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MIP RESOURCE CENTER · MSP GUIDE · OCT 20, 2026

Map Copilot by SKU, not by name. Set the meter before December 1.

Microsoft's Oct 14, 2026 Partner Center updates add Copilot offers without a Microsoft 365 base and turn on usage billing by default for new CSP Copilot Business seats from Dec 1. What CSP MSPs should change now.

INDEPENDENT READING OF MICROSOFT'S ANNOUNCEMENTS
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What Microsoft announced

On October 14, 2026, Microsoft posted two Copilot licensing changes in its Partner Center announcements for October 2026. Both land on December 1, 2026, and both touch the work a CSP partner does every day: quoting, ordering, catalog automation and the monthly invoice.

The first is a purchasing change. Beginning December 1, new Microsoft 365 Copilot and Microsoft 365 Copilot Business offers "can be purchased without a qualifying Microsoft 365 base subscription." They come to all channels, including CSP, for commercial, education, government and nonprofit customers. Microsoft says they have their own product and SKU IDs and are priced the same as the current offers.

The second is a billing change. Starting December 1, usage-based billing is on by default for new Microsoft 365 Copilot Business licenses bought in CSP. Microsoft first gave November 2 as the date and moved it with an update on October 14.

Change 1: Copilot without a base subscription

Today's Copilot offers require a qualifying Microsoft 365 base subscription. Beginning October 16, 2026, those offers carry "(add-on)" in their names, for example "Microsoft 365 Copilot (add-on)" and "Microsoft 365 Copilot Business (add-on)." They reach end of sale in CSP on December 1, when the new offers replace them for new purchases.

Microsoft is explicit about what does not change. "End of sale isn't end of life; existing customers can continue to renew and adjust seat quantities." Existing subscriptions keep their product and SKU IDs, pricing, renewal terms and auto-renew settings, and no migration or license reassignment is required. Microsoft also says the change "affects how customers purchase Copilot, not the underlying Copilot capabilities," and that Copilot experiences still depend on the Microsoft 365 apps and services a customer is licensed for.

That last point matters for quoting. A Copilot seat without a base subscription is a new ordering option, not a promise that a client with thin Microsoft 365 licensing gets the same experience as one on a full suite.

Change 2: usage-based billing on by default

For new Copilot Business licenses bought in CSP from December 1, pay-as-you-go becomes the default billing configuration. It applies to standalone offers and bundles. Microsoft names Copilot Cowork, Work IQ APIs and GitHub Copilot Harness as eligible usage-based experiences.

The default spending limit is 4,000 Copilot Credits per user per month, and admins can change it. Microsoft's own example: a customer with 100 Copilot Business users "could consume up to 400,000 Copilot Credits per month under the default spending limit, with UBB charges based on actual usage." New licenses include the Azure subscription setup that usage-based billing needs.

Two availability limits apply. The change will initially not be available in Australia, Belgium, Brazil, France, Germany, India, Italy, Korea, the Netherlands, Poland and Spain. Partner Center sandbox

environments for testing open November 2.

Controls live in the Cost management dashboard in the Microsoft 365 admin center, described in Microsoft's usage-based billing overview for Copilot Credits. Admins can set organization-level and user-level spending limits, control which users and groups can use supported services, configure alerts, and review consumption by policy, user, group, agent and service. One default deserves attention: the "Auto-apply new services" setting is on by default, so a spending policy can cover future Copilot services and agents automatically.

Microsoft's dates, and what they are

Date	What happens	Status
Oct 16, 2026	Current offers renamed "(add-on)"	Microsoft announcement
Nov 1, 2026	New offers in the price list preview; new product and SKU IDs shared ahead of it	Microsoft announcement
Nov 2, 2026	Partner Center sandbox environments for usage-based billing	Microsoft announcement
Dec 1, 2026	New offers available; add-on offers reach end of sale in CSP; usage-based billing on by default for new CSP Copilot Business licenses	Microsoft announcement

Why this matters for a CSP practice

Two things break quietly if nobody owns them. Automation that matches Copilot offers by name may stop matching after the rename, because the name changed while the SKU did not. And from December 1 a new Copilot Business seat can carry a metered line on top of the fixed license, so the first invoice after a new sale may look different from every Copilot invoice the client has seen.

Neither is a reason to slow down a Copilot rollout. Both are reasons to treat December 1 as a delivery date with owners, not a news item.

What to do before December 1

- **Map by SKU ID, not by name.** Microsoft's next step was to update scripts, catalog mappings and automations to product and SKU IDs by October 16. If yours still match on "Microsoft 365 Copilot," fix them now and test against the renamed offers.
- **Load the new IDs on November 1.** Review the new offers in the price list preview and add their product and SKU IDs to your catalog, PSA and quoting tools as separate items from the add-on offers.
- **Test in the sandbox from November 2.** Walk a new Copilot Business order through to the usage-based billing setup so you know what the client's admin center shows.
- **Set a spending policy per client.** Decide whether 4,000 credits per user per month is right, who gets access to Cowork and other metered services, who gets alerts, and whether "Auto-apply new services" should stay on.

- **Brief each client before the first metered invoice.** Explain fixed seat versus usage charges, the limit you set together, and who approves a higher one.
- **Leave existing subscriptions alone.** No migration is required; note the add-on names in your records so renewals reconcile.

A packaging note for MSPs

> **MSP lesson: put the meter inside the service.** Usage-based billing turns a Copilot seat into a seat plus a meter. Many MSPs will want to package spending-policy setup, monthly consumption review and limit changes as a named part of their Copilot service, so the client sees one owner for the meter as well as the seat. Price it your own way; Microsoft sets the credit rates.

Small-business owners get the plain-language version in our companion post, Microsoft Copilot Business usage billing.

Read with care

- Dates and the 4,000-credit default are Microsoft's announcements and can change; the November 2 date already moved once.
- New product and SKU IDs had not been published as of October 16; Microsoft says they come before November 1.
- Usage-based billing default-on applies to new Copilot Business licenses in CSP, not existing subscriptions, and not at first in the 11 markets listed above.
- Credit rates per service are set in Microsoft's Copilot Credits Guide, not in these announcements.

> **Independent reading.** This guide is Consultiply's independent reading of Microsoft's own Partner Center announcements and Learn documentation. It is not affiliated with or endorsed by Microsoft and is not a licensing recommendation. Confirm terms in Partner Center before you quote.

Sources

Partner Center announcements, October 2026: "Copilot offers and name updates" (Oct 14, 2026) and "Update: Usage-based billing is default on for new Microsoft 365 Copilot Business licenses starting December 1, 2026" (Oct 1, 2026, updated Oct 14) (Microsoft, Microsoft Learn)

Usage-based billing and cost management for Copilot Credits (Microsoft, Microsoft Learn, read Oct 16, 2026)

`Read the full guide: consultiply.ai/mip-resource-center/microsoft-copilot-licensing-changes-csp-msp`