

AUTUMN 2026

Market Insight Report

Market intelligence, customer insight, and what it means for your energy strategy.

In this issue

04**Commodity Insight**

How 26/27 ended, and the levels our trading desk is watching on 27/28 and 28/29.

Barry Dibble, Head of Flexible Product

08**Non-Commodity Insight**

Most of your bill isn't energy any more. Inside the other 62%.

Lloyd Mumford, Flexible Procurement Lead

14**Regulation & Policy**

What's changing on your bill right now, and what's worth getting ahead of.

Richard Shakespeare, Chief Operating Officer

17**Customer Behaviour & Insights**

Two price rises, two responses: what our data shows about renewal timing.

Sean Dixon, Chief Revenue Officer

SECTION 01

Commodity Insight



Barry Dibble

Head of Flexible Product

Gas and power moved in step, both climbing inside bullish channels. How the 26/27 contract ended, what the longer-dated contracts are saying, and what would have to change.

Gas and power, moving as one

The 26/27 contract has now ended trading, so this is how it ended: gas and power moved almost exactly in step, both climbing inside bullish parallel channels, with the late dip looking like a short-term correction rather than a change of direction.

In step

Power leans on gas for generation, so it is no surprise that the two forward curves told the same story. Both sat in a bullish parallel channel, and the late fall stayed inside it.

The floor

There was a clear support level, shown by the horizontal line near the 26/27 label on the charts. It was probably as low as the market could go without a proper catalyst, so the expectation was for prices to continue up.

How 26/27 ended

The 26/27 view incorporates Win-26, which ended trading this week. That makes it the final read on that contract: where it finished, and what it says about the contracts that follow.

Further out, no wobble

27/28 and 28/29 are both in unbroken upward trends. 27/28 has stalled a little, running flat in line with the period 26/27 was bearish, while 28/29 has not stopped being bullish.

What could change it

Neither contract shows any sign it will do anything but keep rising. Without a clear catalyst, and the one that matters most is a resolution between the US and Iran, we expect the upward trend to hold.

Reading the charts

The next two pages show the forward curves and the levels our trading desk is watching: the channels, the support line and the trend on each contract.

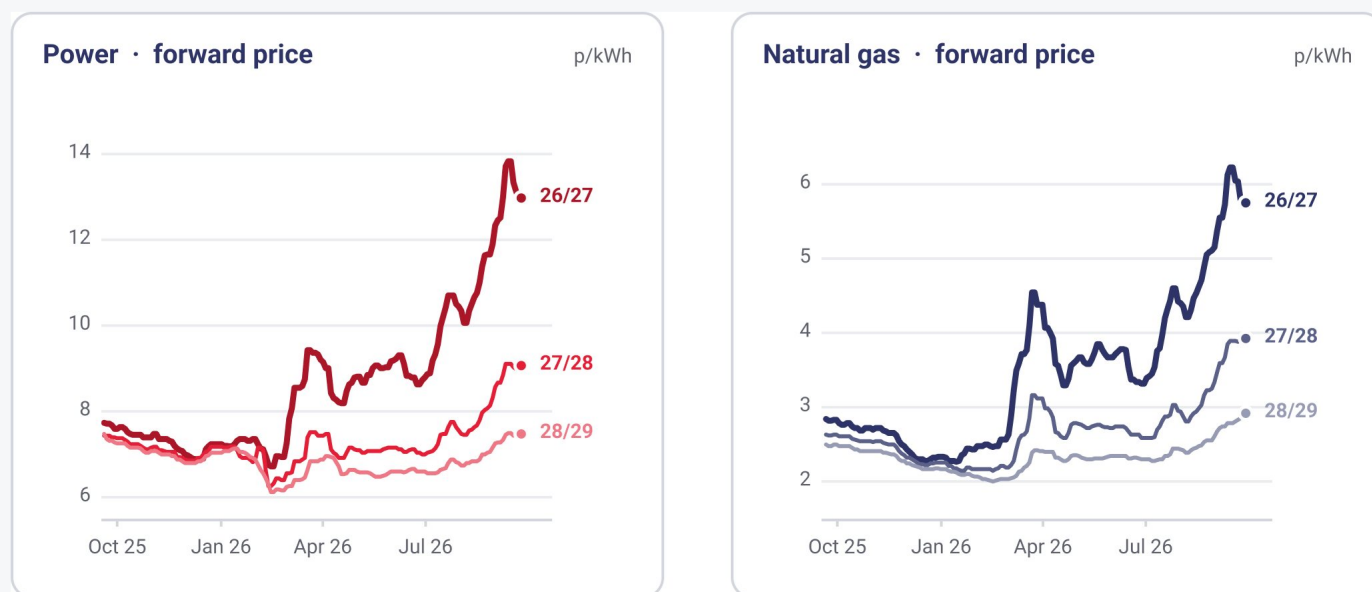
Our take

Short-term dips inside a bullish channel were pauses, not reversals, right up to the end of 26/27. Until there is a clear resolution between the US and Iran, waiting for a deeper fall is a bet the charts do not currently support.

How 26/27 ended

The 26/27 contract has ended trading after pulling back from its highs, but across all three seasons the direction is still up.

Market snapshot · forward prices to the end of 26/27 trading



Power (left) and gas (right) forward pricing, p/kWh, for the front three contract seasons (26/27, 27/28, 28/29). Curves show the annual October contract, weighted 70/30 winter/summer for gas and 55/45 for power; your volume shape may differ. Source: Fidelity Energy.

26/27: how it ended

Power and gas both eased back from their peak before trading ended, but the move sat inside a bullish channel and looked like a short-term correction. The support line was probably as low as prices could go without a proper catalyst.

27/28 and 28/29: still climbing

Both longer-dated seasons are in unbroken upward trends on power and gas. 27/28 has stalled a little, flat while 26/27 was bearish, but 28/29 has not stopped being bullish.

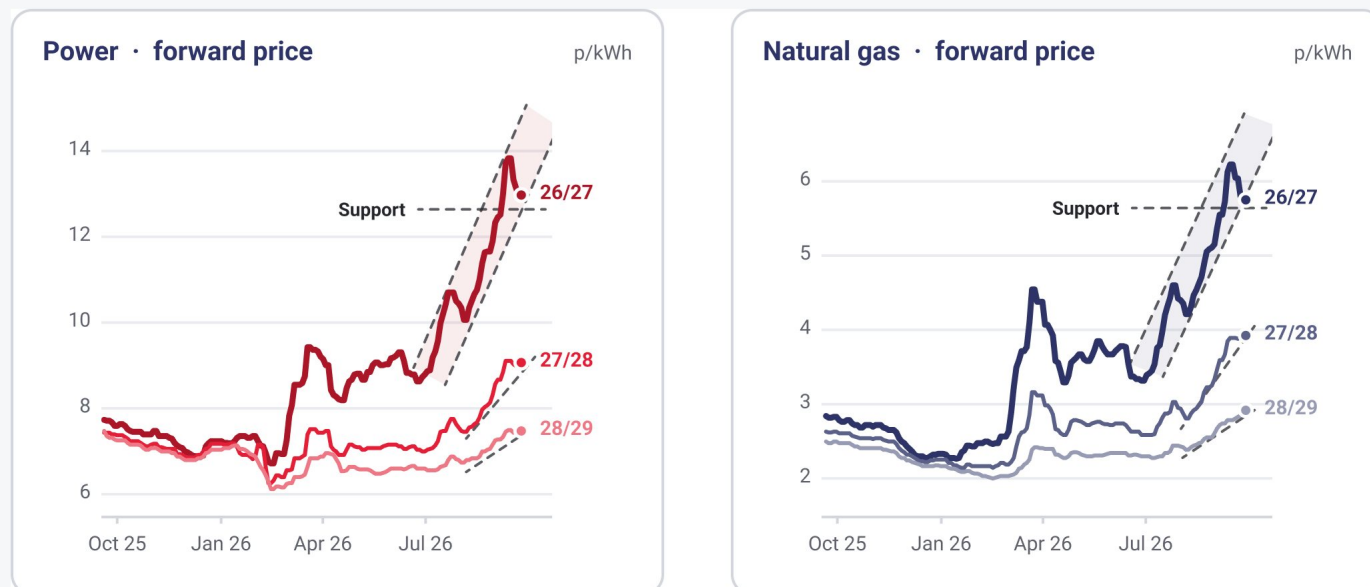
The outlook

Power and gas are doing pretty much the same thing, and neither shows any sign of simply stopping. Without a clear catalyst, the biggest being a resolution between the US and Iran, the expectation is for prices to continue up. With 26/27 now ended trading, the focus shifts to 27/28 and 28/29.

What our trading desk is watching

Technical analysis is core to how we read direction and momentum. Below: how the 26/27 contract ended, and the channels and levels we're watching on 27/28 and 28/29, and what would have to happen for the market to break them.

Market snapshot · forward prices to the end of 26/27 trading



Dotted lines mark what our desk watches: the parallel channel on the 26/27 contract, the horizontal support level near the 26/27 label, and the trend on 27/28 and 28/29. Power (left) and gas (right) show the same pattern.

26/27: how it ended

Power and gas traded in a bullish parallel channel. The late downward move looked more like a short-term correction than a change in direction, and the horizontal support line was probably as low as price could go without a proper catalyst. 26/27 incorporated Win-26, which has now ended trading, so it stands as the final read on that contract.

27/28 and 28/29: unbroken trends

Both are in unbroken upward trends. 27/28 has stalled a little, flat in line with the period 26/27 was bearish, while 28/29 has not stopped being bullish. There is no sign from either that they won't simply continue up without a clear catalyst, chiefly a resolution between the US and Iran.

Key terms

Support level

A price the market has historically struggled to fall below.

Parallel channel

Two parallel trend lines containing price as it rises or falls.

Bullish / bearish

Bullish means prices are rising; bearish means prices are falling.

SECTION 02

Non-Commodity Insight

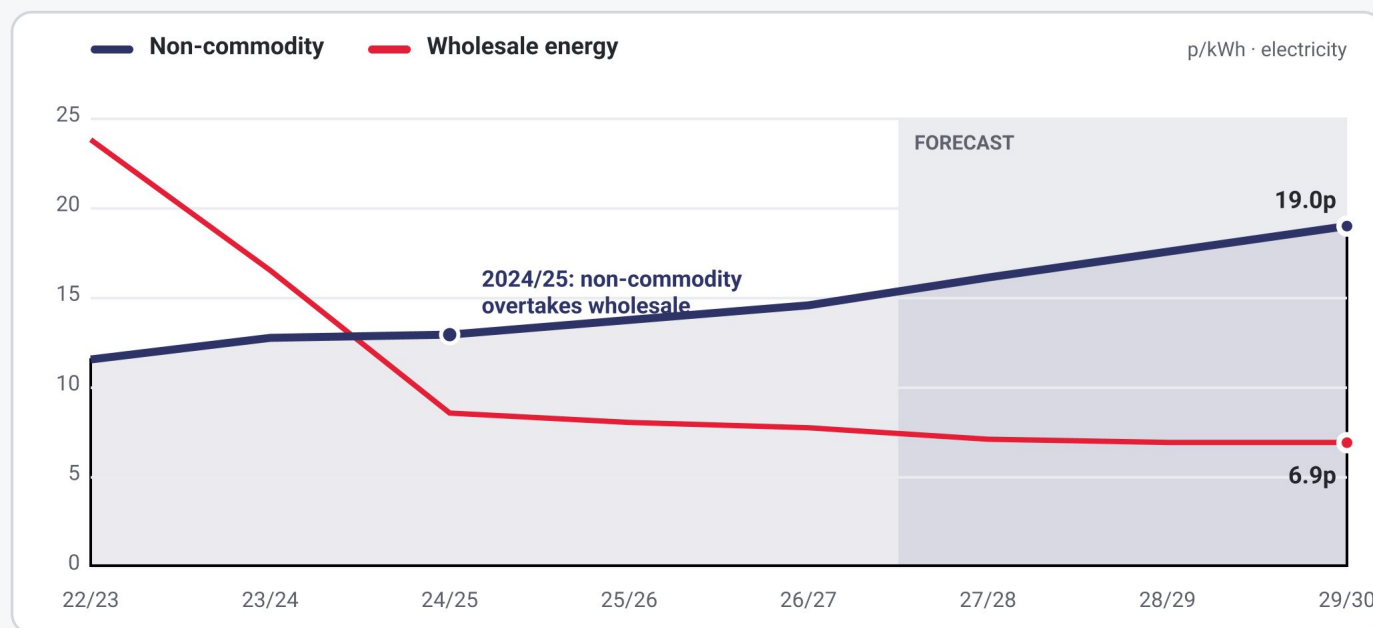


Lloyd Mumford
Flexible Procurement Lead

No longer “the other half” of your bill. At 62% and rising, it’s the bigger half. What the network, balancing and policy costs pay for, and why they only move one way.

Most of your bill isn't energy any more

Three years ago, wholesale energy was two-thirds of a typical electricity unit rate. It has fallen ever since, while the costs of moving, balancing and decarbonising that energy have climbed. The two crossed over in 2024/25, and the gap is still widening.



Typical electricity unit rate split: wholesale energy vs non-commodity (networks, balancing, policy levies and other pass-through costs), p/kWh. 2027/28 onward is forecast. Source: Fidelity Energy analysis of published charging statements.

62%

of a typical electricity bill in 2026/27 is non-commodity

69%

the forecast share by 2027/28

+33%

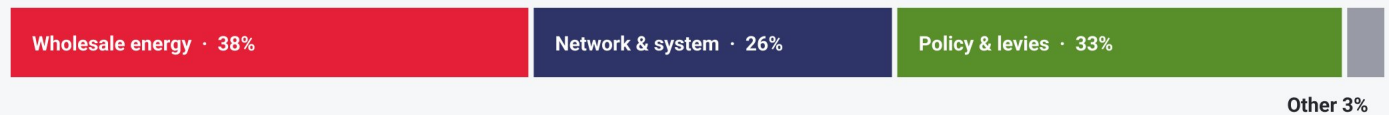
non-commodity growth in just three years

Our view

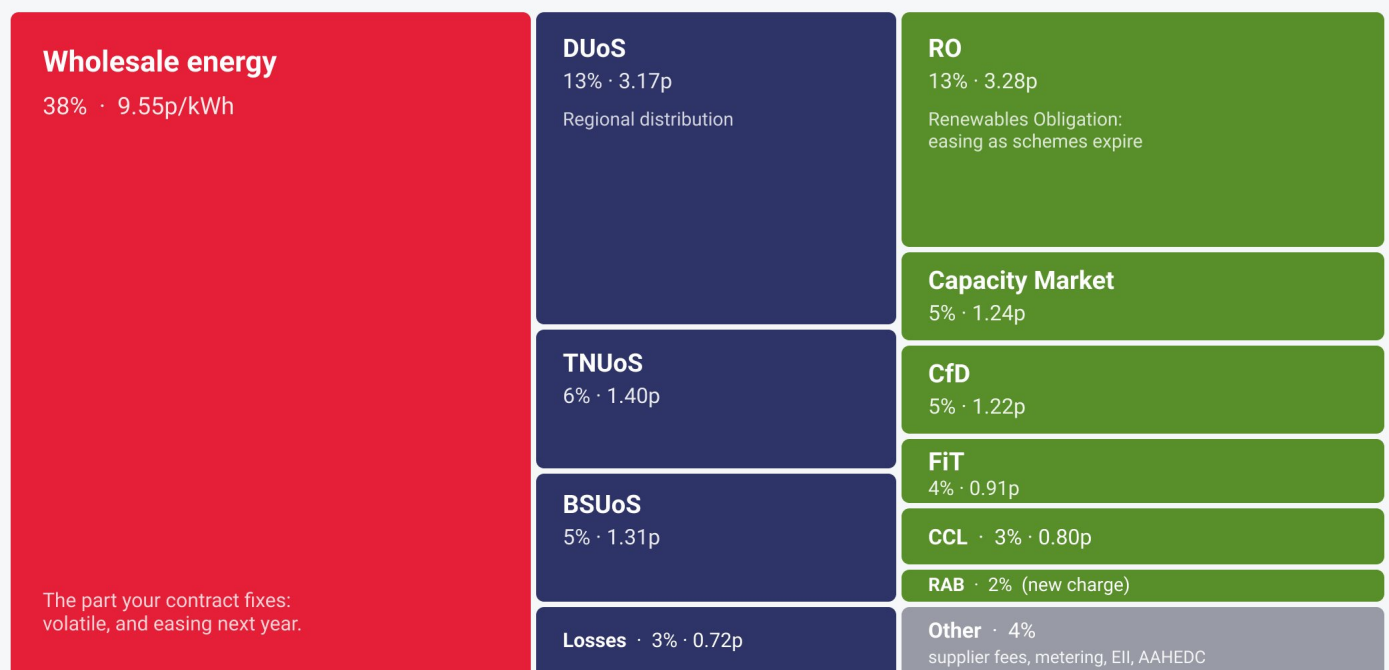
A sharp wholesale price is now only a third of the battle. Next year wholesale is forecast to fall almost a fifth, yet the total unit rate still rises, because every penny of the increase is non-commodity. Budget and compare renewals on the full delivered rate, not the headline energy price.

Anatomy of a unit rate

Every block below is a line on a typical 2026/27 electricity bill, sized by what it costs you. Wholesale energy is the single biggest block, but it's outweighed by everything around it.



Everything except wholesale adds up to 15.49p of the 25.03p total. That is 62% of the bill.



Block area = share of a typical 2026/27 electricity bill (total 25.03p/kWh). Values p/kWh; shares rounded. Source: Fidelity Energy analysis.

What's in the other 62%?

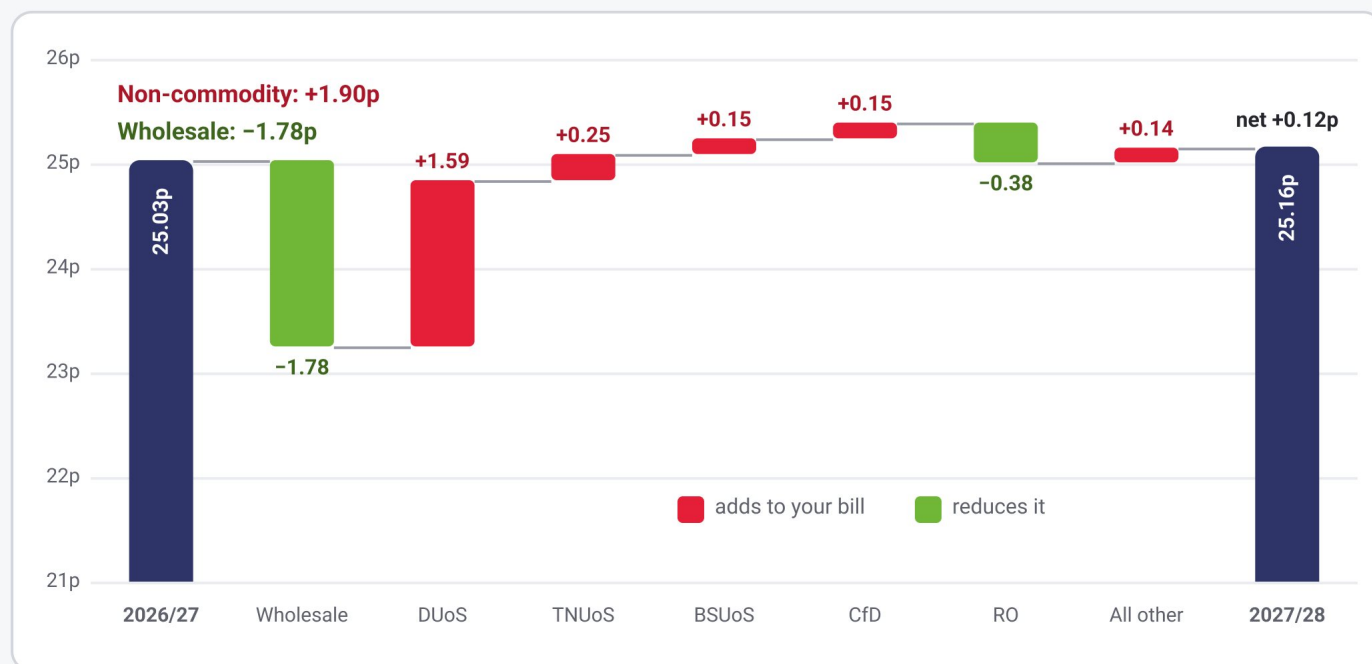
Every non-commodity line: what it pays for, what it costs today, and what it's forecast to cost next year, with the year-on-year change.

CHARGE	WHAT IT PAYS FOR	26/27	27/28	CHANGE
NETWORK & SYSTEM · 26% OF THE BILL				
DUoS Distribution Use of System	Regional networks: cables & substations.	3.17p	4.76p	+50%
TNUoS Transmission Use of System	The national high-voltage grid.	1.40p	1.66p	+18%
BSUoS Balancing Services	Day-to-day balancing of the grid.	1.31p	1.46p	+11%
Losses	Electricity lost in transit.	0.72p	0.73p	+2%
POLICY, ENVIRONMENTAL & SOCIAL LEVIES · 33% OF THE BILL				
RO Renewables Obligation	Legacy large-scale renewables support.	3.28p	2.90p	-11%
CM Capacity Market	Keeps back-up capacity available for peaks.	1.24p	1.26p	+1%
CfD Contracts for Difference	Supports new renewable generation.	1.22p	1.37p	+12%
FiT Feed-in Tariff	Legacy small-scale renewables; CPI-linked.	0.91p	0.91p	+1%
CCL Climate Change Levy	Tax on business energy use.	0.80p	0.85p	+6%
RAB NEW Nuclear Regulated Asset Base	Funds investment in new nuclear generation.	0.45p	0.46p	+2%
EII NEW Energy Intensive Industries Levy	Funds relief for energy-intensive industry.	0.26p	0.29p	+12%
AAHEDC	Subsidises remote-area distribution.	0.04p	0.05p	+3%
OTHER · 3% OF THE BILL				
Other	Supplier margin, metering, data, admin.	0.68p	0.70p	+2%

p/kWh for a typical customer; 2027/28 is forecast. Shares are of the total 2026/27 bill including wholesale energy (38%). Non-commodity total: 15.49p → 17.39p (+12%).

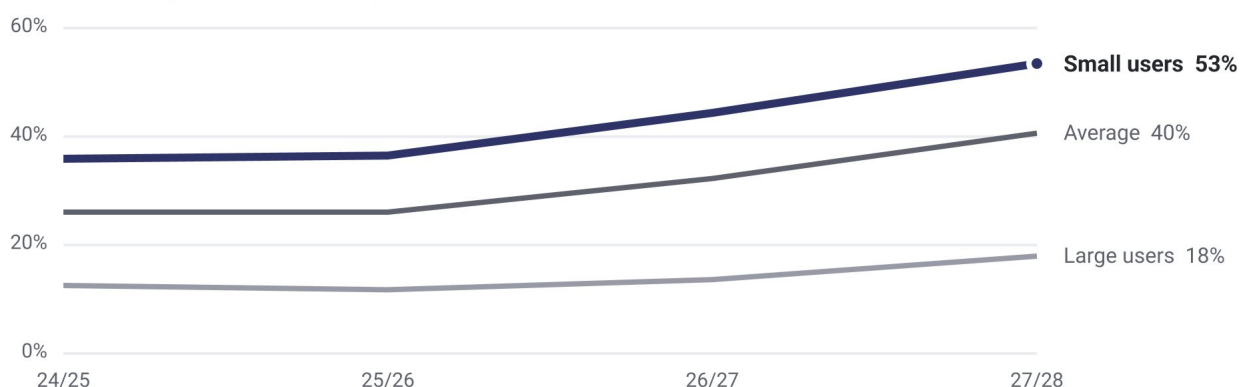
Where next year's increase comes from

Wholesale energy is forecast to fall by 1.78p next year. Your bill still goes up, because the non-commodity lines rise by 1.90p and more than cancel it out.



How to read this: start at this year's unit rate (left), follow each charge's push up or down, and land at next year's rate (right). p/kWh, typical customer, 2027/28 forecast; axis starts at 21p to magnify movement. "All other" combines CM, Losses, FiT, CCL, RAB, EII, AAHEDC and supplier costs.

Gas is following: non-commodity share of the delivered gas rate



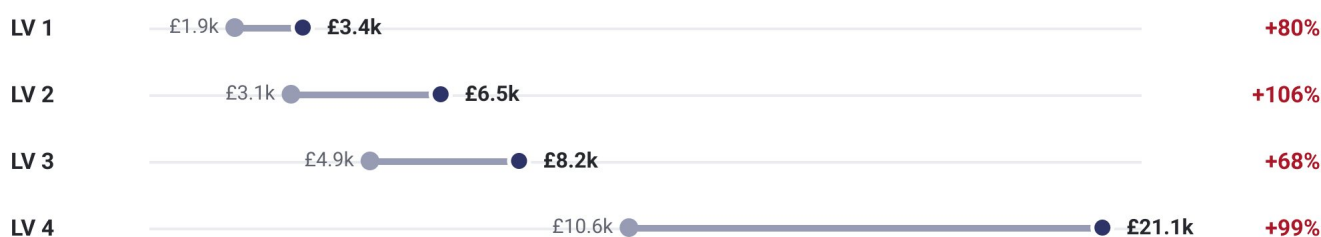
Share of the delivered gas rate that is non-commodity, by customer size; 2027/28 forecast. For smaller users it passes 50%, driven mainly by local distribution (LDZ) charges.

Watch the standing charges

The sharpest rises aren't in the unit rate at all. Under RII0-3, the fixed "residual" element of TNUoS (most of the charge, around 80%) stepped up hard from April 2026. Below we combine it with DUoS standing charges: together, roughly 90% of a site's fixed network costs, by voltage band.

● 2025/26 ● 2027/28 (forecast)

Low-voltage connections · fixed network charges, £/site/year



High-voltage connections · fixed network charges, £/site/year (note the scale)



TNUoS residual (2025/26 actual → 2027/28 forecast) plus DUoS standing charges (current regional average; 2027/28 applies the expected 60–80% rise at its midpoint). Together roughly 90% of a site's fixed network charges. Panels scaled independently; most of the TNUoS step landed in April 2026.

The bands themselves are changing too: the 2026/27 framework redrew them, raising entry thresholds by roughly 8–18% on most bands. If your agreed capacity or consumption sits near a boundary, you may now qualify for a lower band.

What you can do

Three levers matter most: shift flexible load away from peak periods to blunt time-of-use charges; review your agreed capacity (kVA) so you're not paying for a band you don't use; and check relief eligibility. The EII exemption is worth up to ~8p/kWh for qualifying sites, and BICS opens to far more manufacturers from 2027. We can assess all three with you.

SECTION 03

Regulation & Policy



Richard Shakespeare
Chief Operating Officer

A busy quarter for energy policy: what changed, what's coming, and what each shift means for your contracts and costs.

What's changing on your bill right now

A busy quarter for policy, with several changes now landing directly on bills. Here are the three most likely to affect small and mid-sized sites.

Network & standing charges have stepped up

A new five-year framework for funding the grid, RIIO-3, took effect on 1 April 2026, unlocking billions in network investment. Those costs are recovered through network charges, and transmission charges in particular are rising notably this year.

For your business: Expect the network and standing-charge portion of your electricity costs to be higher in 2026/27, largely independent of the wholesale price you fix. When comparing renewals, look at the total bill; a lower unit rate doesn't always mean a lower total.

Half-hourly settlement is rolling out

Market-wide Half-Hourly Settlement (MHHS) moves the market onto settling electricity in 30-minute blocks from actual data, not estimates. Most meters migrate through 2026, with completion in 2027; the migration is automatic for most businesses.

For your business: Better access to time-of-use tariffs. If your operation has any flexibility in when it draws power, it's a good moment to ask us whether a time-of-use arrangement could reduce your costs.

Ofgem now has sharper teeth

April's Ofgem Review, the first in 25 years, gives the regulator power to enforce protections directly: correcting rebills, refunding overcharges and credit balances, and ordering compensation, without lengthy court processes.

For your business: For businesses managing several sites, where small errors multiply quickly, faster intervention is good news. Much still needs legislation, so treat it as a clear direction of travel.

On the horizon

EU–UK carbon linkage

Talks to link the two carbon markets continue, with no confirmed timeline. A deal would ease carbon costs for traders and exporters.

Locational network charging

With a single national wholesale price retained, Ofgem is reworking how network charges reflect location, aiming for delivery by 2029.

A signal for renewals

The domestic price cap rose 13% for July to September. It doesn't apply to business contracts, but it shows how sensitive wholesale remains to global events.

Worth getting ahead of

Not on bills yet, but each rewards early preparation, especially for manufacturers and importers.

Electricity relief for manufacturers (BICS)

The British Industry Competitiveness Scheme is firming up. From April 2027, eligible firms could see electricity bills cut by up to 25%, with a one-off payment backdating support to April 2026. It now reaches 10,000+ businesses; eligibility is by qualifying sector and an electricity-intensity test, not size.

For your business: If you're a small or mid-sized manufacturer, don't assume this is only for heavy industry. Submissions open from October 2026 and you may need around six months of consumption data, so it's worth getting your usage records in order now.

A new carbon cost for importers (UK CBAM)

The UK's Carbon Border Adjustment Mechanism is now law and goes live on 1 January 2027: a carbon charge on imports of aluminium, cement, fertiliser, hydrogen, and iron & steel, above a £50,000-a-year threshold.

For your business: Most SMEs won't be directly affected, but if you import these materials, or products made largely from them, 2026 is the year to assess your exposure and start gathering supply-chain emissions data.

Stronger standards for energy brokers

Ofgem will become the formal regulator of third-party intermediaries: brokers and price-comparison services. A market survey runs through the first half of 2026, with formal rules and a broker registration period to follow.

For your business: Aimed at clearer commission disclosure, better complaints handling and more recourse. In the meantime, ask any broker to disclose fees up front and confirm they're registered with the Energy Ombudsman.

For energy-intensive sites

Two further changes this quarter: the British Industry Supercharger discount on electricity network charges rose from 60% to 90% (from 1 April 2026) for eligible sectors; and UK ETS participants had an April–June window to confirm free-allowance applications, with the scheme expanding to cover domestic shipping from July. Speak to us for tailored support.

SECTION 04

Customer Behaviour & Insights

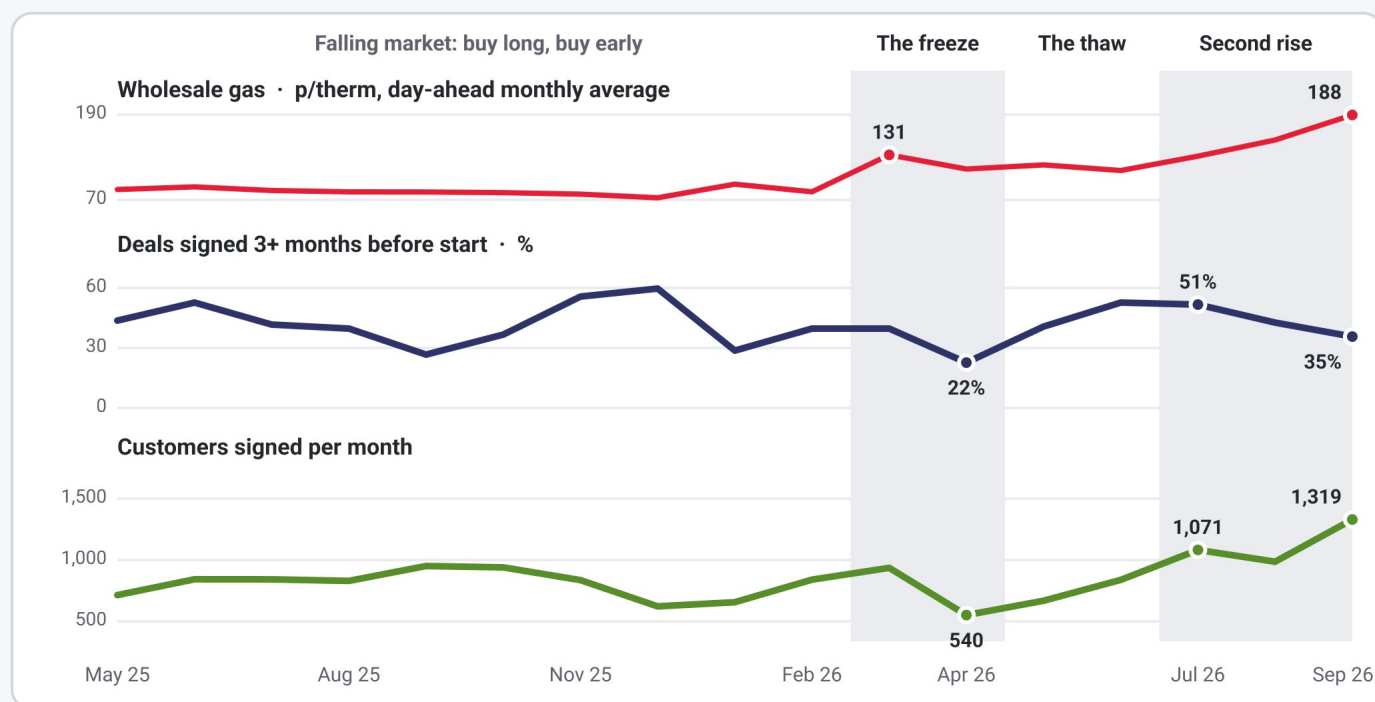


Sean Dixon
Chief Revenue Officer

How UK businesses contracted through two price spikes in 2026, and what waiting for the bottom really cost.

Act early or take the price you're given

When prices rise, businesses split in two. Some act early and choose their price. Others wait and hope prices fall, run out of time, and renew in the final month at whatever the market offers on the day. Very few sit in between.



Monthly figures across Fidelity Energy's book of business by close date, May 2025 to September 2026. Wholesale gas: NBP day-ahead monthly averages, Fidelity Energy trading desk. Shaded bands: the March to April 2026 price spike and the July to September 2026 rise.

46% of businesses renewed in the final month before their contract ended. **They didn't choose their price. They took it.**

Our view: hope is a strategy that rarely pays

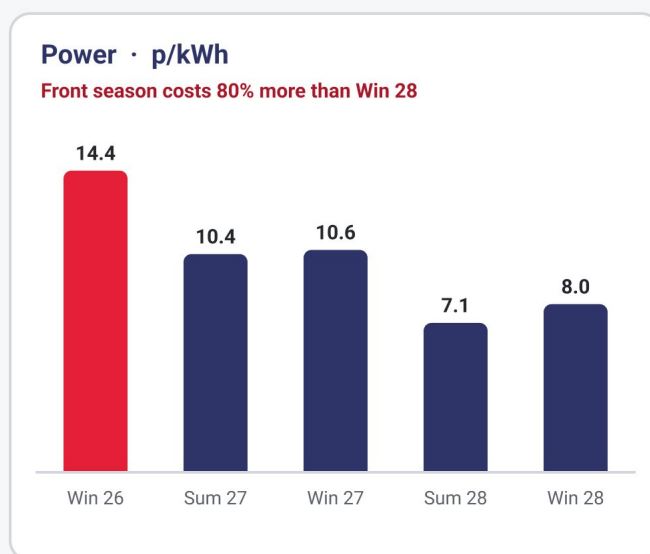
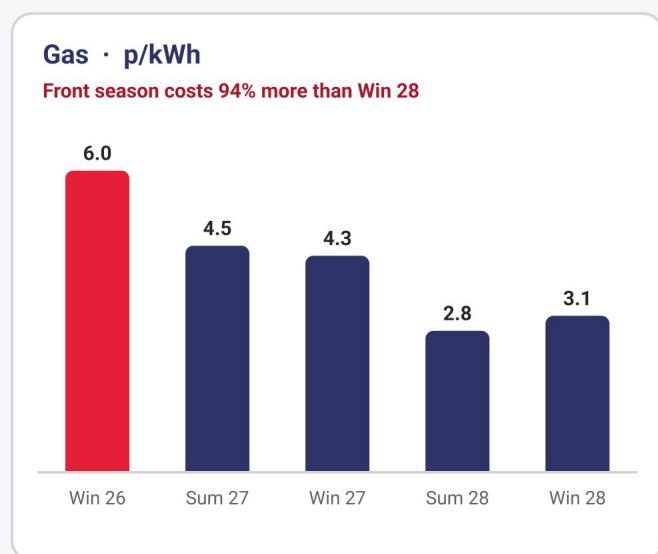
In April, as prices jumped, only 22% of deals were signed three or more months ahead, the lowest in a year. Over the summer, buyers moved: half of July's deals (51%) were signed early and volumes passed 1,000 a month.

But as prices kept climbing, waiting won out. By September only 35% were signed early. So far this year, **46% of deals were signed in the final month before the contract ended**, up from 41% in 2025. In September, our busiest month, it was 54%.

We saw the same behaviour in the 2021 to 2022 energy crisis, only more extreme: in September 2022, more than eight in ten deals were signed in the final month. **Start three to six months before your contract ends**, and the price stays your decision.

The second cost: buying the expensive end of the curve

The freeze didn't just mean buying late. It meant shorter-term contracts, and right now the forward curve is in backwardation: the nearest seasons are the dearest, and prices step down the further out you go. A shorter contract is priced entirely off that expensive front end.



Seasonal forward strips as at 30 September 2026. Both curves are in backwardation: each season broadly cheaper than the one before it. Red bar: the front season a short contract is concentrated in. Source: Fidelity Energy trading desk.

Why the front costs more

The market prices near-term risk hardest: tight storage and the lingering geopolitical premium sit in the front seasons, while later seasons reflect calmer fundamentals, including the wave of new LNG supply covered in our commodity outlook.

Why term length matters

Seasons run six months, so a 12-month deal signed today splits between Win 26, the red bar, and Sum 27: two of the dearest seasons. A 24 or 36-month term blends in Win 27 to Win 28, and 36 months reaches Sum 29, pulling cheaper, steadier seasons into your average unit rate.

Our view: the full cost of shorter-term contracts

Signing a shorter-term contract when prices are rising costs you twice. It narrows your window to catch a better price, and it prices your contract off the most expensive, most volatile part of the curve: you end up paying for short-term risk rather than the calmer pricing further out. In a backwardated market, a longer term is not just protection, it is often the cheaper average price.

Questions about this issue?

If you'd like to talk through anything in this report, or see how these trends play out against your own sites and contracts, our team would love to hear from you.

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