



Recent Energy Trends & The Year Ahead - A Thought Leadership Series

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Introduction

Net zero emissions and the energy transition has never been more critical on the global, regional, national and local agenda. Government, businesses, and importantly, society, at large and across generations are driving new actionable momentum along this theme. This five-part series takes stock of recent energy sector events and our predictions on what opportunities and challenges we can expect to see across [ITPEnergised's](#) four sectors: [Offshore Renewables](#); [Onshore Renewables & Storage](#); [Corporate, Industrial & Manufacturing](#) and [Property](#) this year.

ESG - For our **corporate clients**, the rapid increase in awareness and commitment to **Environment Social and Governance** (ESG) with no sign of this trend slowing down. ESG has definitively moved beyond compliance with **investors requiring evidence of commitment, disclosure and benchmarking** more than ever before.

This increasing importance is also reflected in the wider stakeholder community, particularly from employees and customers, and is recognised as a **critical differentiator** in both talent attraction and retention.

There is a noticeable **groundswell** in importance for **ESG disclosures** and commitment from **renewables investment funds** as well as technology and fintech which is analogous with the wider, rapid growth of these sectors.

A drive for demonstration of continuous improvement in voluntary benchmarking is leading organisations to embed ESG strategies into their wider business development planning processes. The **upcoming mandating of specific benchmarks** such as the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) in the UK and the Sustainable Finance Disclosure Regulation (SFDR) and **EU Taxonomy requirements** across Europe is pushing sustainability further into the governance processes of organisations.

Our [ESG team](#) is also reporting growing awareness that ESG is not just about carbon is being reflected in new benchmarks and disclosure requirements with a **focus on biodiversity** as well as **supply chain performance** being of particular note.

ENERGY PRICES - Our **industrial and manufacturing clients** have seen **gas and electricity prices increase significantly** and this looks set to continue. The bounce back from lockdown has seen demand for gas grow globally and this, combined with a dip in renewables production due to low winds in 2021, the current geopolitical situation and ever increasing competition for limited gas supplies driving up prices, means [wholesale gas prices](#) **are extremely high and are likely to remain so**. As a significant percentage of electricity is generated at gas fired power stations, this has also resulted in **large increases** in wholesale electricity unit costs.





Market intelligence suggests that recent renewed **electricity contracts are coming in at 25 pence per kWh** and above; with **gas at between 4 and 8 pence per kWh** (depending on how energy intensive the end user is). If you are coming to the end of a set tariff and have not bought in to the far-future be prepared for a sharp rise in costs. The forthcoming [HMRC changes](#) on some **types of oil**, April 2022, also mean it is the right time to review any reliance on oil and what impact these changes might have on the bottom line.

In addition, with the Energy Saving and Opportunities Scheme (**ESOS**) **Phase 3 qualification date** (31 December 2022) fast approaching and the current consultation potentially resulting in an **extension of the scheme to all medium sized enterprises** and **inclusion of a net zero element** to the existing requirements, there has never been a better time to [minimise your energy consumption](#) and reduce the impact of rising unit costs on your bills – a genuinely “no regrets” approach.

ENERGY EFFICIENCY - At ITPenergised, we have worked with numerous clients across all sectors to review their current practices and help them identify **cost effective energy efficiency opportunities**. We also work with organisations to implement **energy management systems** such as ISO 50001 and [EnCO](#). In addition, we provide technology-agnostic analysis of **on-site low and zero carbon technologies** that could be implemented to reduce reliance on imported energy from grid. The possibility of electrolytic hydrogen as a supplementary or alternative fuel to natural gas looks set to become ever more worthy of consideration, and we are supporting a growing number of organisations with analysis of fundamental viability and more detailed assessments where needed. The announcement later this year on the expected price support mechanisms for green (electrolytic using renewable energy sources) hydrogen will finally allow more informed techno-economic assessments at project level.



EXTERNAL CONSTRAINTS - 2022 also looks set to be challenging for manufacturers from a supply chain and import/export administration point of view with continued **Brexit** and **COVID** related constraints still being felt, and now additional concerns around supply chain security given the situation in Ukraine. [The Food and Drink Federation](#) notes that *“Our industry is experiencing unprecedented challenges that are undermining the production and distribution of food and drink across the UK. The COVID-19 pandemic, uncertainty around changing trading relationships with the EU and Northern Ireland and global price/supply difficulties affecting ingredients, energy and shipping have affected resilience and are undermining the viability of the just-in-time supply chain model.”*





REG 61 - The Environment Agency is also undertaking a sector-wide review of all **food and beverage Environmental Permits**, with Regulation 61 notices being sent out currently. Designed to prepare the sector for compliance with Best Available Technique (BAT) requirements, the notices require operators to [review their processes against latest BAT](#) and plan in any required **corrective actions**, or apply for derogations, **before December 2023**. Key changes include more stringent air and water emission limits, increased energy efficiency and a requirement to provide baseline site condition data for EP installations. ITPEnergisised is assisting several clients with this work already and finding added value particularly for those clients with large site portfolios.

The ferrous metal processing, textile and chemical industries will be watching closely given the development of new BAT requirements in their respective sectors this year, already in progress and subject to similar review in the future.

For more information on any of the above or a chat about how ITPEnergisised can support you, please contact Ruth Fain, Head of Corporate, Industrial and Manufacturing at ruth.fain@itpennergised.com

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