Competition in UK gas markets, 2025

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Key headlines

In 2025, the number of large gas suppliers decreased to 22, from 23 in 2024[1], as two large suppliers moved into the small supplier category following a drop in sales and one small supplier increased sales and moved to become a large supplier.

In 2025, the top three suppliers accounted for 46.3 per cent of the market (with the top two accounting for 32.4 per cent), decreasing by two percentage points compared to 2024, which is below the average for the decade.

Market concentration in the industrial sector increased slightly in 2025, reaching its highest level since the 1990s, following a considerable increase in the market share of the three largest suppliers in 2024. Concentration also increased in the domestic sector but declined slightly in the commercial sector from its 2023 peak.

Background

The Department for Energy Security and Net Zero (DESNZ) collects data from companies that are licensed to supply gas. Large suppliers are defined as those that supply more than 1,750 GWh of gas per year; large suppliers' data are collected monthly. For small suppliers (those that supply less than 1,750 GWh of gas per year), data are collected annually.

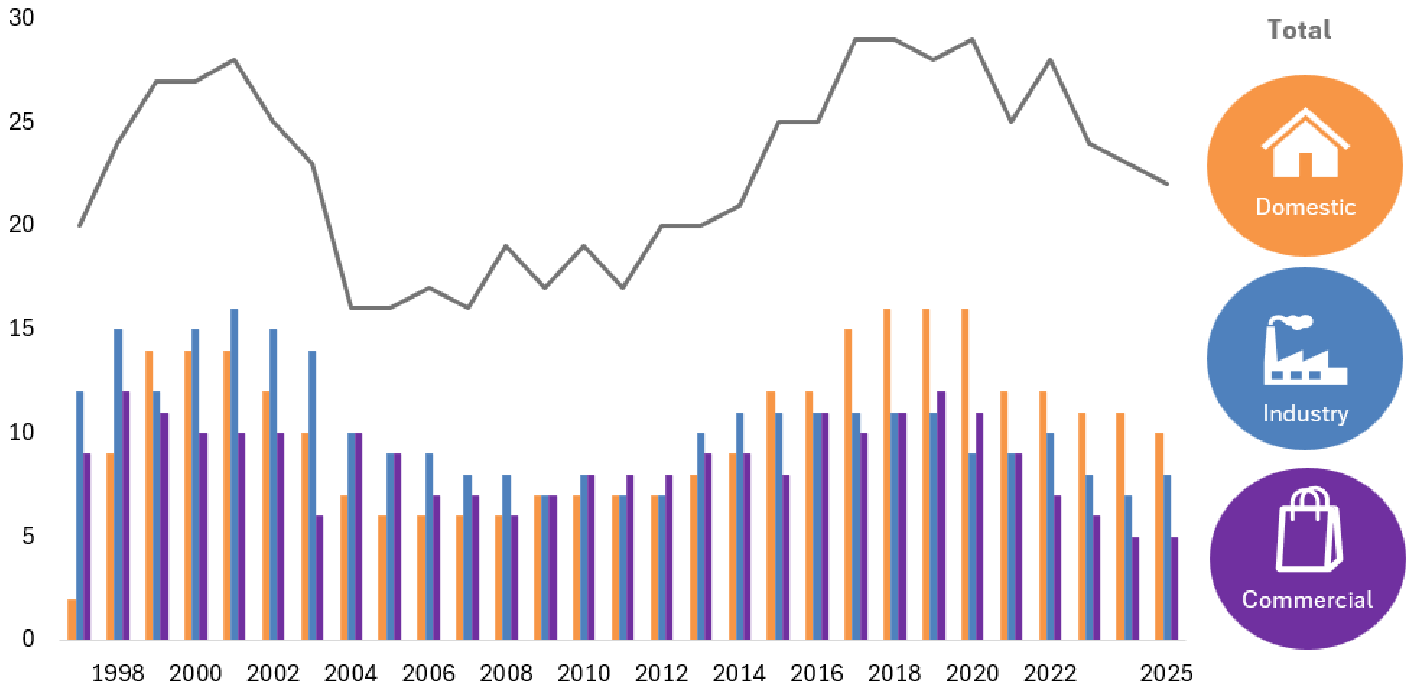
Gas is used by many sectors of the UK economy; generally, gas demand can be split into three with electricity generation, domestic (household) users and other sectors each making up around a third of demand. This article considers gas supplied for final consumption therefore does not include electricity generation and further disaggregates 'other' into industrial and commercial sectors.

The aim of this article is to analyse the number and size of companies supplying gas to the UK and the market concentration of the domestic, industrial and commercial sectors. Market concentration is assessed using the Herfindahl-Hirschman index; for more information see the methodology note at the end of the article.

[1] Comparisons based on revised 2024 data, see accompanying data tables for further information.

Number of UK gas suppliers

Chart 1: Number of large gas suppliers, split by sector, 1997 to 2025



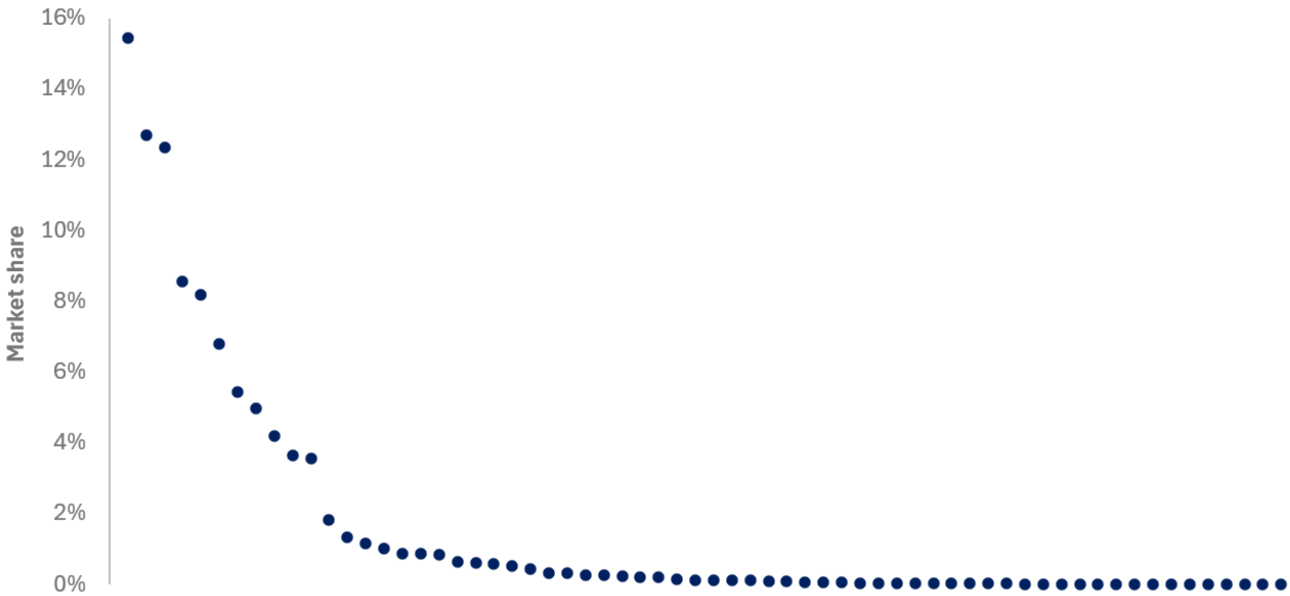
Gas supply in the UK was denationalised between 1986 and 1992. This restructuring of the gas market led to an increase in the number of gas suppliers until 2000 from which point numbers decreased due to company mergers. From 2008, favourable market conditions meant numbers generally increased, with the number of large suppliers peaking at 29 in 2017. They then remained relatively stable until 2021 when the number of large suppliers fell to 25 due to record high gas prices which contributed to market exits. Despite increasing in 2022, the number has fallen again in recent years, sitting at 22 large suppliers in 2025 due to some suppliers decreasing in size. Note that some change is driven by suppliers moving into and out of the large supplier category as they move above and below the 1,750 GWh threshold.

The number of large **domestic** suppliers has generally followed the same trend as the total number of large suppliers. In the domestic sector, the number of large suppliers steadily increased between 2005 and 2020 as smaller suppliers entered the market and gained market share. In 2021, the number of large domestic suppliers decreased from 16 to 12 due to market exits, primarily driven by market conditions. In 2025, this number further decreased to 10, collectively accounting for 98 per cent of consumption of the UK domestic gas market.

In the **industrial** and **commercial** sectors, the number of large suppliers peaked in 2019 at 11 and 12 respectively. Since then, the number of suppliers has fallen each year as the impact of the Covid-19 pandemic and then, to a greater extent, market conditions meant suppliers reduced in size or exited the market. In 2025, there were eight large industrial suppliers accounting for 88 per cent of the market; for the commercial sector this was five accounting for 74 per cent of the market.

Market share of UK gas suppliers

Chart 2: Market share of all gas suppliers, all sectors, 2025



Historically, the gas market has been dominated by a few major suppliers and, to some extent, this remains the case today. The three largest suppliers each make up between 12 and 15 per cent of the market. Eight suppliers each make up between 3 and 8 per cent of the market, followed by over 50 suppliers, each making up less than 2.0 per cent of the market.

In 2025, the market share of the top three largest suppliers was 46.3 per cent, broadly flat on 2024. This is similar than across the sectors with the top three suppliers holding the least market share in the **domestic** sector, at 63 per cent, which has more suppliers in total than the industrial and commercial sectors. The top three suppliers hold the most market share in the **industrial** sector at 69 per cent, followed by **commercial** at 65 per cent.

To assess the competitiveness of a market, it is useful to examine a standardised measure of market concentration. One such metric is the Herfindahl-Hirschman Index (HHI), where higher numbers show more concentration, and lower numbers indicate a more diverse market. Further information on the Herfindahl-Hirschman Index can be found in the methodology note at the end of this article.

Chart 3: Herfindahl-Hirschman Index for market concentration, 1986 to 2025

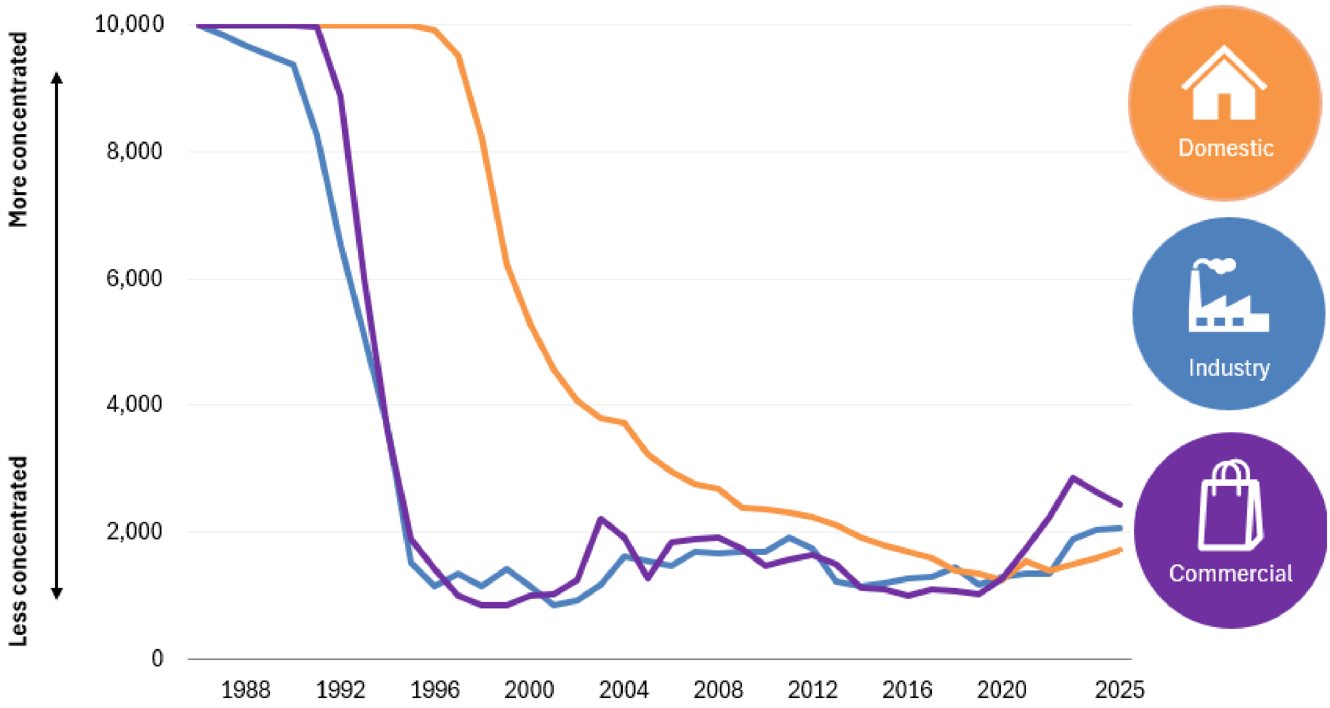


Chart 3 shows gas market concentration as expressed through the Herfindahl-Hirschman index, across the domestic, industrial and commercial sectors. Following the denationalisation of the gas market from 1986 there has been a substantial reduction in market concentration across all three sectors.

The **domestic** sector saw a consistent year-on-year decrease in concentration until 2021, when the concentration of the domestic market increased reflecting market exits and increased market share of large suppliers. Although concentration dipped slightly in 2022 and 2023, it increased again in 2024 and 2025, as some large suppliers expanded their market share.

Concentration in the **commercial** sector has been rising consistently since 2019, peaking in 2023 with the highest HHI since the 1990s, driven by a reduction in the number of large suppliers to six, the lowest since 2008. In 2025, the number of large suppliers stayed at five, the same as in 2024. However, the HHI continued to decline slightly from its 2023 high as smaller suppliers gained market share. Despite this dip, concentration levels remain above those seen in the last two decades (2000-2020).

Concentration in the **industrial** sector has been relatively stable in recent years. However, similar to the commercial sector, 2024 saw the highest HHI since the 1990s for industry, caused by a drop in large suppliers from ten to eight and a considerable increase in market share for the top three suppliers. In 2025, the HHI increased slightly as the number of large industrial suppliers increased by one to eight.

Methodology Note

The data used to produce this article are published in Competition in UK gas markets 2025 - data tables.

The Herfindahl-Hirschman index

The Herfindahl-Hirschman measure attempts to measure market concentration. It places extra emphasis on the contributions of participants with the largest shares. The measure is commonly used to assess whether mergers should go ahead and whether they will significantly affect the balance of the market in a particular sector.

It is expressed by the following equation:

Herfindahl-Hirschman index = the square of each participant's market share added together across all participants in the market.

Values vary between zero, which signifies a perfectly competitive industry, and ten thousand, for a pure monopoly.

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