TNUoS Tariffs Five Year View for 2026/27– 2030/31 Webinar

Q&A Summary – 17/09/2025

Contributors	Nick Everitt, Sarah Chleboun, Alan Fradley, Priya Chigullapalli, Tobi Odusanya, Dan Hickman, Nicky White, Katie Clark & Edward Adofo
Purpose	To summarise the questions asked as part of the TNUoS Tariffs Five Year View for 2026/27– 2030/31 Webinar and the answers provided by the presenters.
Date	17/09/2025

Introduction

A webinar was held on 17 September 2025 to outline the TNUoS Tariffs Five Year View for 2026/27– 2030/31.

You can download the slide deck from this webinar **HERE**
You can view a recording of this webinar **HERE**

The following questions were asked, and answers provided during the webinar Q&A session. It is worth noting that the written answers provided below may differ, be more detailed or include additional information that we were not able to provide during the live webinar.

Topic: REVENUE		
#	Questions	Answers
1.	Please could you confirm the transmission business plan that was used for the 5-year forecast?	As part of the RIIO-3 Draft Determinations, Ofgem published a Business Plan Financial Model. This includes the Allowed Revenues we have used for the 5 Year View. ofgem.gov.uk/consultation/riio-3-draft-determinations-electricity-transmission-gas-distribution-and-gas-transmission-sectors

Topic: **REVENUE**		
#	Questions	Answers
2.	When setting the final revenues / phasing for RIIO3, will this be decided by Ofgem, TO's, NESO or a combination?	Ultimately, the decision is with Ofgem. Following the publication of Draft Determinations in July, there will be discussions between the onshore TOs and Ofgem, ahead of the Final Determinations being published in December. The Final Tariffs will be set using the allowed revenue submissions that we subsequently receive from the onshore TOs, in January.
3.	What if any changes do you expect from the TOs revenues in the November draft tariffs as it's before final determinations?	As part of the STC procedures, we will next receive revenue forecasts from the onshore TOs in October, which will be used in the Draft Tariffs. As with this publication, we will be having discussions with the onshore TOs to try and ensure we can provide the best view of revenue in our Draft Tariffs. We appreciate the challenges faced by the TOs in providing forecasts ahead of the new Price Control and Publication of Ofgem's Final Determinations in December.
4.	Given the unprecedented increase in allowed revenues is there anything that can be done (and is there anything being done) to bring the final decision on allowed revenues forward to TOs to provide more notice and certainty to consumers and suppliers?	The decision on final determinations sits with Ofgem, it's always a very challenging timeline around price controls, with lots of moving parts and dependencies, but we will pass this feedback on.

Topic: SENSITIVITIES		
#	Questions	Answers
5.	Who calculated the MAR sensitivities? The TOs or NESO?	NESO calculated the MAR sensitivity, based on a combination of the onshore TO revenue submissions we received in January, and other publicly available information. These were intended to demonstrate an illustrative impact that further changes to the

<table>
<tr><th colspan="3">Topic: SENSITIVITIES</th></tr>
<tr><th>#</th><th>Questions</th><th>Answers</th></tr>
<tr><td></td><td></td><td>revenue would have on the demand residual charges, as we appreciate that there is increased uncertainty over the Onshore Transmission Owner allowed revenues.

We have received feedback that the commentary on the sensitivities in the report was quite brief, so thank you for that feedback, and we will take that on board for future publications.</td></tr>
<tr><td>6.</td><td>For the expansion constant sensitivity data can the demand residual impact be provided also? Only sensitivities around locational charges have been shown.</td><td>Yes, we have added a table below to show the impact that it has on the Transmission Demand Residual (TDR) tariffs.
It can be seen that as the Expansion Constant increases, then the revenue to be collected from locational tariffs increases, and we see a corresponding decrease in TDR Tariffs (a 0.54% decrease for the 20% increase in Expansion Constant).
If the Expansion Constant were to decrease, then the revenue to be collected from locational tariffs decreases, and we then see a corresponding increase in TDR tariffs (a 0.54% increase for the 20% reduction in Expansion Constant).

<table>
<tr><th></th><th rowspan="2">Band</th><th colspan="3">2026/27 Tariffs - £/Site/Day</th></tr>
<tr><th></th><th>EC - 20%</th><th>Baseline</th><th>EC + 20%</th></tr>
<tr><td></td><td>Domestic</td><td>0.251425</td><td>0.250081</td><td>0.248737</td></tr>
<tr><td rowspan="4">kWh</td><td>LV_NoMIC_1</td><td>0.314683</td><td>0.313001</td><td>0.311319</td></tr>
<tr><td>LV_NoMIC_2</td><td>0.740380</td><td>0.736421</td><td>0.732463</td></tr>
<tr><td>LV_NoMIC_3</td><td>1.607226</td><td>1.598634</td><td>1.590042</td></tr>
<tr><td>LV_NoMIC_4</td><td>4.432679</td><td>4.408981</td><td>4.385284</td></tr>
<tr><td rowspan="12">kVA</td><td>LV1</td><td>7.314405</td><td>7.275302</td><td>7.236199</td></tr>
<tr><td>LV2</td><td>14.485994</td><td>14.408552</td><td>14.331110</td></tr>
<tr><td>LV3</td><td>18.111169</td><td>18.014346</td><td>17.917524</td></tr>
<tr><td>LV4</td><td>48.492266</td><td>48.233027</td><td>47.973787</td></tr>
<tr><td>HV1</td><td>39.458235</td><td>39.247292</td><td>39.036348</td></tr>
<tr><td>HV2</td><td>147.326134</td><td>146.538529</td><td>145.750924</td></tr>
<tr><td>HV3</td><td>234.605499</td><td>233.351299</td><td>232.097099</td></tr>
<tr><td>HV4</td><td>671.388366</td><td>667.799126</td><td>664.209885</td></tr>
<tr><td>EHV1</td><td>389.588438</td><td>387.505699</td><td>385.422961</td></tr>
<tr><td>EHV2</td><td>1,401.956199</td><td>1,394.461345</td><td>1,386.966491</td></tr>
<tr><td>EHV3</td><td>2,912.744336</td><td>2,897.172813</td><td>2,881.601289</td></tr>
<tr><td>EHV4</td><td>6,633.857219</td><td>6,598.392636</td><td>6,562.928053</td></tr>
<tr><td rowspan="4">MWh</td><td>T-Demand1</td><td>1,405.569116</td><td>1,398.054947</td><td>1,390.540779</td></tr>
<tr><td>T-Demand2</td><td>3,988.642564</td><td>3,967.319292</td><td>3,945.996020</td></tr>
<tr><td>T-Demand3</td><td>10,386.345705</td><td>10,330.820329</td><td>10,275.294953</td></tr>
<tr><td>T-Demand4</td><td>26,030.470617</td><td>25,891.311791</td><td>25,752.152965</td></tr>
</table>
</td></tr>
<tr><td>7.</td><td>How does network build change in</td><td>Sensitivity 1 was based on the revenue submissions that we received from the onshore TOs in January, which was a mix of</td></tr>
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Topic: SENSITIVITIES		
#	Questions	Answers
	each of the revenue sensitivities (S1-3), what infrastructure/projects are related to the large changes in allowed revenue?	either the best view from the onshore TOs at the time, or last year's figures plus inflation. Sensitivity 2 assumed a 5% increase in allowed totex, and a 10% increase in actual totex, so doesn't equate to any specific projects. Sensitivity 3 is a theoretical "max case" scenario and assumes that all baseline and uncertainty expenditure would proceed and be funded through allowed revenue.
8.	Could a list of any new infrastructure incl. in the forecast be published, along with estimated £ cost/phasing? I.e. ASTI projects, Eastern Green Link 1/2etc...	Unfortunately, we don't have that level of granularity currently available.
9.	Do you model a scenario where no tier 4 residual demand consumption is left operating in the GB markets? (as they have all been priced out of business).	Ahead of each Five-Year View (5YV) we ask the industry for suggestions of what to include in the sensitivity testing, we can add this to the list of requested sensitivities for the next 5YV.
10.	What is "high totex and overspend" referred to in sensitivity 2 for the MAR?	Within the Draft Determinations Business Plan Financial Model, there are several prepopulated scenarios that have been built in which adjust elements such as Allowed Totex, CPIH etc. The "High Totex and Overspend scenario" assumes a 5% increase on allowed totex and 10% increase on actual totex.
11.	For the overspend scenario, do you mean the TOs receiving higher allowances than the DDs, or do you mean overspending	As per the answer to question **Error! Reference source not found.**, it means the TOs receiving higher allowances than those in the Draft Determinations.

Topic: SENSITIVITIES		
#	Questions	Answers
	the allowances in DDs?	
12.	Is there a reason for the absence of sensitivity analysis related to cmp432?	When we consulted with the industry on what sensitivities we should include, it was not suggested to us; however multiple years of impact analysis were provided to the Working Group and is available on our website: https://www.neso.energy/document/360711/download

Topic: GENERATION		
#	Questions	Answers
13.	Does the model consider that contracted TEC will change significantly based on Grid Reform?	The June TEC Register was used in this Five-Year View and will have shown what was contracted at that time, it was too early to include the outcome of the connections reform process at that stage. As explained in question 18, it was also too early for the outcome of the connections reform process to be accounted for in the modelled best view.
14.	Once Connections Reform is completed, will NESO still use the TEC register as the model input or will it be something else (eg Gate 2 acceptances, CP30 quotas)	CUSC defines that we must use the contracted TEC and plant types of each generator who have a bilateral agreement with the TOs. These are listed in the TEC Register, and it will remain the best source of data to use for our model input. Once the Gate 2 to Whole Queue process has concluded, and all of the agreements have been updated, the TEC Register will be updated so that it will be reflective of the outcome (including to identify which are Gate 1 and Gate 2 projects which means there will be more certainty about many projects on the register in future).
15.	Which FES scenario was used for the generation forecast charging base? P25 points to central case. P45 says the average of all FES scenarios was used	Apologies for any confusion with the naming of the FES scenario used, it appears the internal spreadsheets we receive use a different name to the published ones. The scenario we use is called the 10 Year Forecast in FES publications, which is the best current view of what generation will come online within the period.

Topic: GENERATION		
#	**Questions**	**Answers**
16.	How does the FES scenarios compare to the projected reinforcements used in the 10-year projection tariffs (Sept 2023). Which one is better to use?	The FES 10 Year Forecast presents their best current view of what generation will come online within the period. Since it is more recent than the information that fed into the 10 Year Projection in 2023, it feels like using updated information is the right thing to do.
17.	Observed tariff fluctuations in 30/31 indicate shifts between shared and non shared tariffs…would that be correct?	Yes, there are shifts between the Year Round Shared and Year Round Not-Shared elements of the Wider tariff. There are a number of a factors that help explain this. These include the changing Generation mix across Great Britain, by both geographic location and fuel types and the increasing number of HVDC links.
18.	Has Gate 2 connections reform process impacted the modelled TEC?	The Gate 2 to Whole Queue application submission window had not completed when the Customer Contract Manager (CCM) views were fed into the modelled TEC, so the CCMs would not have known which projects would submit applications. This means that, unless additional conversations had taken place, the process could not be accounted for in this Five-Year View.

Topic: LOCAL TARIFFS		
#	**Questions**	**Answers**
19.	For <132kV transmission connections (e.g. tertiarys), are they considered in scope of the local substation tariff and how is their substation tariff calculated?	We don't calculate charges for assets that are lower than Transmission voltage (i.e. 132kV, 275kV and 400kV), so if a generator connects to a lower voltage asset, we would associate the generator to the next Transmission node that is at least 132kV in our model, and they would pay the local substation tariff for that substation. If there is a specific project that you require help identifying the relevant substation for, then please contact us at TNUoS.Queries@neso.energy with the project details.

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<tr><th colspan="3">Topic: LOCAL TARIFFS</th></tr>
<tr><th>#</th><th>Questions</th><th>Answers</th></tr>
<tr>
<td>20.</td>
<td>Can you publish your numerical working to break down the change in each component part that resulted in the new MAR, HVDC and local circuit expansion factors</td>
<td>
Table 38 in the tables file includes a component level view of the allowed revenue across all 5 years, and the table below shows the change since our Initial Forecast.
<table>
<tr><th></th><th colspan="3">NESO TNUoS Other Pass-Through</th></tr>
<tr><th>Revenue Term Forecast (£m)</th><th>Initial Forecast 2026/28</th><th>August Forecast 2026/27</th><th>Variance</th></tr>
<tr><td>Embedded Offshore Pass-Through (OFETt)</td><td>0.67</td><td>0.67</td><td>-</td></tr>
<tr><td>Network Innovation Competition Fund (NICFt)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Strategic Innovation Fund (SIFt)</td><td>62.90</td><td>62.90</td><td>-</td></tr>
<tr><td>The Adjustment Term (ADJt)</td><td>27.02</td><td>20.59</td><td>-6.43</td></tr>
<tr><td>Offshore Transmission Revenue (OFTOt) and Interconnectors Cap&Floor Revenue Adjustment (TICFt)</td><td>1,111.27</td><td>1,137.31</td><td>26.04</td></tr>
<tr><td>Interconnectors CACM Cost Recovery (ICPt)</td><td>-71.88</td><td>-71.88</td><td>-</td></tr>
<tr><td>Site Specific Charges Discrepancy (DISt)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Termination Sums (TSt)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>NGET revenue pass-through (NGETTOt)*</td><td>2,590.04</td><td>4,053.45</td><td>1,463.41</td></tr>
<tr><td>SPT revenue pass-through (TSPt)</td><td>899.17</td><td>1,186.05</td><td>286.88</td></tr>
<tr><td>SHETL revenue pass-through (TSHt)</td><td>1,573.04</td><td>2,473.14</td><td>900.10</td></tr>
<tr><td>NESO Bad debt (BDt)</td><td>0.03</td><td>-0.31</td><td>-0.34</td></tr>
<tr><td>NESO other pass-through items (LFt + ITCt etc)</td><td>47.35</td><td>57.00</td><td>9.65</td></tr>
<tr><td>NESO legacy adjustment (LARt)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>6,239.61</td><td>8,918.93</td><td>2,679.32</td></tr>
</table>
The key driver in the new 2026/27 MAR forecast was the updates to the TO allowed revenues. In the Initial Forecast, we used the revenue submissions as provided to us by the onshore TOs in January. For SSE and SHET, the revenue forecast provided was based on the best view of allowed revenues based on their RIIO-3 Business Plan. For NGET, their January revenue submission was based on 2025/26 allowed revenues, uplifted for inflation. For the 5-year view, we used, per agreement with the onshore TOs, the allowed revenue as calculated in the RIIO-3 Draft Determinations Business Plan Financial Model.
Changes to HVDC were driven by the updates to the Link Specific Expansion factors, to account for the indicative Annuity Factor and Overhead Factor that were calculated using data from the RIIO3 Draft determinations and updated input data from onshore TOs. The table below shows the Link Specific Expansion factors that were applicable in RIIO1, RIIO2 and RIIO3 (Draft determinations):
</td>
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Public

Topic: LOCAL TARIFFS		
#	Questions	Answers

Period	Year	Name	TO Region	Bus 1	Bus 2	RIIO1	RIIO2	RII03 (5yr View)
Existing	Current	Western HVDC	SP	FLIB40	HUNE40	6.75	4.66	6.55
		Crossaig Sub sea cable	SP	HUNN2A	HUNN2C	17.09	12.06	16.97
			SP	HUNN2B	HUNN2D	17.09	12.06	16.97
			SSE	CRSS2A	CRSS2C	54.42	38.41	54.04
			SSE	CRSS2B	CRSS2D	54.42	38.41	54.04
			SSE	CRSS2C	HUNN2C	25.52	18.01	25.34
			SSE	CRSS2D	HUNN2D	25.52	18.01	25.34
		Caithness Moray	SSE	BLHI20	SPIT20	20.81	14.69	20.67
		Shetland	SSE	KERG20	BLHI20		8.70	12.24
Future	2028/29	Orkney	SSE	FINS20	DOUN20		16.26	22.88
	2029/30	Eastern HVDC Link 1	SP	BRNX4A	HAWP4A		11.01	15.49
	2029/30	Eastern Green Link 2	SSE	PEHE40	DRAX40		6.70	9.42
	2030/31	Western Isles HVDC Link	SSE	LEWI4R	BEAU40		20.00	28.14
	2030/31	PSDC HVDC Link	SSE	BANN4R	LOSD4R		16.49	23.20

No generic Onshore Local Expansion Factors have been updated, only those Local Circuits with Link Specific Expansion factors were affected.

#	Questions	Answers
21.	Can NGET recoup any of their connection expenses from installing new shared connection assets via the 'local substation' TNUoS charges?	This is a charging principles question which would be more appropriate for OFGEM & DESNZ. The Local Substation Tariffs are not included in the "Gen cap" and would add costs to Generation, thus reducing TDR. This could be considered as part of REMA, so we will pass this suggestion on.
22.	Can NGET recoup any of their connection expenses from installing new shared connection assets via the 'local circuit' TNUoS charges?	Please see answer to Q21 above. The same situation applies to both Local Circuit tariffs and Local Substation tariffs.

Topic: DEMAND/CHARGING BANDS		
#	Questions	Answers
23.	RD TNUoS is out of control. Reflecting	An issue with the banded approach to charging is that if you are one of the lower consumers in that band, the price per MW hour,

Topic: DEMAND/CHARGING BANDS		
#	Questions	Answers
	on the tier 4 highest consumption band, the lowest use end of that range would be £80/MWh. Sure, fire deindustrialisation!	can be high for you, particularly where the band is set based upon the maximum import capacity. If you've got a very low load factor, you're disproportionately affected by the increases in revenue to be collected through TDR.
24.	Are the long-term no. sites and consumption per band linked to any FES scenario / 10-year forecast?	The consumption per site is forecast in line with the average of the FES scenarios. Sites per band is forecast in line with observed trends with domestic households and also adjusted for government projections.
25.	Has the TRIAD methodology assumed actual data from the domestic sector with the implementation of MHHS?	Although all sites will be settled half hourly for their energy usage under MHHS, domestic houses and most small LV sites won't move to the HH TNUoS methodology, they will continue to be charged based on their consumption between 4 and 7 pm. Please see https://www.neso.energy/document/346291/download for further detail.
26.	Does the locational Demand charge forecast factor in MHHS?	Please see Question 25.
27.	Can you elaborate on the "lag" referred to in setting residual charges. 27/28 would use volume consumption data from what historical year?	The actual consumption data for setting the proportion of revenue to be recovered from each band is from the previous October to September, so when setting 2027/28 residual charges consumption from October 2025 to September 2026 will be used.
28.	Demand residual charges are forecast to increase by 94% compared to the 2025/26, why? I am still unclear on the justification for this.	Ultimately this is a function of the current charging methodology. The Transmission Demand Residual (TDR) recovers most of the revenue because of the Limiting Regulation that prevents it being recovered from Generation; it effectively gets pushed into the TDR charges. The underlying reasons why we need to recover more revenue to start with is the expansion and the reinforcement of the transmission network.

Topic: DEMAND/CHARGING BANDS		
#	Questions	Answers
29.	Should RD TNUoS band apply only to the consumption of MW's drawn from the grid? Or is it charged based on both grid consumption and any on-site generation?	All final demand that is visible to NESO is used when determining the residual charging band for sites directly connected to the transmission network.
30.	You mentioned the reasons for the increase in res charges previous, please can you expand on why the August forecast increased so much compared to April?	Changes to the demand residual were predominantly the result of the increased MAR for 2026/27, compared to our initial forecast. Please see Question **Error! Reference source not found.** for a summary of the key changes to MAR.

Topic: GENERAL		
#	Questions	Answers
31.	Does version three change any of the existing charges in version 2 or will the update only add additional data into table 11/better maps?	No, it doesn't change any tariffs that were published in version 2. The update is for the additional Local Circuit tariffs (Culham Jet & Redshaw) in Table 11, the improved quality of the Generation and Demand Zone Maps, and to fix the links to sections that came after the map appendices.
32.	Are these changes won't have an impact on the Demand Residual £/site/day tariffs shown in table 15?	There is no impact on the TDR tariffs in Table 15. Just two items missed off table 11, enhanced map quality, fixed bookmarks, there is no impact on any tariffs from version 2 to version 3

Topic: GENERAL		
#	Questions	Answers
33.	Were you saying the NESO 5-year tariff forecast will be republished?	We have published a version 3 of the Report and Tables file to correct two sites that we omitted from Table 11, this has no impact on anything else, it was just two sites that didn't pull through to the published document/tables. At the same time as this, we are taking the opportunity to further enhance the Demand and Generation maps in the report. This is a visual enhancement change only, no change to zones etc. We will also be fixing the bookmarks in the report that are not currently working beyond the map pages. This is just a navigation aid change, again no impact on tariffs. In short, the real value for most people will be the increased quality of the maps in the version 3 report.
34.	Can an email/communication be set up for when there are updates to the tables and report?	We will discuss this with our public affairs team, they are keen to limit how many emails we send out to our distribution list as the list is quite large now, so we don't want to be spamming everyone each time we publish an update, although I also appreciate a subset of that list will be keen to find out as soon as we do update the tables and or report file.
35.	I think the frustration from the industry regarding the massive increases in Residual tariffs is that historically they were supposed to encourage load manage.	TNUoS Charges are not intended to send operational signals they are a long run incremental investment cost signal.
36.	Comparison with the outdated 10-year projection suggests 5-year forecast assumes more aggressive renewables buildout and investment, is that correct?	There have been changes in the expected generation mix since the 10-Year Projection, with increases to a number of areas including intermittent and battery generation.

Topic: GENERAL		
#	Questions	Answers
37.	Can you explain why the link specific expansion factors increased so much compared with previous forecast	The Annuity Factor and Overhead Factor have been recalculated for the RIIO3 period and are higher than in RIIO2. These are still subject to change with the Ofgem Final determinations and any further data we may receive from the onshore TOs.
38.	How much did the specific link annuity factors increase by and why? Please provide more detail than simply it is the new price control	The Overhead Factor and Annuity Factor, that were used in the recalculation of the Links Specific Expansion Factors, have increased by 41%. This remains subject to change with the Ofgem Final determinations and any further data we may receive from the onshore TOs. Note: The new Link Specific Expansion Factors and Circuit data are shown in answer to Q20.
39.	If you want the help from industry to minimise peak load then high residual charges are NOT the way to go.	Thanks for the feedback, however TNUoS Charges are not intended to send operational signals, they are a long run incremental investment cost signal.

Topic: FEEDBACK RECEIVED		
#	Questions	Answers
40.	The character limit is way too short!	Thank you for the feedback, we will make it clear on future webinars that we can unmute people to ask questions in the Q&A session if your questions are longer than the word limit allows.
41.	When presenting new numbers in the webinar, please present how much they have changed since previous forecast and breakdown why large changes have occurred	Thank you for the feedback. We will look to incorporate this in future, where appropriate.

Topic: FEEDBACK RECEIVED		
#	Questions	Answers
42.	Comment is very telling. 'What TOs wish to share'. The com impacts of these revenues are massive and the way this is being handled by Ofgem, TOs and NESO is bad	We appreciate the feedback on this and understand the frustrations regarding the increased revenues over the next few years. There is a lot of information available from different sources and stages of the RIIO-ET3 process and we would suggest that you look at the individual onshore TO business plans and the Ofgem Draft determinations.
43.	It would be useful to see a summary slide which captures the key outcomes of the 3 sensitivities	Thanks for the feedback, we can look to include that in future publications.
44.	I hope the expanded EII scheme announced in the industrial strategy is going to rescue industry from 90% of these RD charges. This clarity is needed urgently.	Thanks for the feedback.