

EDF Business  
Solutions



# MONITOR FOR GAS

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

ISSUE 12025




CHANGE IS IN  
*OUR POWER*

# NON-ENERGY COSTS

at a glance...





Non-energy cost (NECs) components form between 15-30% of your bill. The cost of your energy (wholesale gas costs) make up the rest.



⚡⚡⚡ highly volatile	Proportion of your bill:  large  medium  small
⚡⚡ volatile	
⚡ relatively stable	

# NECS - OVERVIEW

of annual cost changes

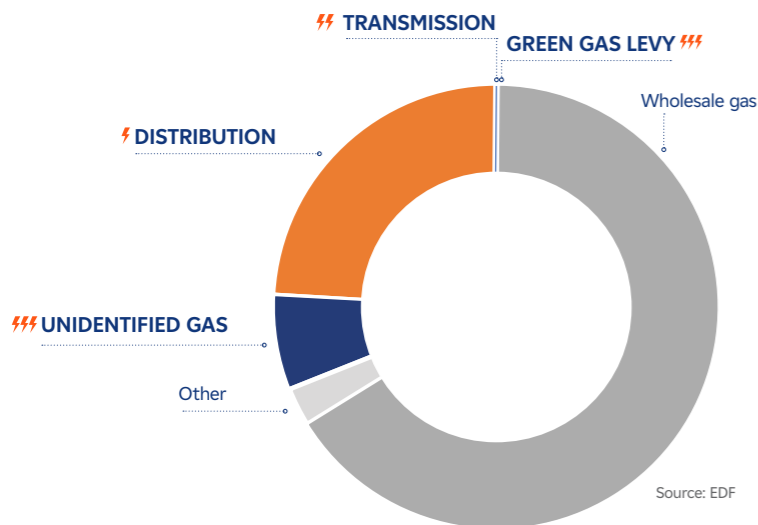
	THIS ISSUE
<b>Transmission</b> 	FORECAST / OCT 25 - SEP 26 <b>LOW: £9 - £13</b> <b>MEDIUM: £94 - £125</b> <b>HIGH: £374 - £499</b>
<b>Distribution</b> 	ACTUAL / APR 25 - MAR 26 <b>LOW: £772</b> <b>MEDIUM: £3,978</b> <b>HIGH: £14,219</b>
<b>Green Gas Levy</b> 	ACTUAL / APR 25 - MAR 26 <b>LOW: £3</b> <b>MEDIUM: £3</b> <b>HIGH: £3</b>
<b>Unidentified Gas</b> 	FORECAST / OCT 25 - SEP 26 <b>LOW: £130 - £391</b> <b>MEDIUM: £184 - £553</b> <b>HIGH: £762 - £2,285</b>

### CUSTOMER CONSUMPTION ASSUMPTIONS

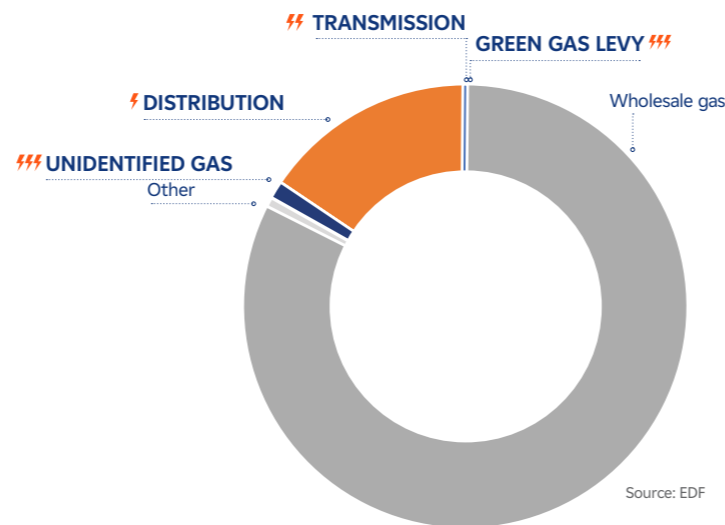
- Low:** 50,000kWh AQ, average band 1 Industrial load factor
- Medium:** 500,000kWh AQ, average band 3 Industrial load factor
- High:** 2,000,000kWh AQ, average band 4 Bucket load factor

Non-energy costs make up between  
**15-30%**  
 of a typical bill

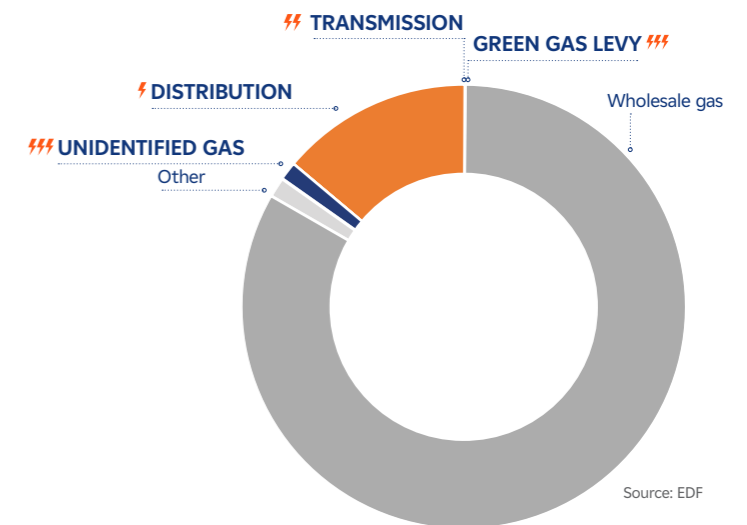
**LOW CONSUMPTION**  
50,000kWh annual consumption



**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

Transmission explained...

SEE PAGE 6

In July 2024 National Gas published a final rate for the Oct-24 year as well as indicatives for future years. We expect an updated forecast and finals for Oct-25 to be published in July of this year. The price control RIIO-GT3 also starts from April 2026, this adds further uncertainty to expected costs to gas suppliers for the Oct-2026 year onwards. Indicative business plans have been published by National Gas, these will undergo further scrutiny ahead of final allowances being agreed by Ofgem. Indicatively National Gas expect the average customer gas bill to increase by c.£1.34/annum based on their proposed business plan, this has not been broken down by charge and some could flow through as an indirect cost under the ECN charge via the distribution networks.

## LOW CONSUMPTION

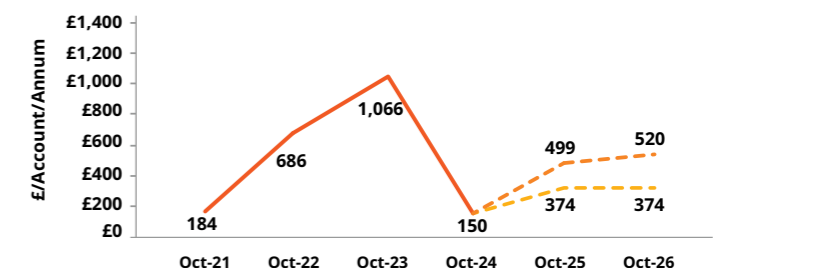
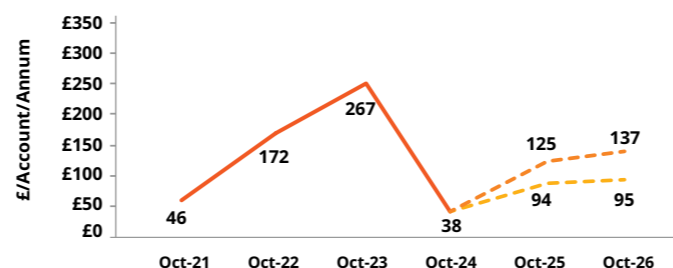
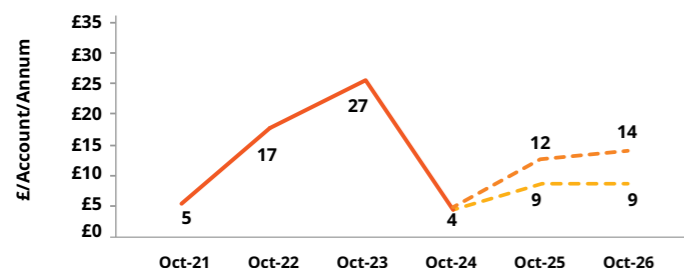
(50,000kWh annual consumption)

## MEDIUM CONSUMPTION

(500,000kWh annual consumption)

## HIGH CONSUMPTION

(2,000,000kWh annual consumption)



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

# 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. There has been an increase of roughly 1% to charges from the indicative tariffs published in November 2024, this is mostly as a result of updated inflation and Weighted Average Cost of Capital (WACC) assumptions.

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 expect more details in 2025 when distribution networks publish business plans.

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

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 a cost that the distribution networks charge gas suppliers, we will monitor this as it progresses through workgroups.

## LOW CONSUMPTION

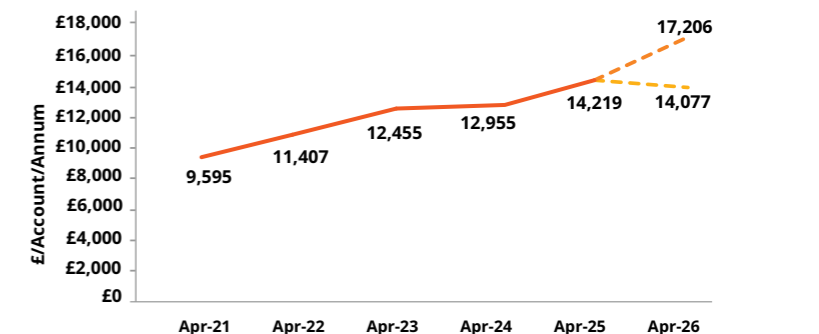
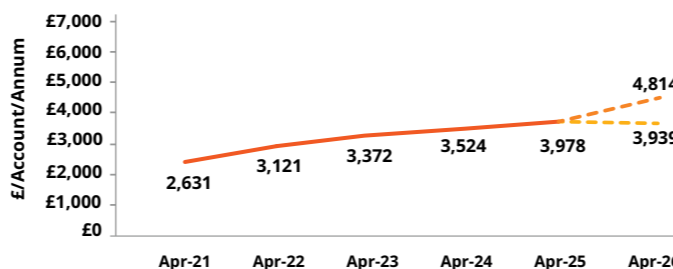
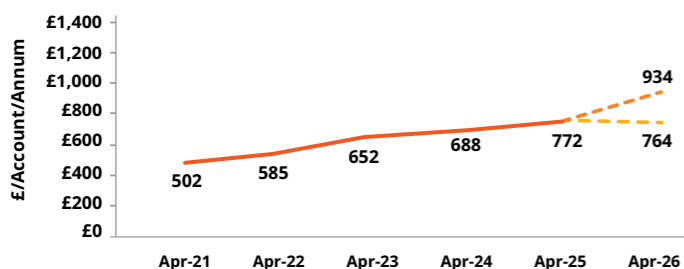
(50,000kWh annual consumption)

## MEDIUM CONSUMPTION

(500,000kWh annual consumption)

## HIGH CONSUMPTION

(2,000,000kWh annual consumption)



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

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

# Green Gas Levy

EDF Forecast Range / April 2026 - March 2027

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)

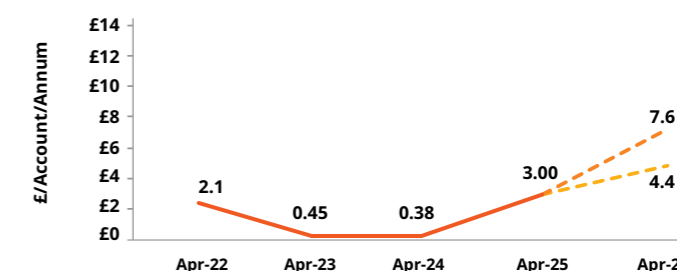
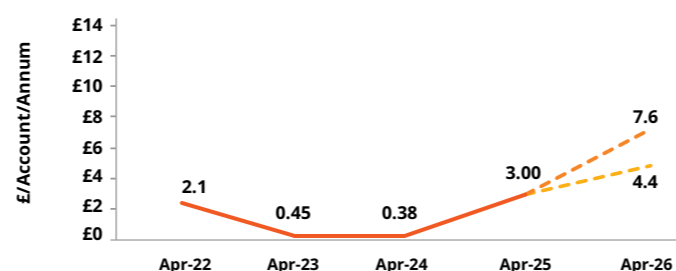
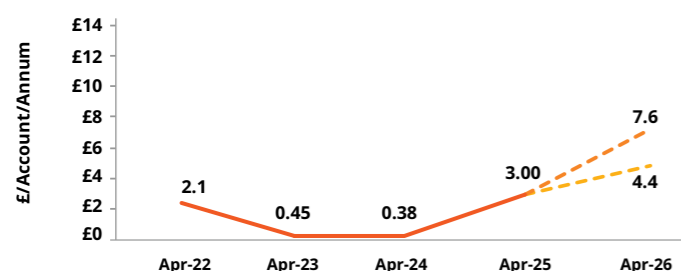
## MEDIUM CONSUMPTION

(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.

## LOW CONSUMPTION

(50,000kWh annual consumption)

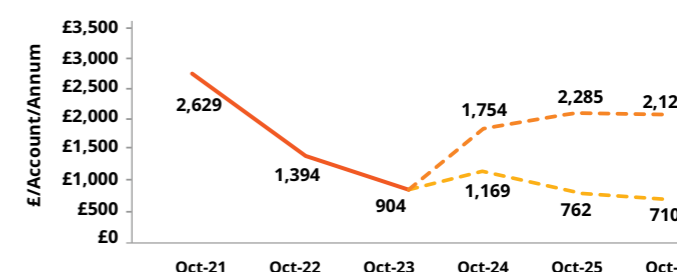
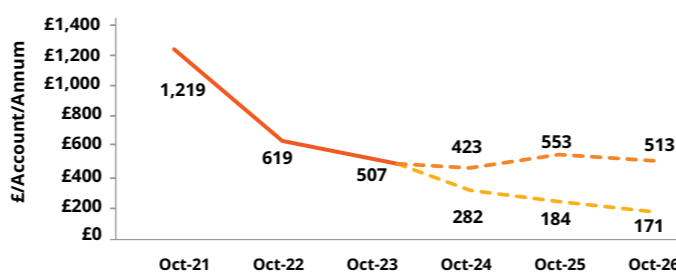
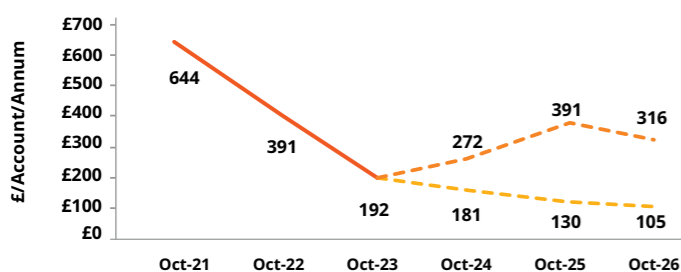
## MEDIUM CONSUMPTION

(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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