



To:

The Secretary of State for Energy Security and Net Zero: Ed Miliband

Copied to:

Ofgem: Jonathan Brearley

Energy UK: Dhara Vyas, Bill Esterson

16 October 2025

Concerns about the impact of TNUoS Charges on small business customers

Valda Energy Limited are a UK based electricity and gas supplier serving thousands of small businesses and microbusiness consumers (SMEs) across the United Kingdom. As a responsible energy supplier committed to supporting UK business and the transition to a low carbon economy, we wish to bring to your attention our concerns regarding the recent and projected increases in Transmission Network Use of System charges specifically for our customers and those in the SME market sector. Across our portfolio of 40,000 microbusiness customers, we estimate an average total bill increase of 8% per customer in the coming year as a direct result of TNUoS residual supplier costs increasing by £2.7bn to £7.5bn from April 2026. The forthcoming changes, effective from April 2026, will result in immediate impacts on consumer invoices as suppliers pass through associated charges. It is therefore imperative that urgent consideration be taken now, both to ensure clear communication with consumers and to develop and implement measures that minimise potential consumer detriment.

It is concerning that small non-domestic customers are being left behind in discussions and policy debate yet are being disproportionately affected by the increase in costs. There are currently 5.7 million small businesses in the UK representing 99.18% of the business population¹, these consumers are the backbone of local economies and supply chains, providing local employment and key services. The Federation for Small Business reports that high energy bills severely impact small business cashflow, forcing them to borrow more and cut into profitability specifically lack of protection, increasing costs and lack of government support are key issues. In Q2 2025 growth within the sector fell 0.1-0.3%, for the first since 2010 the FSB Index ²showed that the proportion of small firms anticipating growth over the coming 12 months was outweighed by the proportion bracing for contraction in the form of downsizing, selling up or closing the business. Their ability not only to maintain and manage existing cashflow but

¹ [Business population estimates for the UK and regions 2025: statistical release - GOV.UK](#)

² [Policy Report | Small Business Index, Quarter 2, 2025](#)

also to invest in growth, innovation and decarbonisation is being compromised by an unprecedented increase in their energy bills.

TNUoS changes are recovered from customers through a daily standing charge. Although smart metering and time of use tariffs enable some businesses to optimise their energy use, they have no influence over standing charges. Consequently, reductions in consumption do not mitigate this fixed cost, leaving smaller businesses without control over that portion of their energy bill.

For many small businesses the recent and forecasted TNUoS increases translate directly into higher operating costs at a time when the ability to operate is already constrained under broader economic pressure. Energy debt in the SME sector is increasing, driven by high energy bills, cash flow pressures and weaker protections for small businesses. Ofgem's state of the market report shows that energy costs remain a key concern for many businesses, and in their survey of business customers in March 2025 they found that sole traders and microbusiness customers were most likely to face difficulties in paying their bills.

Specifically, the TNUoS costs for a typical microbusiness customer with an average consumption of 12500 kWh and annual spend of £3250 will increase by £305.84 (9.4%) annually; Standing Charge related to TNUoS only will effectively double from £0.76p/day to £1.60p/day.

Increasing costs on small business energy risks undermining both economic recovery, increasing inflation and the long-term competitiveness of UK businesses.

We fully recognise the need to ensure that charges reflect the cost of maintaining the network, and the significant upgrades needed to the UK transmission network to support the UK's ambitious renewable targets working towards cleaner power and the country's net zero targets. However, we would ask that the UK Government considers options to mitigate the detrimental impact on small business consumers.

Smoothing the cost profile – introduction of phased TNUoS increases over a 5-year period to allow businesses time to adapt, plan and reduce bill shock in April 2026.

Alternative cost recovery – exploring options to rebalance the funding between different network groups through broader fiscal measures rather than concentrating the cost burden on end users.

Integrating with Renewable/Decarbonisation Policy – recognising the need for investment in the continued expansion of UK renewable generation and associated transmission capacity investment consider spreading or partially offsetting this cost through renewable subsidy frameworks or carbon pricing revenues.

We are concerned that without careful management, passing on the cost of increased investment in the transmission network risks creating unintended barriers for small businesses and in turn creates a risk to economic growth.

We would welcome the opportunity to engage with Government, Ofgem and other stakeholders to develop a more balanced, predictable approach to network charging to ensure that small business

customers are represented in key discussions and are not overlooked in energy policy, regulatory design and impact assessment. We feel strongly that consumer outcomes should also be focused on managing costs in a way that is economically sustainable and equitable for small business consumers and ultimately facilitating growth.

Yours faithfully

Steve James

Chief Executive Officer – Valda Energy Limited