Advantage Utilities

Your competitive advantage

Non-energy costs - a summary

What are non-energy costs?

Non-energy costs are a suite of charges that every UK business has to pay as part of their energy bill. They are made up of taxes, levies and fees that are automatically added to your bill.

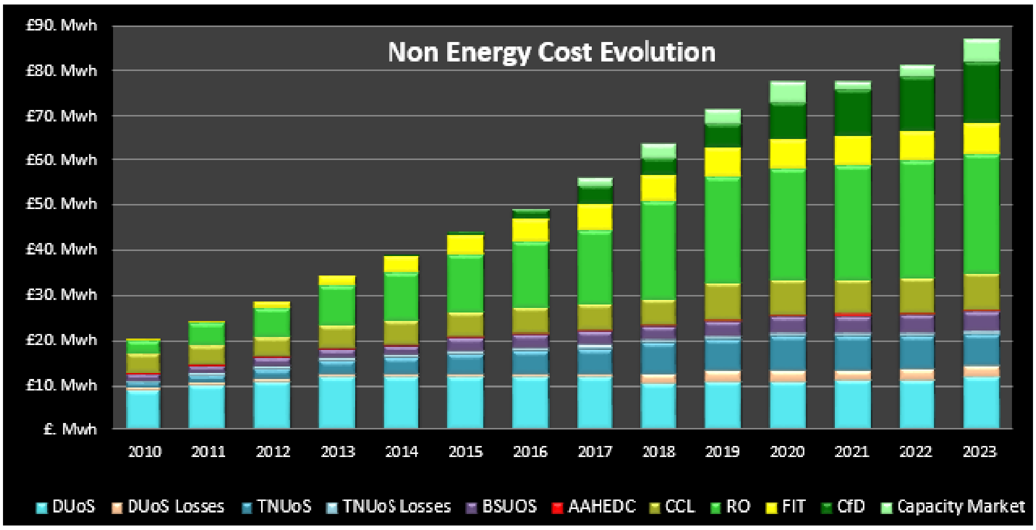
What are they used for?

- Funding the UK's energy distribution networks
- Incentivising businesses to reduce consumption
- Investing in the development of new sustainable and low cost energy generation projects

How much am I paying in non-energy costs?

Non-energy costs are not fixed rates but are charged as a proportion of your bill, linked to your consumption.

Since 2010 these costs have more than doubled and now account for over 50% of the average UK business' annual energy spend. This trend is likely to continue (see graph below).



An illustration of how non-energy costs are progressively increasing, both in the number of and types of charges and as a proportion of cost per Mwh.

How can I reduce my non-energy costs?

1. Use your business' data

If you can't measure it, you can't manage it

Reducing your costs starts with controlling your consumption, and for that you need insights into your usage. That's why we offer clients* access to Advantage Analytics—a world-class data analytics platform that gives you insights into every aspect of your energy usage. Call us on 0207 371 5360 or speak to your account manager to find out more.

2. Spread your usage

Time of day affects your costs

By avoiding using energy at certain times of the day, you could potentially make savings on time-sensitive non-energy charges. This includes 'Transmission Network Use of System' (TUoS) and 'Distribution Use of System' (DUoS) costs (see below for further details).

3.Reduce your usage

Small changes can make a big difference

Making changes to your energy usage through increasing your efficiency—including improving your insulation, upgrading your lighting and investing in new equipment—not only reduces your wholesale costs, but can lower your non-energy costs. Your Climate Change Levy (CCL) contribution depends on the volume of energy your business uses, so lowering your usage could reduce your costs beyond just what you're saving on your consumption.

How your non-energy costs break down

Climate Change Levy An environmental tax designed to encourage energy efficiency.

Feed in Tariff A charge on suppliers to fund and promote the uptake of small scale renewable electricity generator projects in the UK, such a solar panels on houses and small wind turbines.

Renewal Obligation A financial obligation on suppliers to support renewable electricity generators. The level of support they must provide is set out by the government annually and the money is mainly distributed to large-scale renewable electricity projects.

Balancing Services Use of System The costs incurred to balance the electricity system every second of the day to avoid the risk of a blackout.

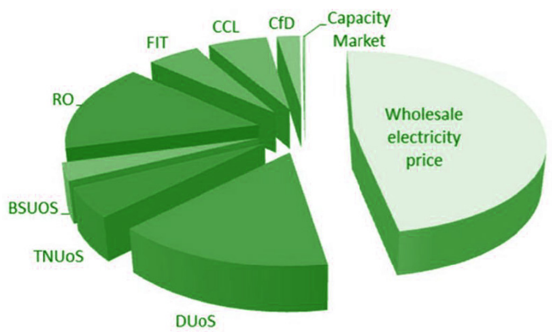
TNUoS *Transmission Network Use of System* The charges levied by transmission companies to carry electricity from the power stations through pylons to the Local Area Distribution network.

DUoS *Distribution Use of System* The costs businesses pay to the transmission network to transport electricity through the Local Area Distribution network to your site.

LDS *Local Distributors Subsidy* and **AAHEDC** *Assistance for Areas with High Electricity Distribution Costs*. Schemes designed to reduce the financial impact on consumers who live in areas where the distribution costs are high e.g. North Scotland.

CfD *Contract for Difference* A financial obligation on suppliers to support large scale, low carbon electricity generators.

Capacity Market Established as part of the Electricity Market Reform, it is intended to incentivise investment in large scale, sustainable, low-carbon electricity generators which can provide lower cost power to consumers.



Call us on 0207 371 5360 or speak to your account manager to start making savings today.

*Subject to meter eligibility.