

Staploe Parish Council Communications with OFGEM Re Increases in Standing Charges Following Migration to Half Hourly Supply

Sent to: consumeraffairs@ofgem.gov.uk

On 7th October 2026 Lucy Crawford wrote:

I am writing because our Parish Council own 21 street lights. These have been migrated from an unmetered supply to half hourly supply. As a result our electricity standing charges have increased dramatically (x9 with SSE and x5 with Valda). Our electricity broker told us “this is because all electricity meters are migrating to half hourly (MHHS) and so standing charges are rising due to the additional costs passed onto the suppliers via the national grid and the meter operators. Unfortunately, this is unavoidable and is going to affect all meters in the UK.”

I am told this is a national policy. Could you help us to understand what extra service we are getting for these huge increases please? I am hearing the same issue from many other Parish Clerks.

On 8th October Ofgem replied:

Market-Wide Half-Hourly Settlement

The Market-Wide Half-Hourly Settlement (MHHS) program was introduced to enable a faster, more accurate settlement process for all market participants, introducing site specific reconciliation using half-hourly meter readings.

Previously, suppliers and the National Energy System Operator had to estimate customers’ electricity usage based on the average customer’s consumption patterns for the purpose of managing the expected demand at any given time. This had the potential to cause discrepancies between the estimated and actual wholesale electricity and gas demands. The Market-Wide Half Hourly Settlement aims to reconcile this by extending the requirement for suppliers to extend the current BSC standards to all non-domestic consumers where applicable.

With smart meters that can record electricity consumption information every half hour of the day and transmit it, industry bodies can use this information for settlement instead. This means that suppliers will have a much more accurate picture of consumption and demand and can match their purchases accordingly.

It also allows suppliers to offer more flexible off-peak tariffs or time of use tariffs with lower unit rates during periods of lower national demand. This allows customers to save money on their energy bills, and the National Energy System Operator (NESO) to better managed the demand required on the energy network.

Transmission Network Use of System(TNUoS) charges are designed to reflect the cost of using the transmission network and encourage efficient use of that network.

For larger electricity users that are charged on a half-hourly basis, charges are generally linked to their electricity consumption during periods of highest national demand. These periods are known as Triads and occur during the winter months when electricity demand is at its highest.

Electricity generators are generally charged based on an agreed level of transmission capacity, known as Transmission Entry Capacity (TEC).

Some smaller generators connected to local distribution networks may also pay charges linked to the amount of electricity they export during Triad periods.

As a result, charges can differ depending on factors such as location, network usage and the type of user.

Transmission Network Use of System (TNUoS) charges help fund the electricity transmission network in Great Britain. They allow transmission owners to recover the costs of operating, maintaining and investing in the infrastructure used to transport electricity around the country.

Transmission Owners may recover these charges from Electricity Generators, Suppliers, Network Operators and other organisations that require a direct connection to their electricity transmission network.

The methodology used to calculate TNUoS charges is set out in Section 14 of the [Connection and Use of System Code \(CUSC\)](#).

Energy suppliers and other network users may recover some or all of these costs through the charges paid by their customers.

What are the Profile Classes? - Elexon BSC

The TCR included a review of how residual network charges (the revenue for operating, maintaining and upgrading the electricity grid) are set and recovered, ensuring that these charges are recovered from network users in a way that meets the TCR Principles;

- reducing harmful distortions;
- fairness; and
- proportionality and practical considerations.

For distribution and transmission connected non-domestic consumers, we decided that a structure of **banded fixed** charges should be used for residual charges. Four charging bands for each voltage level were chosen to ensure a fair balance of charges

between smaller and larger users. These fixed charges are levied on a per-site basis and were implemented in April 2022 and April 2023 for distribution residual charges and transmission residual charges respectively.

Our TCR reform means that all consumers pay a fair proportion of network charges. The TCR was consulted on extensively before the changes were approved, and we specifically engaged with users to understand the effects of the changes on their respective businesses. Ofgem's principal objective is protect the interests of consumers, and we consider the arrangements which ensure all consumers pay a fair proportion of network costs is consistent with that objective.

Businesses that managed to avoid these costs will be seeing increases.

On 16th October Lucy Crawford Responded:

Thank you for your response.

I understand the objectives of Market-Wide Half-Hourly Settlement and the wider Targeted Charging Review reforms. However, my question was not about the benefits to the electricity market as a whole, but about the benefits received by small unmetered street lighting customers such as Parish Councils.

Our Parish Council owns 21 street lights. Our annual consumption is very small and highly predictable. Following the migration from an unmetered supply arrangement to half-hourly settlement, our standing charges have increased by between five and nine times depending on supplier.

Your response explains that the reforms improve settlement accuracy, support time-of-use tariffs and alter the recovery of network costs. However, none of these appear to provide any direct benefit to our street lighting assets, which cannot practically shift consumption to off-peak periods and whose energy demand is already highly predictable.

Could you therefore clarify:

1. What additional service is now being provided to small street lighting customers in return for these substantially higher standing charges?
2. Are these increased charges primarily the result of additional metering, settlement and administrative costs, or are they principally a consequence of the redistribution of network charges under the Targeted Charging Review?
3. Has Ofgem assessed the impact of these reforms on small public bodies such as parish councils that operate very low-consumption street lighting networks?

4. Does Ofgem hold any estimate of the average increase in standing charges experienced by unmetered street lighting customers as a result of these changes?

I would be grateful if you could address these specific points, as a growing number of Parish Councils appear to be facing significant increases in electricity standing charges for important public services such as street lighting and defibrillators without any obvious increase in service provision.