

Capacity Charges

What you need to know

SmartestEnergy Business Customer Guide

Capacity charges (also known as Maximum Import Capacity or Availability Charges) reflect the cost of ensuring that the power your business needs is always available on the network.

They are charged by your local Distribution Network Operator (DNO) and like other non-energy costs, we are required under license to pass these on to our customers.

If you are a half-hourly customer, you may have noticed these charges on your SmartestEnergy Business invoice. This guide will help you understand what the charges are and how they are calculated.

If you need any further assistance, please contact our dedicated UK Customer Services **on 01903 703400** or email **customerservices.business@smartestenergy.com**

What are Capacity Charges?

Capacity charges relate to the energy that is allocated and reserved on the network for your power supply.



For example where a manufacturing plant uses a high load for its operation, to supply for this energy activity, the network must ensure that the correct amount is available on the national grid.

As the plant might need the supply at any given time, the grid must have this amount available, regardless of whether the plant uses it.

Capacity charges are measured in KVA (Kilo Volt Amperes) and your DNO is responsible for allocating how much power you need at any particular point. As a guide, small sites will be allocated a KVA less than 50, while larger sites in the range of 200 or higher.

How are the charges calculated?

Like the price of energy, the capacity charges differ depending on supply requirements. Different calculations are used to determine the actual pence per day rate, and your local DNO will be able to advise on this.

Whilst most pass-through charges are included in the standing charge and unit prices of your SmartestEnergy Business invoice, capacity charges are billed as a separate charge.

Capacity Charge Example:

$$3.18p \text{ (charge)} \times 50 \text{ (KVA allocation)} \times 30 \text{ (days)} = \pounds 47.70$$

Your capacity charges can be found under the 'Cost of Electricity Used' section of your SmartestEnergy Business invoice, as follows:

Description	Units	Price	Cost
Day	1998	17.49p/kWh	£ 349.50
Night	235	13.39p/kWh	£ 31.48
Capacity Charge (30 days @ 50 kVA * 3.18p/kVA/day)			£ 47.70
Climate Change Levy (2233.4 units @ 0.811p/unit)			£ 18.11
Electricity Standing Charges (30 days @ £0.4966 Per Day)			£ 14.90

What are excess capacity charges?



From April 2018, Ofgem introduced excess capacity charges for customers who exceed their allocated capacity limits. You can now be charged up to three times higher than the standard rate for exceeding capacity limits.

If your SmartestEnergy Business invoice contains excess charges, we would recommend you examine ways to reduce your supply usage or alternatively contact your DNO to review your allocation.

How do I reduce my capacity charges?

Reviewing your supply usage is a good way of reducing your capacity charges. Where possible we recommend the following:

- > Spread high energy usage throughout the day, rather than completing all of it in a short period
- > Move non-critical tasks to off-peak times where there is a lower demand for energy
- > Upgrade to more energy efficient equipment that draws less energy

How do I contact my Distribution Network Operator (DNO)?

You can contact your DNO to discuss reducing the allocation and reservation of your energy supply.

To obtain contact information for your local DNO, please visit:

www.energynetworks.org

If you wish to pursue this we would advise carrying out a comprehensive load test to ensure you have the actual data available.

Should you require assistance, our Metering Team can advise on the process of completing such a test. Please contact them on **01903 703416** or email **meterexchange.business@smartestenergy.com**.

Please be advised that if you reduce your allocation and then draw more supply over this limit, you may be subject to excess capacity charges.