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A Jargon Free Guide to Rising Electricity Charges

It has been a tumultuous week or two in the electricity market, with the net result of higher costs being borne by all consumers across the country. There has been a fair amount written about the reasons; by Ofgem, suppliers and brokers alike, but without living in the energy world day to day some of this info can be difficult to decipher. It is a complex subject, but we believe simplicity is key, so have put some information together here to help business owners and business energy buyers understand the changes and how they may impact your business. Pushed for time? Just scroll to the bottom for a 1 minute summary.

What has changed?

Electricity is broadly 3 lots of charges:

- 1: Paying for government levies.
- 2: Paying grid charges.
- 3: Paying for the electricity itself.

In the last few weeks, the market has been blindsided by a new government levy and an increase in grid charges. So consumers are hit with a double hit of increasing costs.

What is the new charge?

Nuclear Regulated Asset Base (RAB). Complex name, but what you need to know is this: It is new a charge to help pay for the construction of Sizewell C Nuclear plant in Suffolk. All consumers will pay for this on top of their electricity rates. The UK needs extra, stable electricity generation as we continue to use more as a country, and to build it, it needs to be funded. This charge helps fund that construction.

Ok so we need it – but how much are we paying?

All consumers (well almost all – more on that later) will pay additional 0.35p/kWh on top of their electricity rates. And this is the important part: **while guidance has not come from all suppliers, we are expecting that they will all start showing this as a separate line item on bills from November 2025 onwards.** That includes business that already have contracts agreed at a fixed rate for this period.

Wow, that's the new government charge. What's the increasing grid charge?

Transmission charges (known as TNUoS). This is essentially the cost of getting electricity from where it is generated (eg: offshore wind, hydro plants in rural areas) to where it is needed (urban/industrial centres). The network has long needed investment in this area, and suppliers were estimating an increase in these charges by an average of around 25% from April 2026. The actual increase is more like **50%.**



Ok – so a big difference, but what does that mean to me?

These are complex charges that have a lot of different variables. But broadly speaking you will see an increase in standing charges for fixed contracts from 2026 onwards. How much by? Difficult to say as every site is charged differently, but here a few examples we have seen when helping clients recently.

Client 1:

Offer sourced August: £4.20/d standing charge
Offer sourced this week: £6.80/d standing charge

Client 2:

Offer sourced August: £37.03/d standing charge.
Offer sourced this week: £50.40/d standing charge

Client 3:

Offer sourced August: £98.06/d standing charge.
Offer sourced this week: £173.84/d standing charge
So it is early days yet, but early examples suggest a sizeable increase in standing charges from 2026 onwards.

I already have a contract for 2026 onwards. I should be safe, right?

Possibly, possibly not. All suppliers have clauses in their contracts that allow them to 'unlock' rates if charges are greater than anticipated. While suppliers don't *want* to do this, they may have to. We have started seeing some smaller suppliers already announce that they *will* be adding costs to already in place contracts, and we expect more to follow suit.

Can I do anything to avoid these additional costs?

For the RAB charge maybe. If you qualify for the for the government's EII scheme you will be exempt from this charge. For TNUoS charges, there is no avoiding, but you may be able to mitigate. A TCR banding change may be able to lower your standing charge to a more appropriate level, resulting in a lower standing charge.

So overall, a difficult period to manage for business energy consumers. Please get in touch if you would like us to see if we can help with an EII application or lowering standing charges and other ways we can help mitigate these rising costs.

One Minute summary:

There is a new charge that all consumers will pay called Nuclear RAB. This is 0.35p/kWh and will likely appear on all bills from November 2025

There is an increase to TNUoS charges that greatly affects standing charges. Contract offers covering 2026 will start seeing this change right away. Any contract you already have in place covering 2026 may or may not be 'unlocked' to pass through this increase.

There may be a way to avoid the RAB charge via EII scheme, but there is no way to avoid the TNUoS rises, but you may be able to mitigate them with other standing charge cost saving measures. To learn more please get in touch.