Non-commodity Report

October 2025

Contents

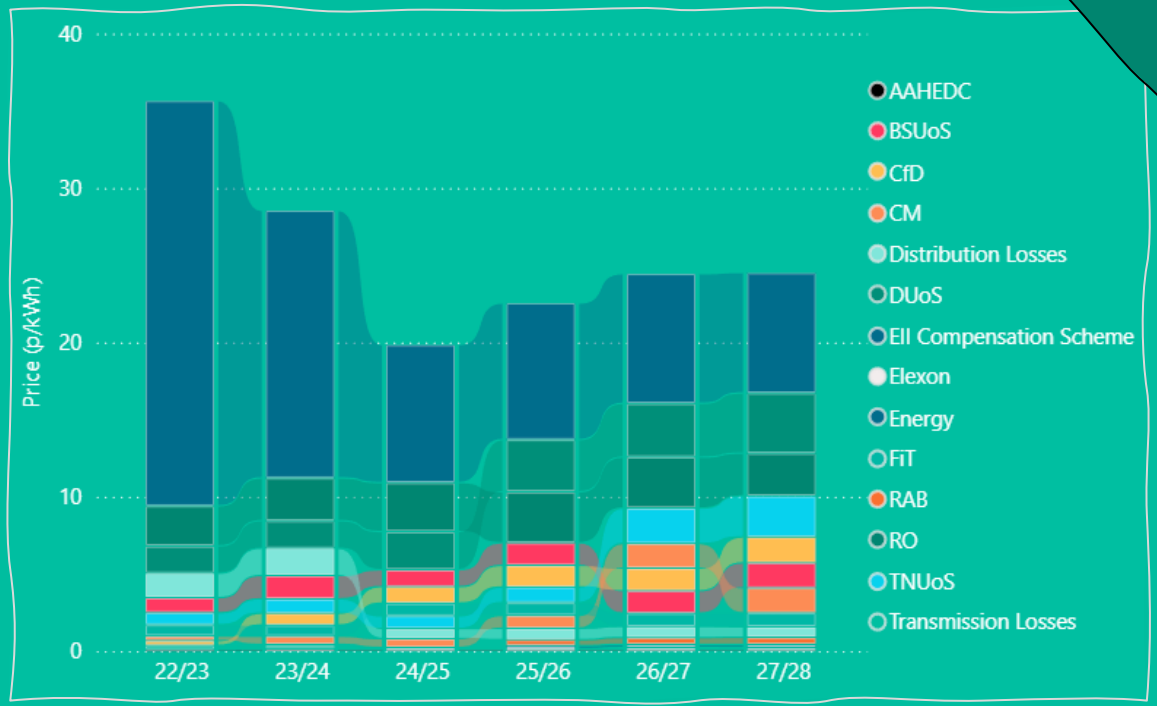
***Please Note**: the prices contained in this report are pence per kilowatt hour averages which are derived using a combination of variable (p/kWh) and fixed (p/day) charges and therefore the p/kWh rates detailed may not correlate with delivered electricity prices in all cases. Customer prices also 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 Trends

Over the next couple of years fully delivered electricity prices are set to rise.

This is mainly due to increases in transmission costs and the introduction of the Nuclear Regulated Asset Base charge. Both of which are covered in more detail in this report.

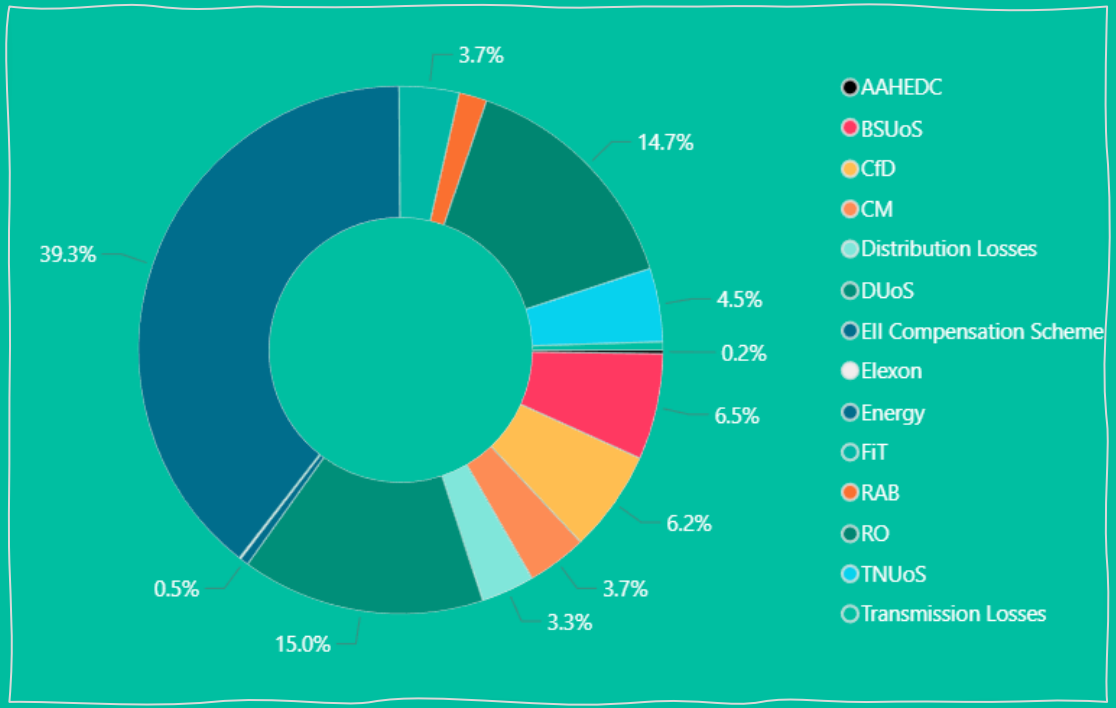
In general, many of the rising non-commodity costs can be associated with a strong net-zero policy agenda being driven by the current government. Whether it be incentivizing "greener" generation sources or modifying the network to cater for a more distributed power grid.



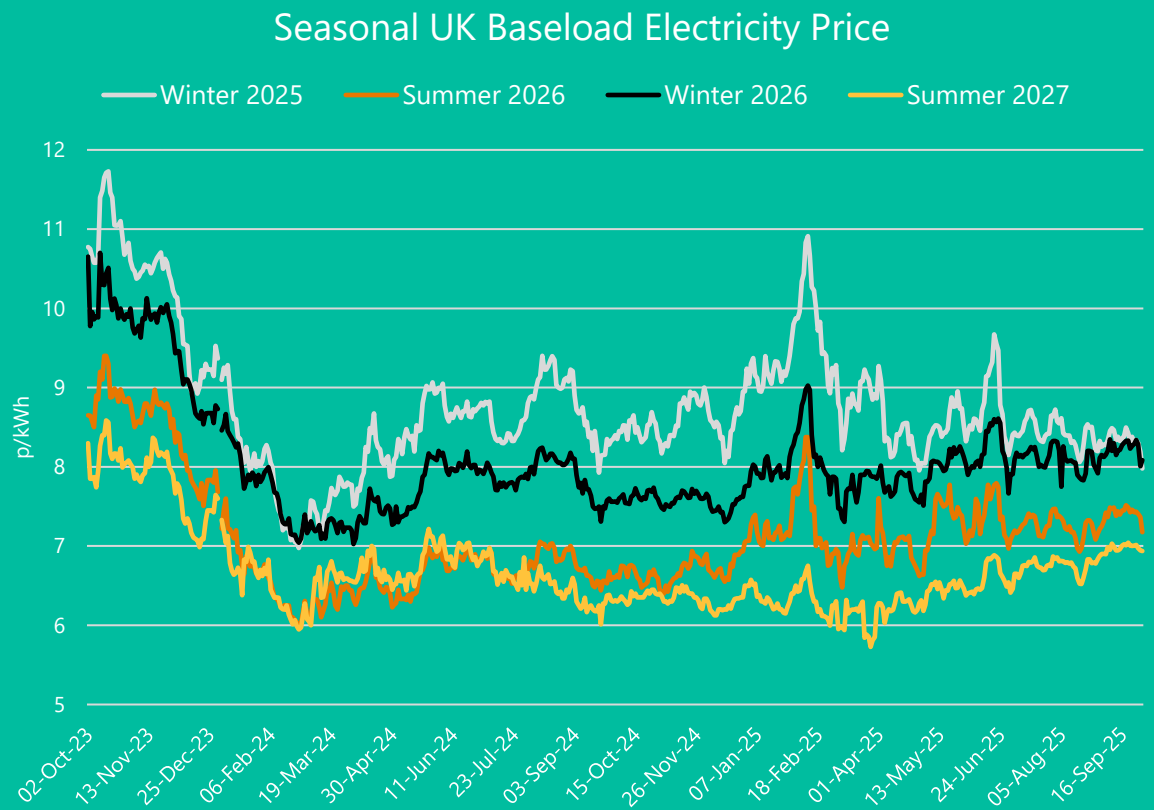
April ‘26 - March ‘27 Cost Stack

The proportion of pure energy that makes up a fully delivered electricity price is forecast to drop below 40% from April ‘26 down from around 45% in April ‘25. This is due to a combination of higher non-energy costs and falling commodity prices.

By April ‘27 energy is forecast to make up around a third of the total electricity price.



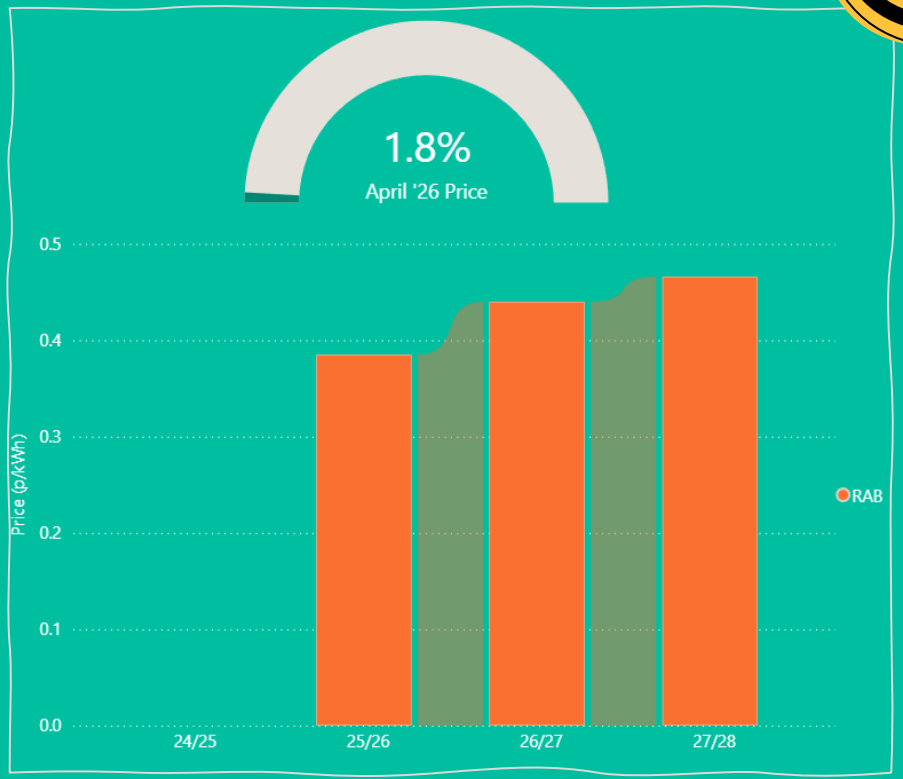
Electricity Market Trends



- There is now a tighter range on seasonal prices as Winter-25 prices contracted closer to delivery whilst all other seasons rose.
- Risk has slowly subsided over the summer, and now we enter winter with the highest operational margin since 2019-2020 dampening energy security fears.
- Global conflicts continue to influence prices, but Europe has seen a 25% growth in LNG supply which has replaced Russian pipeline supply that has been phased out since the invasion of Ukraine.
- LNG global supply is expected to rise around 7% next year and growth is expected to continue through to 2030 as a glut of new capacity comes online. This growth in supply is currently forecast to outstrip demand increases over the same period.
- For more information on energy market trends, please see our Energy Market Review's available at www.gingerenergy.co.uk/market-reports.

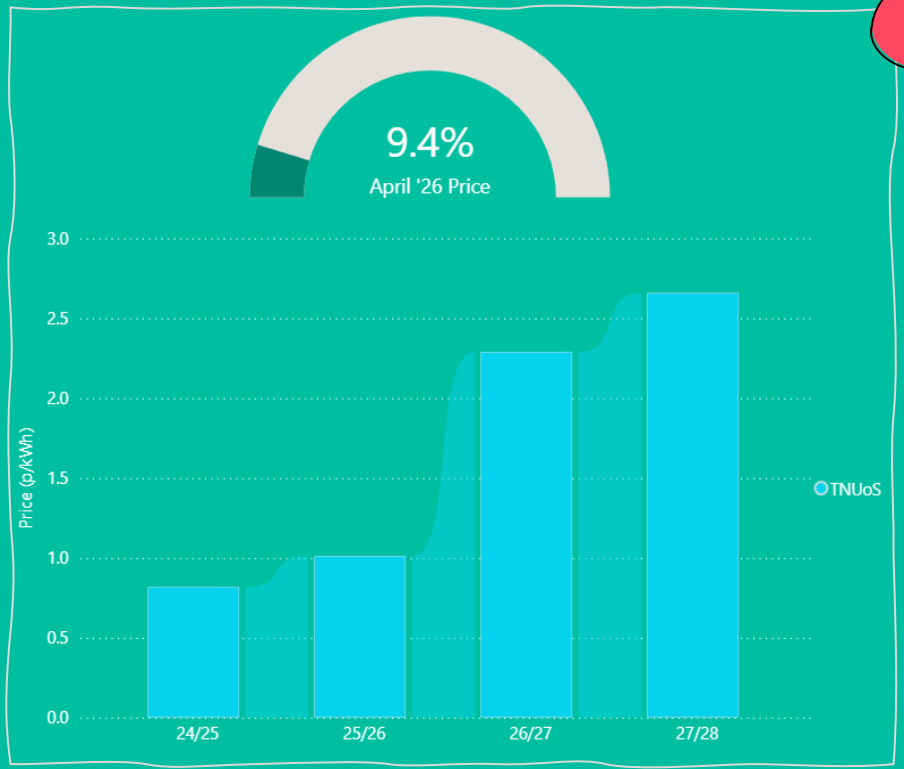
Nuclear - Regulated Asset Base (RAB)

- Nuclear RAB is a new charge that has been introduced to both business and domestic customers.
- The charge is levied to subsidise the cost of building new nuclear capacity and works like the CfD scheme for renewables. The difference is that the charge starts during the construction phase to help with the huge capital investment costs associated with building nuclear generation.
- The charge was set to be billed from November ‘25 but this has now been pushed back to December ‘25.
- The initial charge will be 0.35p/kWh and will be updated quarterly.
- The cost is much higher than suppliers were originally anticipating. The uncertainty on future costs and rapid introduction mean most suppliers are including more than just the base rate into prices.
- This charge is applicable to all meters regardless of when the contract was agreed. How this impacts each customer will depend on the supplier, type of contract, and applicable terms and conditions.



Transmission use of System (TNUoS)

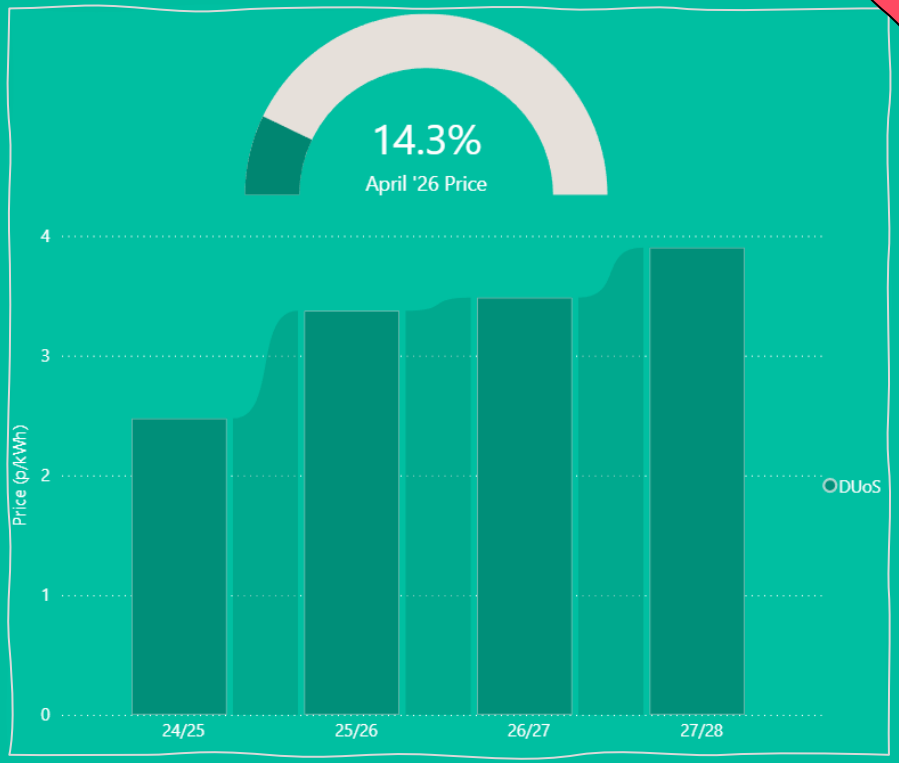
- TNUoS charges cover the costs to maintain and operate the transmission networks which move electricity from where it is generated local distribution zones.
- TNUoS costs are set to significantly increase in the coming years as allowed revenues have been revised for Transmission Operators to facilitate the changes needed for a green grid.
- These allowed revenue increases result in large increases in customer standing charges from April ’26.
- There is still large amounts of uncertainty on the specific impacts with final charges likely to be available around January ’26.
- Changes will be specific to meter types and location, but average increases are set to be around a 95% increase from 25-26 costs.
- Some customers could see much higher increases especially transmission connected and Extra High Voltage users.



The p/kWh averages include 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.

Distribution use of System (DUoS)

- DUoS charges cover the costs to maintain and operate the distribution networks which move electricity from local distribution zones to where it is consumed.
- DUoS costs are also set to rise but to a much lesser extent than TNUoS.
- Residual bandings which determine what charges are billed to each meter are being reset. The bandings determine both DUoS and TNUoS cost allocation.
- For many users, the band thresholds are rising which means customers could fall into lower bands which will reduce their costs.
- However, EHV and transmission connected customers could see costs go the other way.
- Customers with capacities of 3,500 – 5,000 kVa could see themselves fall into a higher banding which combined with increases in TNUoS standing charge costs could result in cost increases of over 500%.



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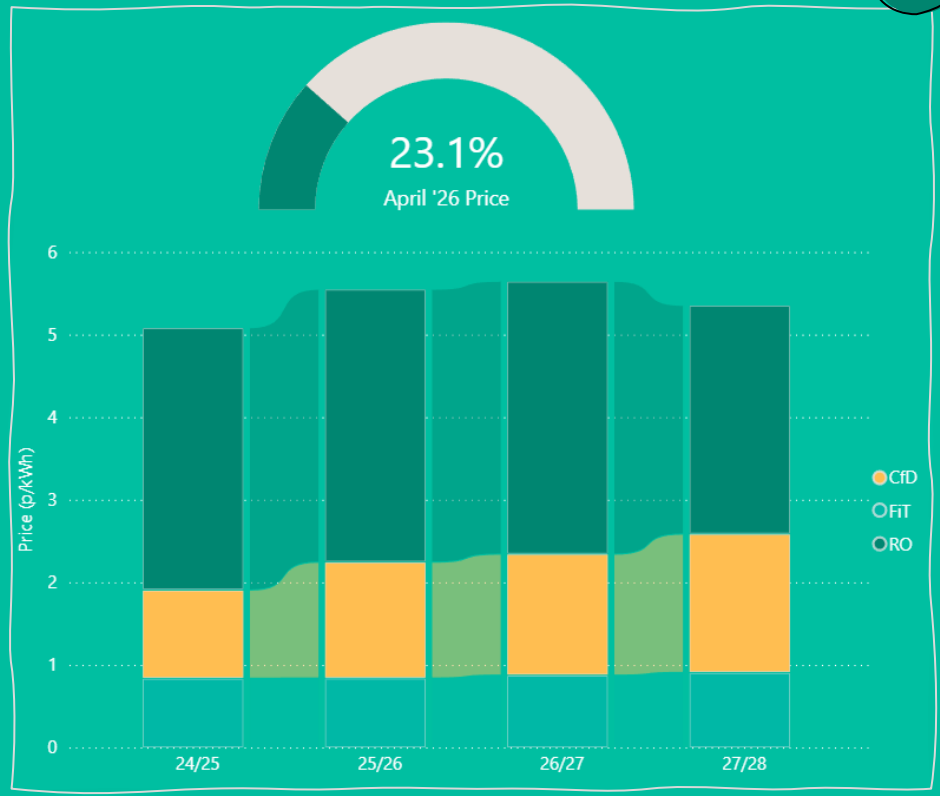
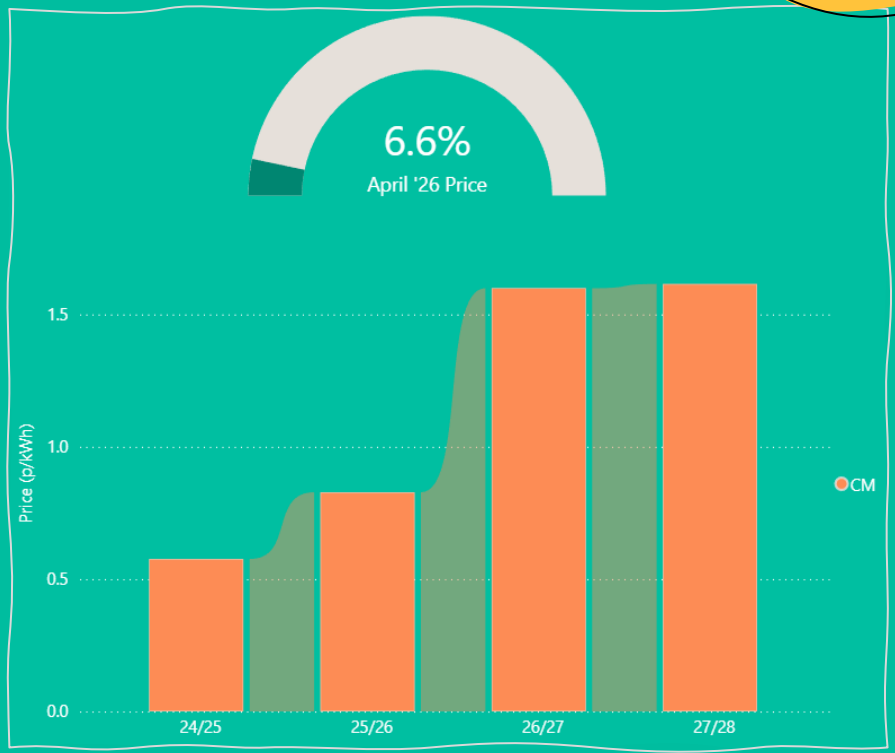
Green / Low carbon Subsidies

- 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.
- CfD forecasts have risen slightly since the last report with falling wholesale power prices being the main driving force. Forecasts for RO dropped marginally and FiT remained flat.



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 and forecasts have increased marginally since the April report.



Cost & Policy Updates

Policy

British Industrial Competitiveness Scheme (BiCs)

- From 2026 Enhanced exemptions for Energy Intensive Industries (EII's) from 60% to 90% of network charges.
- From 2027 we will see reduced electricity costs for
    - **Advanced manufacturing** including Clean Energy Industries, Creative Industries, Defence, Digital and Technologies, Financial Services, Life Sciences, Professional and Business Services.
    - **Foundational Industries** including Chemicals, Critical Minerals, Composites, Construction, Energy Networks, Materials, Ports, and Steel.

These changes are expected to increase customer bills for non-EII's and unsupported industries by 0.1 – 0.2 p/kWh.

Market Review

Review of electricity market arrangements (REMA)

- The review said no to locational pricing and went with a reformed national pricing model instead with final analysis to be released by the end of the year.

Driving reform through 3 main streams

Strategic system planning
Whole GB energy strategic planning considering all energy network needs (inc. Gas & Hydrogen)

Transmission charges
Stronger locational signals & more predictable network charges

Enhanced operational efficiency
Lower balancing market participation threshold & shorter settlement periods either 15 or 5 mins (currently 30 mins)

Focusing our energy on yours

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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.