

EDF Business
Solutions



Monitor

for gas

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

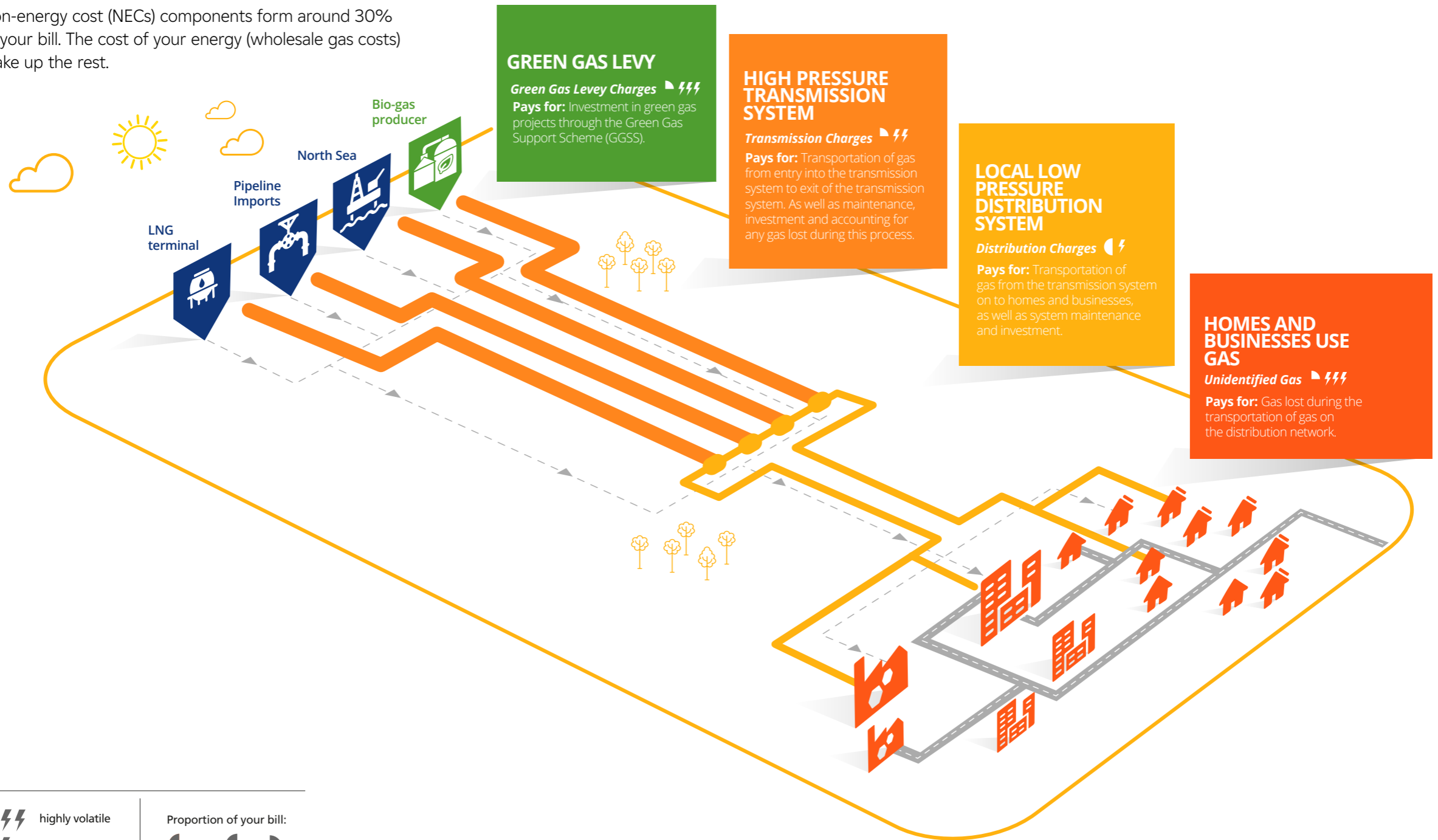
ISSUE 4 2024

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
↓ Transmission	ACTUAL / OCT 24 – SEP 25 LOW: £4 MEDIUM: £38 HIGH: £150	FORECAST / OCT 24 – SEP 25 LOW: £3 – £5 MEDIUM: £34 – £47 HIGH: £135 – £188
→ Distribution	ACTUAL / APR 24 – MAR 25 LOW: £688 MEDIUM: £3,525 HIGH: £12,955	ACTUAL / APR 24 – MAR 25 LOW: 688 MEDIUM: £3,512 HIGH: £12,955
→ Green Gas Levy	ACTUAL / APR 24 – MAR 25 LOW: £0.4 MEDIUM: £0.4 HIGH: £0.4	ACTUAL / APR 24 – MAR 25 LOW: £0.4 MEDIUM: £0.4 HIGH: £0.4
↓ Unidentified Gas	ACTUAL / OCT 23 – SEP 24 LOW: £192 MEDIUM: £507 HIGH: £904	FORECAST / OCT 23 – SEP 24 LOW: £116 – £310 MEDIUM: £188 – £502 HIGH: £780 – £2,079

CUSTOMER CONSUMPTION ASSUMPTIONS

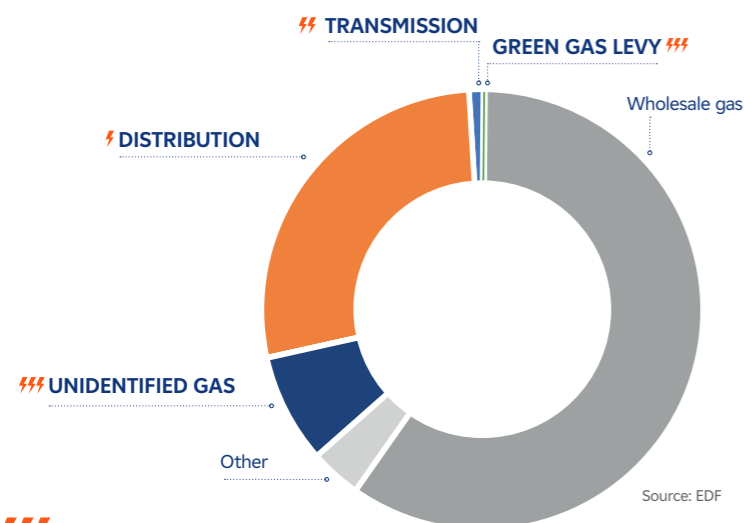
Low: 50,000kWh AQ, average band 1 Industrial load factor
Medium: 500,000kWh AQ, average band 3 industrial load factor
High: 2,000,000kWh AQ, average band 4 Bucket load factor

Non-energy costs
make up around

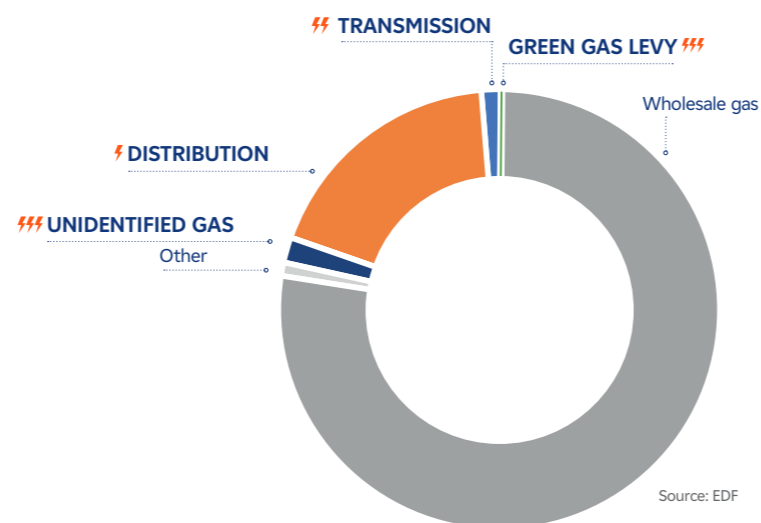
30%
of a typical bill

† Based on upper annual cost forecast figure.

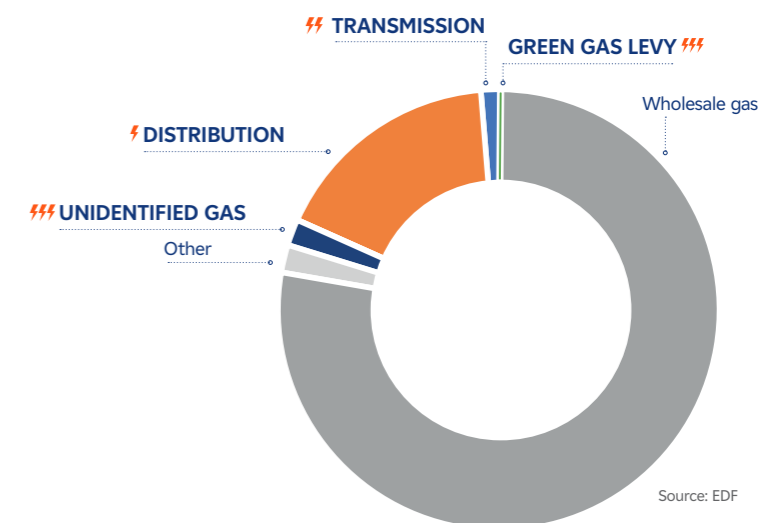
LOW CONSUMPTION
50,000kWh annual consumption



MEDIUM CONSUMPTION
500,000kWh annual consumption



HIGH CONSUMPTION
2,000,000kWh annual consumption



⚡⚡⚡ Highly volatile
 ⚡⚡ Volatile
 ⚡ Relatively stable

CUSTOMER CONSUMPTION ASSUMPTIONS

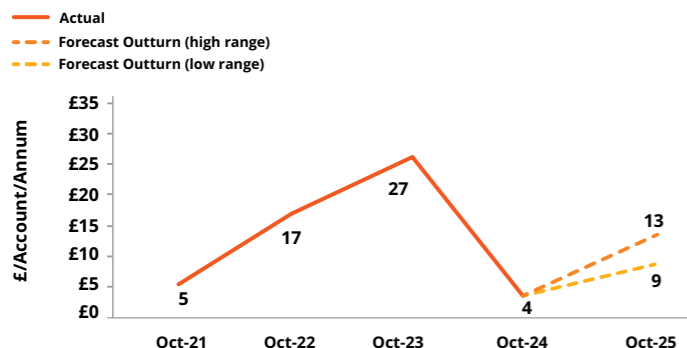
Low: 50,000kWh AQ, average band 1 Industrial load factor
Medium: 500,000kWh AQ, average band 3 industrial load factor
High: 2,000,000kWh AQ, average band 4 Bucket load factor

Transmission EDF FORECAST RANGE / OCTOBER 2024 - SEPTEMBER 2025

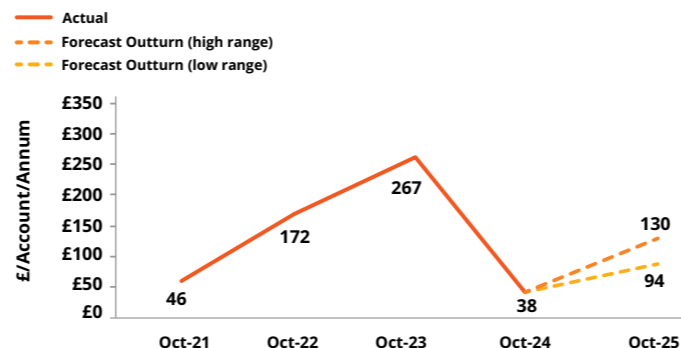
Final rates for the General Non-Transmission Services Charge were confirmed at the end of July. We received a final rate for the Oct'24 year as well as indicatives for future years.

TRANSMISSION EXPLAINED...
SEE PAGE 6

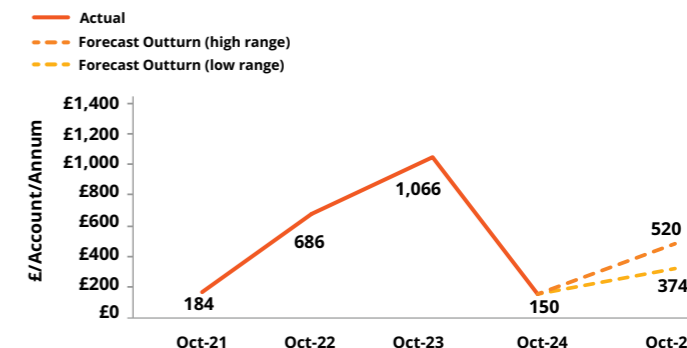
LOW CONSUMPTION (50,000kWh annual consumption)



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.

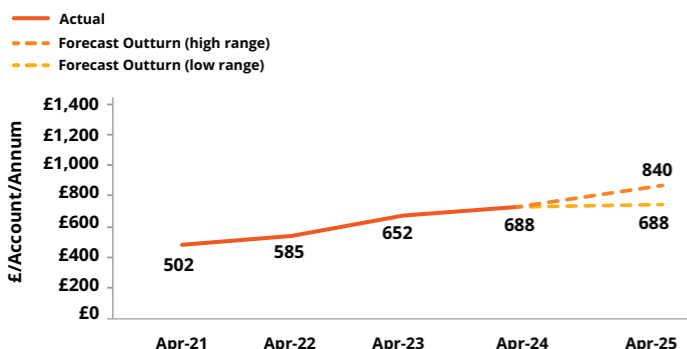
In November 2024 the Gas Distribution Networks published indicative charges for the April 2025 year. The rates have fallen against the previous forecast, however this needs to be considered in tandem with the October 2024 EUC codes. The EUC codes set the load factors to convert from AQ to SOQ, with the SOQ being used in the capacity cost calculations. Updated load factors result in a higher capacity for the same AQ which offsets against the reduced rate. This leads to small increases across low and medium meters and higher reductions to high meters.

DISTRIBUTION EXPLAINED...
SEE PAGE 6

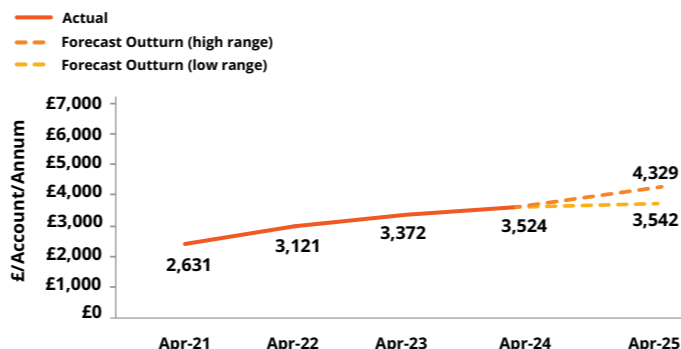
Gas distribution networks must operate within revenue boundaries set by Ofgem through price control periods which last for 5 years. The current price control ends in March 2025, with RIIO-3 starting in April 2026. There is very little detail about revenue levels for this period and so it remains a particularly 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.

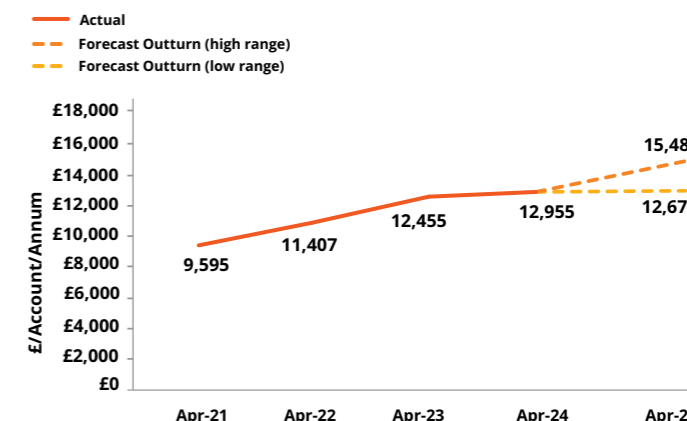
LOW CONSUMPTION (50,000kWh annual consumption)



MEDIUM CONSUMPTION (500,000kWh annual consumption)



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



CUSTOMER CONSUMPTION ASSUMPTIONS

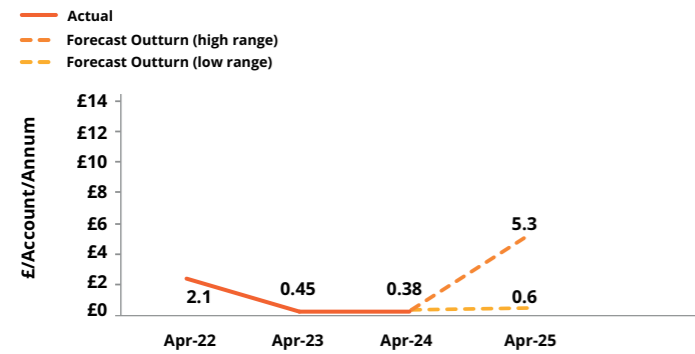
Low: 50,000kWh AQ, average band 1 Industrial load factor
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Green Gas Levy EDF FORECAST RANGE / APRIL 2024 - MARCH 2025

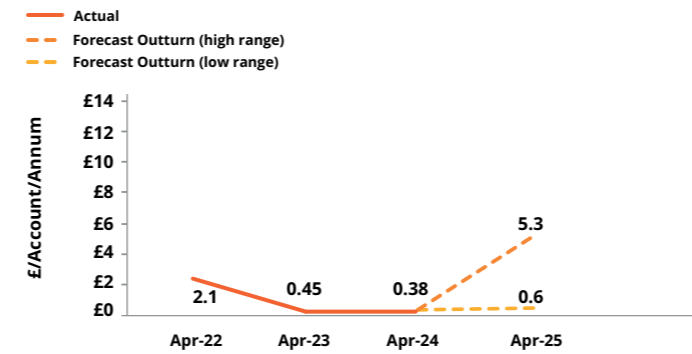
The final 2024/25 charging tariff was published in December 2023. There was some expectation that the charge may change from a £/meter to a volumetric p/kWh charge from 2024/25. This was not the case and the charge remains as a £/meter for at least another charging year. The final charge for 2024/25 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

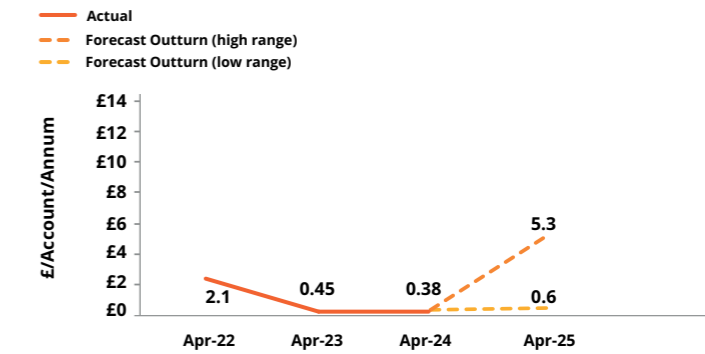
LOW CONSUMPTION (50,000kWh annual consumption)



MEDIUM CONSUMPTION (500,000kWh annual consumption)



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



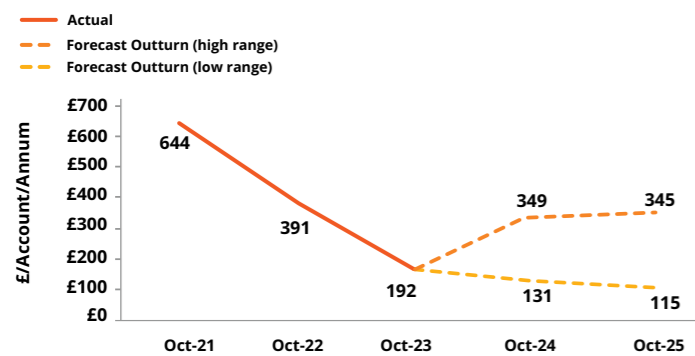
Unidentified Gas (UiG) EDF FORECAST RANGE / OCTOBER 2024 - SEPTEMBER 2025

The final set of weighting factors to be effective from 1st of October 2024 year are now live.

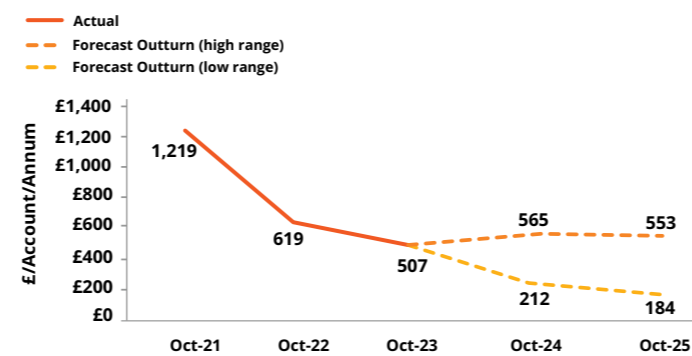
The gas year of Oct-23 has now completed and we can better estimate outturn UiG costs for the previous year. Based on latest forward prices we can estimate the cost of UiG against the latest weightings and expected levels of national UiG. Since the last monitor report wholesale prices have increased for future years and so expected UiG cost has also increased.

UNIDENTIFIED GAS EXPLAINED...
SEE PAGE 6

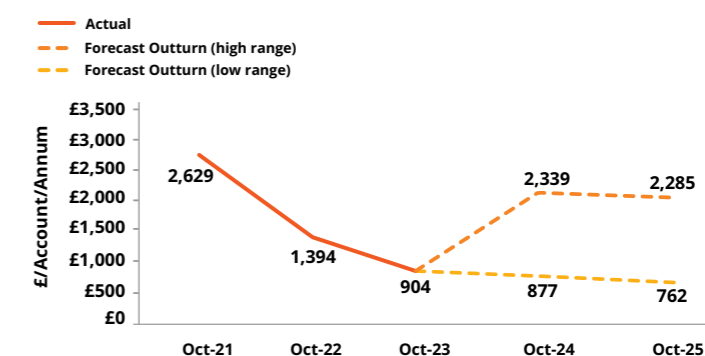
LOW CONSUMPTION (50,000kWh annual consumption)



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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