Non-energy Cost Outlook

High-level trends in delivered electricity costs

April 2026

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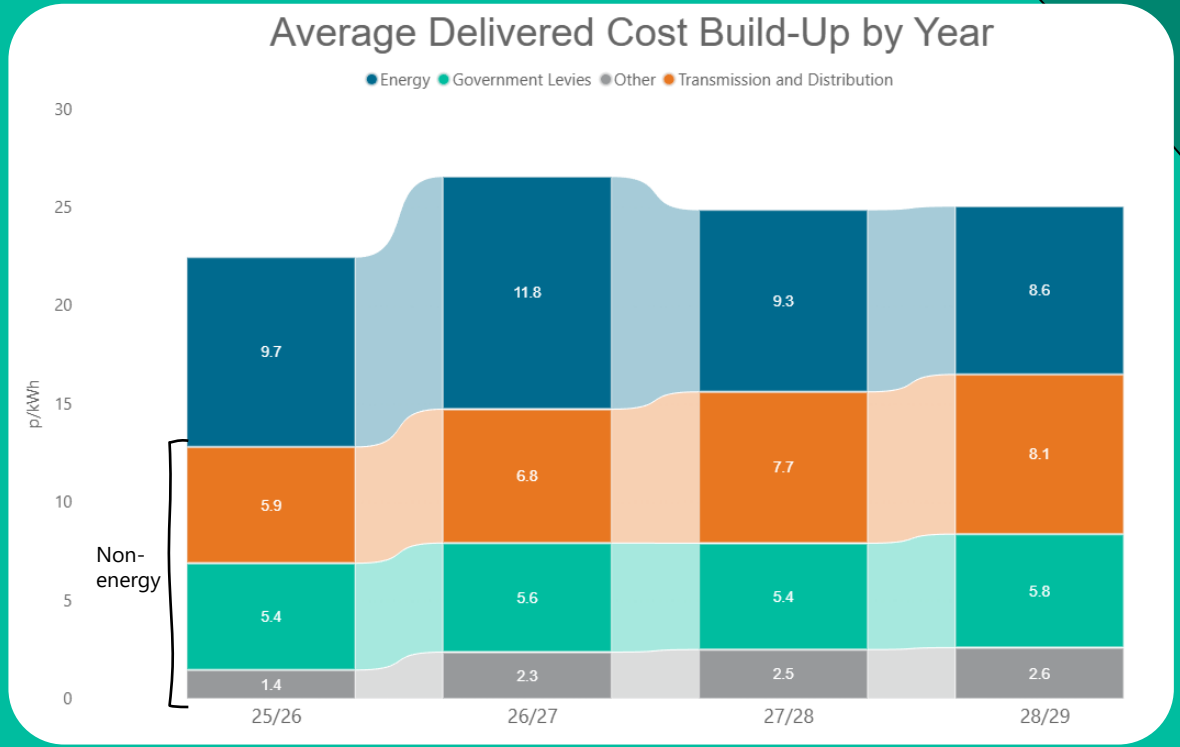
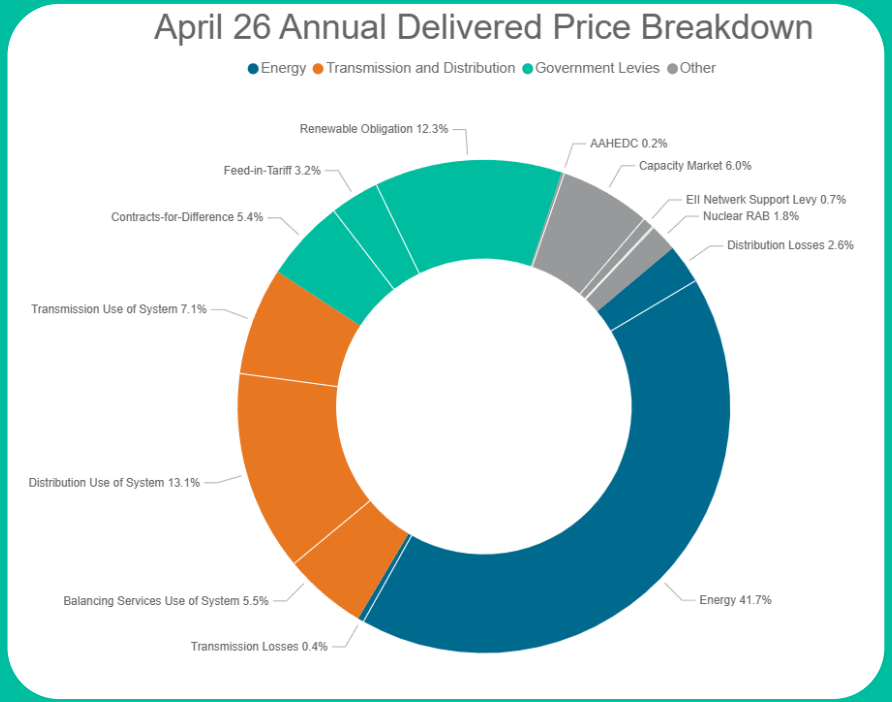
Non-energy charges are set to continue to increase year-on-year

- Non-energy components account for around 60% of the forecast 2026–27 delivered electricity price, with wholesale energy representing only 40% of the total stack, even with the recent market increases.
- The main upward pressures continue to come from network charges, balancing costs, government levies, Capacity Market and Nuclear RAB.
- For 27 through to 29, forecast lower wholesale prices are expected to be offset by increases in CfD, TNUoS, BSUoS and other policy-related charges.



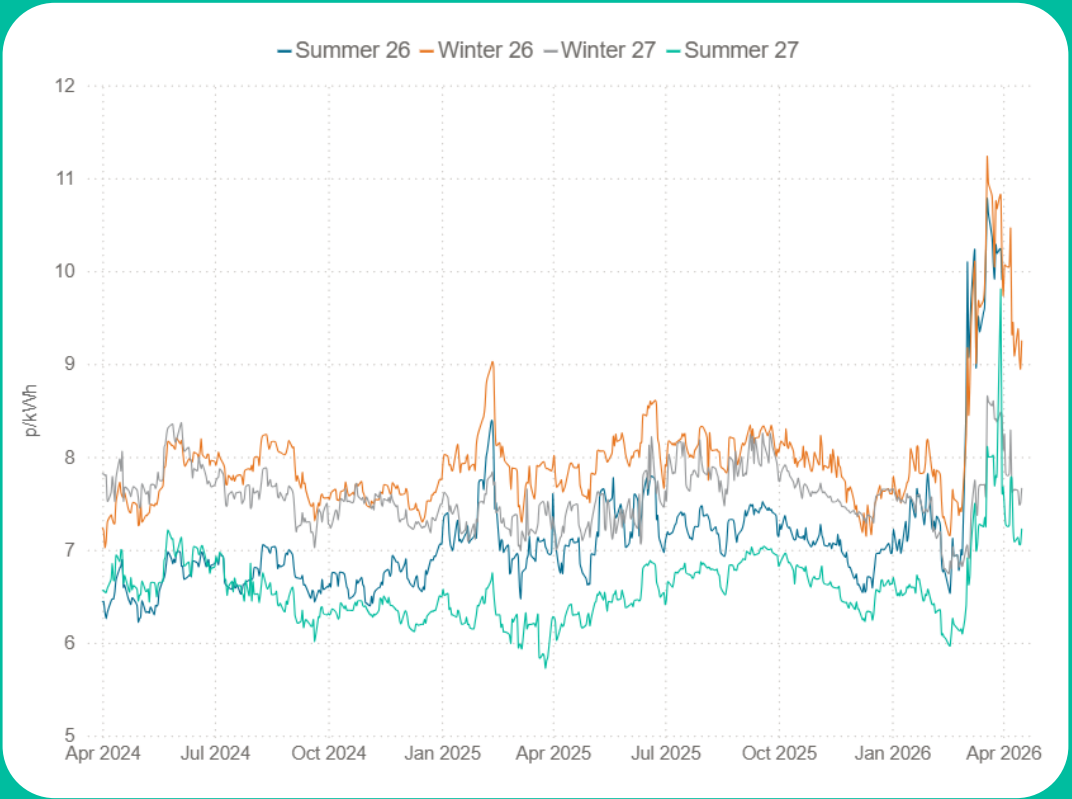
In 2026–27, non-energy charges make up almost 60% of delivered cost

- In the 2026–27 forecast, wholesale energy represents 42% of total delivered electricity cost, leaving around 58% attributable to non-energy components.
- The largest non-energy elements are DUoS (13%), RO (12%), TNUoS (7%), Capacity Market (6%), BSUoS (6%) and CfD (5%).
- Nuclear RAB is now an established cost component, alongside smaller but still relevant elements such as FiT, EII Network Support Levy and AAHEDC.



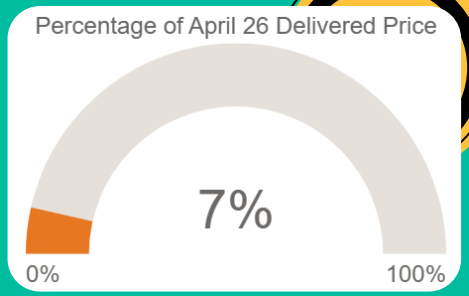
26.53	11.05	15.48	58%	18%
Total Delivered Price (p/kWh)	Energy Price (p/kWh)	Non-Energy Price (p/kWh)	Non-Energy Share %	Year-on-Year Change

Market Backdrop

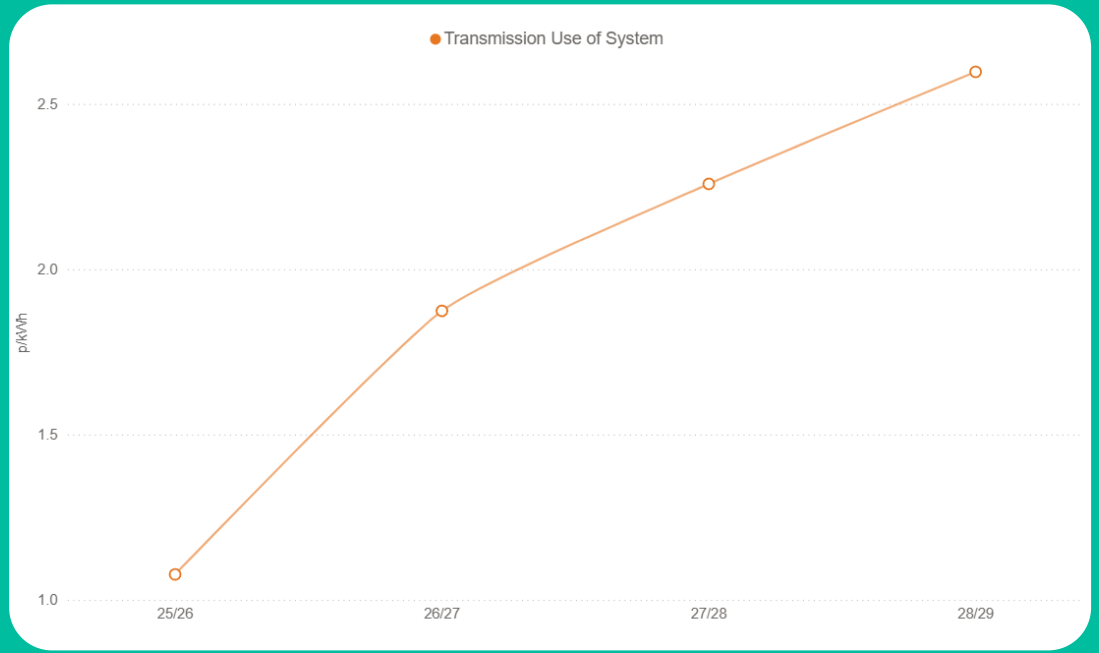


- Since the start of March 2026, Middle East conflict has driven a sharp rise in commodity prices, although prices have eased in recent weeks as the ceasefire has improved market sentiment.
- Before that escalation, commodity markets had been relatively stable versus the previous winter, with prices broadly similar to the 25/26.
- Wholesale sentiment had softened on the back of global LNG supply growth which drove lower forward gas prices and a more resilient gas market backdrop after moving away from Russian pipeline gas over recent years.
- However, the market remains highly sensitive to geopolitical events and weather risk, with conflict in key oil and gas producing regions and low European gas storage levels are still important watchpoints.
- For more detail on wider commodity market developments, please see our Energy Market Review's available at www.gingerenergy.co.uk/market-reports.

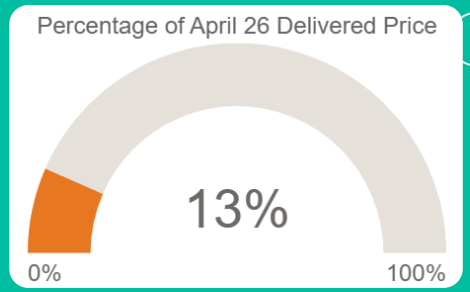
TNUoS will remain a major source of upward cost pressure in the coming years



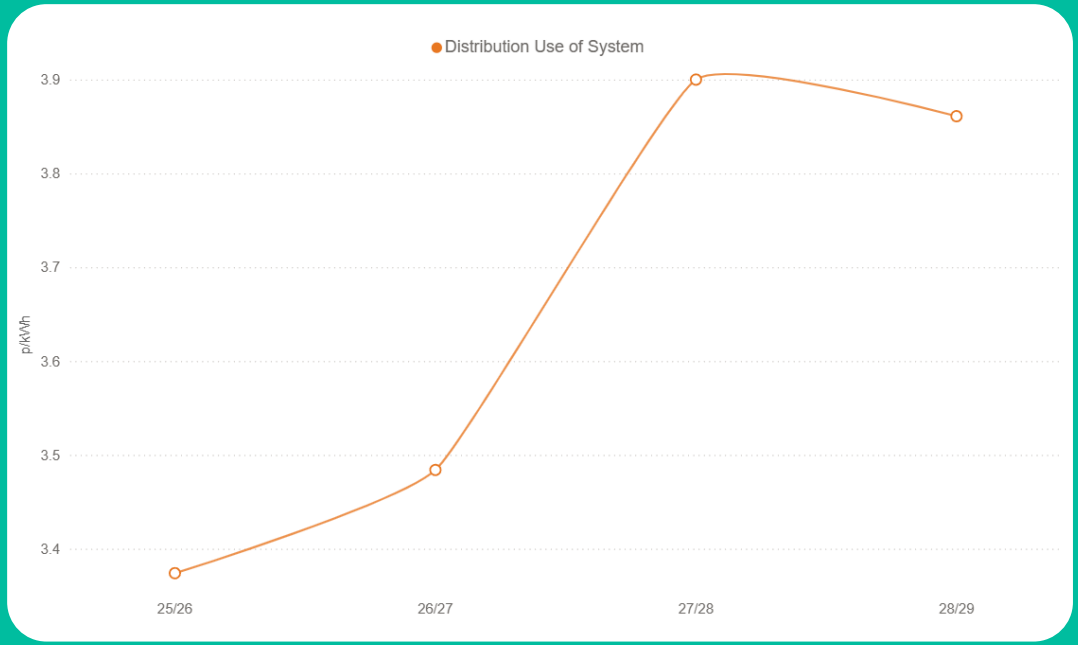
- TNUoS continues to rise as the RIIO-ET3 price control increases allowed transmission revenues to support investment in the electricity network.
- Final 2026–27 tariffs are lower than earlier draft indications but still represent a substantial increase for most users.
- More than 90% of TNUoS costs come from the fixed residual tariff, with a volume-weighted average increase of 64% year-on-year for power consumers.



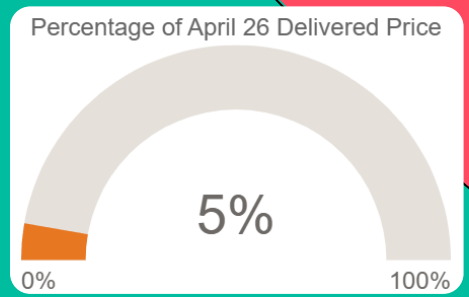
DUoS remains a major cost component, with further uncertainty beyond 2027



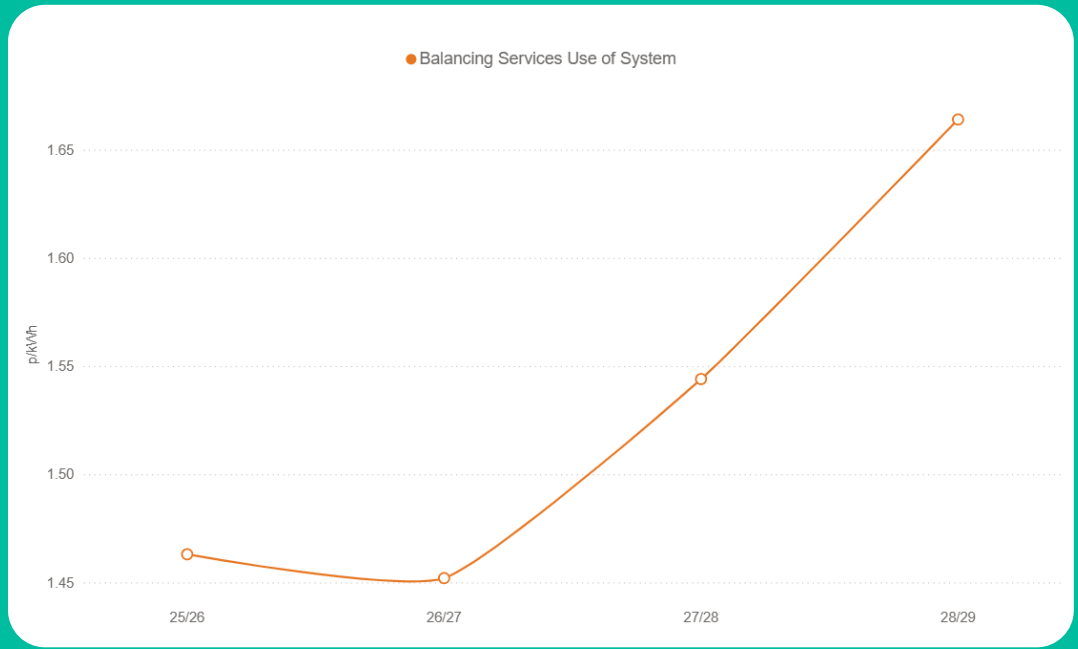
- DUoS remains one of the largest non-energy elements in the delivered electricity stack, accounting for 13% of 2026–27 cost.
- Based on tariffs published so far, annual DUoS costs increase by around 17% from 2026 to 2027 for a typical Low Voltage Site Specific customer.
- A key watchpoint is RIIO-ED3 price control, which begins in April 2028 and could materially influence future DUoS outcomes. RIIO-ET3 aims to support the rapid deployment of renewable technologies.



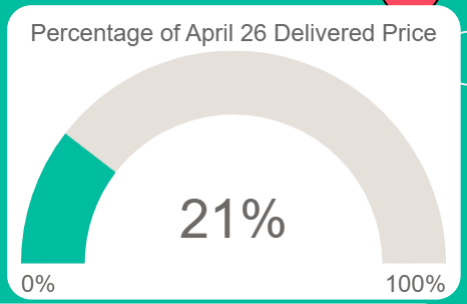
BSUoS is becoming a more visible component of the non-energy stack



- BSUoS accounts for 6% of the 2026–27 delivered electricity cost stack, making it a meaningful non-energy cost component.
- Near-term movements in BSUoS are influenced by balancing costs, over- and under-recovery adjustments, and wholesale market impacts on balancing actions.
- Over the medium term, renewable growth, system bottlenecks and network reinforcement needs are likely to remain key drivers of BSUoS however, the large increase in transmission & distribution network investment is presumed to reduce some of the potential future cost.

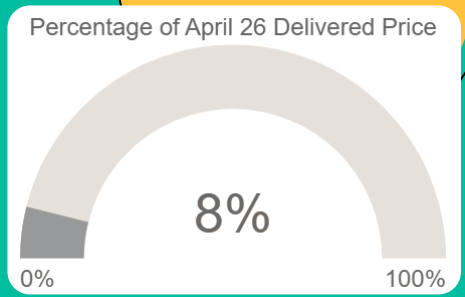


Government levies remain a major part of the delivered electricity bill



- RO, FiT and CfD continue to recover the cost of low-carbon support schemes and remain a significant part of the delivered electricity bill.
- RO remains one of the largest individual non-energy charges at 12% of the 2026–27 stack, while FiT contributes 3%.
- CfD contributes 6% and remains one of the most market-sensitive cost elements, with lower wholesale prices increasing the cost of the scheme on bills and vice versa.

Capacity Market and RAB continue to add upward pressure

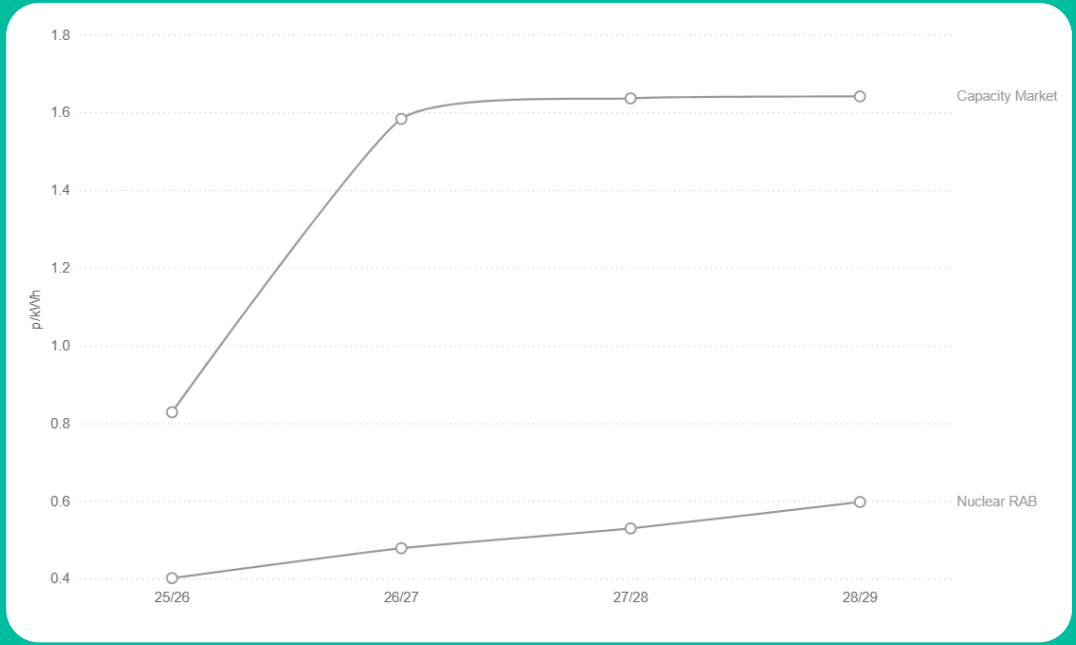


Capacity Market

- Capacity Market contributes 6% of the 2026–27 delivered electricity cost stack.
- The scheme remains an important mechanism for supporting security of supply through capacity auctions.
- Recent auction outcomes indicate that Capacity Market will remain an upward pressure within the non-energy stack until 28/29.

Nuclear RAB

- Nuclear RAB has been recovered from suppliers since 1 December 2025 and is now an active component of delivered electricity cost.
- The quarterly rate increased from £3.54/MWh in December 2025 to £4.683/MWh in Q2 2026, highlighting the potential for further increases.



Policy and market watchpoints

Policy and Regulation

- Clean Power 2030 / AR7: record renewable build-out is continuing. For customers, this means ongoing investment costs are likely to keep feeding through into bills.
- RIIO-ED3: the next distribution price control starts in April 2028. For customers, this could mean further DUoS increases if more network investment is approved.
- EII support / BICS: more network cost support is being given to eligible industrial users. For other customers, this means a greater share of these costs may be passed on through bills.

Market Design and Future Risk

- Reformed National Pricing: detail is still awaited following REMA. For customers, this means ongoing uncertainty over how future electricity costs will be allocated and whether reform will reduce bills.
- CCUS DPAs: a potential new levy to fund carbon capture power stations from 2028. For customers, this could mean another policy cost being added to bills later in the forecast period.
- P415 / VTPs: an emerging balancing charge caused by supplier compensation for Virtual Trading Party activity. For customers, this means another socialised non-energy cost that is already rising and could grow further over time.

Methodology and important notes

- Prices shown are average pence per kilowatt hour (p/kWh) values intended to illustrate cost trends and ratios rather than predict site-specific delivered prices.
- The prices are p/kWh averages which are derived using a combination of variable (p/kWh) and fixed (p/day) charges and therefore the p/kWh rates detailed will not correlate exactly with delivered electricity prices.
- All charges are displayed at meter supply point (MSP).
- Actual customer impacts will vary depending on meter type, location, consumption profile, and contract structure.
- Prices do not include supplier risk or management fees, CCL, or VAT.
- Forecasts remain sensitive to wholesale prices, tariff publication, policy decisions and ongoing price control processes.

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The Cloisters, 12 George Road,
Edgbaston,
Birmingham.
B15 1NP

0345 307 3433
info@gingerenergy.co.uk
www.gingerenergy.co.uk

Non-commodity Cost Glossary

Key electricity pricing terms used throughout this report are summarised below for ease of reference

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.

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.

Nuclear RAB – Regulated Asset Base
A levy on electricity bills that helps fund new nuclear power projects, such as Sizewell C, during construction. It allows approved costs and returns to be recovered before the plant becomes operational, with the charge collected from suppliers and passed on to most consumer.

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.