

Understanding non commodity costs on energy bills

Learning and Development Objectives

- Understand the key principles underpinning how non-commodity costs in the gas and electricity markets are recovered from customers
- An explanation of the non-commodity costs passed through to customers and how they change
- How policy scheme costs, network charges and other non-commodity costs appear on customer energy bills as a standing charge or in the unit rate
- Understand how different customers, such as businesses and households, have costs passed through differently
- The outlook for non-commodity charges

Agenda

Day 1

10 am	Introduction & welcome <ul style="list-style-type: none"> • Welcome and Tech Check! • Aim and objectives
Session 1	Overview of non-commodity costs <ul style="list-style-type: none"> • Summary of non-commodity costs and what they're intended to recover <ul style="list-style-type: none"> ◦ 'Cost reflectively' principles ◦ Excluding customer groups from some charges • Networks – capacity vs. commodity approaches to charging • Policy – subsidising renewables, green gas, and energy efficiency programmes • Other – metering, CCL, DCC, SoLR levy, • Who collects these charges from suppliers? Q&A session
10.50 am	Break
Session 2	Policy scheme costs <ul style="list-style-type: none"> • Electricity Policy <ul style="list-style-type: none"> ◦ Renewables Obligation, Contracts for Difference, Feed-in Tariffs, Capacity Market, Nuclear RAB ◦ How they're levied ◦ How and when they're updated • Dual fuel <ul style="list-style-type: none"> ◦ Energy Company Obligation (ECO) (now GBIS) ◦ Smart Energy GB (SEGB) ◦ Warm Homes Discount (WHD) ◦ Smart meter comms (DCC)

	<ul style="list-style-type: none"> ○ Climate Change Levy (CCL) ○ How they're levied ○ How and when they're updated • Gas Policy <ul style="list-style-type: none"> ○ Green Gas Levy (GGL) ○ How it is levied ○ How and when it is updated • What is the outlook <p>Case Study: Worked example of charges for a business consumer</p>
12 pm	What we will cover on Day 2 – close

Day 2

10 am	<p>Introduction & welcome</p> <ul style="list-style-type: none"> • Welcome and Tech Check! • Aim and objectives
Session 3	<p>Electricity network charges</p> <ul style="list-style-type: none"> • Transmission network charges (TNUoS/ TRIAD) <ul style="list-style-type: none"> ○ How they're levied ○ How and when they're updated • Distribution network charges (DUoS) <ul style="list-style-type: none"> ○ How they're levied ○ How and when they're updated • BSUoS • AAHEDC • What is the outlook for electricity non-commodity charges? <p>Case Study: Worked example of charges for a household consumer</p> <p>Q&A session</p>
11 am	Break
Session 4	<p>Gas non-commodity charges and upcoming non-commodity charges</p> <ul style="list-style-type: none"> • Gas transmission charging <ul style="list-style-type: none"> ○ How they're levied ○ How and when they're updated • Gas distribution charging <ul style="list-style-type: none"> ○ How they're levied ○ How and when they're updated <p>Case Study: Worked example of charges for a business consumer</p> <ul style="list-style-type: none"> • Future non-commodity costs <ul style="list-style-type: none"> ○ New schemes on the horizon • Ofgem work on reallocating costs, including standing charges <p>Q&A session</p>
12 pm	What we will cover on Day 2 – close