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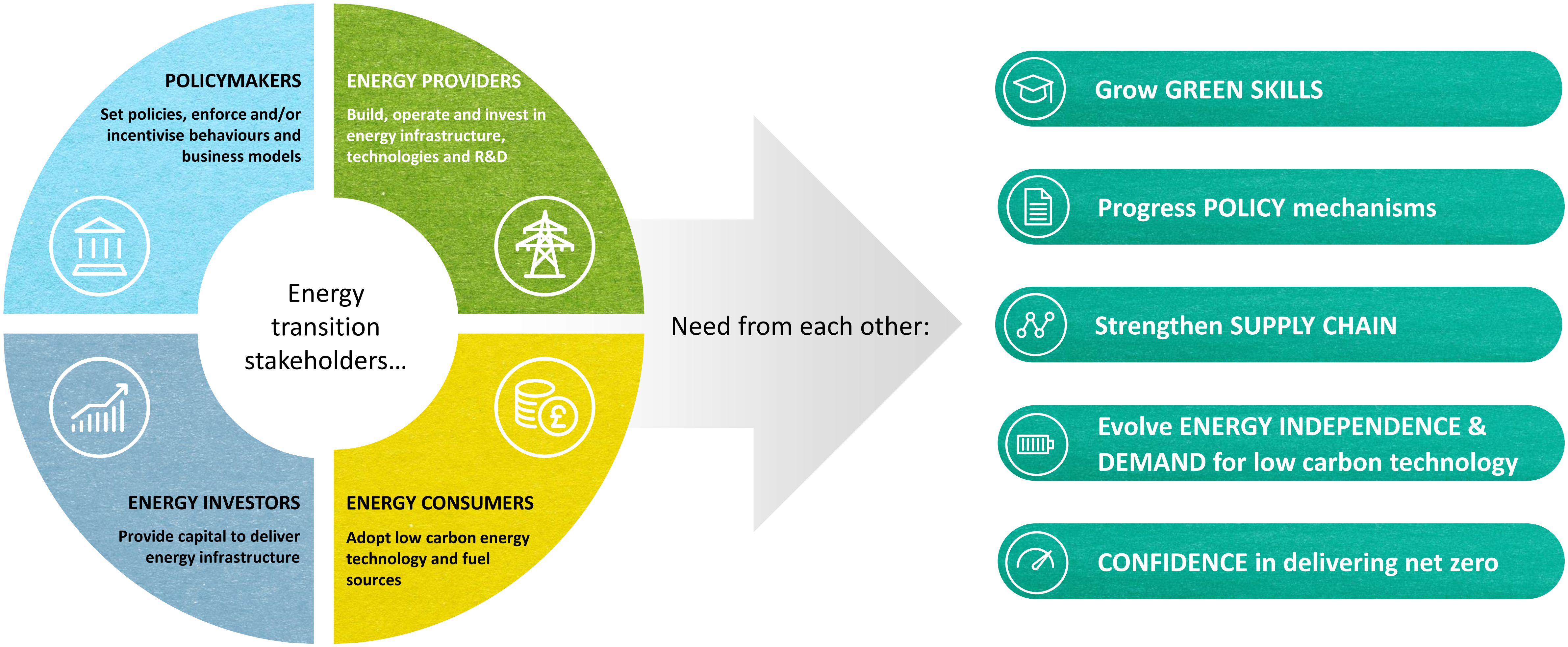
How do we accelerate the UK energy transition?

The UK energy system: Our path to net zero

MAKING AN IMPACT THAT MATTERS since 1845

To accelerate the UK energy transition…



Our insight is based on the views of c. 200 people responsible for decarbonisation in their organisations from across the UK

50% from energy providers

Oil, gas and electricity generation and transport
Low carbon technology provision and services
From across the UK, **28%** from Scotland

50% from business consumers

Manufacturing, construction, chemicals, engineering, iron & steel, transport, healthcare, retail and hospitality telecommunications
From across the UK, **40%** from Greater London

c. 50% from large companies with more than 5,000 employees

c. 86% from senior c-suite-1 roles

1. Energy transition impact

A lack of skills and supply chain make it challenging to deliver net zero plans

How does the UK's energy transition impact your organisation?

	ENERGY PROVIDERS	BUSINESS CONSUMERS
We have a **detailed decarbonisation plan**	**Highly agree: 34%**	Highly agree: 23%
We have the **supply chain to deliver net zero**	**Disagree: 30%**	**Disagree: 33%**
We have the **skills to deliver net zero?**	**Disagree: 29%**	**Disagree: 18%**
Our customers **demand low carbon products**	Disagree: 23%	Disagree: 23%

Energy businesses = 103, % of respondents
Business consumers = 100, % of respondents

Companies want policy advocacy and supply chain support from investors

Which of the following should energy system investors prioritise to become more effective enablers of the UK energy transition?

Rank	ENERGY PROVIDERS		BUSINESS CONSUMERS	
1	42%	Policy advocacy	Policy advocacy	36%
2	36%	Long-term supply chain support	Long-term supply chain support	35%
3	34%	New business models and innovations	Net zero technology risk management	34%

Energy businesses = 103, % of respondents
Business consumers = 100, % of respondents

Companies also want policy advocacy and supply chain support from their <u>peers</u>. Energy companies also want workforce collaboration

What would do the most to help organisations collaborate more productively and to enable progress in the UK energy transition?

Rank	ENERGY PROVIDERS		BUSINESS CONSUMERS	
1	53%	Workforce collaboration	Supply chain co-investment	41%
2	49%	Policy advocacy	Policy advocacy	40%
3	44%	Supply chain co-investment	Sharing infrastructure	31%

Energy businesses = 103, % of respondents
Business consumers = 100, % of respondents

2. Green skills

Companies want non-technical skills and coordinated funding for green skills

What would do the most to help the UK develop the green skills required for the transition towards a net zero energy system?

	ENERGY PROVIDERS		BUSINESS CONSUMERS	
1	46%	**Capabilities beyond technical skills**	Coordinate **grants and incentives** for green skills better	38%
2	43%	Coordinate **grants and incentives** for green skills better	**Capabilities beyond technical skills**	36%
3	43%	**Attractive pathways** for skills from **high-carbon sectors**	Improve **talent acquisition strategies** into the sector	34%

Energy businesses = 103, % of respondents
Business consumers = 100, % of respondents

3. Policy

Companies need a stable, clear, well-communicated sectoral policy, focused funding, planning reforms and energy efficiency drive

Stable, clear, well-communicated sectoral policy

- **Long-term policy**
- **Sector-specific** energy and emissions **policies**
- **Public engagement** on net zero

Focused funding

- **Incentives** to attract **supply chain** investment
- **Direct government investment** into net zero **infrastructure**

Reform to reduce planning delays

Focus on **energy efficiency and reduce energy system waste**

But sectors prioritise these differently

Please rate the following to indicate the extent to which they should be prioritised in the UK

ENERGY PROVIDERS			BUSINESS CONSUMERS	
ENERGY (inc oil & gas): 25	POWER, UTILITIES, RENEWABLES: 46	TECH, INFRASTRUCTURE, SERVICES: 32	INDUSTRIAL ENGINEERING: 24	CONSTRUCTION AND MATERIALS: 12
Improve **energy efficiency** (76%)	**Incentives** to attract **supply chain** investment (63%)	**Incentives** to attract **supply chain investment** (59%)	**Government investment** into net zero **infrastructure** (67%)	**Reform** to reduce planning delays **(67%)**
Open up **government land** for renewables infra (72%)	**Government investment** into net zero **infrastructure** (54%)	**Improved price signals** (56%)	**Sector-specific** energy and emissions **strategies** (50%)	**Sector-specific energy and emissions strategies** (61%)
Long-term policy (68%)	**Public engagement on net zero** (54%)	**Public engagement** on net zero (56%)	**Public engagement** on net zero (50%)	**Incentives** to attract **supply chain** investment (56%)
	Reform to reduce planning delays (52%)	**Sector-specific** energy and emissions **strategies** (50%)	Open up **government land** for renewables infra (50%)	Improve **energy efficiency** (56%)
			Incentives to attract **supply chain** investment (50%)	

% of sectoral respondents

4. Supply chain

Companies want government intervention and new ways of working for their supply chains

Government intervention

Government enterprises to plug holes in supply chain

Government incentives to attract **foreign investment**

New ways of working

Standardise net zero offerings

Better **sharing of risks** across value chain

Long-term supplier relationships

New business models

But different sectors have different supply chain priorities

Rate the following to indicate the extent to which they should be prioritised to support an improved low-carbon energy supply chain

ENERGY PROVIDERS			BUSINESS CONSUMERS	
ENERGY (inc oil & gas): 25	POWER, UTILITIES, RENEWABLES: 46	TECH, INFRASTRUCTURE, SERVICES: 32	INDUSTRIAL ENGINEERING: 24	CONSTRUCTION AND MATERIALS: 12
Government enterprises to plug supply chain **holes** (68%)	**Standardise** net zero offerings (52%)	**Government enterprises** to plug supply chain holes (59%)	**Standardise** net zero offerings (58%)	**New business models** (78%)
Incentives to attract **foreign investment** (64%)	**Government enterprises** to plug supply chain holes (48%)	Better **sharing of risks** across value chain (53%)	More appropriate **insurance and reinsurance products** (54%)	**Long-term supplier relationships** (67%)
Better **sharing of risks** across value chain (60%)	**Long-term supplier relationships** (48%)	**Long-term supplier relationships** (53%)	**Incentives for green skills** (50%)	**Standardise net zero offerings (56%)**
	Incentives to attract **foreign investment** (46%)	**New business models** (53%)		Better **sharing of risks** across value chain (56%)

% of sectoral respondents

5. Demand and energy independence

Business consumers want technical help to develop their own renewable energy generation and storage assets

To what extent do you agree or disagree with the following statements?

Rank	ENERGY PROVIDERS: "Communication and collaboration"	%	BUSINESS CONSUMERS: "Technical assistance to decarbonise"	%
1	**Ideas** for low-carbon products and services	88%	Help to develop renewable **self-generation and storage** assets	75%
2	Openness about plans for renewable **self-generation and storage** assets	83%	**Technical** support to decarbonise	75%
3	Joint advocacy for policy improvements	80%	**Bundled decarbonisation services** (e.g. design, installation, finance)	69%

Energy businesses = 103, % of respondents
Business consumers = 100, % of respondents

Business consumers will invest in energy efficiency, green skills and electrification over the next 12 months

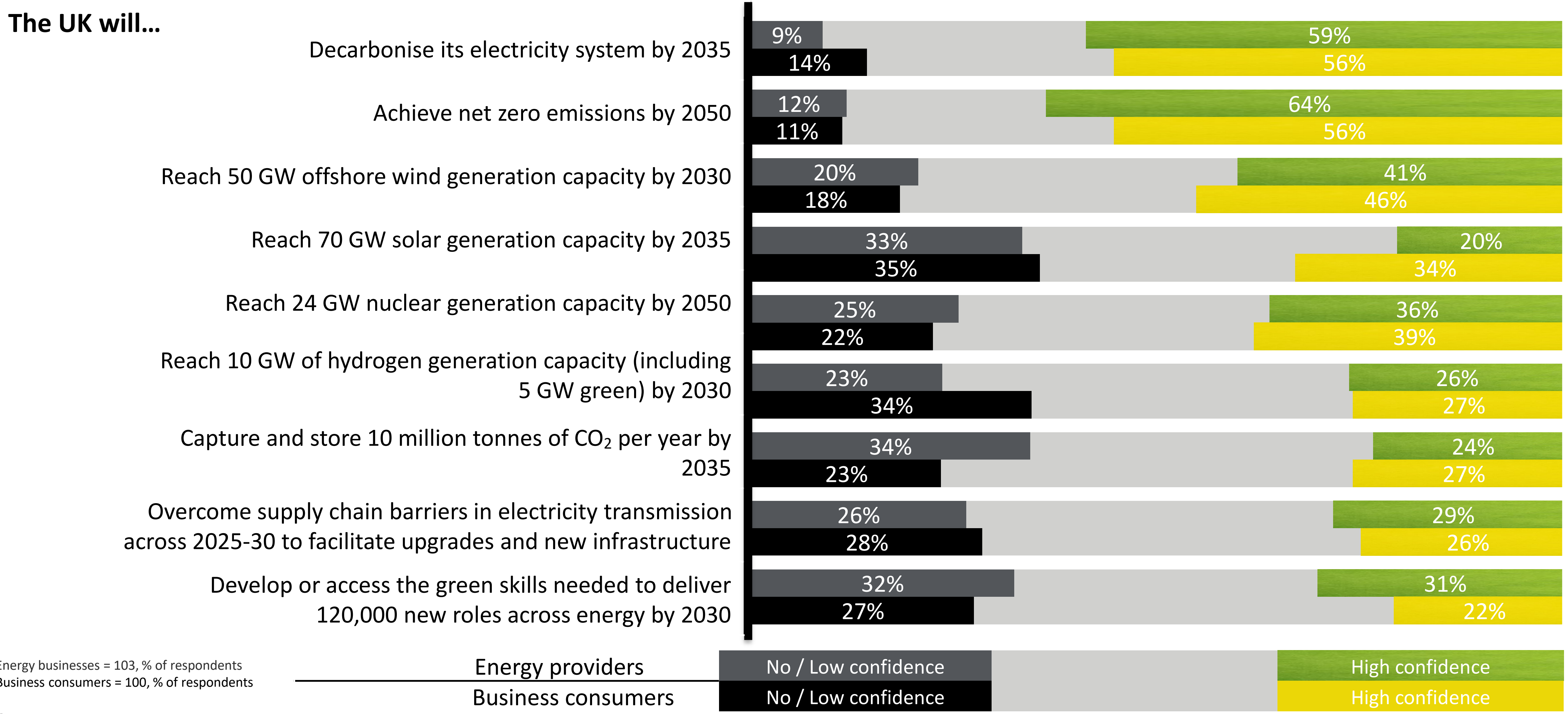
Do you expect your organisation to increase or decrease investment in the following areas in the year ahead?

	Maintain current investment (if you have any)	Net investment
Energy efficiency upgrades	27%	39%
Employee engagement and training	20%	38%
Electrification of operations	31%	31%
Solar PV	11%	15%
Waste reduction and circular economy practices	30%	12%
Battery storage	20%	12%
Carbon capture and use or storage	30%	8%
Sustainable raw materials	20%	4%
Hydrogen adoption	8%	2%
Biofuels (gasses or solid)	30%	-2%
Supply chain decarbonisation	26%	-6%

Business consumers = 100, % of respondents

6. Confidence in national ambitions

Companies are confident we will meet the 2035 and 2050 targets, but less so in the interim milestones to achieve them



Energy businesses = 103, % of respondents
Business consumers = 100, % of respondents

SUMMARY

How do we accelerate investment in energy infrastructure and low carbon technology?

Grow GREEN SKILLS	Non-technical skills, better coordination of government incentives and supporting workforce transfer from other sectors to net zero
Progress POLICY mechanisms	A stable, clear, well-communicated sectoral policy, focused funding, executing planning reforms and driving energy efficiency
Strengthen SUPPLY CHAIN	Government intervention in specific supply chain segments and new ways of working
Evolve ENERGY INDEPENDENCE & DEMAND for low carbon technology	Demand development for low carbon fuels and technologies to support decarbonisation plans
CONFIDENCE in delivering net zero	High confidence in the 2035 and 2050 targets, but less so in technologies and factors necessary to reach them

Contacts

To discuss how these findings will impact your organisation’s energy transition journey, please get in touch with one of our UK energy transition leaders.

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