

AVOID TRANSMISSION CHARGE INCREASES

With Wattstor's Fully Funded
Solution

UNDERSTANDING THE SHIFT TO MANDATED DAILY CHARGES

Whilst most businesses focus on securing the best wholesale unit rate, a significant non-commodity cost is quietly but drastically increasing.

The Transmission Network Use of System (TNUoS) Residual Charge is not a new fee on your bill, but how it is calculated – and how much it costs – has fundamentally changed. Historically, the bulk of these transmission costs were manageable because they were tied to your winter peak usage (Triads). However, following Ofgem's Targeted Charging Review, **the vast majority of network costs have been completely decoupled from your consumption** and shifted into an unavoidable, fixed daily charge.

Now, the **National Energy System Operator (NESO)** is undertaking a massive infrastructure investment programme to upgrade the UK grid for the renewable transition, and **they are recovering a large portions of these costs from businesses directly through this fixed demand charge.**

From April 2026, TDR fixed charges are **forecast to increase by an average of 65%**, with some **high-voltage bandings facing increases of over 200% by 2030**. For large Commercial & Industrial (C&I) sites, this has evolved into a mandatory Fixed Daily Charge based purely on your site's contracted grid capacity in kVA.

You can **no longer manage** this simply by "using less energy" during peak times. It is effectively a **"stealth tax"** on industries already exposed to some of the highest electricity prices in Europe.



MOVING FROM VOLATILE VARIABLE USAGE TO LOWER FIXED COSTS TO REDUCE EXPOSURE

Historically, transmission charges were often levied based on usage during peak periods (Triads), allowing you to manage these costs by reducing consumption during winter peaks. That mechanism is being phased out.

The TDR is recovered through a fixed tariff structure introduced under Ofgem's **Targeted Charging Review (TCR)**. These charges are expected to increase significantly from April 2026 (by a volume-weighted average of 65%) as confirmed by the National Energy System Operator's (NESO) final tariffs for the new transmission price control period.

- **The charge is quoted at £ per Site per Day.**
- **It applies 365 days a year**, regardless of whether your facility is operational or closed.
- **Efficiency won't fix it:** because this component of TNUoS is now largely capacity-based rather than consumption-based, reducing short-term demand or improving operational efficiency alone will generally not reduce the charge.

The rate you pay is largely determined by which **Charging Band** the Grid Supply Capacity falls into. There are distinct bands for Low Voltage (LV) and High Voltage (HV) connections.

The boundaries of these bands have evolved, creating a financial "cliff edge" for many sites.

- **HV4 Reclassification:** The threshold for Band HV4 is now classified as **>2000kVA**.
- **The Risk:** If your site's Authorised Supply Capacity (ASC) sits just over this 2000kVA threshold (even if you're rarely using full capacity), the daily fixed charge jumps significantly. You are effectively paying a premium price for unused capacity. To put this into perspective, a large industrial site that paid roughly £116,000 a year in fixed TDR charges in 2025 will see that exact same standing charge skyrocket to over £190,000 a year starting April 2026.

Annual TNUoS Charges - HV Bands

| HV Band | kVA Range | 2025/26 Annual (£) | 2026/27 Annual (£) | Difference Between bands |
|---------|-----------------|--------------------|--------------------|--------------------------|
| HV1 | 0-500 kVA | £7,968 | £11,621 | £0 |
| HV2 | 500-1,100 kVA | £22,922 | £42,761 | +£31,140 |
| HV3 | 1,100-2,000 kVA | £44,455 | £67,678 | +£24,917 |
| HV4 | >2,000 kVA | £115,923 | £193,053 | +£125,375 |

The Cliff Edge: Moving up a band increases fixed daily costs regardless of consumption.

Source: NESO

PEAK SHAVING & FUNDED ONSITE RENEWABLES

HOW TO REDUCE FIXED CHARGES WITHOUT LIMITING YOUR SITE OPERATIONS

You cannot avoid TDR charges entirely, but you can control which "Band" your business needs to be in.

This is an engineering challenge, not a procurement one.

Most commercial and industrial sites have a "spiky" load profile. A facility like yours might sit in a high capacity band (e.g., HV4 >2000kVA) only because of short duration spikes caused by machinery startup, shift changes, or thermal processes. The rest of the time, that expensive capacity headroom is wasted.

AUTOMATED PEAK SHAVING SOLUTION

Here at Wattstor, we've had great success with implementing this solution by utilising onsite Battery Energy Storage (BESS) – that we've been installing for over a decade – to smooth these peaks "Behind-the-Meter."





MONITOR

We identify the specific operational spikes that force your Authorised Supply Capacity (ASC) to remain high.

DISCHARGE

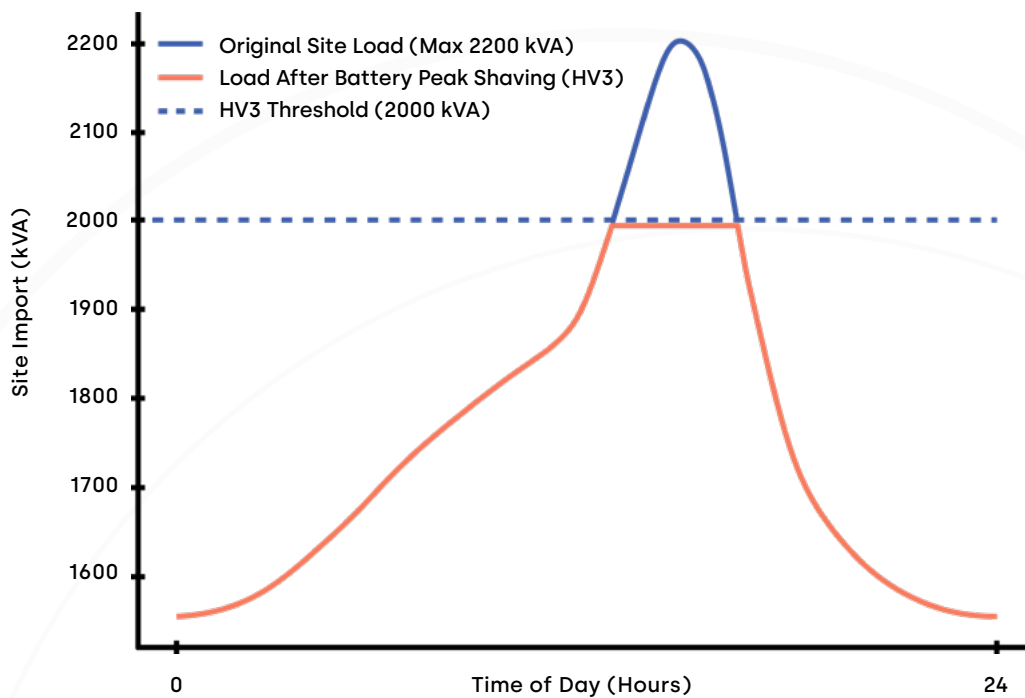
The battery injects power instantly during these peak moments.

REDUCE

The grid sees a flattened load profile. Wattstor secures a formal reduction of your Import Capacity with the DNO.

SAVE

Lower Capacity = lower band = lower TDR Charge.



FULLY FUNDED & DYNAMIC

We build the asset. You keep the savings. Most businesses know they should install battery storage to manage these costs, but capital constraints often stall the project. **Wattstor solves the funding gap.**

ZERO CAPITAL INVESTMENT

Wattstor makes the capital investment and assumes the technical and financial risk. We fund the planning, the grid connection, and the battery storage installation. We cover all ongoing maintenance and insurance costs.

OUR COMMERCIAL MODEL

Wattstor is repaid through a simple, fixed monthly service fee for providing the onsite battery storage, and through revenue streams we access from grid services.

DYNAMIC SUPPLY (VIA TPI)

The hardware is only half the answer. To maximise value, we transition your site to a Fully Dynamic Electricity Supply.

TRANSPARENT TENDER

Your supplier is chosen through a transparent tendering process to ensure you get the best contract offer at the lowest fee levels.

PODIUM OPTIMISATION

Wattstor's proprietary Podium software takes over. It uses the battery to buy power when wholesale prices are low (or negative) and discharges when prices peak.

TOTAL VISIBILITY

You get half-hourly price signals to drive smarter operational decisions.

THE BOTTOM LINE

The savings from Peak Shaving (TNUoS reduction) and Dynamic Optimisation (Unit Rate reduction) flow automatically into a reduced electricity bill.

NEXT STEPS? CHECK YOUR BAND!

Don't guess your exposure. Let us model it.

Send us a recent energy bill or Capacity Statement. We will identify your current TNUoS Band, and calculate exactly how much you could save by shaving the peak.

Wattstor is a next-generation energy company providing commercial and industrial customers with low-cost renewable electricity. Through innovative products such as Price Protect, Wattstor helps organisations achieve long-term energy cost certainty, reduce carbon footprints, and unlock the full value of decentralised energy assets.

Wattstor Ltd
21 Ironmonger Lane, London EC2V 8EY
www.wattstor.com

