



Copilot's two bills

Preparing for Microsoft's usage-based billing

What's changing, what it will cost, what early adopters have learned, and what to do before advanced AI reaches your tenant.

October 2026

Executive Summary

For most of its life, Copilot has been easy to budget for: one licence, one price, everyone covered. That is changing. Microsoft Copilot, formerly Microsoft 365 Copilot, now comes with two bills: a fixed seat for everyday AI, and a meter, priced in Copilot Credits, for the agentic work you hand off. The meter itself isn't new, since Cowork has needed usage-based billing since it reached general availability in June 2026.¹³ What's new is its reach. Through Q4 2026, Code, Autopilot, advanced SharePoint and OneDrive work, frontier models and further agentic services join Cowork and the Work IQ API on credits.^{6,10}

The bigger shift, though, is in how people will use Copilot. Microsoft's new Copilot Home brings Chat and Cowork together, and Microsoft says that, soon, users will simply describe the outcome they want and Copilot will route the work to Chat, Cowork or Code.^{6,8,22} Chat runs on the seat; Cowork and Code run on credits. In other words, a routing decision could quietly become a billing decision. Microsoft hasn't said whether its existing Auto model selector will make that call, so treat it as unconfirmed for now. Admins can, where available in Cowork, set group-level model and effort controls, including which models Auto can select.⁶

The stakes are real. A single user running two medium agent tasks a day can cost nearly seven times their seat. Early adopters describe first-month bills driven by people experimenting, prepaid credits silently rolling into pay-as-you-go, and Azure charges nobody had budgeted for.^{13,16} Manage this risk by configuring monthly policy limits and per-user caps in Copilot Cost management before enabling metered work.^{3,13}

Microsoft has also announced usage limits within the seat. Once users reach them, they'll be able to carry on using credits or reroute to Auto.⁶ Neither the routing nor the limits are live yet, and the limits haven't been published. Before you set policy, it's worth putting four questions to Microsoft or your licensing partner:

- Can routed work move onto credits without the user's consent?
- Can admins set the default?
- How do spending caps apply to routed work?
- What will the seat usage limits be?

Three moves protect your budget before advanced AI reaches your tenant

- 1. Configure cost management now:** per-user caps, alerts, and auto-apply switched off for new services.
- 2. Give the meter an owner and a funding model,** separate from the seat.
- 3. Build your own cost-per-task baseline** from a governed pilot before you commit to prepaid credits.

Prices in this paper are Microsoft's USD list prices. Confirm local-currency and agreement pricing with your licensing partner.

How we got here

When Microsoft 365 Copilot launched in late 2023, the commercial model was refreshingly simple. Organisations paid a flat \$30 per user per month, and people got an assistant inside Word, Excel, Outlook and Teams that drafted, summarised and answered questions. Budgeting was a headcount exercise: decide who gets a licence, multiply, and you're done.

Then Copilot started doing more than answering. Through 2025 and 2026 it gained agents that take on whole pieces of work: researching a topic across your files, building an analysis, writing and testing code, or running a multi-step task for an hour while you get on with something else. That is a very different workload. A quick prompt is cheap to serve; a long-running agent can use many times more compute, and its cost grows with the work done rather than with the number of people licensed.

Flat pricing cannot sustain usage-driven work. If everything sits inside one seat, either the price goes up for everyone or light users end up subsidising heavy ones. The industry's answer has been to meter the heavy work. GitHub moved Copilot onto usage-based credits in June 2026,¹⁶ and Microsoft has now done the same across Copilot more broadly, keeping everyday AI on the seat and putting advanced AI on a meter.^{6,12}

The result is a model that is fairer in principle and harder to predict in practice. The rest of this paper explains how it works, what it is likely to cost and how to stay in control. If some of the terms are new to you, the panel below is a quick reference.

Key terms

A quick reference for readers new to Copilot billing.

Seat (USL)	The user subscription licence: a fixed monthly price per user covering everyday Copilot in Chat and the Office apps.
Meter (UBB)	Usage-based billing: advanced AI charged by how much work it does, measured in Copilot Credits.
Copilot Credits	The unit the meter counts in, at a list price of one US cent each. A task's cost depends on the model, data and time it uses.
Cowork	Copilot's agent for handing off longer, multi-step work, and the first major service billed on credits.
Code and Autopilot	Agentic services for software development and for autonomous, longer-running work. Both move onto credits in Q4 2026.
Work IQ API	An API that lets developers and agents draw on the work data and context behind Copilot. Usage is billed in credits.
Frontier models	The most capable models in Copilot, such as Astra and Fable, available on the meter rather than the seat.
Spending policy	The admin rule setting who can use metered services, which services it covers and how much users can spend.
Pay-as-you-go	Credits billed monthly in arrears through a linked Azure subscription, with no upfront commitment.
Capacity pack	Prepaid credits bought monthly: 25,000 for \$200. Unused credits don't roll over.
P3	The Copilot Credit pre-purchase plan: a one-year upfront commitment in exchange for a discount.
CSP	Cloud Solution Provider: Microsoft's programme for buying licences through a partner rather than directly.

What's changing: the seat and the meter

Microsoft now draws a clear line between everyday AI, funded by the seat, and advanced AI, funded by Copilot Credits.^{1,12} One thing doesn't change: the meter sits on top of the seat, so you still need a paid Copilot licence to use it.

	Seat: user subscription licence (USL)	Meter: usage-based billing (UBB)
Microsoft's definition	Foundational AI given to the whole workforce	Complex, long-running agentic work you hand off
What it covers	Copilot in Chat, Word, Excel, PowerPoint, Outlook, Teams; Auto model routing; model selection	Cowork, Code, Autopilot, advanced SharePoint capabilities, frontier models such as Astra and Fable
How it is charged	Fixed price per user per month	Copilot Credits consumed per task
Model access	Some models with fair use (e.g. GPT 5.6, Sonnet); others with limits (e.g. Opus)	Frontier and advanced models
Who Microsoft expects to fund it	IT, across the organisation	Business units that can weigh cost against value
Default state (enterprise)	On with the licence	Off until an admin creates a spending policy

Two announced features will matter most for budgets, though neither is live yet. The first is routing: Microsoft says Copilot will send work to Chat, Cowork or Code based on the outcome a user describes, so a single request could cross from seat-funded to credit-funded capabilities.²² The second is usage limits within the seat: users who reach them will be able to continue on credits or reroute to Auto.¹ Microsoft hasn't yet published how either will behave.

How the costing works

The headline numbers are simple: the seat is \$30 per user per month, and the meter is one US cent per Copilot Credit.^{5,18} The hard part is everything in between. Nobody, Microsoft included, publishes what an Autopilot hour or a Code build will consume.

Price points (USD list)

Item	Price	Funding model	Notes
Microsoft 365 Copilot (Premium)	\$30 per user/month, annual	Seat	Paid add-on with work-data grounding; Cowork remains usage-based
Microsoft 365 Copilot Business (Premium)	\$21 per user/month	Seat	Paid licence for organisations with up to 300 users
Microsoft 365 Copilot (Basic)	Included with eligible Microsoft 365 plans	Included	Standard Copilot access in core Office apps; no paid Copilot add-on
Copilot Credits, pay-as-you-go	\$0.01 per credit	Usage-based	Billed monthly in arrears via an Azure subscription
Prepaid capacity pack	\$200 per month for 25,000 credits (about \$0.008 each)	Usage-based	Unused credits reset monthly, no rollover
Copilot Credit pre-purchase plan (P3)	One-year upfront commitment	Usage-based	Discounts reported up to 20%; cannot be cancelled or exchanged

What a task costs

How many credits a task uses comes down to four things: the model, the context it pulls in, the tools it calls and how long it runs. In Cowork, the `/cost` command shows roughly how many credits a task has used so far and how much of the user's allowance is left.⁹ It's useful, but it has limits. It can't quote a task before it runs, and it isn't an authoritative billing record, so reconcile it against the admin Consumption tab and your invoice. Availability of `/cost` also varies by tenant.

Planning ranges depend on who you ask. Microsoft's own estimates run from 70 to 200 credits for a light Cowork task to more than 1,500 for heavy analysis.⁵ Treat this as starting assumptions, not a rate card.

What a user costs

The table below is illustrative, built on the planning ranges above and 20 working days a month. It shows how quickly the meter overtakes the seat once agentic work becomes habitual.

User profile	Assumed usage	Credits per month	Meter cost per month	Meter vs \$30 seat
Occasional	2 light tasks a week at 200 credits	1,600	\$16	0.5x
Regular	1 medium task a day at 500 credits	10,000	\$100	3.3x
Power user	2 medium tasks a day at 500 credits	20,000	\$200	6.7x
Heavy analyst	2 heavy tasks a day at 1,500 credits	60,000	\$600	20x

To put that in context, at power-user rates ten people would use up a 25,000-credit pack in under three working days. And for new Copilot Business purchases through CSP from 1 December, Microsoft's default spending policy allows up to 4,000 credits (\$40) per licensed user per month.^{7,19}

Charges that sit outside the credits line

Not every AI cost shows up as Copilot Credits. Four are easy to miss:

- **Copilot Studio agents.** These are included in the seat when a licensed Copilot user works with them under their own identity in Copilot Chat, Teams or SharePoint, subject to fair use. Agents started by autonomous triggers, agent flows on other triggers, use by unlicensed or external users, and anything built on the GitHub Copilot harness all consume Copilot Credits.¹⁷
- **GitHub Copilot harness agents.** Agents built on the harness are entirely usage-billed, including while you build and test them.²
- **Unlicensed users.** Staff without a Copilot licence who use agents grounded in organisational data through Copilot Chat generate metered charges for the organisation.¹⁷
- **Bring-your-own models.** Custom agents that call models in Azure AI Foundry incur per-token Azure charges on top of credits, plus any Azure Functions or other services they use.¹⁴

Key dates: what's live and what's coming

Cowork has been billed on credits since 1 July 2026. The rest of advanced AI moves onto the meter between October and December 2026,^{4,10} with a few firm dates along the way.

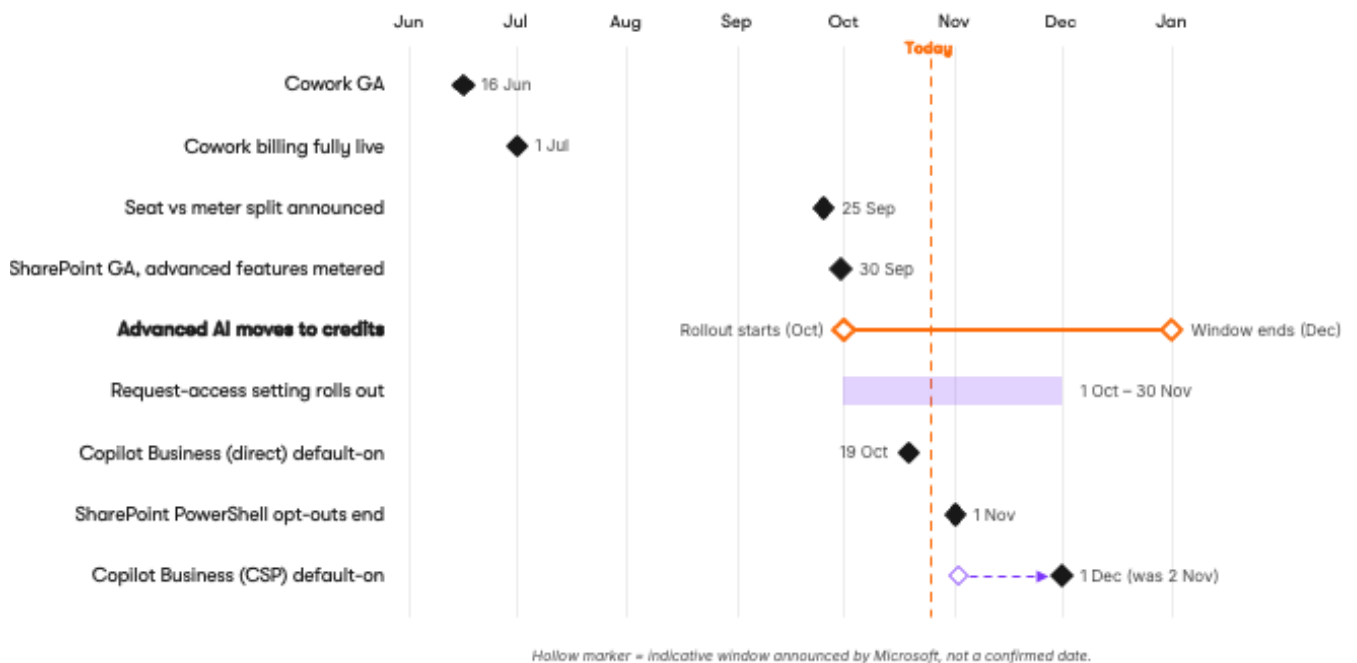


Figure 1. Microsoft Copilot billing milestones, 2026. Dates published or reported at 28th October 2026.

Live today

- Cowork, the Work IQ API and advanced SharePoint capabilities now consume credits
- Admin tools are available, subject to tenant rollout:
 - Cost management and spending policies
 - End-user credit visibility
 - The /cost command in Cowork
- Copilot Business bought direct from Microsoft has had usage billing on by default since 19 Oct

Coming next

- Rolling onto credits by end of December: Code, Autopilot, advanced OneDrive work, frontier models and further agentic services
- From 1 December, new Copilot Business purchases through CSP include usage billing by default:
 - Microsoft provisions the Azure resources
 - A default spending policy of 4,000 credits per user per month applies, and admins can adjust it
- Announced with no dates:
 - Outcome-based routing across Chat, Cowork and Code
 - Usage limits within the seat

For enterprise Microsoft Copilot tenants, nothing switches on by itself. An administrator still has to activate usage billing and choose a billing method, and Microsoft has explicitly excluded enterprise from the 1 December change.⁷ That change also excludes several markets at first, including France, Germany and the Netherlands.²⁰ Microsoft has already moved its date once, from 2 November,⁴ so treat every date here as subject to change.

What practitioners are learning

The official documentation explains the mechanics. The people running it day to day explain where the money actually goes. Seven lessons keep coming up among advisers, admins and analysts who have lived with Cowork billing since July, and with GitHub Copilot's own switch to credits in June.

- 1. The defaults lean towards spending.** Once billing is activated, the default spending policy covers every user. The first monthly option the setup wizard offers is unlimited spend, per-user caps are optional, and "auto-apply new services" is switched on. In practice, a policy written for Cowork will quietly extend to Autopilot and Code when they arrive.³
- 2. Prepaid credits are not a ceiling.** Credits are drawn in a set order: capacity packs first, then pre-purchase (P3) credits, then pay-as-you-go on the linked Azure subscription. A P3 always continues on pay-as-you-go once it's used up, and capacity packs do the same as soon as a pay-as-you-go meter is enabled, which Microsoft recommends.^{3,13} The only thing that actually stops spend is a monthly limit in the spending policy. This applies to enterprise tenants once usage billing is activated.
- 3. Exploration is the expensive phase.** One Microsoft partner reports that organisations enabling Cowork without spending thresholds typically see five-figure charges in their first month, mostly from people trying it out rather than doing high-value work.¹⁵ The partner doesn't publish tenant sizes, so read this as a warning sign rather than a benchmark.
- 4. Cost can be tracked, but not quoted.** Admins can watch spend in the Copilot Cost management dashboard and in Azure Cost Management, with budgets and alerts,^{3,21} and users can check a running total with `/cost mid-task`.⁹ What nobody can do is price a task before it runs. One analyst puts it bluntly: credits measure compute and runtime, so a four-hour agent run that produces a flawed output costs the same as one that succeeds.¹²
- 5. The surprise often arrives on the Azure invoice.** If you build agents on your own models, such as an Azure AI Foundry model wired into Copilot Studio, inference is charged per token on Azure on top of Copilot Credits, along with any other Azure services those agents call.¹⁴ Keep an eye on the Azure bill alongside the credit meter.
- 6. Credit pools are shared.** Credits from prepaid capacity packs serve both the Microsoft 365 and Power Platform admin centres, so capacity allocated to Copilot Studio environments reduces what Cowork and other Microsoft 365 services can draw.³
- 7. Cost control belongs inside governance.** Agent 365 registers, secures and monitors agents, but spending limits live in Copilot Cost management.⁸ If security runs one and licensing runs the other, an agent can be fully compliant while nobody owns its monthly bill.

Preparing for the change

The best time to set controls is before anyone has a reason to want them loosened. The twelve actions below are sequenced so the guardrails are in place before advanced AI reaches your tenant.

Horizon	Action	Owner
Now	Open Copilot > Cost management in the Microsoft 365 admin center and confirm whether a default spending policy already exists, its scope, its limit and its auto-apply setting	IT admin
Now	Switch off auto-apply new services on every policy; add Autopilot, Code and new SharePoint capabilities one at a time, once each is priced	IT admin
Now	Set a per-user monthly cap on every policy, even a generous one, plus admin and user threshold alerts	IT admin, Finance
Now	Decide the default for the new "request access" discovery setting before it rolls out (October for standard, November for deferred tenants)	IT admin
Now	Review pay-as-you-go settings for Copilot Chat and Copilot Studio agents used by unlicensed staff	IT admin, Platform owner
This quarter	Create a separate spending policy per pilot group, scoped through security groups, so consumption reports by team	IT admin
This quarter	Restrict models with model profiles where available (currently Cowork only, minimum two models) and reserve frontier models for named use cases	IT admin, AI lead
This quarter	Agree a funding model: IT funds seats, business units fund credits through chargeback, with an approval route for credit requests above cap	Finance, Business units
This quarter	Brief users on which work belongs on the seat (Chat, Researcher, Analyst, Office agents) and which justifies the meter	Change lead
This quarter	Run a governed pilot and build an internal credits-per-task table from real usage	AI lead
Before renewal	Budget the seat and the meter as separate lines with separate owners in next year's plan	Finance
Before renewal	Seek clarity from Microsoft or your partner on fair-use limits within the seat, and size any pre-purchase plan only from at least a quarter of real consumption	Procurement

If you buy Copilot Business through a partner, check with them whether new orders will arrive with billing switched on, and which default limits will apply.⁷

Operating once it's live

Usage-based billing only stays under control if someone is watching it. The budget you set from your pilot becomes the line, and the cost management dashboard is how you hold it, month after month.

Cadence	What to check	What it tells you
Weekly	Overview tab: consumption and remaining capacity	Whether spend is on trajectory against budget
Monthly	Consumption tab by user, group, service and agent	Where credits concentrate, and whether value justifies it
Monthly	Azure invoice alongside the credit meter	Hidden model and service charges from custom agents
Monthly	Power Platform admin centre credit allocation	Studio environments drawing down shared capacity
Monthly	Users hitting seat limits and continuing on credits	Pressure building from everyday work into the meter
Quarterly	Spending policies, model profiles, fair-use terms and rates	Drift as Microsoft changes packaging mid-contract

Three optimisation levers make the biggest difference:

- 1. Move work back to the seat.** Consumption reviews will surface metered tasks that seat-included tools, such as Researcher, Analyst or the Office agents, could handle instead. These currently sit within the licence rather than on credits, though within usage limits. As Microsoft introduces seat usage limits, confirm which tools stay seat-funded.
- 2. Right-size the model.** Send routine work to cheaper models and save frontier models for the tasks that genuinely need them.
- 3. Prune tool calls.** Switch off connected plugins that aren't earning their keep.

Ownership should sit with IT or a FinOps function, with finance copied on the threshold alerts. Where a business unit funds credits, its sponsor should see its own consumption view every month.

How Enfuse can help

Controlling the meter is half configuration, half behaviour. Admin settings cap the spend; people decide whether the credits buy anything worth having. Enfuse brings both together in three fixed-scope offers, so you can start wherever you are today.

	Spend Health Check	Controlled Launch	Run and Optimise
Best for	You have Copilot today and want to know your exposure before more workloads move onto credits	You're about to enable Copilot, Autopilot or Code for a group of users	Usage billing is live and you need it kept in budget
Duration	2 weeks	6–8 weeks	Monthly, rolling
What we do	Review Cost management settings, billing methods, auto-apply, model access, Copilot Studio agents and unlicensed agent use	Design and configure spending policies, caps, alerts and model profiles; agree funding and chargeback with finance; run a governed pilot; build your credits-per-task baseline	Monthly consumption and Azure invoice review, quarterly policy review, tracking Microsoft's changes
Change and training	Leadership briefing on the seat-versus-meter model	User training on what belongs on the seat and what justifies the meter, reading /cost and efficient agent habits; rollout comms; champions identified	Champions network support, refresher sessions for new joiners and features, adoption reported alongside spend
You get	Exposure report, prioritised fix list, quick-win configuration	Live controls, a signed-off funding model, real cost data, trained pilot users	Spend held to budget, value reported to sponsors, controls kept current

For wider workforce capability, our AI training pathways (Leadership Primer, AI Fluency, AI Practitioner and AI Champions) can extend any package across the organisation.

To discuss your organisation's readiness, contact Zeb Khan: zeb.khan@enfusegroup.com

Source and notes

Prices are Microsoft USD list prices as of October 2026 and exclude local currency, tax and agreement discounts. The per-user scenarios are illustrative. Microsoft has changed Copilot packaging several times in 2026; verify current terms before committing budget. Practitioner experience is drawn from advisers', admins' and analysts' published accounts.

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