

EDF ENERGY POLICY AND MARKET CONTEXT UPDATE

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Business & Wholesale
Breakfast Roundtable
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CHANGE IS IN *OUR POWER*



ENERGY LANDSCAPE: MIDDLE EAST & MARKET VOLATILITY



- Middle East conflict has driven sharp increases in global gas and oil prices, creating renewed instability across markets.
- Price cap forecasts now expected to increase.
- Suppliers are repricing fixed tariffs upward.
- The system remains fragile, and markets are highly sensitive to geopolitical shocks.

Iran energy crisis ‘worse than 1970s and Ukraine war combined’

International Energy Agency considers releasing more oil stockpiles as chief warns no country is immune from price shock



Our price cap predictions⁽²⁾

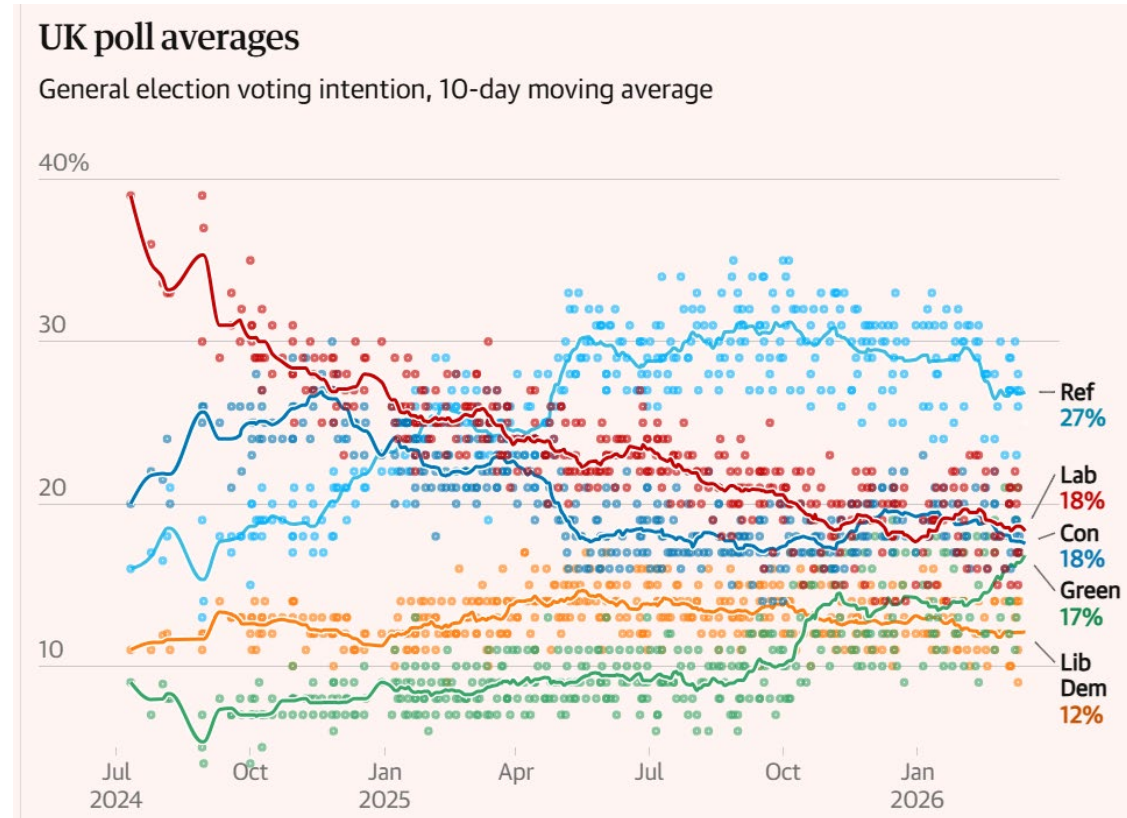
Table updated: 24 March 2026

Quarter	1 Jan - 31 Mar 26	1 Apr - 30 Jun 26	1 Jul - 30 Sep 26	1 Oct - 31 Dec 26	1 Jan - 31 Mar 27
Annual bill*	£1,758	£1,641	£1,937	£2,047	£2,057

- The situation highlights the UK’s continued exposure to global fossil fuel markets.
- Which reinforces the need for **stable, homegrown nuclear and renewable generation.**
- **Businesses** need stronger support given existing high electricity prices.

POLITICAL UNCERTAINTY

- Reform UK continues to lead nationally and there is a shift in support away from mainstream parties.
- Keir Starmer's approval rating has dropped significantly.
- His handling of the Iran crisis has stabilised Labour internally, but the real test will be at the May elections.
- Local elections will take place on 7 May, amid unpopularity towards the governing Labour Party and with voting intentions unprecedentedly split across five main political parties.



Labour leadership truce holds for now but clock is ticking for Starmer

Pippa Crerar
Political editor

Countdown to May has begun and dejected Labour MPs want to see in that time PM is capable of change

Angela Rayner criticises Keir Starmer's leadership as pressure mounts

Starmer vows to fight on after historic Green by-election win

POLITICAL DEBATE ON ENERGY PRICES



- All major parties agree that high energy prices are a problem, especially with renewed global energy price volatility.
- But there is deep divergence on the causes of high prices and how to deliver lower bills.
- The Prime Minister has said “nothing is off the table” regarding further energy bill support and interventions.
- The Chancellor has subsequently stated that support will be targeted at those most in need.

From scrapping VAT to taxing the super-rich:
How each party says it would cut your energy bills

Reform pledges to scrap VAT and green levies on energy bills

Tories vow to cut energy bills by 20% by scrapping carbon tax and wind subsidies

Shadow energy secretary Claire Coutinho claimed these two policies will save the average family £165 a year.

Green Party leader pledges £8.4bn to stop UK energy bills rising

Zack Polanski says party would prevent increases in household energy costs through higher taxes on capital gains

Rachel Reeves rules out universal support on energy bills

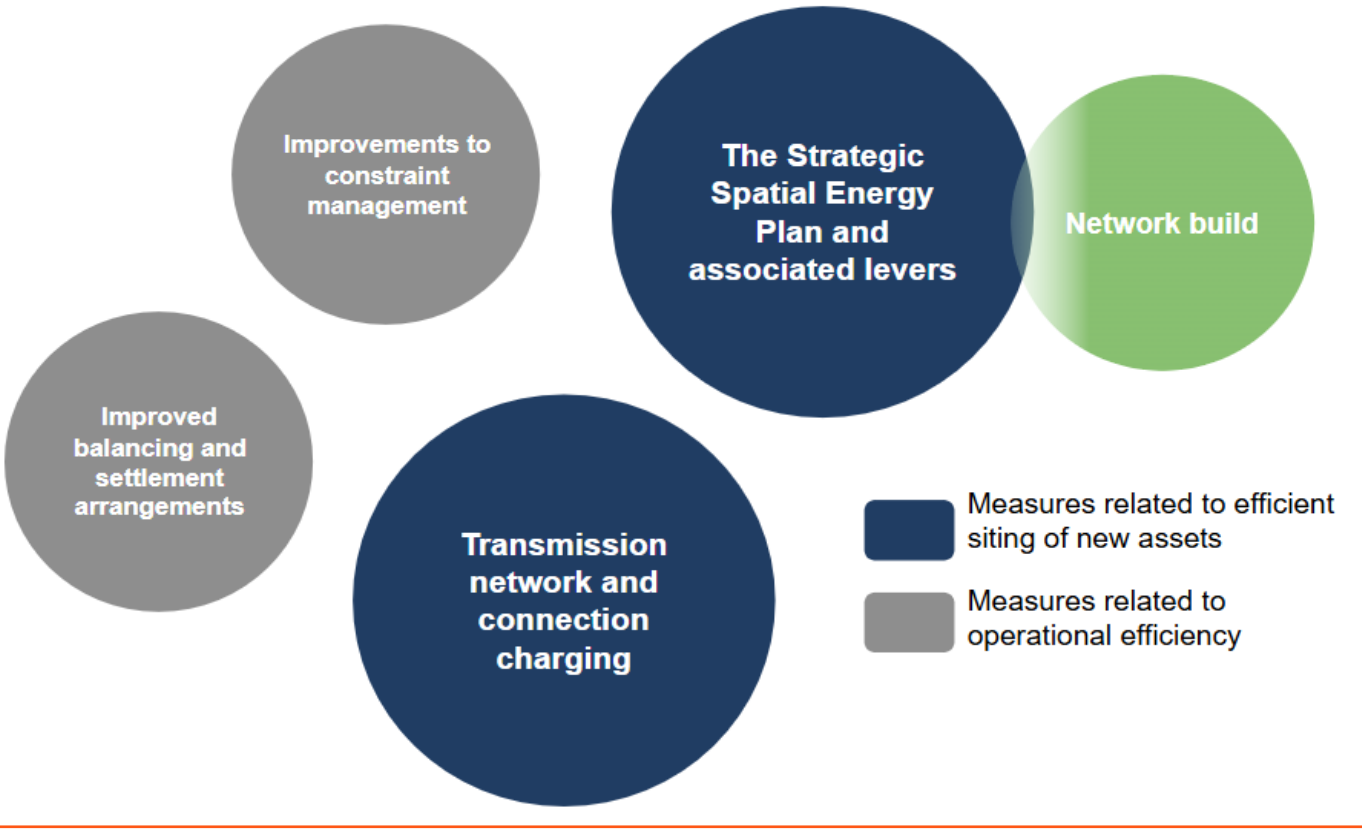
Chancellor says package offered by Liz Truss's government was unaffordable and any future help will be targeted

After the rejection of zonal pricing, RNP aims to improve the efficiency of a national market

Key Publications:

- **DESNZ – Reformed National Pricing Delivery Plan** and associated consultation – not now expected until after local elections.
- **Ofgem call for input on Locational Network Charges and Regulatory Siting Levers** – published on 26 March, deadline 26 May
- **NESO call for input on Balancing Mechanism reforms** – published in February, responses due by 14 April.

Figure 1: Graphic of the policies forming part of the reformed national pricing package.

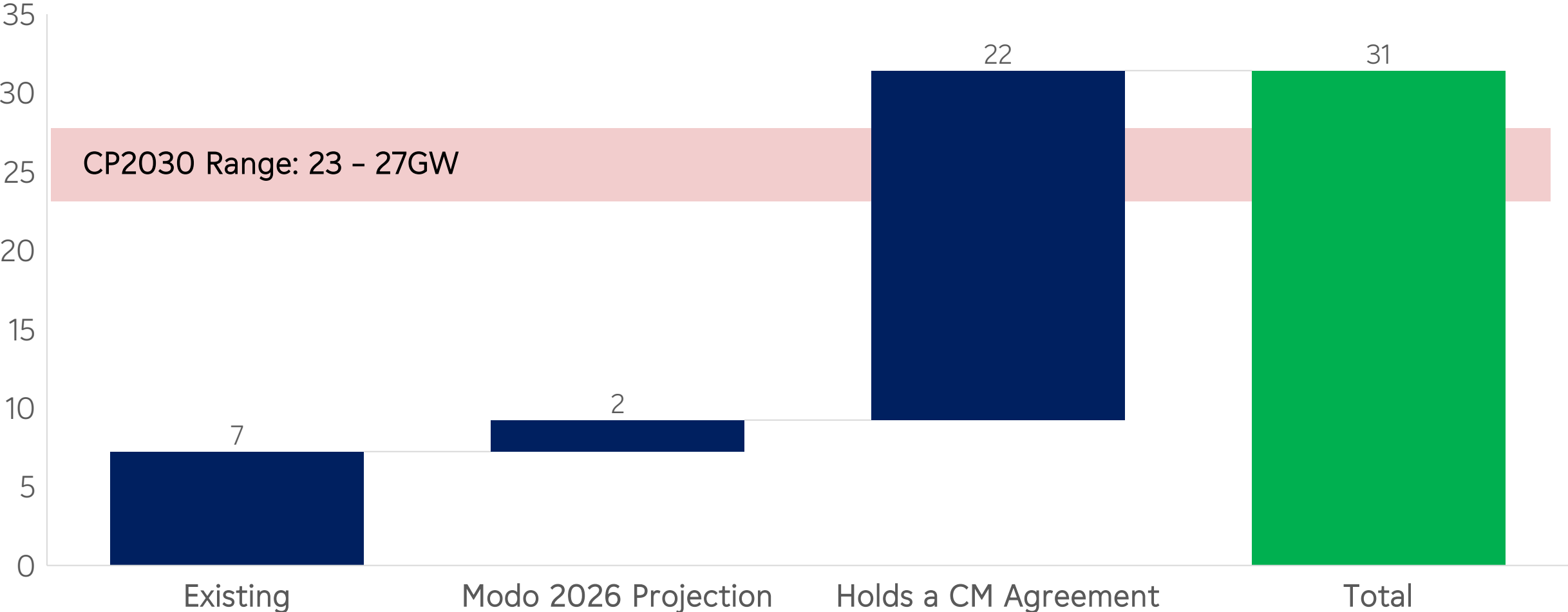


The prospect of much higher energy prices arising from the Middle East conflict increases the potential for renewed interest in more radical policy options (eg around marginal pricing)

GB BATTERY CAPACITY WILL EXCEED THE CP30 RANGE IF ALL CM-AWARDED PROJECTS ARE BUILT



BESS CAPACITY (GW)¹



1) The pipeline includes all battery projects that either hold a CM agreement or have reached FID. There is no clear dataset distinguishing projects under construction from those with agreements only, so Modo's Base Case is used to identify projects likely to come online in 2026. All remaining projects are assumed to come online from 2027 onwards and hold a CM agreement.

BATTERY STORAGE - POLICY DEVELOPMENTS



Recent developments



- **P462 modification:** If implemented, could impact constraint management revenue opportunities. Analysis and discussions continue.
- **NESO BM reform proposals:** Include lower mandatory BM participation thresholds to 1MW and shortening settlement periods to improve dispatch efficiency. Proposals bring opportunities and risks for storage.
- **Long Duration Storage:** Ofgem continuing to progress cap and floor scheme. Current consultation on licence conditions.

Potential further policy changes



- **SSEP:** Potential to provide a long-term "blueprint" (extending to 2050) - giving more clarity on future system storage and flexibility needs.
- **TNUoS reforms:** Could improve BESS investment stability by replacing volatile annual charges with predictable rates - potential for BESS specific changes.
- **DESNZ BESS review:** Looking at the investment environment for lithium-ion BESS including risks and barriers to see if and what interventions may be required to better support BESS projects.

WE SEE SCOPE FOR A GROWING CORPORATE PPA MARKET



March 20, 2026

What next for the Corporate PPA market in Great Britain?

Corporate Power Purchase Agreements (cPPAs) are now a relatively well-established feature of the GB electricity market. Around 5GW of new wind and solar capacity has been built off the back of these arrangements – could a bigger cPPA market could bring a range of benefits?

Potential market drivers



- ✓ Benefits of fixing in a volatile price environment
- ✓ Rising demand from data centres
- ✓ Renewable generators (RO + CfD) coming off support schemes

Potential policy support



- CfD charge exemption for cPPA volumes
- Credit/offtake risk protections
- Look further at CfD-cPPA interactions



See our [recent blog](#) for more on our perspectives

THANK YOU!