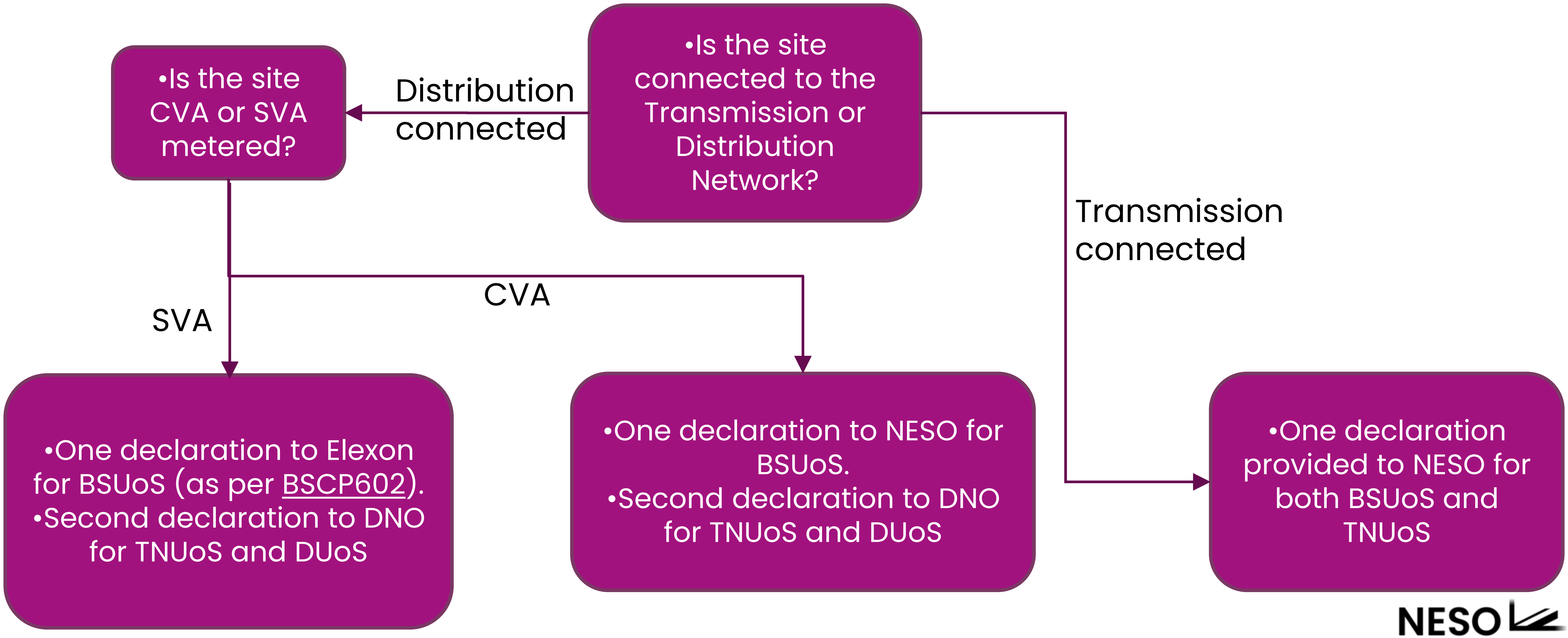
Non-final Demand Declarations

Non-final demand will be required to have submitted a declaration



SVA = Supplier Volume Allocation

CVA = Central Volume Allocation

BSUoS Active Mods Under Discussion

CMP453	• Proposes that for a demand Balancing Mechanism Unit (BMU) which forms part of a transmission connected Trading Unit, BSUoS would be billed on a net basis

Use of System Security Requirement (BSUoS and TNUoS)

The value of security required is re-assessed at the start of each month and a statement is emailed to each customer.

Supplier security requirement

BSUoS: security is equal to 32 days of Supplier BSUoS charges

TNUoS: is equivalent to a percentage of your annual demand liability

Generation security requirement

BSUoS: security is equal to 29 days of BSUoS charges (only Final Demand BMU's)

TNUoS: no security requirement for generators

Payment History Allowance (PHA)

One of three forms of Users Allowed Credit (Approved credit rating or independent credit assessment)

Accrued for each month's invoice(s) paid by the due date, up to a maximum of 60 months

Reduced by 50% for late payment, and set to zero for second late payment

BSUoS and TNUoS Security Calculation includes VAT

Q & A

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You asked, we did!

- Guidance documents updated
- Continuous development of STAR
- Management of Queries, target to hit 5 working day SLA
- Website design improvements
- Circulating charging forum slides prior to in person event
- Opening slido early prior to webinars

Thank You

- Feedback forms are available on the table, or a Microsoft Forms questionnaire will be emailed to you this afternoon

- Please send any other feedback that you have via email to: bsuos.queries@neso.energy

- The teams will also be available for any specific queries or one-to-one support

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Glossary 1 of 3

Term	Description
AGIC	Avoided GSP (Grid Supply Point) Infrastructure Credit
ALF	Annual Load Factor
BCA	Bilateral Connection Agreement
BCR	Balancing Services Reporting
BEGA	Bilateral Embedded Generator Agreement
BMU	Balancing Mechanism Units
BPA	Balancing Services Charges (BSC) Party Charging Advice
BSUoS	Balancing Services Use of System
CUSC	Connection and Use of System Code
DNO	Distribution Network Operator
EET	Embedded Export Tariff
ETUoS	Embedded Transmission Use of System
FPN	Final Physical Notifications

Glossary 2 of 3

Term	Description
AGIC	Avoided GSP (Grid Supply Point) Infrastructure Credit
ALF	Annual Load Factor
BCA	Bilateral Connection Agreement
BCR	Balancing Services Reporting
BEGA	Bilateral Embedded Generator Agreement
BMU	Balancing Mechanism Units
BPA	Balancing Services Charges (BSC) Party Charging Advice
BSUoS	Balancing Services Use of System
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DNO	Distribution Network Operator
EET	Embedded Export Tariff
ETUoS	Embedded Transmission Use of System
FPN	Final Physical Notifications

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Glossary 3 of 3

Term	Description
SQSS	Security and Quality of Supply Standard
STTEC	Short Term Transmission Entry Capacity
T&T	Model Transport and Tariff Model
TCR	Targeted Charging Review
TDR	Transmission Demand Residual
TEC	Transmission Entry Capacity
TGR	Transmission Generation Residual
TNUoS	Transmission Network Use of System
TO / ONTO / OFTO	Transmission Owner / Onshore Transmission Owner/ Offshore Transmission Owner
Triads	Three half-hour settlement periods with highest system demand between November and February 3 days apart
UMS	Unmetered Supplies
WACM	Workgroup Alternative CUSC Modification