



EDF Business
Solutions



MONITOR

non-energy costs
for gas

ISSUE 3 2025

CHANGE IS IN
OUR POWER

NON-ENERGY COSTS

at a glance...

Non-energy cost (NECs) components form between 20-40% of your bill. The cost of your energy (wholesale gas costs) make up the rest.



<p>🌩️🌩️🌩️ highly volatile</p> <p>🌩️🌩️ volatile</p> <p>🌩️ relatively stable</p>	<p>Proportion of your bill:</p> <p>🍷 large 🍷 medium 🍷 small</p>
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NECS - OVERVIEW

of annual cost changes

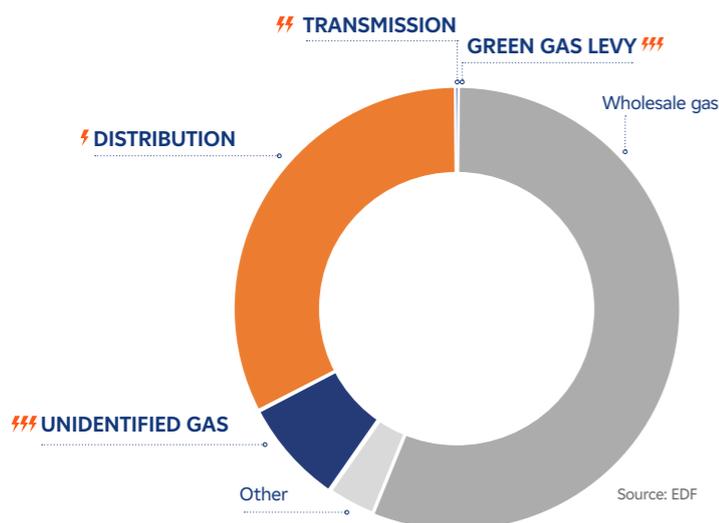
CUSTOMER CONSUMPTION ASSUMPTIONS

- Low:** 50,000kWh AQ, average band 1 Industrial load factor
- Medium:** 500,000kWh AQ, average band 3 Industrial load factor
- High:** 2,000,000kWh AQ, average band 4 Bucket load factor

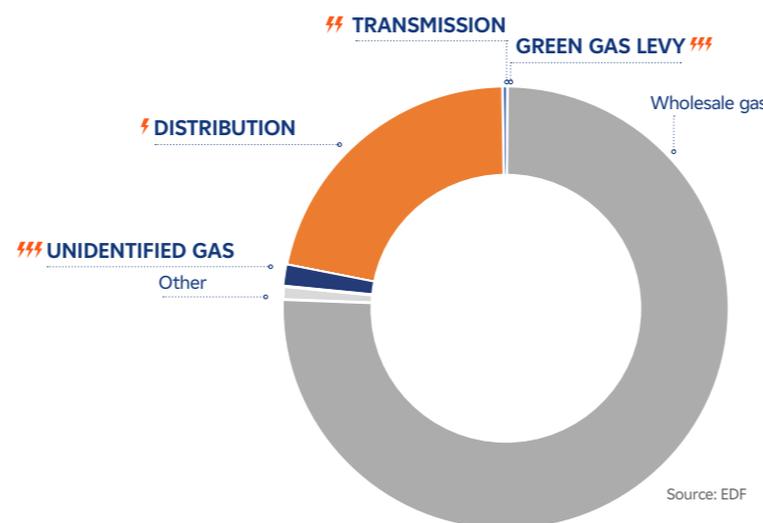
	THIS ISSUE	LAST ISSUE
Transmission 	FORECAST / OCT 25 - SEP 26 LOW: £9 - £12 MEDIUM: £93 - £124 HIGH: £371 - £494	FORECAST / OCT 25 - SEP 26 LOW: £9 - £13 MEDIUM: £94 - £125 HIGH: £374 - £499
Distribution 	ACTUAL / APR 25 - MAR 26 LOW: £772 MEDIUM: £3,978 HIGH: £14,219	ACTUAL / APR 25 - MAR 26 LOW: £772 MEDIUM: £3,978 HIGH: £14,219
Green Gas Levy 	ACTUAL / APR 25 - MAR 26 LOW: £3 MEDIUM: £3 HIGH: £3	ACTUAL / APR 25 - MAR 26 LOW: £3 MEDIUM: £3 HIGH: £3
Unidentified Gas 	FORECAST / OCT 25 - SEP 26 LOW: £153 - £286 MEDIUM: £219 - £410 HIGH: £954 - £1,790	FORECAST / OCT 25 - SEP 26 LOW: £125 - £375 MEDIUM: £196 - £588 HIGH: £853 - £2,559

Non-energy costs make up between
20-40%
of a typical bill

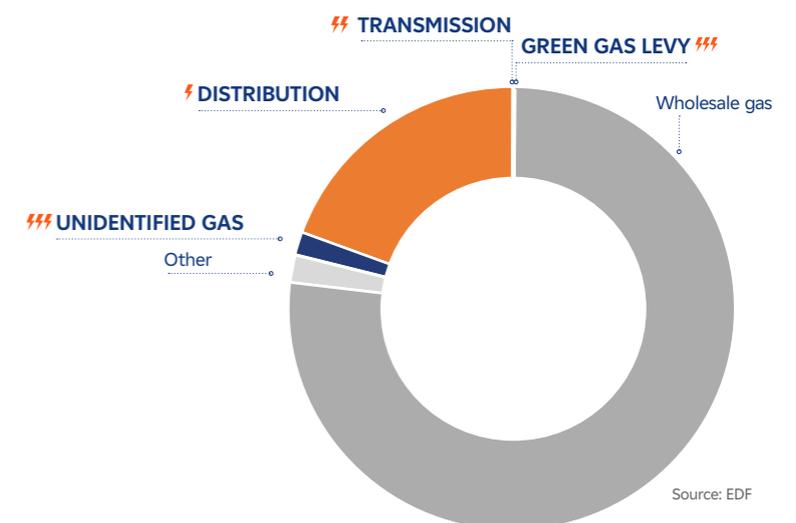
LOW CONSUMPTION
50,000kWh annual consumption



MEDIUM CONSUMPTION
500,000kWh annual consumption



HIGH CONSUMPTION
2,000,000kWh annual consumption



⚡⚡⚡ Highly volatile ⚡⚡ Volatile ⚡ Relatively stable

Transmission

EDF Forecast Range / October 2025 – September 2026

CUSTOMER CONSUMPTION ASSUMPTIONS

Low: 50,000kWh AQ, average band 1 Industrial load factor
 Medium: 500,000kWh AQ, average band 3 industrial load factor
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Transmission explained...

SEE PAGE 6

In July 2025 National Gas published the final rate for the Oct-25 year as well as indicatives for future years. This has resulted in a small decrease for Oct-25, and an expected small decrease for Oct-26. The price control RIIO-GT3 starts from April 2026, this adds further uncertainty to expected costs for gas suppliers for the Oct-2026 year and onwards. Initial business plans were published by National Gas in December 2024, Ofgem then published draft determinations in July 2025. National Gas were seeking additional revenue to invest in the network, which Ofgem pushed back on in their draft determinations. We expect final determinations to be published over the winter of 2025 which will give us more certainty on transmission costs.

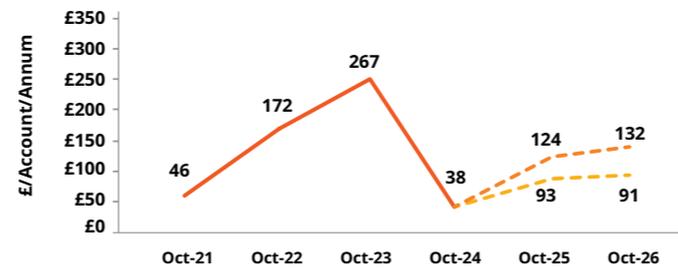
LOW CONSUMPTION

(50,000kWh annual consumption)



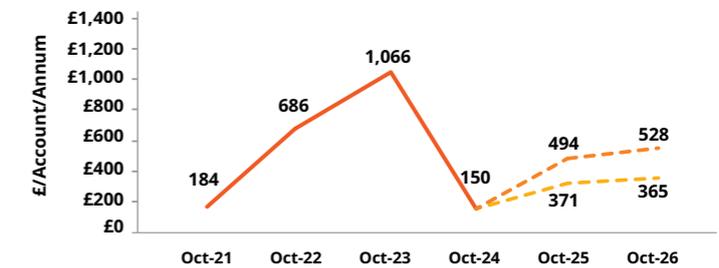
MEDIUM CONSUMPTION

(500,000kWh annual consumption)



HIGH CONSUMPTION

(2,000,000kWh annual consumption)



Distribution

EDF Forecast Range / April 2026 – March 2027

Distribution explained...

SEE PAGE 6

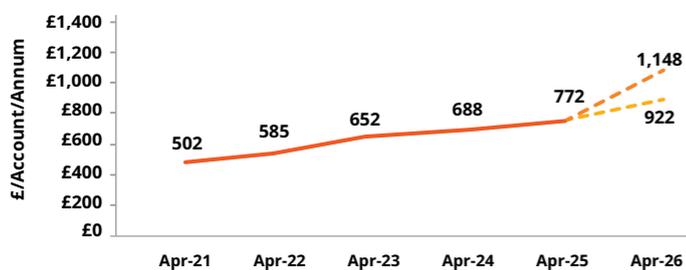
Final tariffs for the 2025/26 charging year were published at the end of January 2025. Attention now turns to the 2026/27 charging year which also marks the start of the new RIIO-3 price control. This is a 5-year period where Ofgem sets allowed revenues each GDN may recover to service and upgrade the network. We have looked to reflect the information that was published in the GDN business plans to give a forecast for 2026 and onwards. This sees a relatively sharp increase from 2025/26 to 2026/27, particularly given Ofgem's direction from the RIIO-3 Sector Specific Methodology Decision (SSMD). One of the key takeaways from this decision and the business plans is the inclusion of accelerated asset depreciation. This brings forwards recovery for some of the network asset costs. Ofgem sees a significant risk to future consumers if the use of the gas network declines significantly. This could see the remaining users picking up a rising share of cost as the charging base decreases, this accelerated recovery would look to mitigate some of this. Since Ofgem have published their draft determinations in response to the business plans, we have more clarity on the extend of accelerated depreciation, with the outcome reflecting the view taken in our earlier forecast. We expect in mid-September to receive latest revenue forecasts from the GDNs following the draft determinations, this will add further clarity as we await final determinations over the coming winter.

The other influencing factor on customer transportation costs is the capacity of each site known as the SOQ. These are refreshed for each site each year coming into effect from April. The latest figures published by XOSERVE result in an increase in customer capacity by up to 5%, this results in roughly a 5% increase to transportation cost liability which varies across location and customer type. This has been reflected in our latest forecast

In December 2024 UNC903 was raised, this looks to address a difference between transmission entry and exit costs, the proposal being discussed is to equalise the entry and exit capacity rates which would result in an increase to the cost of procuring exit capacity by the distribution networks. This is currently open for consultation.

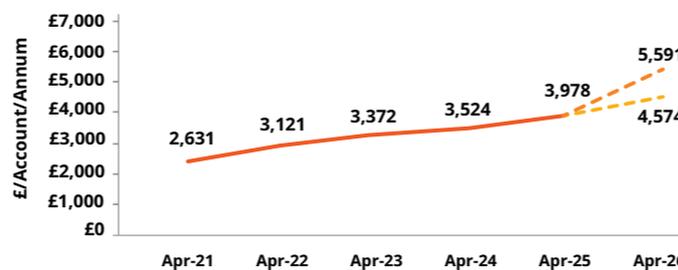
LOW CONSUMPTION

(50,000kWh annual consumption)



MEDIUM CONSUMPTION

(500,000kWh annual consumption)



HIGH CONSUMPTION

(2,000,000kWh annual consumption)



Green Gas Levy

EDF Forecast Range / April 2026 - March 2027

CUSTOMER CONSUMPTION ASSUMPTIONS

Low: 50,000kWh AQ, average band 1 Industrial load factor
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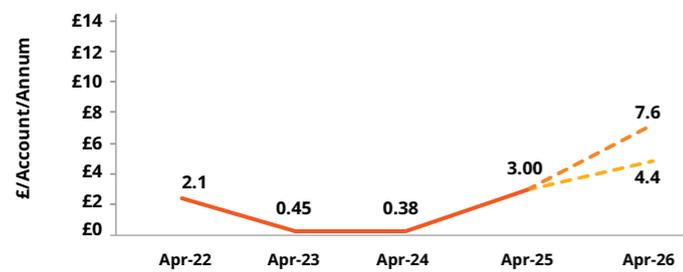
Green Gas Levy explained...

SEE PAGE 6

The final 2025/26 charging tariff was published in December 2024 by DESNZ. There was some expectation that the charge may change from a £/meter to a volumetric p/kWh charge. This was not the case and the charge remains as a £/meter for at least another charging year. The final charge for 2025/26 is 0.821p/meter/day equivalent of £3.00/meter/annum. There still remains a significant amount of uncertainty into the future about growth of the Green Gas Support Scheme of which the Green Gas Levy funds meaning future costs are uncertain.

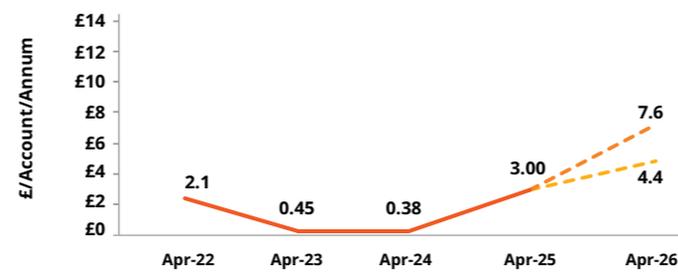
LOW CONSUMPTION

(50,000kWh annual consumption)



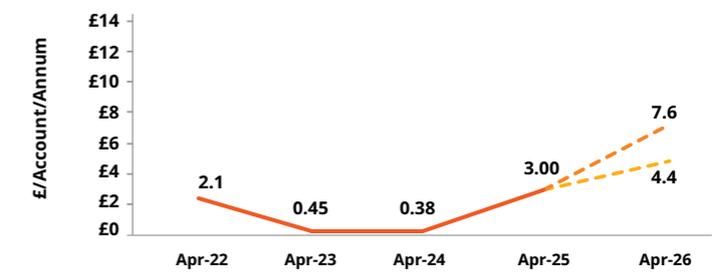
MEDIUM CONSUMPTION

(500,000kWh annual consumption)



HIGH CONSUMPTION

(2,000,000kWh annual consumption)



— Actual
 - - - Forecast Outturn (high range)
 - - - Forecast Outturn (low range)

Unidentified Gas (UiG)

EDF Forecast Range / October 2024 - September 2025

Unidentified Gas explained...

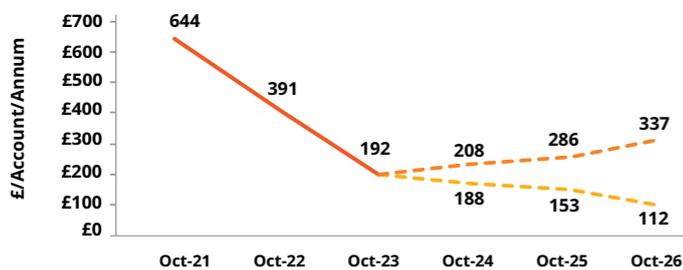
SEE PAGE 6

In January 2025 Ofgem approved UNC0868, this follows the approval of UNC0873. UNC0873 allowed for a one off roll over of the 2025/26 unidentified gas allocation weightings for another 2 years. UNC0868 has formalised this into a long standing methodology, with UiG allocation tables being published every three years going forwards, rather than the current annual process. It also allows the Allocation of Unidentified Gas Expert (AUGE) to expand its role in activities with an aim to reduce overall UiG levels.

On the 31st of March 2025 the final weightings for Unidentified Gas were published by the AUGE.

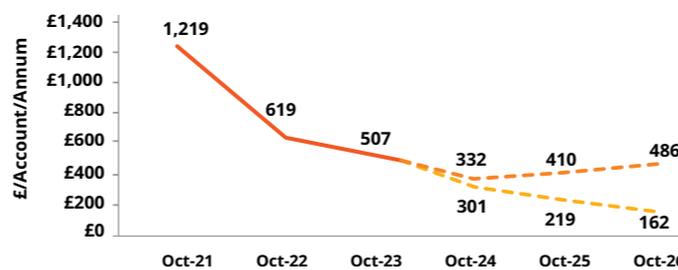
LOW CONSUMPTION

(50,000kWh annual consumption)



MEDIUM CONSUMPTION

(500,000kWh annual consumption)



HIGH CONSUMPTION

(2,000,000kWh annual consumption)



— Actual
 - - - Forecast Outturn (high range)
 - - - Forecast Outturn (low range)

NON-ENERGY COSTS

in detail...

Gas Transmission

What it covers:

Transmission charges are levied by National Gas Transmission who own and operate the transportation of gas. This is from the entry point into the system, which could be from a variety of sources such as liquified natural gas (LNG) tankers, direct pipelines from Europe or North Sea gas fields, through to an exit point which could be for example a local distribution network, a gas storage site, or a combined-cycle gas turbine (CCGT) power plant.

Influential factors:

Gas Shrinkage costs recovered by National Gas Transmission accounts for the purchasing of gas that enters the transmission system but goes unbilled due to gas 'lost' on the transmission network. The cost of procuring this additional gas is their responsibility, given the volatility of wholesale gas prices in recent years, this cost can be particularly variable.

How it is calculated:

Transmission companies are regulated by Ofgem through the RIIO process which runs for five years at a time. This sets the revenue level these companies can look to recover balancing investment, maintenance, and operating costs.

Impact on bills:

The Transmission part of the bill is one of the smaller elements, it is linked to wholesale prices through the cost of shrinkage which can be volatile.

Gas Distribution

What it covers: :

Distribution charges are levied by the 5 Gas Distribution Networks (GDN's) for transporting gas from the transmission system on to end consumers, typically domestic and non-domestic premises.

Influential factors:

There is a RIIO price control set for the gas distribution networks which runs for five years at a time. This sets the revenue level these companies can look to recover balancing investment, maintenance, and operating costs. Inflation, under & over recoveries of revenue can also play a large part in how charges change year on year.

How it is calculated:

The majority of the revenue that each network is allowed to recover is set based on the price control.

Impact on bills:

Costs vary by each Local Distribution Zone (LDZ), there are also different rates and charging methodologies based on the size of the gas consuming premises. The main cost is determined by the premises capacity, defined as the sites peak daily gas consumption.

Green Gas Levy

What it covers:

The Green Gas Levy (GGL) is administered by the Department for Energy Security and Net Zero and provides funding to the Green Gas Support Scheme (GGSS). The GGSS looks to provide financial incentives to biomethane projects which helps to increase the amount of green gas input into the gas networks.

Influential factors:

This GGSS and thus GGL are still in their infancy, uncertainty around project uptake means the revenue required to fund the projects can be uncertain.

How it is calculated:

A forecast of the funding required is published by the Department for Energy Security and Net Zero.

Impact on bills:

This is currently a small cost since the GGSS is also small, however there is the potential for this to grow in the future.

Unidentified Gas

What it covers:

Unidentified gas charges account for the cost of gas that is 'lost' on the distribution network and cannot be billed to an end user. This could be through gas lost naturally via transportation, theft of gas or unregistered supply points, all of which needs to be paid for by end consumers.

Influential factors:

The price at which this gas is purchased for as well as how much gas is required impacts the costs to end consumers. Increased meter readings and reduced gas theft all help to reduce this cost.

How it is calculated:

The difference in gas volumes input into the distribution system and the gas recorded by end user meter points is the total unidentified gas volume by Local Distribution Zone (LDZ). This is then charged at wholesale gas prices. This cost is currently then allocated to consumers based on a weighting factor set by the Allocation of Unidentified Gas Expert (AUGE).

Impact on bills:

This cost is heavily impacted by the gas wholesale price as well as varying by customer user type. The allocation of the costs currently is such that users who are thought to contribute to Unidentified Gas more than others by the AUGE pay a higher proportion of costs.

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