

**EDF Business  
Solutions**



# Monitor

**for gas**

Keeping you in touch with  
non-energy costs associated  
with your gas supply

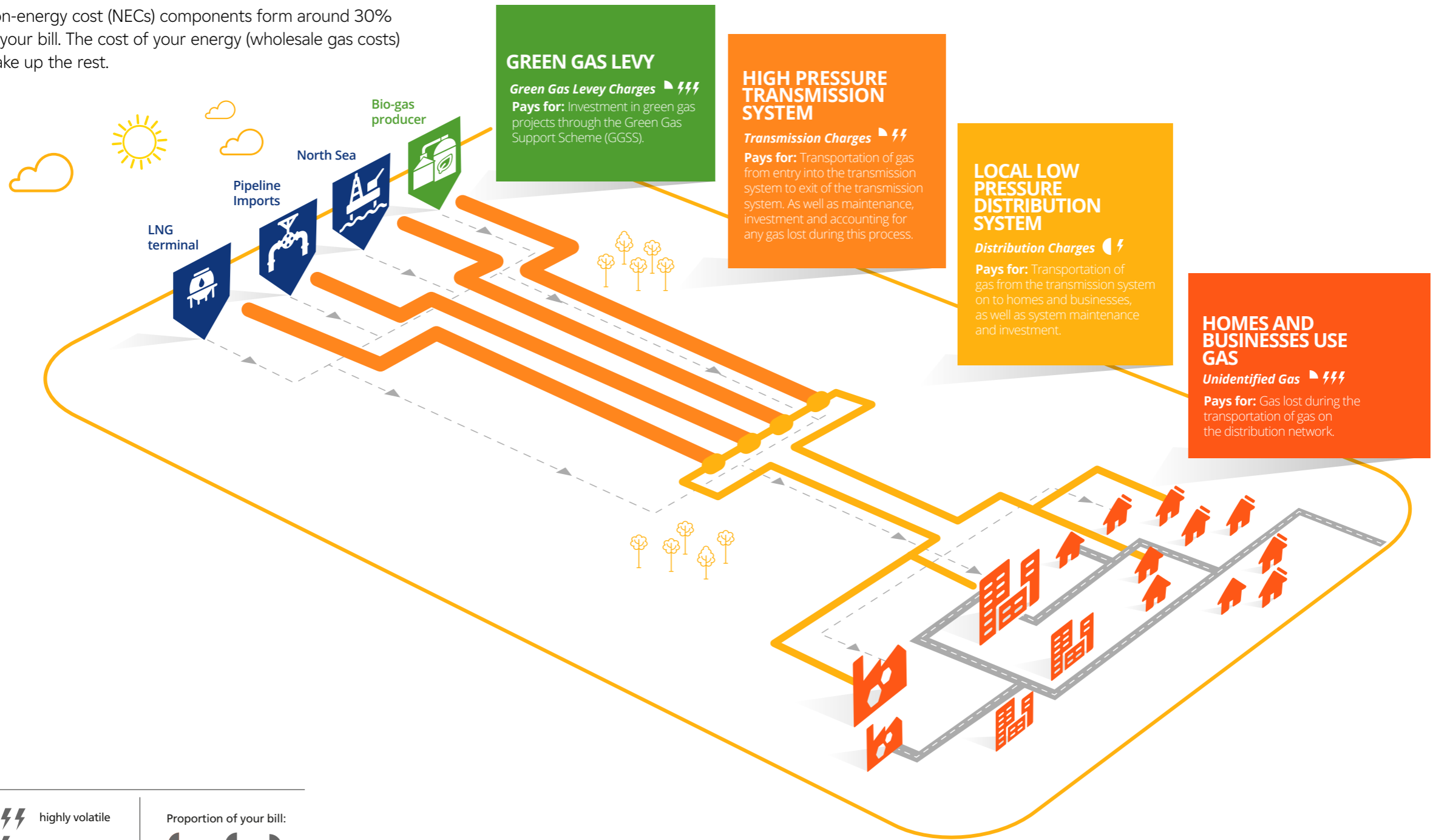
**ISSUE 2** 2024

e-report



# Non-energy costs at a glance...

Non-energy cost (NECs) components form around 30% of your bill. The cost of your energy (wholesale gas costs) make up the rest.



⚡⚡⚡ highly volatile  
 ⚡⚡ volatile  
 ⚡ relatively stable

Proportion of your bill:  
 large medium small

## NECs - Overview of annual cost changes

| CHANGE †                  | THIS ISSUE  | LAST ISSUE  |
|---------------------------|---|---|
| <b>↓ Transmission</b>     | FORECAST / OCT 24 - SEP 25<br><b>LOW: £4 - £5</b><br><b>MEDIUM: £37 - 52</b><br><b>HIGH: £149 - £208</b>          | FORECAST / OCT 24 - SEP 25<br>LOW: £6 - £20<br>MEDIUM: £63 - 198<br>HIGH: £250 - £794       |
| <b>→ Distribution</b>     | ACTUAL / APR 24 - MAR 25<br><b>LOW: £688</b><br><b>MEDIUM: £3,512</b><br><b>HIGH: £12,955</b>                     | FORECAST / APR 24 - MAR 25<br>LOW: 689<br>MEDIUM: £3,512<br>HIGH: £12,955                   |
| <b>→ Green Gas Levy</b>   | ACTUAL / APR 24 - MAR 25<br><b>LOW: £0.4</b><br><b>MEDIUM: £0.4</b><br><b>HIGH: £0.4</b>                          | FORECAST / APR 24 - MAR 25<br>LOW: £0.4<br>MEDIUM: £0.4<br>HIGH: £0.4                       |
| <b>↑ Unidentified Gas</b> | FORECAST / OCT 23 - SEP 24<br><b>LOW: £113 - £301</b><br><b>MEDIUM: £182 - £486</b><br><b>HIGH: £754 - £2,011</b> | FORECAST / OCT 23 - SEP 24<br>LOW: £88 - £235<br>MEDIUM: £143 - £381<br>HIGH: £591 - £1,576 |

### CUSTOMER CONSUMPTION ASSUMPTIONS

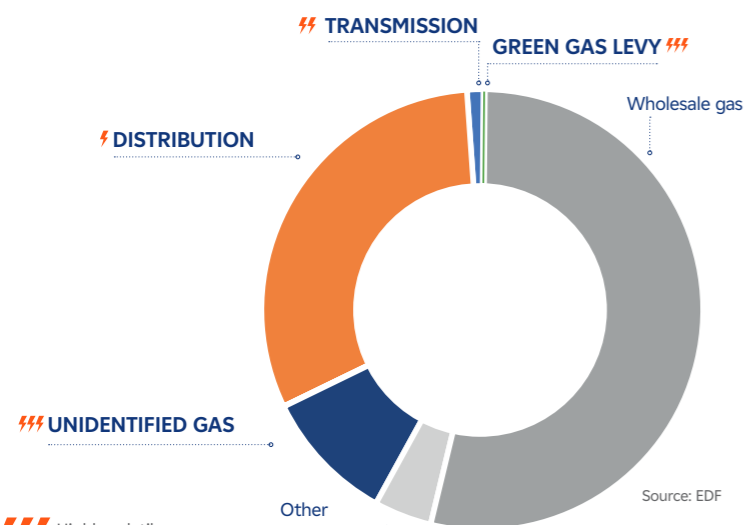
**Low:** 50,000kWh AQ, average band 1 Industrial load factor  
**Medium:** 500,000kWh AQ, average band 3 industrial load factor  
**High:** 2,000,000kWh AQ, average band 4 Bucket load factor

Non-energy costs  
make up around

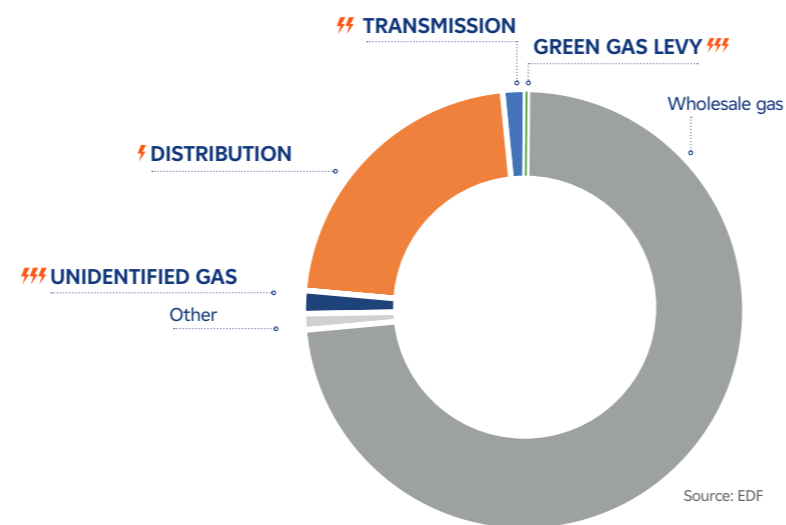
**30%**  
of a typical bill

† Based on upper annual cost forecast figure.

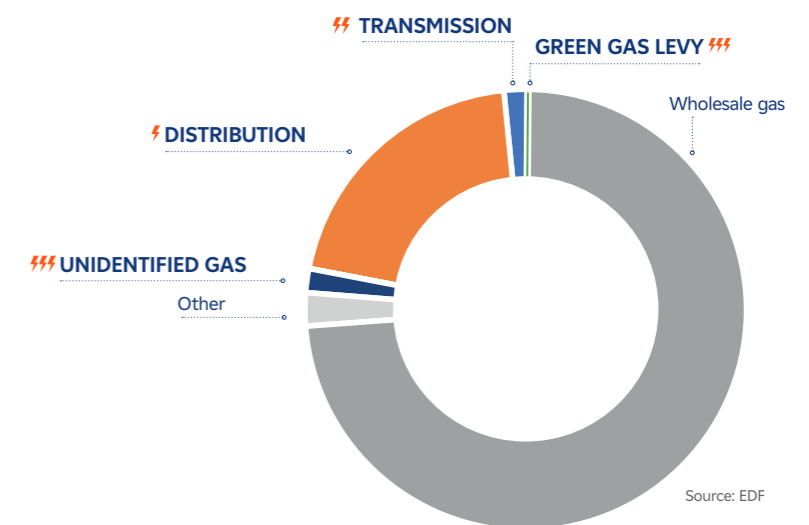
**LOW CONSUMPTION**  
50,000kWh annual consumption



**MEDIUM CONSUMPTION**  
500,000kWh annual consumption



**HIGH CONSUMPTION**  
2,000,000kWh annual consumption



⚡⚡⚡ Highly volatile  
 ⚡⚡ Volatile  
 ⚡ Relatively stable

**CUSTOMER CONSUMPTION ASSUMPTIONS**

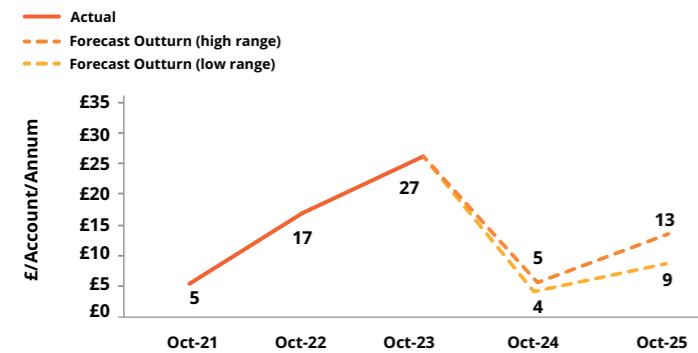
**Low:** 50,000kWh AQ, average band 1 Industrial load factor  
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# Transmission EDF FORECAST RANGE / OCTOBER 2024 - SEPTEMBER 2025

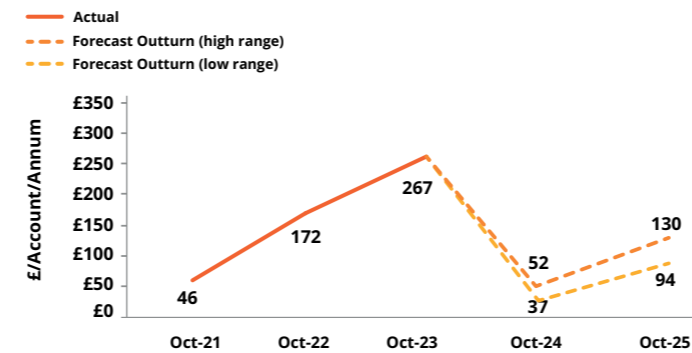
Final rates for the General Non-Transmission Services charge will be confirmed for the Oct-24 charging year at the end of July 2024. Ahead of this on 31st May 2024 we received an indicative view for Oct-24 and beyond from National Gas. Indicatives have fallen significantly vs EDF's and National Gas' previous indicative forecast. This forecast includes the approval of UNCO857 which aims to reduce the year-on-year volatility in charges arising from a mismatch between gas years running from October to September but regulatory years, which set target revenue for National Gas running from April to March. Falling wholesale prices has contributed to the large fall in expected costs.

**TRANSMISSION EXPLAINED...**  
SEE PAGE 6

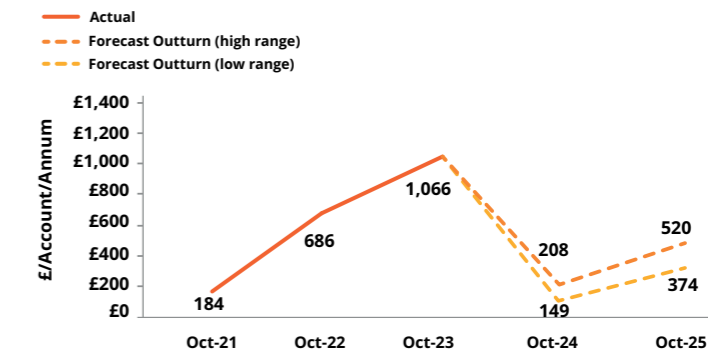
**LOW CONSUMPTION** (50,000kWh annual consumption)



**MEDIUM CONSUMPTION** (500,000kWh annual consumption)



**HIGH CONSUMPTION** (2,000,000kWh annual consumption)



# Distribution EDF FORECAST RANGE / APRIL 2024 - MARCH 2025

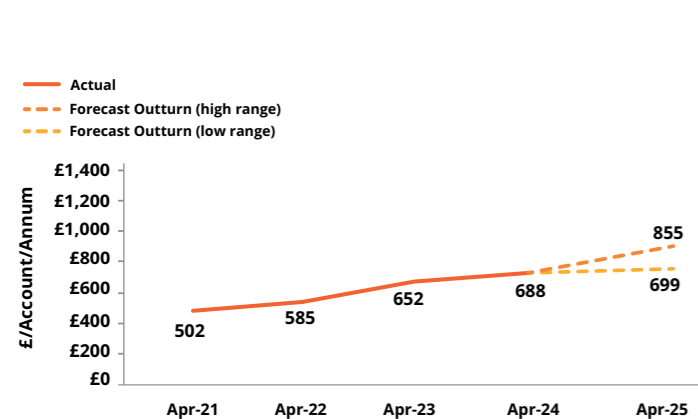
Final tariffs for the 2024/25 charging year were published at the end of January 2024. In March 2024 the distribution networks shared an updated forecast of future revenues beyond final tariffs already set. Overall, there was a decrease vs the previous revenue forecast issued in December for the April 2025 period, however the change has likely since been reversed. Shrinkage was the main factor in the fall of revenue forecasts with distribution networks setting expected cost of this based on gas prices at the end of February. Since February gas prices have risen back to similar levels seen in December when the previous revenue forecast was set.

**DISTRIBUTION EXPLAINED...**  
SEE PAGE 6

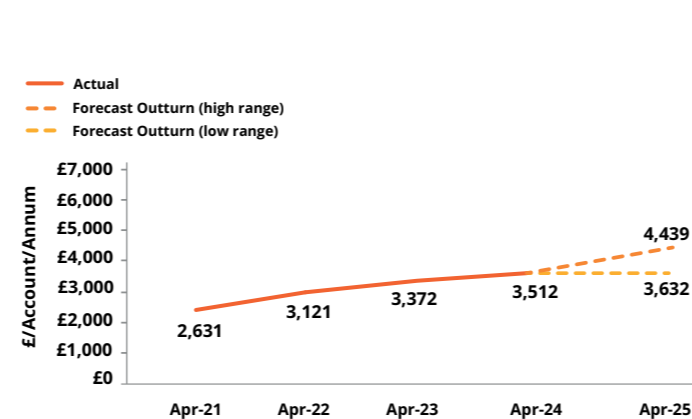
Gas distribution networks must operate within revenue boundaries set by Ofgem through price control periods which last for 5 years. The current price control ends in March 2025, with RII0-3 starting in April 2026. There is very little detail about revenue levels for this period and so it remains a particularly difficult period to forecast, we can expect more details at the start of 2025 when distribution networks publish business plans.

Changes above are an indication from an average view across all networks; there is some variance across network location.

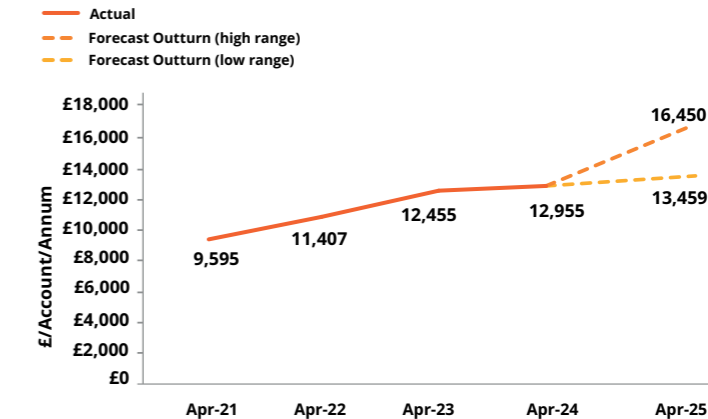
**LOW CONSUMPTION** (50,000kWh annual consumption)



**MEDIUM CONSUMPTION** (500,000kWh annual consumption)



**HIGH CONSUMPTION** (2,000,000kWh annual consumption)



CUSTOMER CONSUMPTION ASSUMPTIONS

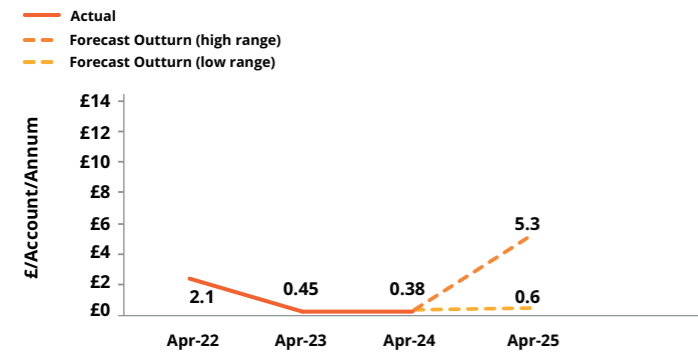
Low: 50,000kWh AQ, average band 1 Industrial load factor  
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## Green Gas Levy EDF FORECAST RANGE / APRIL 2024 - MARCH 2025

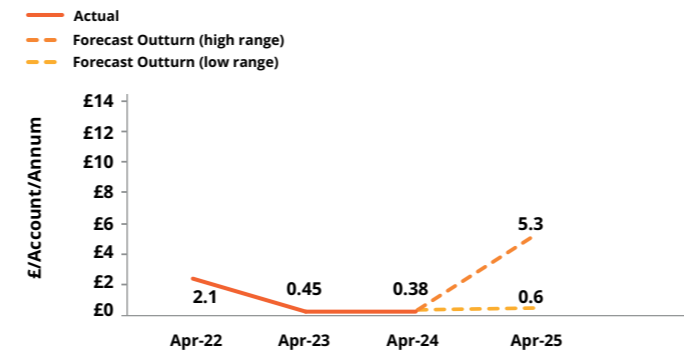
The final 2024/25 charging tariff was published in December 2023. There was some expectation that the charge may change from a £/meter to a volumetric p/kWh charge from 2024/25. This was not the case and the charge remains as a £/meter for at least another charging year. The final charge for 2024/25 is 0.105p/meter/day equivalent of 38p/meter/annum. This was below the expected rate due to the redistribution of a large over recovery from the 2022/23 charging year as a result of low up take at the start of the scheme. DESNZ expects this to grow over the coming years.

**GREEN GAS LEVY EXPLAINED...**  
SEE PAGE 6

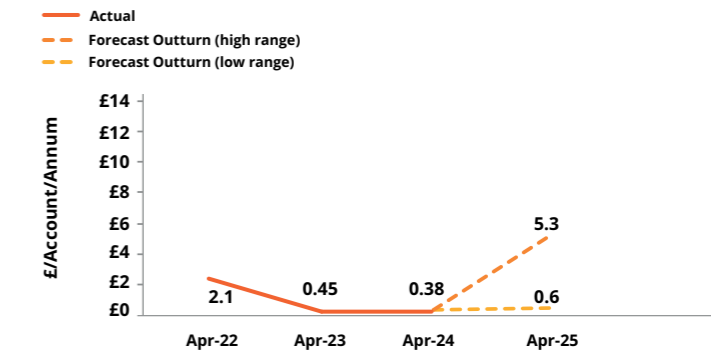
### LOW CONSUMPTION (50,000kWh annual consumption)



### MEDIUM CONSUMPTION (500,000kWh annual consumption)



### HIGH CONSUMPTION (2,000,000kWh annual consumption)



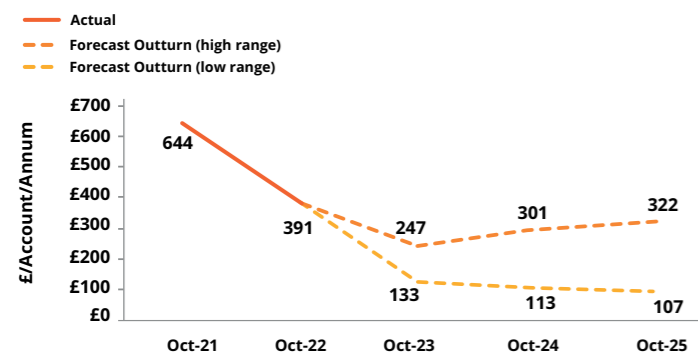
## Unidentified Gas EDF FORECAST RANGE / OCTOBER 2024 - SEPTEMBER 2025

The Allocation of Unidentified Gas Expert (AUGE) proposed the final set of weighting factors which were presented at the UNC Committee on 18th April 2024. Approval was given for these to take effect from 1st October 2024. The latest table in general results in small increases to liability across larger non-domestic users, offset by a more material decrease for low consuming industrial users dependent on customer metering type.

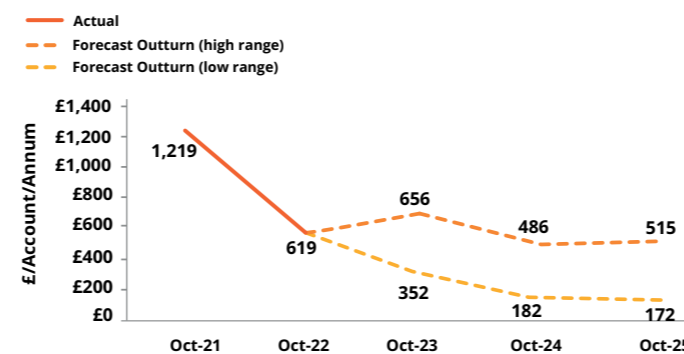
**UNIDENTIFIED GAS EXPLAINED...**  
SEE PAGE 6

As we continue through the gas year Oct-23, more certainty about the wholesale price level is gained reducing the range on Oct-23 costs, however gas prices have risen since March for further dated products. This indication has led to an increase in expected Unidentified Gas costs for Oct-24 onwards.

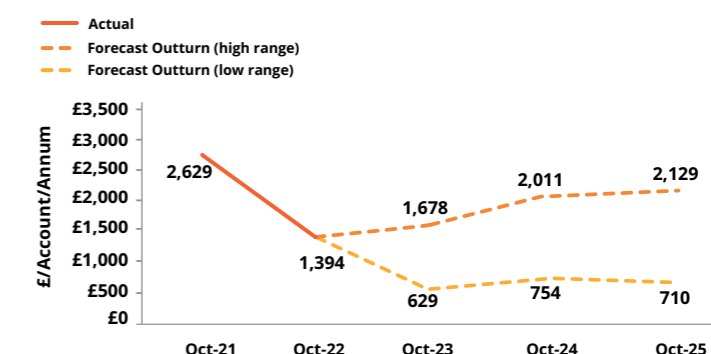
### LOW CONSUMPTION (50,000kWh annual consumption)



### MEDIUM CONSUMPTION (500,000kWh annual consumption)



### HIGH CONSUMPTION (2,000,000kWh annual consumption)



# 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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# EDF Business Solutions



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