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My name is James Chaplin. I'm a Market Analyst at EDF Energy and our team looks after the low carbon forecasting for non-energy costs.

Non-energy costs will continue to be significant

It’s really important to keep track of non-energy costs. They continue to be a significant part of the bill. So if you’re not on a fully fixed deal, this can result in a reconciliation part way through your contract, and therefore you really need to know what goes into the price of this. If you know about non-energy costs you can make an informed decision.

Non-energy costs set to be 67% of bills by 2021

Non-energy costs today take up between 55 and 60% of the customer’s bill. But that is due to rise in 2020-21 to about 66% or 67%.

Low-carbon costs to rise most over next 5 years

So if we split that out, network and system charges are going to rise steadily along with inflation. We have the Capacity Market Supplier Charge coming into the market so again will rise small amounts. But the main one is the low-carbon non-energy costs. So these are due to rise steeply to over a third of the customer’s bill in 2020-21.

Feed-in-Tariff up, EII exemptions delayed

If you look at the forecast we’ve done so far this year, you’ll see movements across all the non-energy costs but the two main stories are with the Feed-in-Tariff which has increased quite significantly and EII exemptions getting pushed back maybe until next year.
FiT up £5.54-£5.96/MWh

The rise in the Feed-In-Tariff is mainly due to a lot more generation entering the scheme than previously forecast. So back in Feb 16, we saw Ofgem implement caps in the scheme in order to limit spending going forward but before this cap was actually introduced, we saw a lot of applicants rush to apply to the scheme. As Ofgem clear this backlog, there’s a lot of generation entering the scheme and therefore increasing FiT cost.

CfD down £2.52-£2.91/MWh

Over the next 5 years, the Contract for Difference scheme is due to rise quite considerably. But if we look out for our forecast over the next two years, we’ve actually revised down our forecast. This is due to two things. So EII exemptions getting pushed back. And also project start dates getting delayed.

For the complete forecast visit www.edfenergy.com/marketinsight

So it’s really important to keep track of non-energy costs. I mean they are changing all the time. We have our next big Monitor report coming out in August or you can click on the Market Insight portal and have all the information at your fingertips.
recommendation to engage in specific business activity or enter into any transaction.