MONITOR

non-energy costs for gas

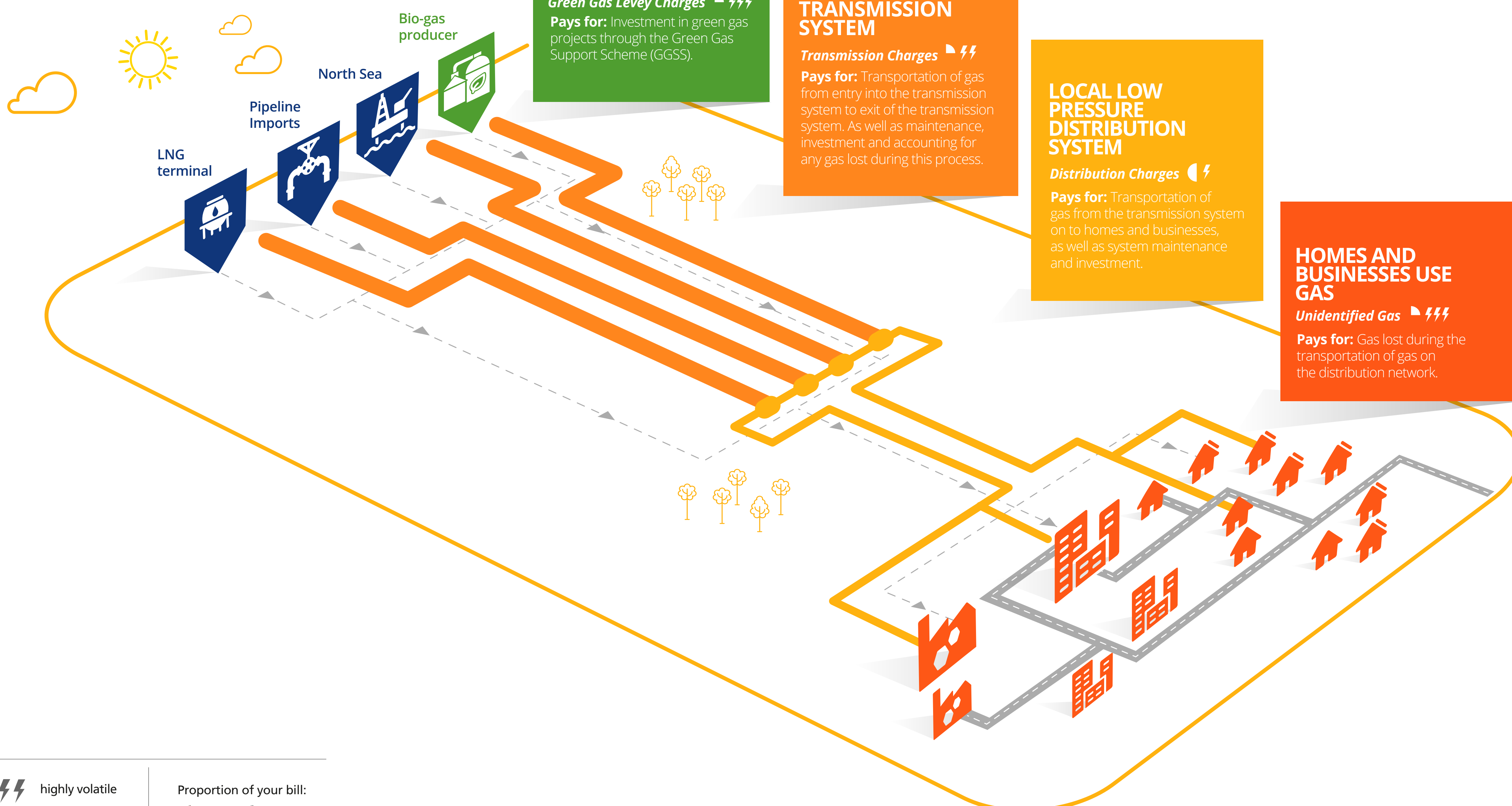
ISSUE 3 2026

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.



GREEN GAS LEVY

Green Gas Levey Charges

Pays for: Investment in green gas projects through the Green Gas Support Scheme (GGSS).

HIGH PRESSURE TRANSMISSION SYSTEM

Transmission Charges

Pays for: Transportation of gas from entry into the transmission system to exit of the transmission system. As well as maintenance, investment and accounting for any gas lost during this process.

LOCAL LOW PRESSURE DISTRIBUTION SYSTEM

Distribution Charges

Pays for: Transportation of gas from the transmission system on to homes and businesses, as well as system maintenance and investment.

HOMES AND BUSINESSES USE GAS

Unidentified Gas

Pays for: Gas lost during the transportation of gas on the distribution network.

highly volatile
volatile
relatively stable

Proportion of your bill:
large medium small

NECS - OVERVIEW
of annual cost changes

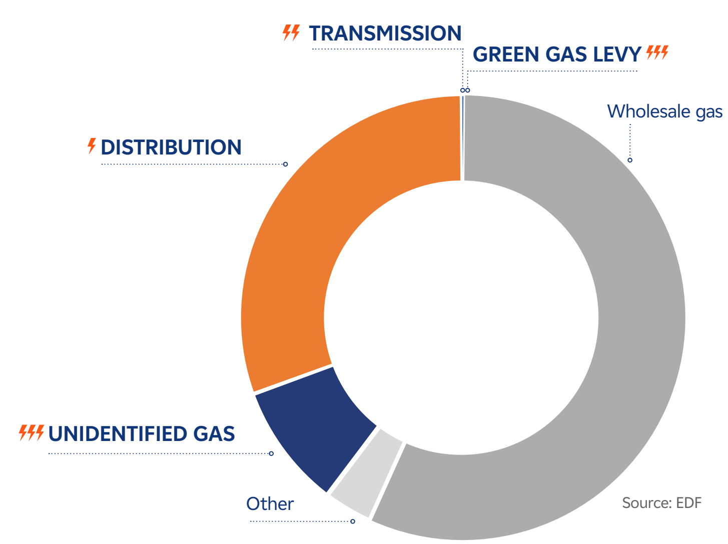
CUSTOMER CONSUMPTION ASSUMPTIONS
Low: 50,000kWh AQ , average band 1 Industrial load factor
Medium: 500,000kWh AQ, average band 3 Industrial load factor
High: 2,000,000kWh AQ, average band 4 Bucket load factor

	THIS ISSUE	LAST ISSUE
Transmission	FORECAST / OCT 26 - SEP 27 **LOW: £10 - £14** **MEDIUM: £96 - £139** **HIGH: £383 - 554**	FORECAST / OCT 26 - SEP 27 LOW: £10 – £14 MEDIUM: £95 – 138 HIGH: £382 – 551
Distribution	FORECAST / APR 27 - MAR 28 **LOW: £968 - £1,237** **MEDIUM: £4,799 - £6,132** **HIGH: £17,069 - £21,810**	FORECAST / APR 27 - MAR 28 LOW: £968 – £1,237 MEDIUM: £4,799 – £6,132 HIGH: £17,069 – £21,809
Green Gas Levy	FORECAST / APR 27 - MAR 28 **LOW: £4 - £8** **MEDIUM: £4 - £8** **HIGH: £4 - £8**	FORECAST / APR 27 - MAR 28 LOW: £4 – £8 MEDIUM: £4 – £8 HIGH: £4 – £8
Unidentified Gas	FORECAST / OCT 26 - SEP 27 **LOW: £260 - £780** **MEDIUM: £374 - £1,123** **HIGH: £1,635 - £4,905**	FORECAST / OCT 26 - SEP 27 LOW: £180 – £540 MEDIUM: £259 – £777 HIGH: £1,131 – £3,392

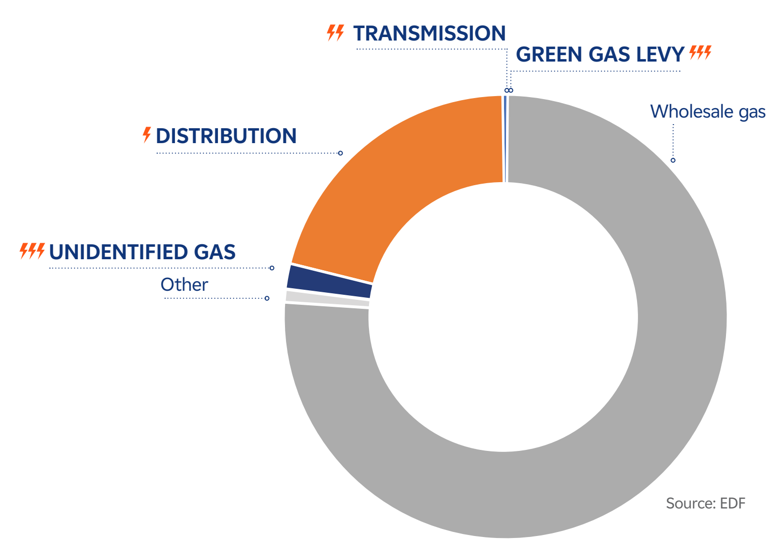
Non-energy costs make up between
20-40%
of a typical bill

Non-energy costs explained... see page 6

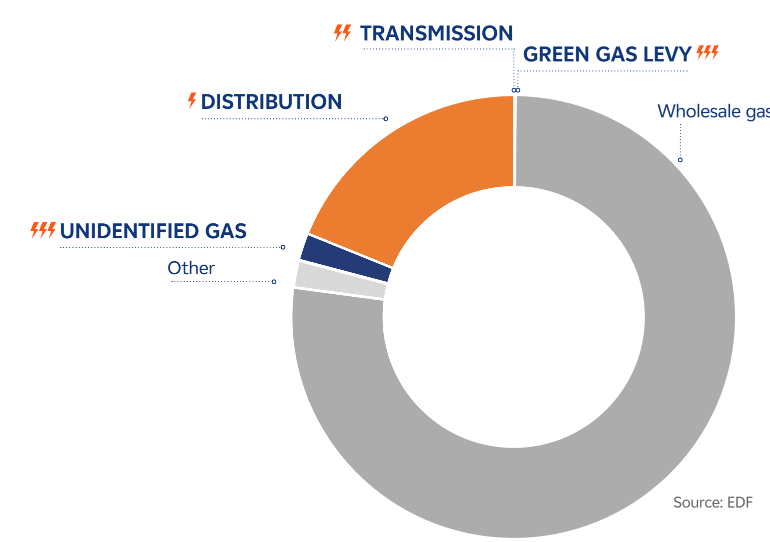
LOW CONSUMPTION
50,000kWh annual consumption



MEDIUM CONSUMPTION
500,000kWh annual consumption



HIGH CONSUMPTION
2,000,000kWh annual consumption



Highly volatile Volatile Relatively stable

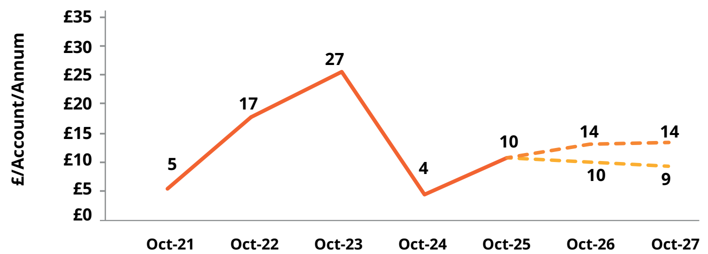
Transmission

EDF Forecast Range / October 2026 – September 2027

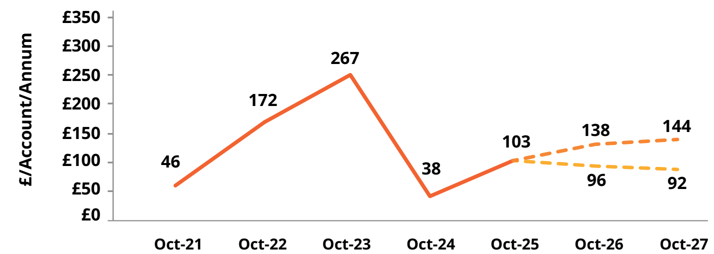
Transmission explained...
SEE PAGE 6

At the end of July 2026 National Gas published final rates for the Oct-26 year as well as future indicative tariffs. This is the first period that covers the new RIIO-3 price control period. The changes compared to the previous indicatives are relatively small increases.

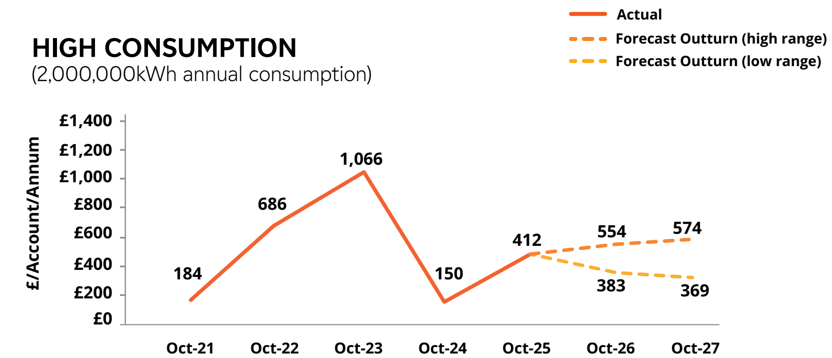
LOW CONSUMPTION
(50,000kWh annual consumption)



MEDIUM CONSUMPTION
(500,000kWh annual consumption)



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



Distribution

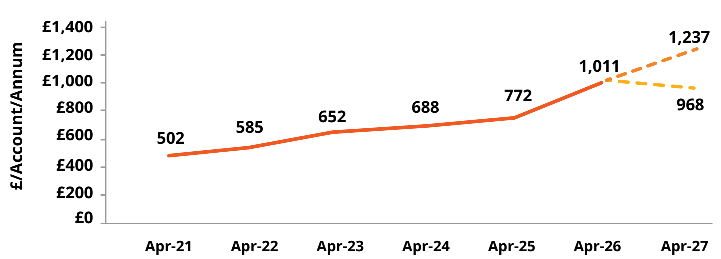
EDF Forecast Range / April 2027 – March 2028

Distribution explained...
SEE PAGE 6

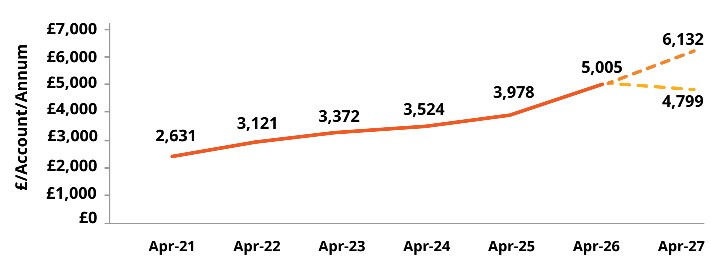
Final tariffs for April 2026 were published by the Gas Distribution Networks (GDNs) at the end of January. This included the increased allowed revenues as a result of the RIIO-3 process which came into effect from April 2026. However, all 4 of the GDNs appealed to the Competition & Markets Authority (CMA) against the RIIO-3 final determinations, specifically the cost of efficiency element which the GDNs argue has been set too aggressively. This has followed due process, and the CMA has refused to overrule Ofgem's final determinations, this is good news for consumers.

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.

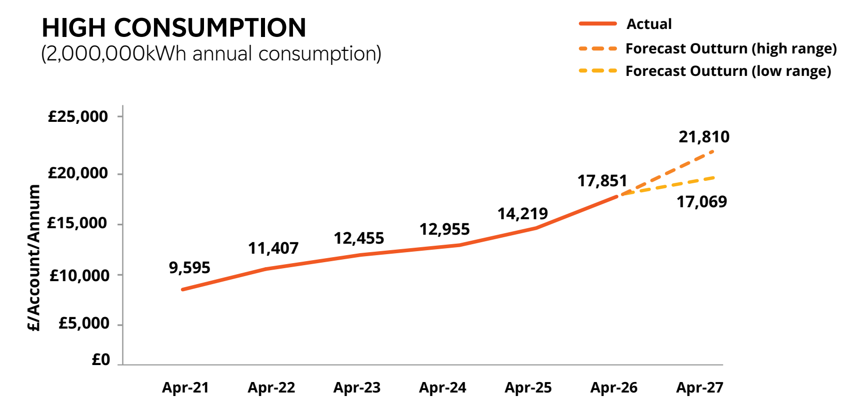
LOW CONSUMPTION
(50,000kWh annual consumption)



MEDIUM CONSUMPTION
(500,000kWh annual consumption)



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



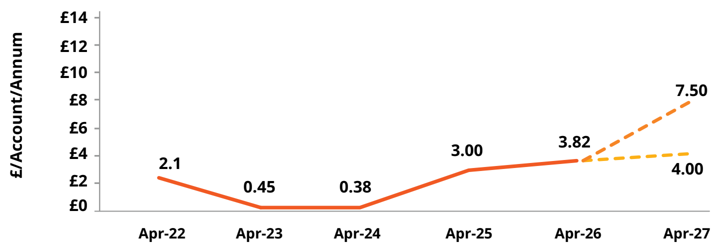
Green Gas Levy

EDF Forecast Range / April 2027 – March 2028

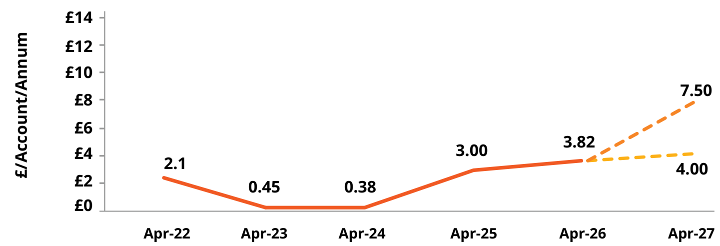
Green Gas Levy explained...
SEE PAGE 6

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.

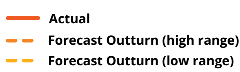
LOW CONSUMPTION
(50,000kWh annual consumption)

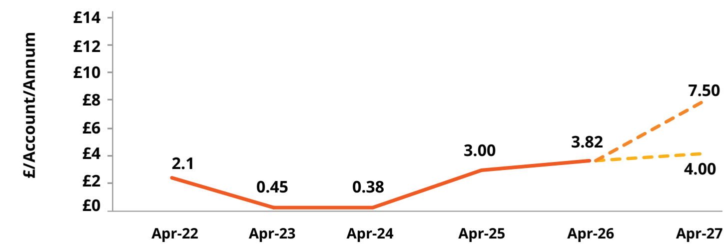


MEDIUM CONSUMPTION
(500,000kWh annual consumption)



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





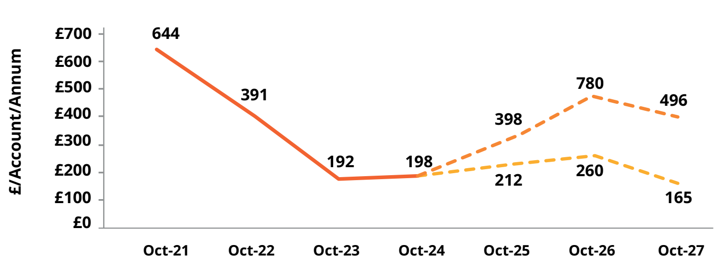
Unidentified Gas (UiG)

EDF Forecast Range / October 2026 – September 2027

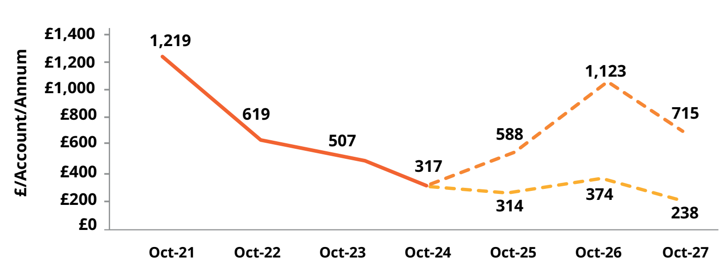
Unidentified Gas explained...
SEE PAGE 6

On the 31st of March 2025 the final weightings for Unidentified Gas were published by the AUGE. We have updated to reflect the current best view of national UiG levels and market prices which will determine the final cost of UiG.

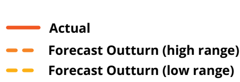
LOW CONSUMPTION
(50,000kWh annual consumption)

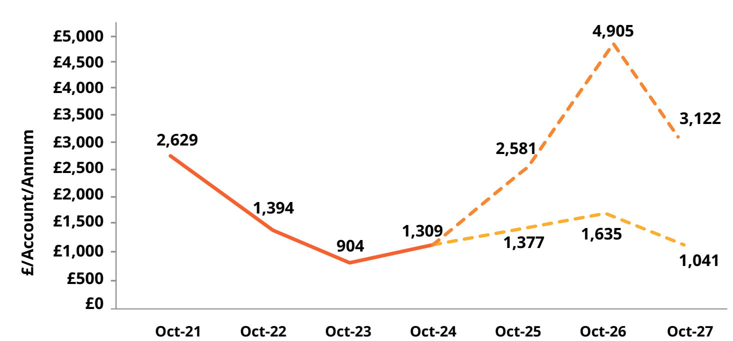


MEDIUM CONSUMPTION
(500,000kWh annual consumption)



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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