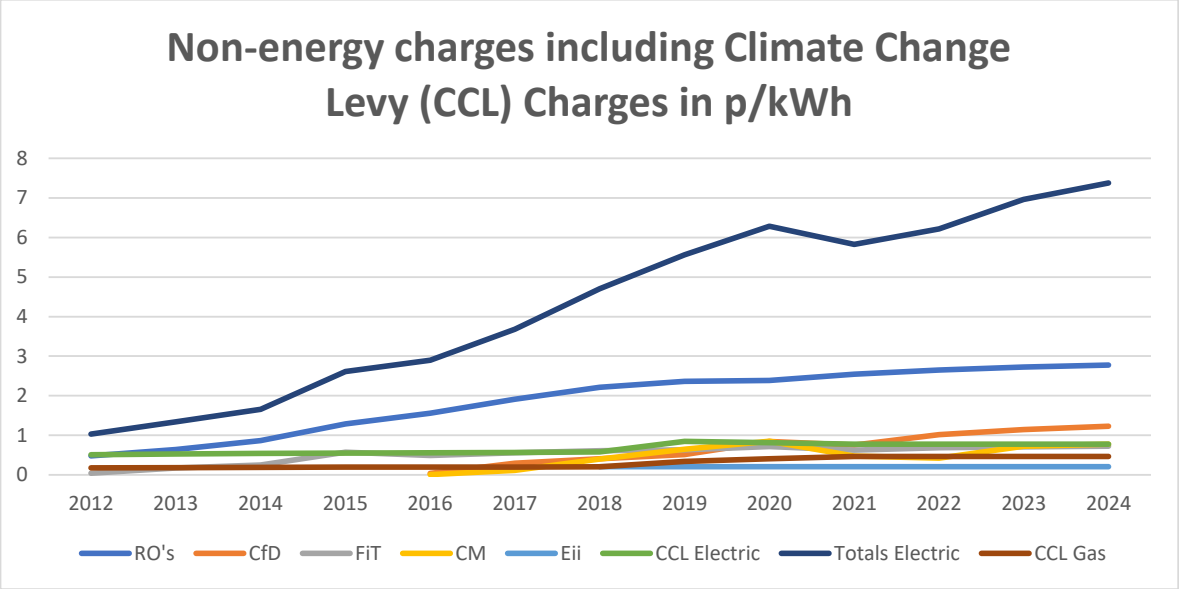
Non-energy charges including Climate Change Levy (CCL) Charges in p/kWh

Non-energy costs form at least 60% of your electricity invoice value. These are details of the main published charges. Distribution and Tranmission network charges are not featured here as they are assessed on a meter by meter basis.

	RO's	CfD	FiT	CM	Eii	BSUOS	CCL Electric	**Totals Electric**	CCL Gas
2012	0.4798		0.042				0.509	**1.0308**	0.177
2013	0.6432		0.173				0.524	**1.3402**	0.182
2014	0.866		0.253				0.541	**1.66**	0.188
2015	1.2856		0.5697			0.206	0.554	**2.6153**	0.193
2016	1.558	0.03709	0.49	0.0075		0.25	0.559	**2.90159**	0.195
2017	1.913	0.296024	0.559	0.111		0.235	0.568	**3.682024**	0.198
2018	2.21	0.4075	0.611	0.4	0.207	0.286	0.583	**4.7045**	0.203
2019	2.3665	0.5093	0.63516	0.65	0.207	0.345	0.847	**5.55996**	0.339
2020	2.3875	0.846	0.7195	0.85	0.207	0.464	0.811	**6.285**	0.406
2021	2.5465	0.75	0.625	0.475	0.207	0.444	0.775	**5.8225**	0.465
2022	2.65	1.0185	0.685	0.425	0.207	0.453	0.775	**6.2135**	0.465
2023	2.725	1.1465	0.71	0.725	0.207	0.672	0.775	**6.9605**	0.465
2024	2.775	1.229	0.725	0.775	0.207	0.891	0.775	**7.377**	0.465



Pass Through Charges Explained:

Renewable Obligations (RO'S) - This is the main support scheme for renewable electric projects in the UK. It places an obligation on UK suppliers of electricity to source an increasing proportion of their electricity from renewable sources.

Contracts for Difference (CfD) - Payments for low-carbon generators to export electricity and to encourage development of new projects, operated by the Low Carbon Contracts Company (LCCC).

Feed in Tariffs (FiTs) - This is to support small-scale renewable generation in the UK, providing a fixed price set by the Government to generators for each unit of electricity they generate. The scheme was closed to new applicants from April 2019.

Capacity Market (CM) - A scheme to secure additional Winter capacity from both generators and demand side response providers.

Energy Intensive Industries (Eii) - A scheme introduced to help the UK's energy intensive industries (such as steel, chemicals, engineering and brick making) by offering discounted energy costs. Those not in energy intensive industries will carry the burden of Eii charges.

Balancing System Use of System (BSUOS) - The BSUOS charge recovers the cost of day-to-day operation of the transmission system. These have increased as we become more reliant on renewable energy sources, particularly given we do not have any largescale storage facilities in the UK.

Climate Change Levy (CCL) - This is an environmental tax charged onto commercial usage but it is to encourage businesses to be more energy efficient which would help reduce their overall emissions. Note the rates above for 2022 onwards are provisional as they have not yet been released on the HMRC website (21/06/2021)

<u>Targeted Charging Review (TCR) electricity</u> -TCR is a change to both Distribution Use of System (DUoS) and Transmission Network Use of System (TNUoS) charges you will find within a supply contract.

DUoS: changes in effect from 01/04/2022 (delayed from 2021)

Paid to the associated distributor (DNO), the cost covers installation and maintenance of local distribution networks.

At present, a DUoS charge is based on the volume of electricity consumed at site, which has passed through the distribution network.

TNUoS: changes in effect from 01/04/2023 (delayed from 2022)

Paid to National Grid, the cost recovers the cost of installing and maintaining transmissions systems.

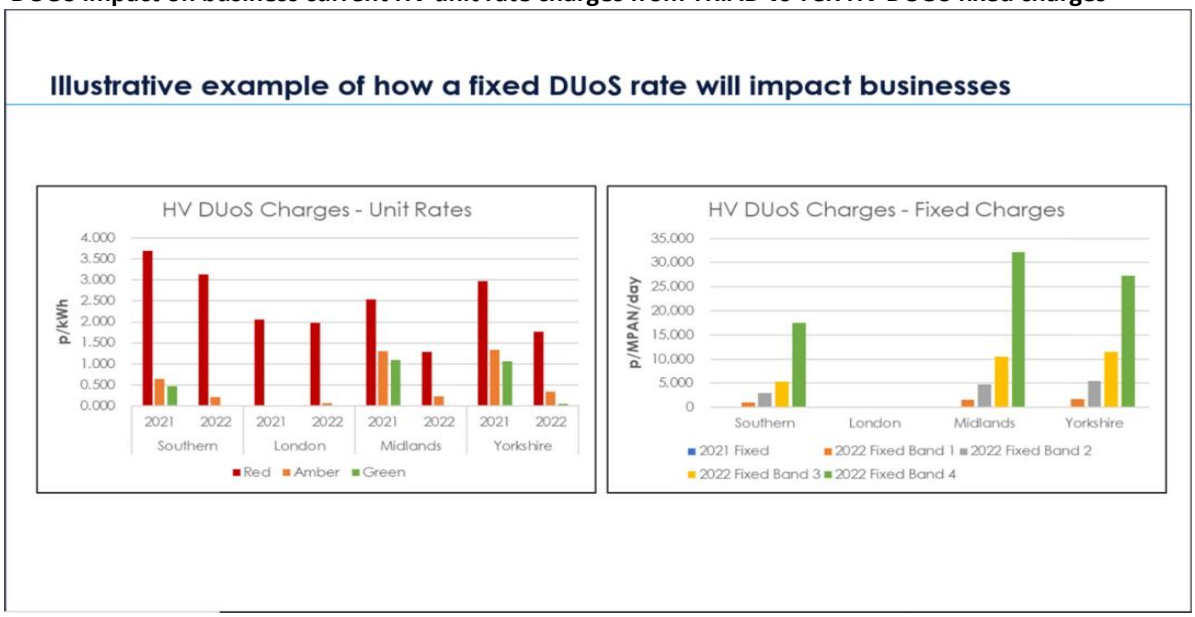
At present, the charge is based on a meter's share of demand on the network during 3 peak periods, known as Triads. These 3 Triad periods occur between 1st Nov to 28th Feb each year. It's assessed during this time as demand on the grid is at its highest.

Why the change?

A lot of businesses have Triad avoidance techniques in place. During November to February, the 3 largest consuming days will affect a TNUoS charge for a whole year, therefore it pays to be savvy in cutting down consumption on days which would otherwise have been large consuming. Ofgem want to eradicate an unfair grid, therefore both DUoS and TNUoS charges will be veering away from a consumption-based charge to a daily-based charge, determined by voltage type (where you connect to the network), measurement class (Half-Hourly/Non-Half-Hourly), and maximum agreed capacity.

It's a complex change and difficult to assess the impact on individual meters as suppliers are allocating charges differently. although many are wrapping TCR into increased standing charges. However, to summarise, meters with high capacity but lower usage will be worst affected. For example, a sports stadium will have a high agreed capacity to account for large peaks on event/match days, yet for the most part will have a relatively small usage compared to this capacity.

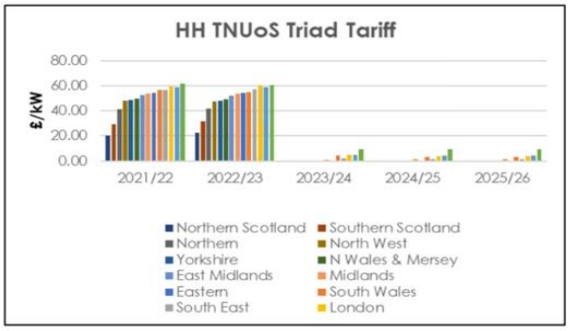
DUOS impact on business current HV unit rate charges from TRIAD vs TCR HV DUOS fixed charges

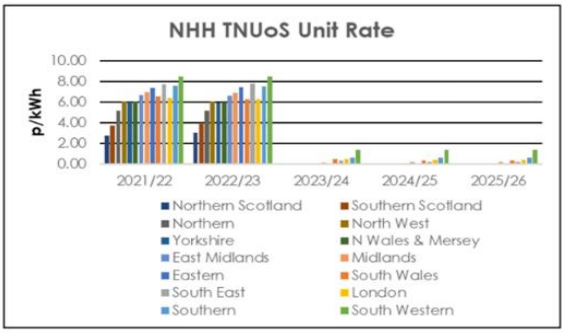


Source: Smartest Energy 2021

TNUOS charges 5 year outlook impact TCR

TNUoS charges: 5 year outlook





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Source: Smartest Energy 2021

TNUOS: TCR Fixed bands and charging. To be confirmed by OFGEM in Q4 2021

TNUoS: Fixed bands and charging

Band	LBound	UBound	2022/23	2023/24	2024/25	2025/26
Domestic			£28	£30	£31	£32
LV_NoMIC_1	-	3,571	£14	£14	£15	£15
LV_NoMIC_2	3,571	12,553	£70	£74	£77	£79
LV_NoMIC_3	12,553	25,279	£163	£173	£180	£184
LV_NoMIC_4	25,279	-	£487	£516	£536	£550
LV_MIC_1	-	80	£1,013	£1,073	£1,114	£1,144
LV_MIC_2	89	150	£1,688	£1,788	£1,854	£1,905
LV_MIC_3	150	231	£2,622	£2,777	£2,880	£2,959
LV_MIC_4	231	-	£5,894	£6,243	£6,476	£6,654
HV1	-	422	£4,222	£4,472	£4,638	£4,766
HV2	422	1,000	£14,618	£15,483	£16,061	£16,502
HV3	1,000	1,800	£28,438	£30,121	£31,246	£32,103
HV4	1,800	-	£70,057	£74,204	£76,974	£79,086
EHV1	-	5,000	£24,596	£26,052	£27,025	£27,766
EHV2	5,000	12,000	£146,997	£155,699	£161,512	£165,942
EHV3	12,000	21,500	£313,355	£331,906	£344,297	£353,741
EHV4	21,500	-	£842,667	£892,553	£925,875	£951,272

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Source: Smartest Energy 2021