

Understanding your energy bill:

Commodity and non-commodity charges



If you've ever looked at an energy bill and felt confused by the breakdown, you're not alone. Most invoices don't make it easy to understand what you're actually paying for—or why costs can shift even when your usage stays the same.

At Utility Aid, we exist to take that complexity off your shoulders. We help charities and not-for-profit organisations secure better energy contracts, avoid overcharges, and make sense of bills that often raise more questions than they answer.



This guide breaks down the two main parts of any energy bill: commodity and non-commodity charges. Understanding the difference can help you spot unexpected increases, compare quotes more accurately, and challenge costs that don't look right.





The two main parts of an energy bill

At a high level, most gas and electricity bills are made up of two broad elements:

Commodity charges

This is the most familiar part of the bill—the cost of the energy you actually consume.

- Measured in kilowatt hours (kWh)
- Directly linked to how much energy your organisation uses
- The bit most people check when comparing suppliers

Non-commodity charges

Non-commodity charges are the additional costs required to deliver energy to your site and support the wider energy system. These aren't linked to your day-to-day usage in the same way as commodity charges.

While they're often less visible, non-commodity charges can make up a significant proportion of your total energy bill—sometimes as much as 60% of what you pay.

What are non-commodity charges?

Non-commodity charges cover a wide range of costs set by network operators, regulators, and government policy rather than energy suppliers themselves.

These costs are usually:

- Bundled into unit rates and standing charges
- Poorly explained on invoices
- Subject to regulatory change

Electricity network charges

These pay for maintaining and operating the electricity networks that transport energy to your site.



Distribution Use of System (DUoS): Covers the cost of your local distribution network—the poles, wires, and substations that bring electricity to your door. Charges vary by region, site type, and capacity.



Transmission Network Use of System (TNUoS): Pays for the high-voltage transmission network that moves electricity across the country. Charges depend on your location and when you use energy.

Gas network charges



Gas Distribution Network (DN) charges: Based on your location and consumption profile. Different regions have different network operators, which means different costs.



UID (Unidentified Gas): is the difference between the total gas put into the national network and the amount recorded as being used by customers. This mismatch can happen because of meter reading delays or data errors. The cost of that shortfall is shared across suppliers and may be passed on to customers through their bills.



National Transmission System (NTS) charges: Cover the cost of moving gas across the UK's high-pressure transmission system.

Environmental and social levies



These support government schemes designed to reduce carbon emissions or protect vulnerable energy users, such as:

- **Renewables Obligation (RO):** Supports large-scale renewable energy projects
- **Feed-in Tariffs (FiTs):** Pays generators for small-scale renewable electricity
- **Contracts for Difference (CfD):** Subsidises low-carbon electricity generation
- **Capacity Market charges:** Ensures sufficient backup electricity generation capacity
- **Nuclear RAB (Regulated Asset Base):** The Nuclear RAB charge helps fund new UK nuclear power projects

Eligibility, exemptions, or reliefs can sometimes apply depending on your organisation and usage profile.

Climate Change Levy (CCL)

Many charities are eligible for full exemption from CCL, provided the energy is used for non-business charitable purposes. This can result in meaningful savings if correctly applied—but suppliers don't always get it right.

Metering and data charges

These cover the cost of operating, maintaining, and reading energy meters, including half-hourly data collection where applicable.

Other system costs

Additional charges may apply to balance supply and demand across the energy system or manage peak usage periods.

Can non-commodity charges change during a contract?

Yes—and this often catches organisations by surprise.

Energy suppliers may need to reopen existing contracts to amend the non-commodity portion of your bill. This is usually driven by changes introduced by government or regulators, such as new levies, updated environmental schemes, or revisions to network and system charges.

Because these costs are set outside the supplier's control and can change during the life of a contract, suppliers may pass these adjustments through to customers in line with the terms agreed at the outset.

While this can understandably feel frustrating, these changes reflect wider policy and regulatory pressures rather than changes to your energy usage or supplier margins. It's one of the reasons energy bills can increase even when consumption stays flat.





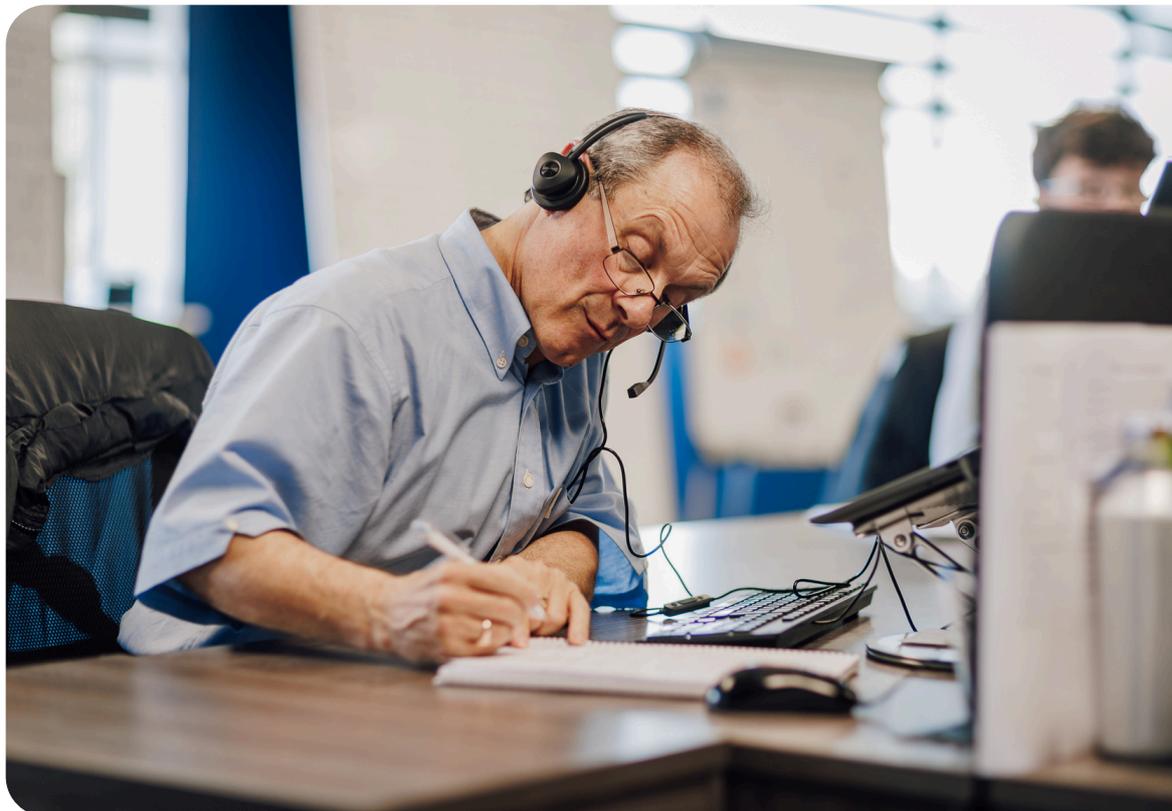
Why understanding this matters for not-for-profits

For charities and not-for-profit organisations, every pound spent on energy is a pound not spent on delivering services.

Understanding non-commodity charges helps you:

- Spot unexpected bill increases and ask the right questions
- Compare contracts more accurately (the cheapest unit rate isn't always the best deal)
- Identify whether reliefs or exemptions apply to your organisation
- Budget more confidently for future costs
- Challenge charges when something doesn't look right

It also means you're less vulnerable to billing errors—which are more common than you might think.



Moving forward

We review non-commodity charges as part of every contract we manage. That means checking for overcharges, ensuring exemptions are applied correctly, and flagging changes before they hit your bill.

If you're not sure whether your bills are accurate, or you'd like us to take a look at what you're currently paying, get in touch. We'll review your invoices, explain what we find, and let you know if there's anything we can do to help.

No fuss. No funny business. Just straightforward support from people who understand energy and want to make it simpler for you.



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