Non-commodity Report

April 2025

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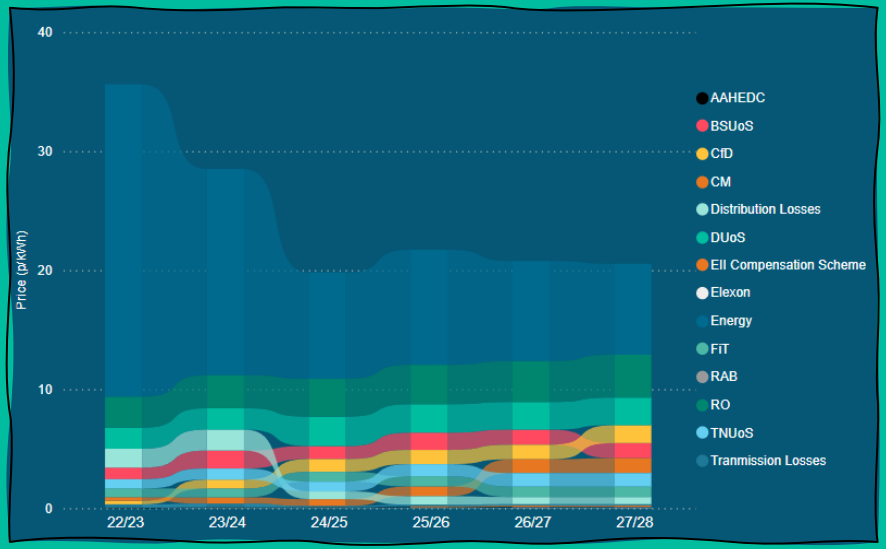
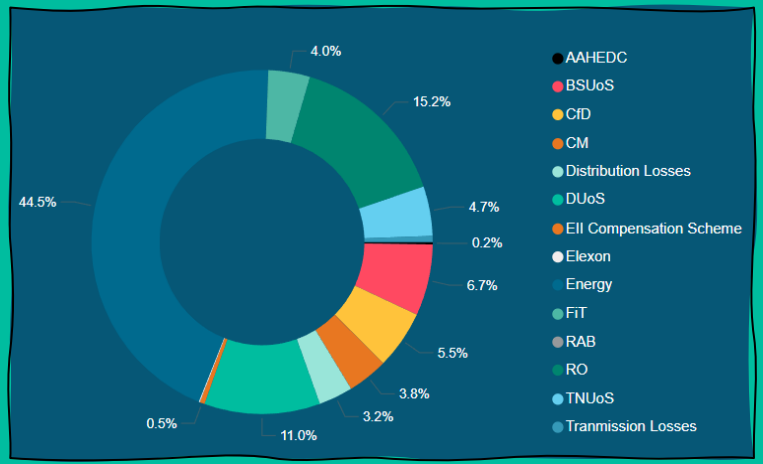
***Please Note**: the prices contained in this report are pence per kilowatt hour averages which are derived using a combination of variable (p/kWh) and fixed (p/day) charges and therefore the p/kWh rates detailed may not correlate with delivered electricity prices in all cases. Customer prices also vary depending various factors including, but not limited to, meter type and location. Prices do not include supplier risk or management fees. The report aims to provide trend data and rationale behind the trends rather than specific delivery price information. All charges are displayed at meter supply point (MSP).*

Electricity Cost Stack



Electricity Price Trend

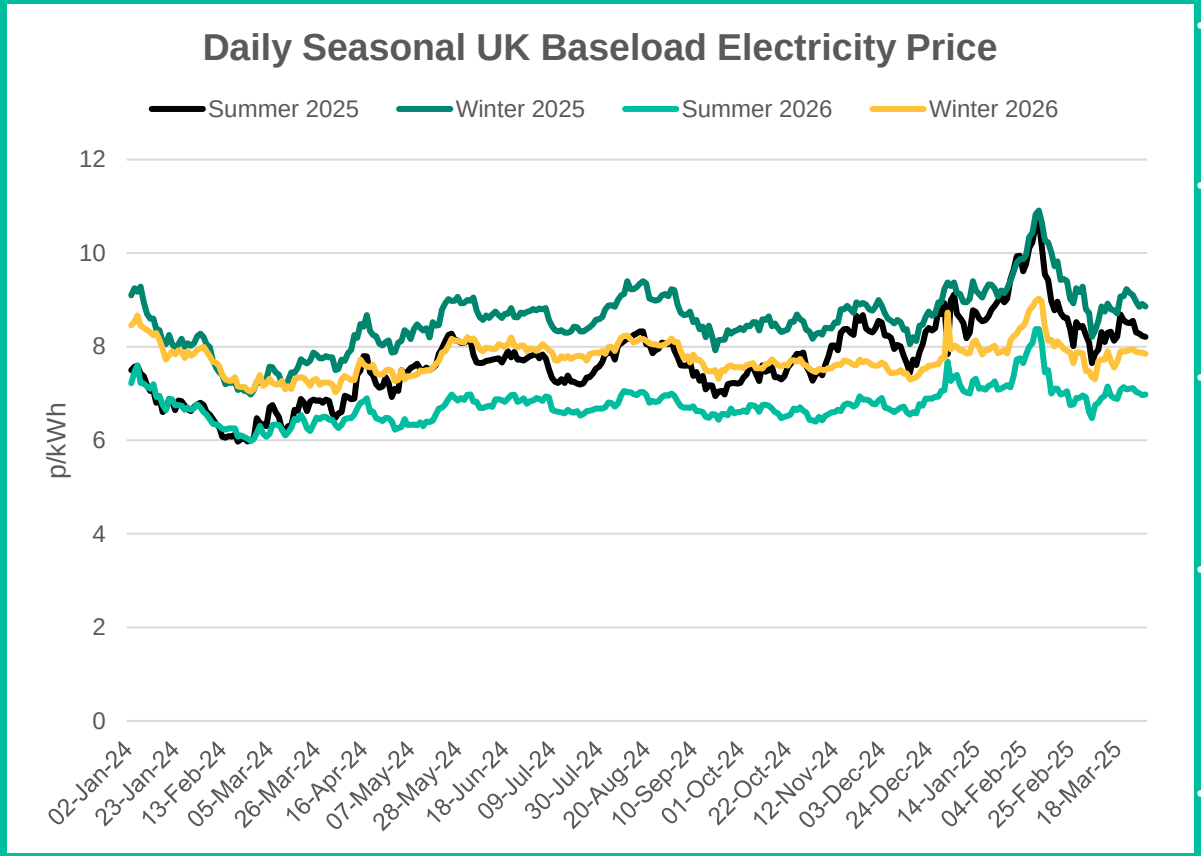
Over the next couple of years fully delivered electricity prices are set to stablise due to the combination of rising non-energy prices and an expectation that commodity prices will fall.



April ‘25 - March ’26 Prices

The energy only component of an electricity price sits at around 45% and that proportion is forecast to continue to drop with an annual price out of April 27 seeing the proportion drop below 40%.

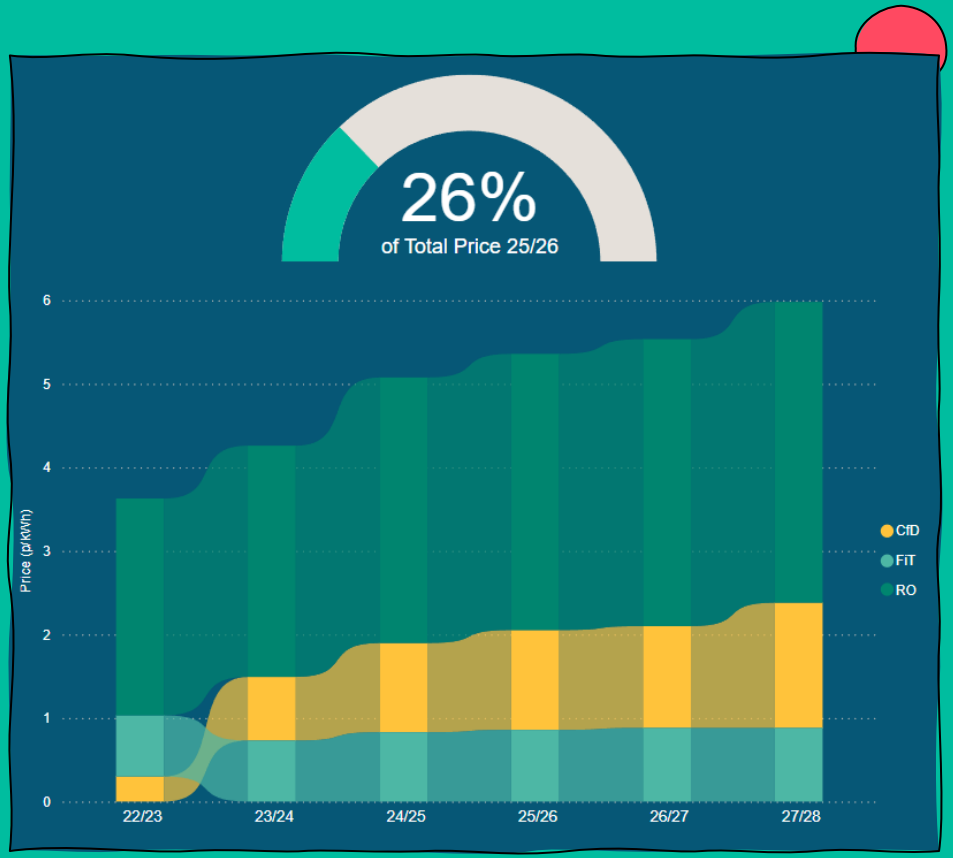
Seasonal Energy Price Trends



- Seasonal electricity prices have continued to be relatively stable over the last 12-months but currently remain slightly elevated when compared to lows witnessed in Q1 ‘24.
- Storage depletion over this winter created inverse summer/winter spreads for a period. Summer prices were trading at a premium to winter due to need to fill storage over the summer months to reach EU mandated levels.
- The EU have been considering changes to storage filling targets but so far, the 90% full by November level still stands, and it will take a strong, steady supply to get there from the current position of around 30% full.
- Geopolitical events have continued to impact prices with a lot of focus on a potential peace deal in Ukraine. Markets have been watching closely to see to what extent Russian energy plays a role in any arrangement that might be agreed.
- For more information, please see our Energy Market Review’s available at www.gingerenergy.co.uk.

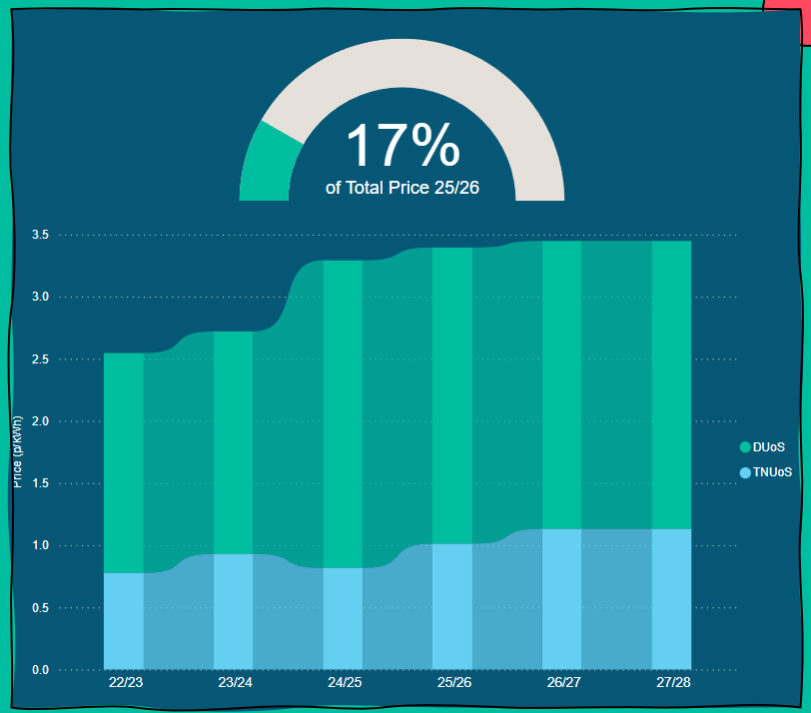
Green / Low carbon Subsidies

- Renewables Obligation (RO) , Feed-in-Tariff (FiT), and Contracts for Difference (CfD) are all government subsidy schemes created to incentivise renewable energy generation projects.
- The charges look to recover costs used to guarantee revenues for generators to ensure projects continue to be undertaken to decarbonise the grid.
- Both RO and FiT schemes are now closed to new generating capacity, but revenue is still required for generators who signed up to the schemes whilst they were open.
- CfD provides generators with a guaranteed strike price for their energy which means the cost to run the scheme varies depending on market prices. CfD costs are lower when electricity prices are high and vice versa.
- CfD forecasts can be very volatile as they are dependent on wholesale prices.
- Both RO and CfD are set to continue to increase in 26/27 and 27/28 but FiT is forecast to remain static across the same period.



Transmission (TNUoS) and Distribution (DUoS)

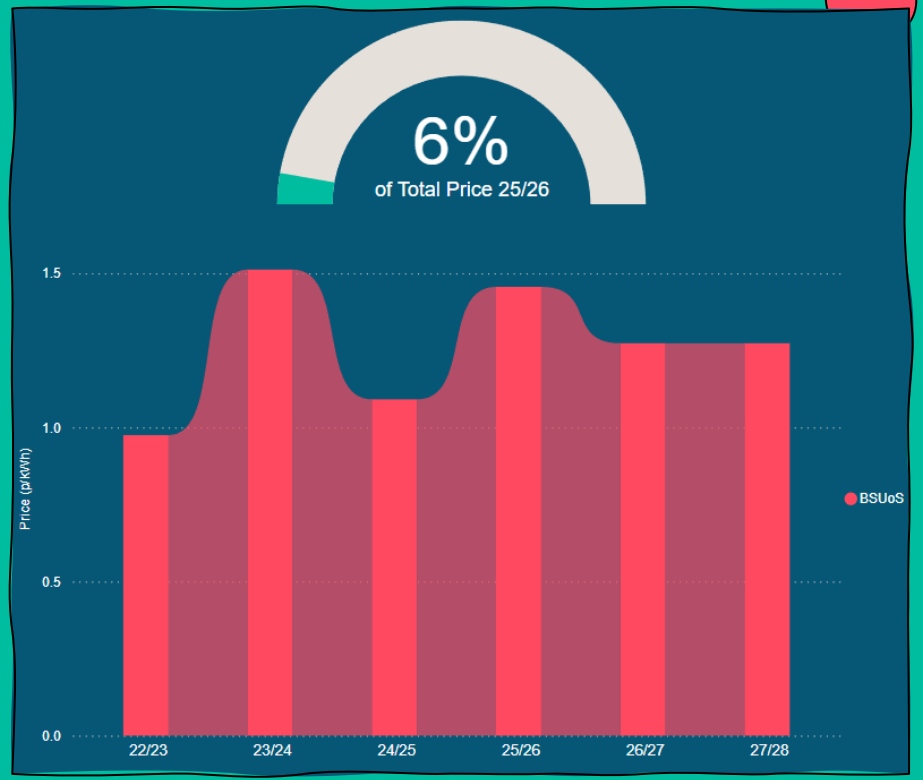
- TNUoS and DUoS charges cover the costs to maintain and operate the transmission and distribution networks which move electricity from where it is generated to where it is consumed.
- They have been trending up over the last 5-years which in part is due to the changing nature in which we generate energy. With less large centralised and more green localised generation the UK network requires large investment to facilitate the change.
- Over recent years we have seen variable (p/kWh) rates for DUoS reduce as fixed (p/day) rates increase. These changes were implemented to guarantee revenues for network operators as costs cannot be avoided by customers with the ability to load shift at peak times.
- In 25/26 further price structure changes will be implemented which will see capacity charges increase significantly as fixed (p/day) rates fall. This may help with capacity restraints on the network as customers will be incentivised to relinquish unused capacity.
- From 24/25 to 25/26 TNUoS prices increased around 20% and rises are expected through to 2029 to facilitate projects to deliver a net zero ready grid.
- DUoS costs dropped marginally from 24/25 to 25/26 and are currently forecast to remain static over the following years. Although that will vary from customer to customer.



The p/kWh averages include capacity, fixed and unit rate charges averaged across all regions for a low voltage site specific residual band 2 customer. For costs that are not unit rate based, the forecast total cost for that charge over the entire year is calculated then divided by consumption in an assumed profile. Please be aware that DUoS and TNUoS charges can significantly based on meter location, size, and type.

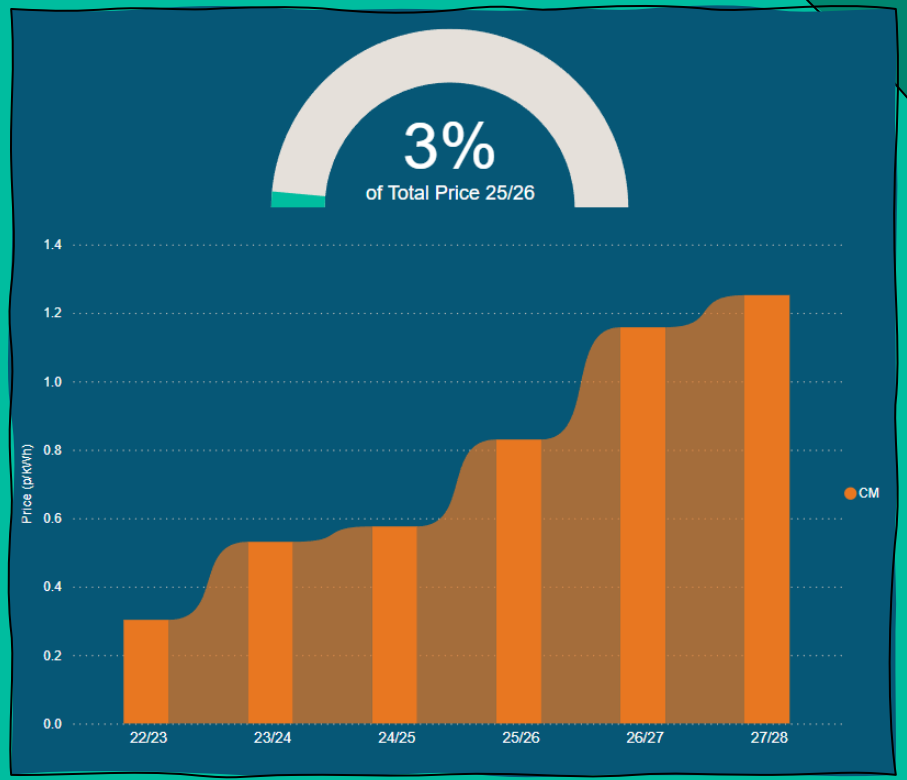
Balancing Use of Systems (BSUoS)

- BSUoS charge covers the cost of keeping the whole GB power network in balance by National Grid.
- BSUoS costs are underpinned by wholesale prices and therefore the forecasts are subject to change as the wholesale market fluctuates.
- Future BSUoS forecasts will likely include costs to fund a Future System Operator (FSO) who will be the independent, public corporation responsible for planning Britain's electricity and gas networks and operating the electricity system.
- Cost increases in 25/26 can be partly attributed to an under-recovery by the grid through 24/25 and macro economic factors.
- Costs are currently set to decrease in 26/27 but since moving to a new methodology National Grid seem to be struggling to get the recover model correct so the current forecast is subject to a fair amount of change.



Capacity Market

- The Capacity Market scheme pays participants revenue to make capacity available to National Grid at short notice if there is a system stress event. It is designed to create security of supply by making sure there is enough capacity to meet future demand.
- Capacity is secured using multiple rounds of auctions where prices start high and descend over time until enough capacity is secured to meet the target.
- Prices are set to increase significantly in the coming years as recent capacity auctions resulted in record high prices.



Cost & Policy Updates

New Cost

Network Charging Compensation Scheme and EII Support Levy

- New charge effective from April 25.
- A charge set to reimburse Energy Intensive Industries 60% of network costs.
- The rest of the market is subsidising the scheme cost.
- There is significant uncertainty on actual costs.
- First quarter estimated cost is a 0.092p/kWh increase for non-EII customers.

Market Review

Review of electricity market arrangements (REMA)

- 3-year review of how the UK electricity market operates.
- Potential to move to zonal price scheme.
- Reform capacity market to enhance flexibility.
- Aiming to improve system efficiency.
- Next update expected Summer 2025.
- Has the potential to be the biggest change in last 20 years.

New Cost

Nuclear Regulated Asset Base (RAB)

- Similar mechanism to CfD for nuclear assets.
- Payments are made during the construction phase, not just once the asset is operational.
- Levied to reduce capital financing cost.
- Sizewell C still awaiting final financial approval.
- Once announced cost could be c.£0.50 MWh for Sizewell C.
- Expected to be introduced at some point in 2025 with 30-60 days notice.

Market Review

DNO charging band review

- 5-yearly review based on historical data is underway.
- The review will be finalised this year.
- Changes take effect from April ‘26.
- New bandings will be based on data from 22-24.
- **Note**: If you have a change in voltage or 50% change in max demand, then you could qualify for reduction outside of this process via an appeal with the Distribution Network Operator (DNO).

Focusing our energy on yours

Disclaimer: *The information contained in this document has been prepared in good faith by Ginger Energy and provides our views on current/future trends and outcomes, but, as with all forecasts dependent upon multiple, complex variables, there is no certainty whatsoever that our forecasts will turn out to be correct. The information may be based on licenced 3rd party data, publicly available sources, assumptions, and observable market conditions and may change without notice. No warranty, express or implied, is made as to the accuracy, correctness, fitness for purpose, completeness or adequacy of this information nor is it intended to serve as basis for any procurement decision and as such Ginger Energy shall not accept any responsibility or liability for any action taken, financial or otherwise, as a result of this information. Please note that this email is intended for the recipient only and may not be copied, reproduced, or distributed without the prior consent of Ginger Energy.*

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Non-commodity Cost Glossary

AAHEDC - Assistance for areas with high electricity distribution charges
A cost that exists to recover the cost of providing energy to places in the country which would experience extreme T&D costs (North Scotland).

BSUoS – Balancing Service Use of Systems
A cost paid to the National Grid to recover the cost of keeping the entire network in balance.

CfD – Contracts for Difference
A cost levied to support large scale renewable generation such as wind farms. It was as the successor of the RO scheme.

CM – Capacity Market
A cost to ensure that there is sufficient capacity available to meet future electricity demand. The scheme secures capacity from generators via auctions to ensure there is enough power available especially during system stress events.

Distribution Losses
Electricity which is lost when transported across the low voltage distribution network.

DUoS – Distribution Use of Systems
A cost paid to the National Grid which allows them to recover the cost of installing and maintaining the Distribution Network.

EII Compensation Scheme
A series of measures to enhance the competitiveness of Energy Intensive Industries (EIIs).

Elexon - Electricity Market Reform Settlement Operator
Fees charged for administering the electricity market settlement processes including metering, data processing, and settlement calculations.

Non-commodity Cost Glossary

FiT – Feed in Tariff
The Feed-in Tariff scheme was created to accelerate investment in renewable energy technologies. This charge subsidised small renewable generators which are necessary for solar panels on domestic roofs etc. The scheme was closed to new entrants in March 2019 but does continue to support existing generators.

GSP - Grid Supply Point
The point on the national electricity grid where electricity is transferred between the high voltage transmission network and the lower voltage distribution network. This accounts for electricity after transmission losses are applied.

MSP – Meter Supply Point
The point in the electricity journey where energy is consumed. This accounts for electricity after transmission and distribution losses are applied.

NBP – National Balancing Point
The point in the electricity journey where energy is traded and traditionally generated. This accounts for electricity prior to the application of transmission or distribution losses.

RO – Renewables Obligation
A cost levied to support large scale renewable generation such as wind farms. The scheme is closed to new applications but does continue to support existing generators.

TNUoS – Transmission Network Use of Systems
A charge paid to the National Grid which allows them to recover the cost of installing and maintaining the Transmission Network.

Transmission Losses
Electricity which is lost when transported across the high voltage transmission network.