



MONITOR

non-energy costs
for gas

ISSUE 1 2026

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.



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

NECS - OVERVIEW

of annual cost changes

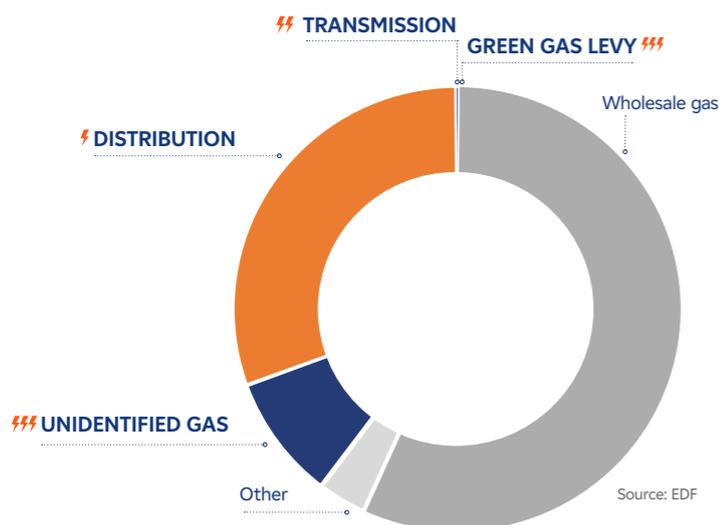
CUSTOMER CONSUMPTION ASSUMPTIONS

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

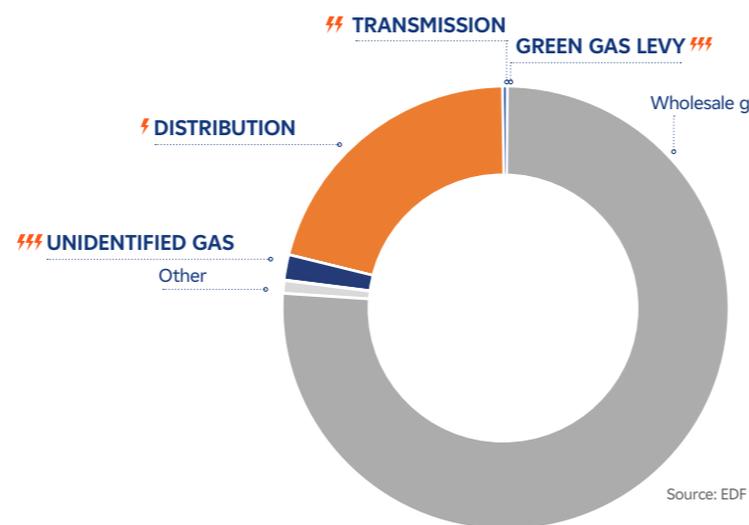
	THIS ISSUE	LAST ISSUE
Transmission 	ACTUAL / OCT 25 - SEP 26 LOW: £10 MEDIUM: £103 HIGH: £412	FORECAST / OCT 25 - SEP 26 LOW: £10 MEDIUM: £103 HIGH: £412
Distribution 	ACTUAL / APR 26 - MAR 27 LOW: £1,011 MEDIUM: £5,005 HIGH: £17,851	ACTUAL / APR 25 - MAR 26 LOW: £772 MEDIUM: £3,978 HIGH: £14,219
Green Gas Levy 	ACTUAL / APR 26 - MAR 27 LOW: £4 MEDIUM: £4 HIGH: £4	ACTUAL / APR 25 - MAR 26 LOW: £3 MEDIUM: £3 HIGH: £3
Unidentified Gas 	FORECAST / OCT 25 - SEP 26 LOW: £211 - £396 MEDIUM: £311 - £583 HIGH: £1,363 - £2,556	FORECAST / OCT 25 - SEP 26 LOW: £158 - £296 MEDIUM: £226 - £425 HIGH: £988 - £1,852

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

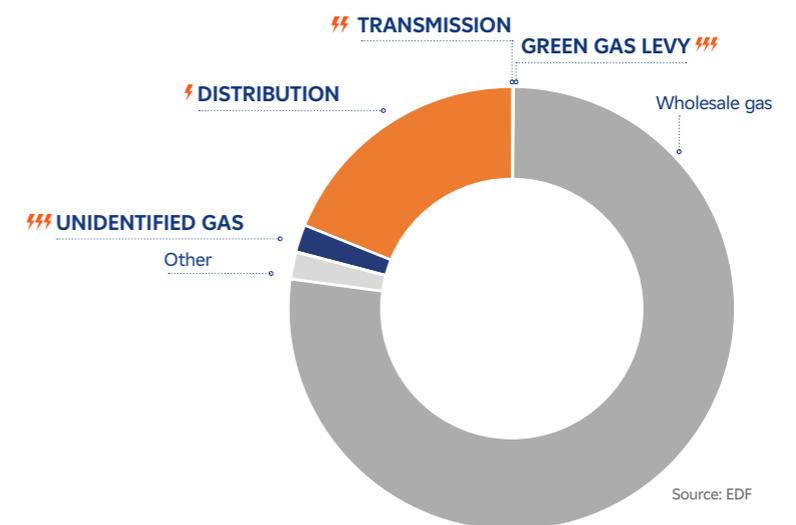
LOW CONSUMPTION
50,000kWh annual consumption



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. The price control RIIO-GT3 starts from April 2026, this has added 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, and final determinations have recently been published in December. National Gas has publicly stated they are accepting of the final determinations. There has been an increase in allowed revenues since the draft determinations, we will need to await an update from National Gas as to how these will translate into rates payable by customers.

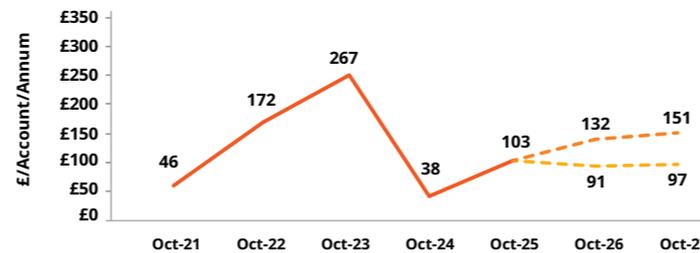
LOW CONSUMPTION

(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...

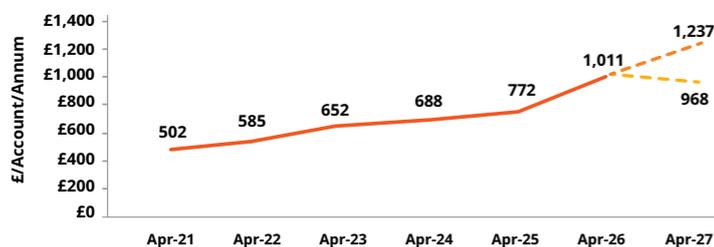
SEE PAGE 6

Final tariffs for April 2026 were published by the Gas Distribution Networks (GDNs) at the end of January. This includes the increased allowed revenues as a result of the RIIO-3 process which comes into effect from April 2026. There has however since been news that both Cadent and NGN will be appealing elements of the RIIO-3 final determinations with the Competition and Markets Authority (CMA). Earlier news also suggested the other networks would also follow suit. We will be looking to further understand the possible impact from this CMA appeal as more information comes out.

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 awaiting an impact assessment and decision from Ofgem with the UNC panel recommending the modification to not be implemented.

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...

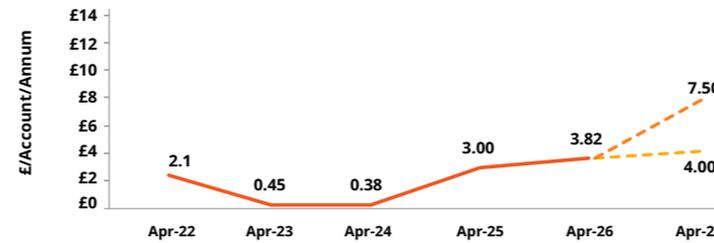
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The final 2026/27 charging tariff was published in December 2025 by DESNZ at 1.046p/meter/day equivalent of £3.82/meter/annum. DESNZ also published a forecast of future scheme budget costs. There is still a large amount of uncertainty depending on the number of future approved scheme applications.

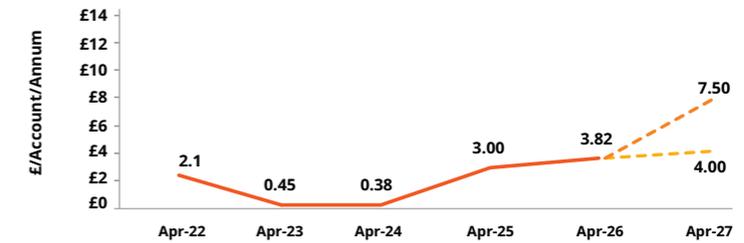
LOW CONSUMPTION
(50,000kWh annual consumption)



MEDIUM CONSUMPTION
(500,000kWh annual consumption)



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



Unidentified Gas (UiG)

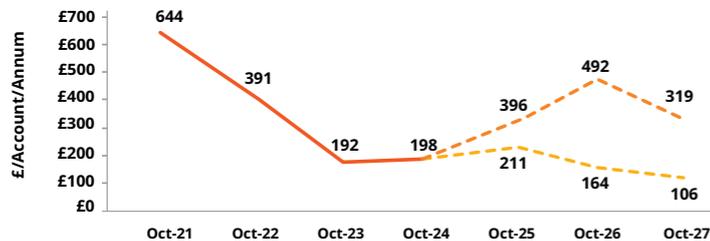
EDF Forecast Range / October 2024 – September 2025

Unidentified Gas explained...

SEE PAGE 6

On the 31st of March 2025 the final weightings for Unidentified Gas were published by the AUGÉ. We have updated to reflect the current best view of national UiG levels and market prices which will determine the final cost of UiG. The latest rise in wholesale gas prices following events in the Middle East has pushed the expected cost of UiG up.

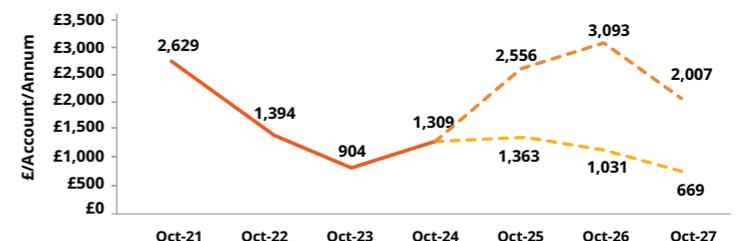
LOW CONSUMPTION
(50,000kWh annual consumption)



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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