

Business Energy Tracker

The voice of
UK business

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Introduction



It is fair to say that the past two years have been challenging for UK businesses. We are emerging from two years of upheaval into even more uncertainty - rising inflation, reduction in government pandemic support, and increased energy market volatility.

All of these things are having a major impact on business confidence, with investment decisions being delayed to help mitigate against the increased risk we are all facing.

However, at the same time, we are being warned that the next ten years must be a 'decade of delivery' when it comes to climate change and hitting our net zero emissions target by 2050.

We know that businesses will be crucial to this, and many are on their road to a more sustainable future. It has been encouraging to see so many organisations announce ambitious plans to support the wider net zero ambition despite the economic challenges.

But, will the current situation hinder progress? Or are businesses being proactive in how they both manage energy risk and reduce their carbon impact?

We have a long track record of telling the business story when it comes to energy. While domestic energy issues grab the headlines, it is vital that the business view is heard too.

That is why we commissioned this new piece of insight - the **Business Energy Tracker** - which is designed to give a comprehensive view of the impact of the current challenges on businesses' attitudes to energy, risks and sustainability investment priorities.

From this, we have been able to calculate a confidence 'score', taking the pulse of how businesses are feeling right now.

It represents the views of 200 large businesses and includes several in-depth interviews with senior representatives of some of the UK's biggest organisations. The findings reveal what their main concerns are, how they are managing energy risk, their views on net zero, and the kind of support they want to see from government over the next 12 months.

The plan is for this to become an annual tracker and will be used to inform how we at npower Business Solutions (nBS) work with our customers, as well as being a resource for wider stakeholders in the business community.

We will also present the findings to government to ensure the voice of UK businesses are heard, helping business and government make strategic decisions and better policy.

This is a must read for any business energy user right now, and we look forward to hearing your views.

Anthony Ainsworth
Chief Operating Officer (COO),
nBS

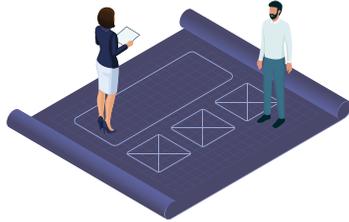
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Business Energy Tracker: top findings



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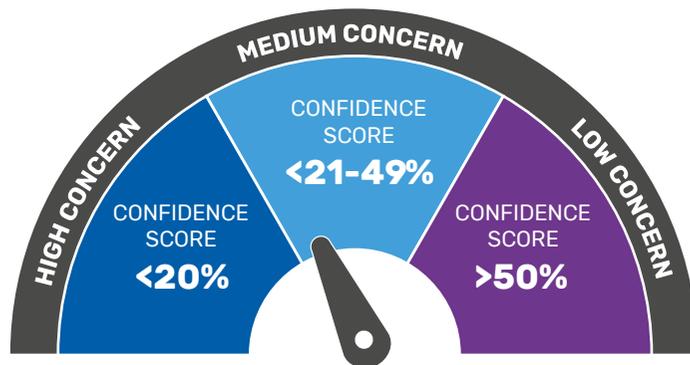


Our research¹ has
given businesses a
confidence score of

27%

Top findings

How confident are businesses to invest?



What is behind this?

- Energy has overtaken Covid-19 as top business concern for 77% of businesses
- Energy is now a board-level concern for 80% of businesses
- However, businesses want to take action. Net zero measures are deemed a key investment priority for 55% of businesses across the next 12 months

82% of businesses believe that government can do more to protect against market volatility

- One in five believe nothing is being done at all
- Greater incentives to 'go green' are top of the business wish list

Businesses are proactively managing risk

- Energy efficiency is the top way businesses are managing risk
- A quarter of businesses are investing in on-site generation to become more self-sufficient - solar photovoltaic (PV) is the most popular source

Net zero in the balance?

- Businesses still believe in net zero, but confidence regarding whether it is achievable is down
- Cost of funding the transition is a major concern for 93% of businesses
- More than two thirds of organisations are concerned about greenwashing

¹The Business Energy Tracker assumes a correlation between business concern and optimism. Confidence numbers below 20% indicate pessimism about near-future business energy, and numbers above 50% indicate optimism towards near-future business energy performance.

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Are UK businesses experiencing a confidence crisis?



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Are UK businesses experiencing a confidence crisis?

- 77% of businesses say energy is now their biggest concern, overtaking Covid-19 recovery
- Energy is now a board-level concern for 80% of businesses
- However, net zero has not been derailed - yet

The past two years have had a major impact on all businesses across multiple industries. As well as the ongoing aftershocks caused by the Covid-19 pandemic, organisations are also navigating the implications of a post-Brexit world, rising inflation, and dealing with a once-in-a-generation cost of living crisis.

Then, the global wholesale energy markets started to demonstrate extreme volatility, resulting in rising prices for both businesses and consumers.

How has this impacted business confidence?

Our research shows that it has taken a hit, but there are positives on the horizon.

While there is high concern around energy risks, costs increasing over the next 12 months, greenwashing and a lack of government support, the research also showed that businesses are still planning to proactively invest in sustainability measures.

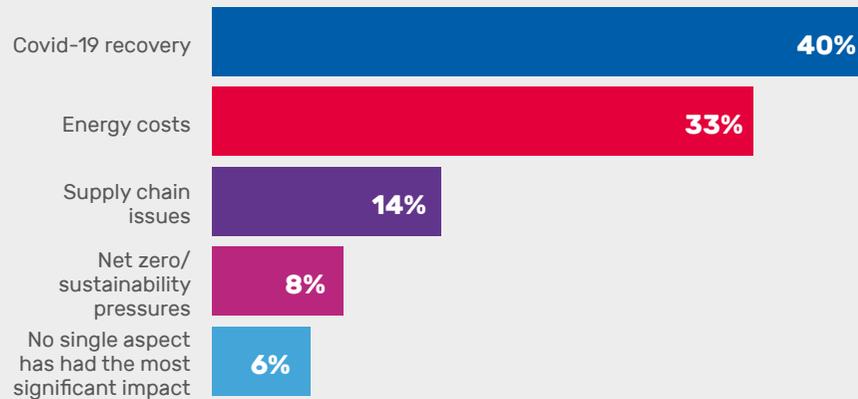
Currently, businesses in the UK have given a confidence score of 27%.

"This month's energy bill has gone up from £20,000 to £80,000 for one site"
 Wholesale and retail company (private sector)

Energy replaces Covid-19 as top business concern

Over the past 12 months, perhaps unsurprisingly, the research shows that the ongoing recovery from Covid-19 has had the biggest negative impact on the investment plans of businesses. Four out of ten respondents chose this as their top concern, followed by energy prices (selected by a third). (Figure 1.)

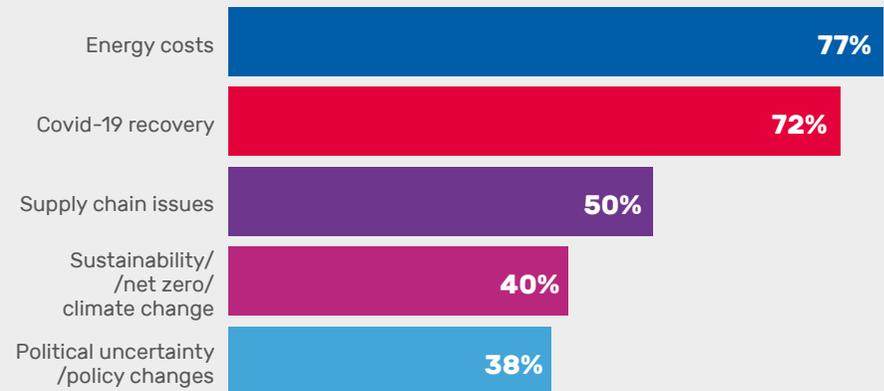
Figure 1. Biggest negative impact on business investment plans in last 12 months



It has also had an impact on how businesses plan, with nearly half of respondents (49%) saying they now only plan for the short term (12 to 24 months). Only 13% said it had not changed how they plan.

Looking ahead, when asked about current risks, while the same two key themes emerged, energy costs have now moved into the top position for more than three quarters (77%) of businesses. (Figure 2.)

Figure 2. Top risks for businesses over the next 12 months (ranked 1 to 3)



“The unit cost increase is astronomical. We’ve not been able to fully mitigate against that. The price of gas has increased from less than 2p per kWh to over 5p”

University (public sector)

“We have a gas CHP centre, so we’re hit harder by rising gas costs. Also carbon credits, we are part of the UK Emission Trading Scheme, we have to buy carbon credits for every tonne of carbon we emit within our city centre campus where the energy centre is based. Currently it’s £80 per tonne, but 18 to 24 months ago this was only €6 per tonne when part of the EU Trading Scheme. We’re expecting this price to continue rising until March 2023”

University (public sector)

Rising prices predicted for the next 12 months mean that energy is now a board-level concern

Within that, wholesale costs - combined with market volatility - is the biggest concern for half of respondents (50%), followed by security of supply (45%) and the overall impact on their business (39%). (Figure 3.)

Nearly nine in ten businesses anticipate the cost of energy to rise over the next 12 months, with one third (34%) saying it will increase significantly and more than half (53%) saying it will increase slightly. (Figure 4.)

Figure 3. Greatest energy concerns (ranked 1-3)

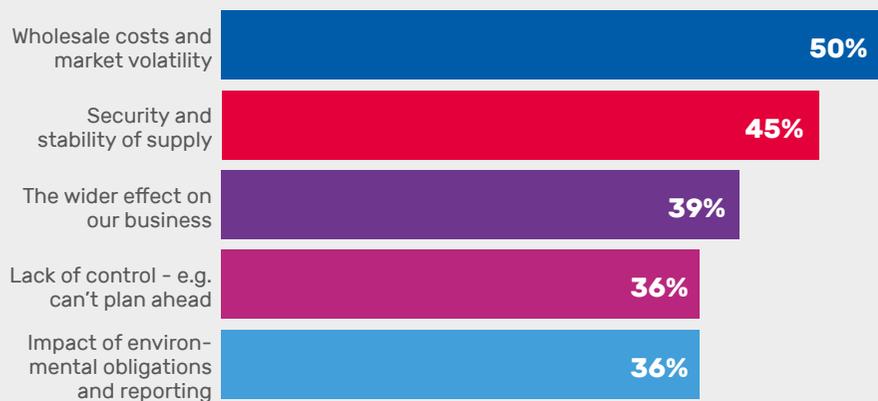
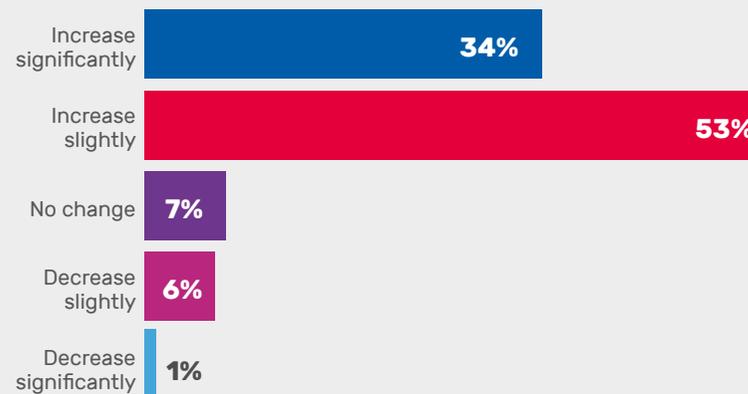


Figure 4. Do you expect the percentage of business costs spent on energy to increase or decrease in the next 12 months?



“The trajectory is definitely for it to increase. You only need to look at how much a barrel of oil is costing now. Increased food costs is just scratching the surface, everything else including energy will continue to rise too”

Manufacturing company (private sector)

“For a long time, energy bills were static, so we were originally buying 3 to 5 year energy plans, no issue. Now nobody will give you longer than 1 year energy plans”

Wholesale and retail company (private sector)

When you take into account that one third (31%) said it accounted for 26-35% of their business costs, and 15% said it accounted for more than 36% of their costs, this could have a major impact.

17%

of businesses state that energy accounted for

<10%

of business costs

31%

of businesses state that energy accounted for

26-35%

of business costs

37%

of businesses state that energy accounted for

10-25%

of business costs

15%

of businesses state that energy accounted for

<36%

of business costs

As a result, a significant number of businesses reported that energy is also now a major board-level concern - **80%** said their board was either very or quite concerned about energy.



Net zero has not taken the back seat

Well, not yet. However, at the moment, this is not set to stall net zero progress - more than half (55%) said that sustainability measures would be their top investment priority over the next 12 months, with only people and talent more important (57%). (Figure 5.)

As well as the carbon reduction benefits, greater investment in net zero also means greater energy independence, both for businesses and across the UK.

Figure 5. Most important investments over the next 12 months (ranked 1-3)



A third (36%) also believe that the current energy crisis will help progress towards net zero, although nearly half (49%) believe it will harm progress.

“With Covid, we have benefitted from becoming more efficient with our energy. We were able to work on energy efficiency plans more rapidly, but buildings are feeling colder because there are less people in the buildings, less background heat from laptops and chargers”

Wholesale and retail company (private sector)

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**Expectation vs reality:
is government doing enough
for business?**



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Expectation vs reality: is government doing enough for business?

- 82% of businesses want greater government action to protect against market volatility
- One in five believe nothing is being done at all
- Greater incentives to 'go green' are top of the 'wish list'

The government's recent Energy Security Strategy - and subsequent Energy Bill, which was announced in the State Opening of Parliament - was highlighted by some commentators as a 'missed opportunity' to help support businesses who are struggling with short-term liquidity issues and high prices caused by the volatile wholesale market.

For many companies - particularly those in energy intensive sectors - the energy market uncertainty is having a major impact on confidence.

Therefore, one of the key things we wanted to find out from this research was whether businesses believe current government policy goes far enough to support them, and if not, the types of action they want to see taken.

It is our intention to present these findings to the Department for Business, Energy and Industrial Strategy (BEIS) and ensure the voice of business is heard when future policy and strategy is being drafted.

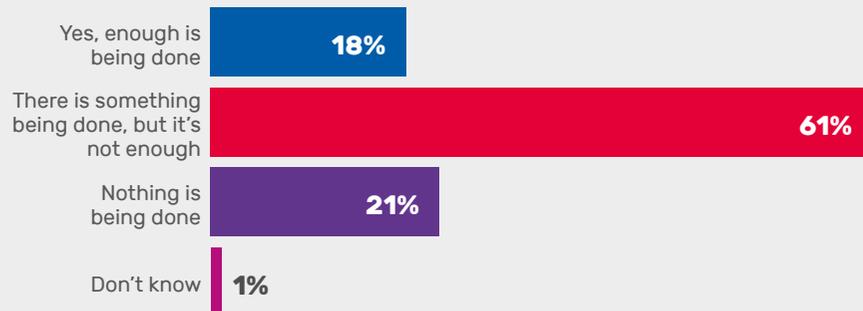
We also asked them about measures they are taking - or are planning to take - to help them manage their energy risk.

Businesses want to see greater government action to protect against energy volatility and accelerate net zero

When asked if enough was being done to support businesses, six out of ten businesses (61%) do not feel enough is being done to protect and support them in the face of mounting energy costs and market volatility. A further 21% believe nothing is being done at all. (Figure 6.)

This is a clear call to government to do more to protect businesses during these challenging times. It is crucial their voices are heard.

Figure 6. Do you feel government is doing enough to protect your business from energy market volatility?



"No I don't, but I can understand why as we've just had this huge global pandemic. It's basic profit and loss, the government has spent a huge amount of unplanned money so there is now a huge deficit"

Manufacturing company (private sector)

"No, because they allow the market to be profit led. The UK is 60% dependent on imported gas, the Esco model is broken, needs a longer term approach with local generation and decentralised energy"

Local Authority (public sector)

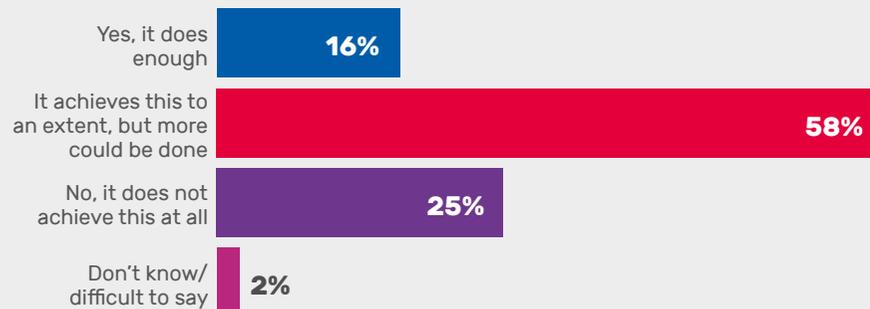
“No, I don’t think the government is doing enough. I think their policies are all too late. We’ve had to fight long and hard to get the investment we need”

College (public sector)

Businesses are also split on whether current energy policy does enough to encourage them to switch to renewable energy, with a quarter (25%) believing it does not achieve this at all. 57% believe more could be done. (Figure 7.)

The acceleration of homegrown renewable energy was a key part of the government’s Energy Security Strategy and Energy Bill. Therefore, it is vital that it is easy and affordable for businesses to make the switch.

Figure 7. Does current energy policy do enough to encourage businesses to switch to renewable energy sources?



Greater incentives to ‘go green’ are top of the business ‘wish list’

Businesses were clear that, where possible, they want their operations to be powered by low-cost renewable sources. As such, when asked what measures they would like to see from government in terms of energy policy, the top answer was more incentives to switch to renewable energy, with 56% of respondents calling for this action.

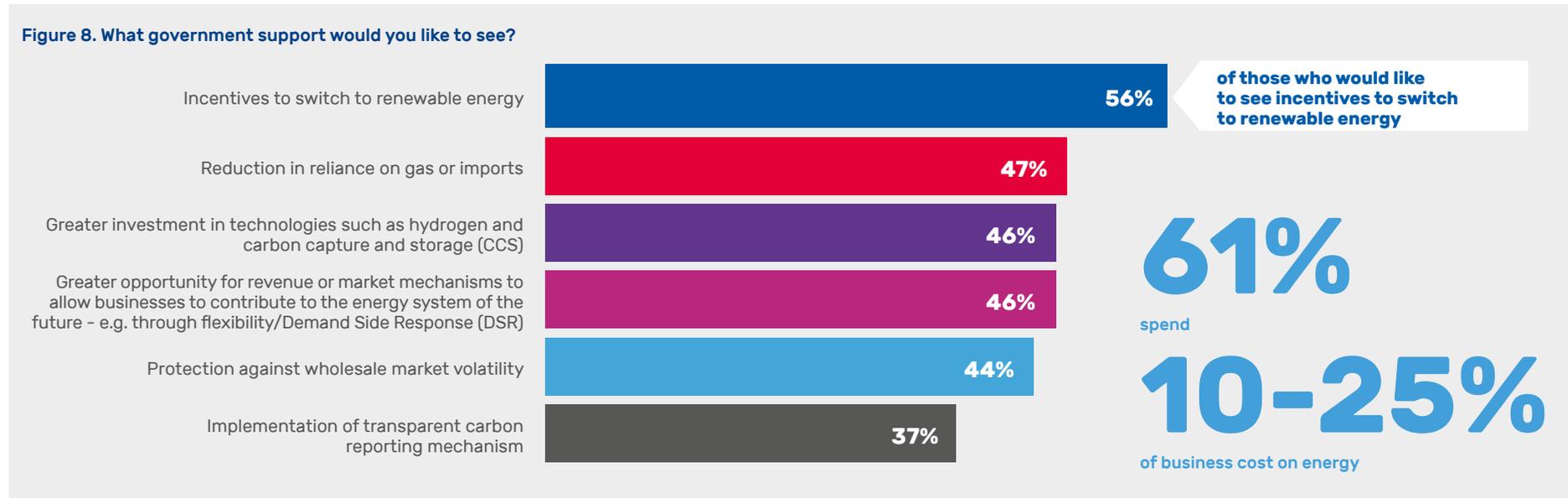
Almost half of businesses (49%) also want to see a reduction in the UK’s reliance on gas or imports, and 46% want greater protection against current and future wholesale market volatility. Reducing energy demand and dependence on gas is not only good for lowering costs, it is also good for net zero and will help the UK achieve energy independence.

In addition, nearly half (45%) want to see an acceleration in investment in technologies to support their business’s net zero plans, such as hydrogen and carbon capture and storage (CCS).

“In relation to buildings, there’s lots of tax levers that the government can use. For example, if they could say we will reduce your business rates if you invest in and can demonstrate an energy efficiency measure in your building, that’s a good way of working together. That’s lots of policies that could be introduced”

Real estate company (private sector)

With hydrogen being highlighted as a key fuel to enable many industries to move away from fossil fuels, the measures outlined in the government's Energy Security Strategy - which included the intention to double the production capacity of low-carbon hydrogen by up to 10GW by 2030, with at least half coming from green hydrogen - could be a welcome announcement for the longer term. (Figure 8.)



Businesses also think they can play a bigger role in the energy transition, with nearly half (46%) believing there is an opportunity for government to introduce more revenue or market mechanisms that would allow them to contribute to the energy system of the future.

More demand reduction incentives and market mechanisms to harness flexibility and Demand Side Response (DSR) will result in more revenue streams for industry. However, Ofgem's Targeted Charging Review (TCR) has changed how this will work in practice.

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Managing risk in challenging times



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“We have a new policy which means we only heat our buildings to 21 degrees. We are telling people to open a window or bring an extra jumper if they want more or less heat. We have also changed to having one building open or shut instead of having the whole campus open or shut for example”

University (public sector)

Managing risk in challenging times

- Energy efficiency is the top way to manage risk
- Businesses are investing in on-site generation to become more self sufficient
- Using energy management tools and shopping around for suppliers are also key measures being taken

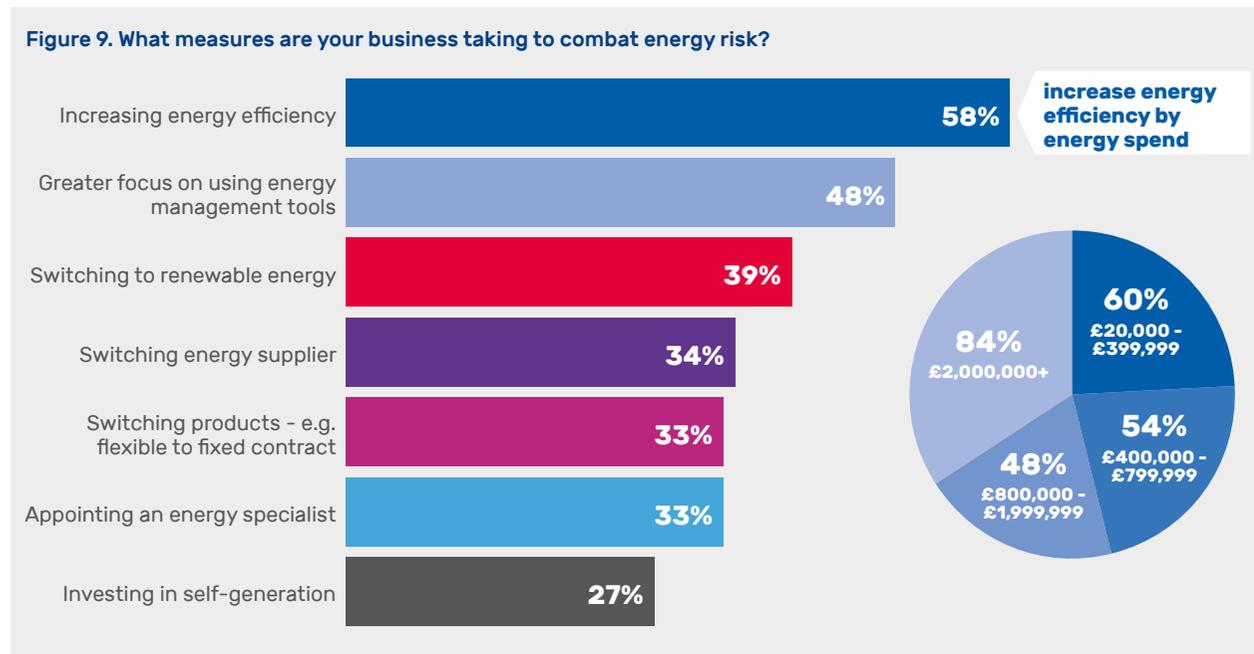
One of the criticisms of the Energy Security Strategy was its lack of additional incentives to increase energy efficiency. Helping businesses reduce energy consumption through more innovative efficiency solutions is a real ‘no regrets’ action that could be taken. These can be implemented quickly and would result in immediate savings both in terms of their bottom line and decarbonisation efforts.



Energy efficiency is the top way to manage risk

Businesses believe this too. When asked what measures they are taking to combat energy risk, more than half (58%) said they were increasing energy efficiency - this rises significantly to 84% among those businesses with more than a £2 million spend on energy. Other measures included using energy management tools (48%) and switching to renewable energy (39%).

A third said that they were also looking to switch energy products, with the same proportion saying they were looking to move energy supplier. A third also said that they have appointed an internal energy specialist, recognising the importance of having a dedicated internal resource for this vital business commodity. (Figure 9.)



“We are looking to reduce the temperature of our boilers by several degrees to become more efficient. We are adjusting them so they are 65 degrees rather than 72-80 degrees”

Local authority (public sector)

“We are rolling out a new lighting system across the whole premises. We are also adding in more windows to give more natural light, thus less demand for electricity”

Wholesale and retail company (private sector)



“We have invested in solar PV already. We have 290 panels on one building and 300 on another building. 11,000 square metres of a building will also have solar PV to make us more resilient. One of our new builds is also running on air heat pumps”

College (public sector)

“We are transferring to electric forklifts and electric pump trucks. We are also investing in EV charging points across all our car parks”

Wholesale and retail company (private sector)

“We’ve got a 3.6MW solar farm. We’ve also bought biomass for heating, it helps to heat half our building”

Manufacturing company (private sector)

“We are already using solar as the main renewable technology at scale”

University (public sector)

Energy self-sufficiency is driving sustainability investment plans

Another area where the Energy Security Strategy arguably missed a trick was to incentivise businesses to become more self-sufficient through sustainable on-site generation. It would protect businesses from market volatility as well as helping them decarbonise.

In addition, businesses with on-site assets can provide a much needed source of power during times of high demand - a ‘win-win’ situation for both the organisation and the energy system.

Businesses are also recognising the benefits of installing a renewable on-site asset - more than a quarter (27%) of respondents said they are investing in this measure to combat energy risk.

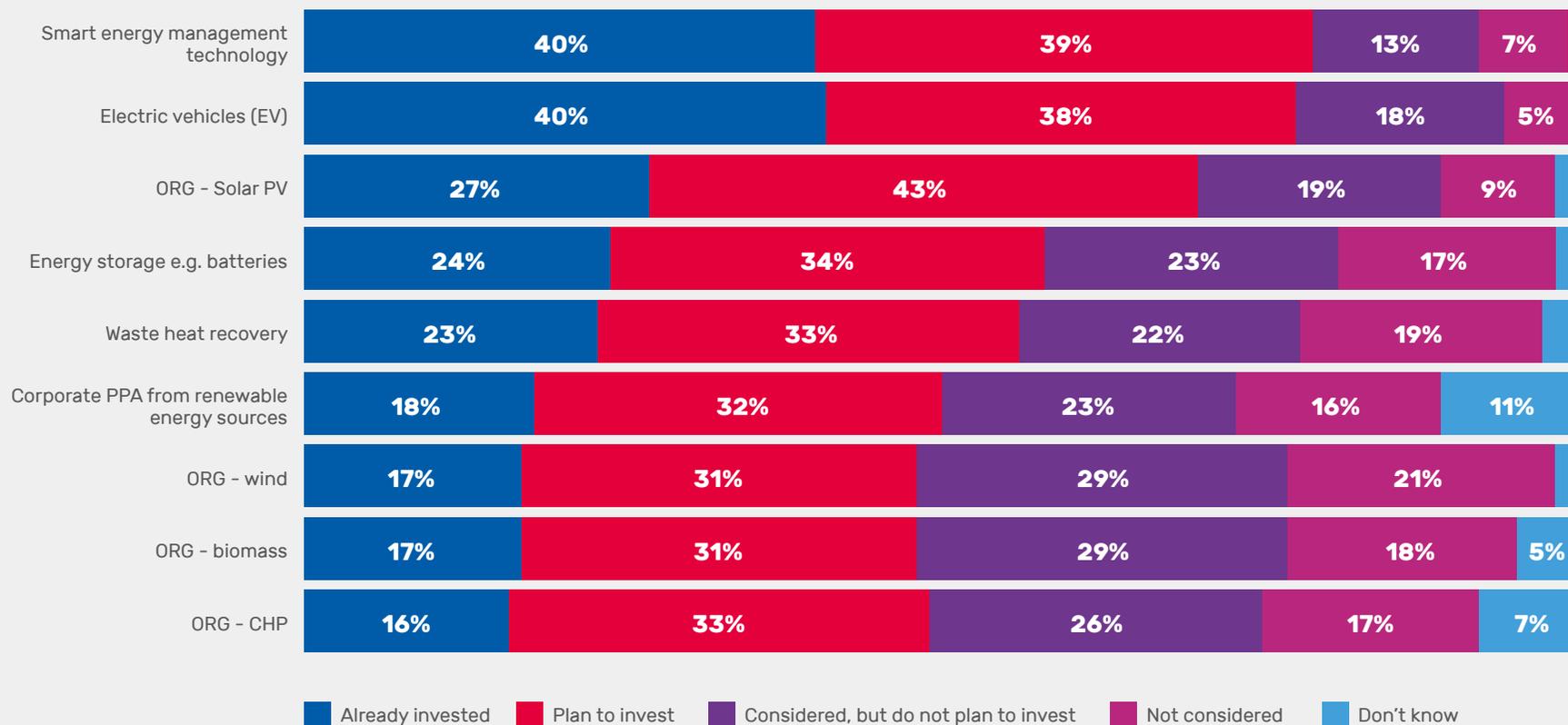
When looking at specific technologies, solar PV is the most popular, with 27% already investing in it, and 43% planning to invest. Wind, combined heat and power (CHP) and biomass would also be considered.

Waste heat recovery is also seen as an important emissions reduction technology, with 23% already invested and 33% planning to invest, with similar numbers also backing energy storage.

Corporate electric vehicle (EV) use is also set to increase, with 40% saying they had already invested in electric fleets, and 38% planning to invest. Businesses are also seeing the value in using smart energy management technologies, with 40% already using them, and a further 39% planning to install them.

Power Purchase Agreements (PPAs) are also on the rise, with a third (32%) of businesses planning to use one to hit their sustainability targets. (Figure 10.)

Figure 10. Which carbon reduction technologies have you either already invested in, or are planning to invest in?





Sustainability on the shelf: will the current crisis stall net zero?



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“If we focus on local heat sources, real zero (not net zero) is achievable by 2035”

Local authority (public sector)

“We were one of the first countries to legislate for 2050 I thought that was very good. However, I think the government has done nothing to follow it on really. They are leaving it to the private sector to invest and help them get to that target by 2050. I kind of feel we’ve got a long way to go”

Real estate company (private sector)

Sustainability on the shelf: will the current crisis stall net zero?

- Businesses still believe in net zero, but confidence regarding whether it is achievable is down
- Cost of funding the transition is a major concern for 93% of businesses
- More than two thirds of organisations are concerned about greenwashing

During these times of economic uncertainty, one of the key questions is whether businesses’ sustainability plans will sprint or stall. Prior to the current energy crisis, we were seeing an increasing number of organisations announce their net zero plans, with a groundswell of action occurring around the COP26 conference in November 2021.

Are businesses still backing net zero? The good news is that, yes they are, with many seeing the benefits of adopting robust and long-term sustainability strategies.

However, this comes with a word of caution as concerns around the cost of delivering net zero are high.

"I think opportunity to diversify current business offering would have the greatest benefit. Just because it helps us remain competitive and relevant. If we do nothing, our revenue will go down as we're not keeping up with the times and what our clients need. Being ahead of our clients is where we need to be, around carbon strategies that's always going to involve us innovating and adapting our services"

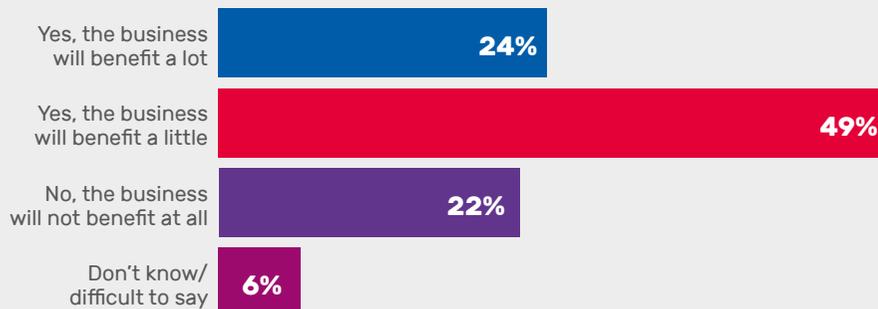
Real estate company (private sector)

Businesses still believe in net zero - but confidence is down on 2020 and concerns about cost are on the rise

Two thirds (67%) of businesses believe that net zero by 2050 is achievable, although this is down from 75% when we asked the same question in 2020 as part of our Your Business Blueprint - the Road to Net Zero report.

Nearly three quarters (72%) also say that they feel clear on the role they can play in the transition, with the same number believing that their business will benefit - although this was down from 83% in 2020. (Figure 11.)

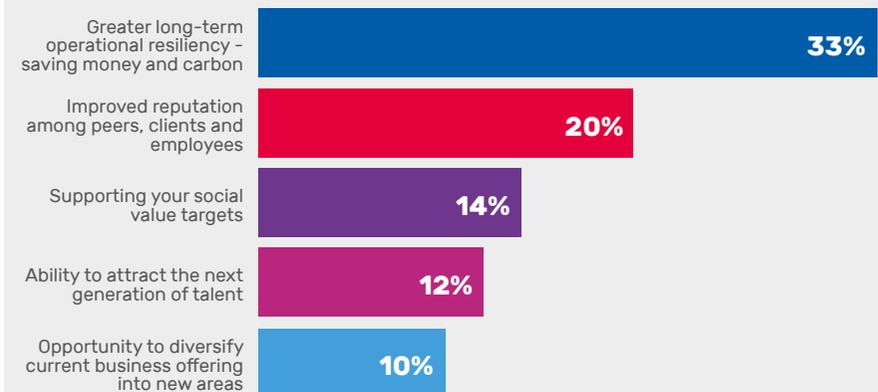
Figure 11. Will your business benefit from the changes required during the net zero transition?



When asked about the main positives of embedding a more sustainable approach, greater resiliency through saving money and carbon is seen as the top benefit for a third (33%), while one in five (20%) believe there would be reputational benefits. One in eight (12%) also believe that a strong approach to net zero will help them attract the next generation of talent. (Figure 12.)

However, the cost of funding the transition is a major concern, with a huge 93% saying they were very or a little concerned about the potential economic impact on their business.

Figure 12. What will be the biggest benefits to your business as a result of the net zero transition?





Greenwashing is a major concern, which could lead to a rise in 'green hushing'

One of the key issues outlined at COP26 was how to tackle so-called 'greenwashing', with Antonio Guterres, UN Secretary General, saying that: "There is a deficit of credibility and a surplus of confusion over emissions reductions and net zero targets, with different meanings and different metrics". With increased focus on the credibility of carbon reduction plans - which include measures to reduce emissions across the whole value chain - it is vital that any plans stand up to scrutiny.

"Firstly, I would say greater operational resiliency. Then reputation amongst peers and clients, or by customers. Customers are very particular about what they buy"

Wholesale and retail company (private sector)

"Reputation is key. Diversity in our training of staff to install materials towards having sustainable environments. Attracting talent is a by-product of positive approaches to sustainability. We have to make that commitment"

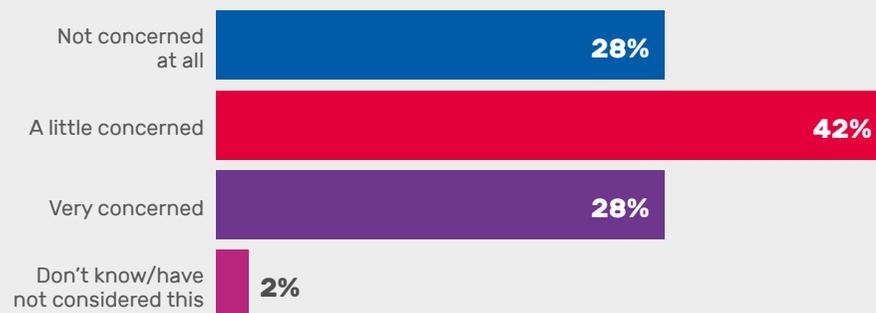
College (public sector)

"Because the focus on carbon is being regulated now, we have to disclose our carbon footprint in our financial reports, shareholders are increasingly scrutinising these numbers. Staff and other people are also looking at how we are performing against our 2030 net zero carbon commitment. I've not had a recruitment interview where someone hasn't asked how we are managing our energy costs or shareholder looking at that line item on the financial report. The priority has got to be carbon"
Real estate company (private sector)

"For us, attracting new talent, from the academic and professional services side for the university is very important. Resilience and saving money on carbon are key. Our KPIs are geared towards this. Reputation is important. We aim to be the number 1 Technical University in the UK, we look to MIT and Stanford Universities, to be our peers, and I see that happening"
University (public sector)

Our research showed that more than two thirds (70%) of respondents are concerned about being accused of greenwashing, with more than a quarter (28%) of these saying this is a major concern. (Figure 13.)

Figure 13. Is your business concerned about being accused of 'greenwashing'?



However, many larger businesses admit that they are not ready for the more robust climate reporting that will be required over the next few years. For example, nearly one in five (18%) said they did not feel prepared for the recent introduction of mandatory reporting for big UK firms and financial institutions to publish detailed public plans by 2023 on how they will move to a low carbon future.

The commercial and reputational consequences are clear - one in seven (14%) of businesses would stop working with another company if they were accused of greenwashing, while the majority (61%) said they probably would, although it would depend on the individual company's circumstances.

"Yes we would stop working with a company if they were accused of greenwashing"

College (public sector)

"If it were deemed significant and was going to cause reputational risk to our brand and our client's views on us for example than for sure, we would stop working with people. Personally, I have also declined work from organisations not just because of greenwashing but ethics and investments they have elsewhere"

Real estate company (private sector)

"Yes very much so. It's the same for us, our partners look at us as having a Gold Standard reputation in green credentials. Our reputation is massively important in this regard. Just one picture giving bad impression can give massive fallout with the corporate reputation"

Wholesale and retail company (private sector)

"If it were deemed significant and was going to cause reputational risk to our brand and our client's views on us for example than for sure, we would stop working with people. Personally, I have also declined work from organisations not just because of greenwashing but ethics and investments they have elsewhere"

Real estate company (private sector)

7

An industry view



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An industry view

This report is designed to provide guidance for the UK government and other influential stakeholders on how businesses are feeling and the support they would like to see to help them navigate the current crisis and support their net zero plans.

We have also invited other business stakeholders to input - one of these responses is included below.

Arjan Geveke, Director, Energy Intensive Users Group (EIUG)

Greater support needed for energy intensive industries (EIs)

“The Energy Security Strategy recognised that UK industrial electricity prices are higher than those of other countries and announced an extension of the schemes to compensate certain energy intensive industries (EIs) for the indirect emission cost in electricity prices due to carbon pricing for a further 3 years, with an increase in the level of compensation. It also announced that government will consider other measures to support business, including increasing the reduction in the indirect cost due to the Renewables Obligation (RO).

“Those EIs who remain eligible welcomed the extension, but other EIs that would have likely become eligible, based on the criteria proposed in the government consultation last year yet were not made eligible in the government response, felt greatly disappointed. The increase in the level of compensation is especially welcome for those who are eligible as this will enable them to compete on a more even playing field. However, the compensation schemes do not close the industrial electricity price gap with Europe, nor do they alleviate the increase in gas costs since the autumn of last year.

“The Energy Security Strategy sets out a long-term vision, but it must be underpinned by further measures to reduce industrial energy prices through the 2020s, as EIs want to invest to decarbonise their manufacturing processes. EIs would therefore like to see:

- Removal of the unilateral carbon price support mechanism
- Reduction in the network charges for EIs by replicating lower network charge arrangements some other European countries have
- Modifying the gas emergency measures
- Publication of the long-awaited Strategy and Policy Statement for Ofgem

“EIs tend to be wary about ‘rebalancing’ the costs placed on energy prices away from electricity and onto gas, as this could merely

shift the industrial energy price differential from electro-intensive industries to gas-intensive industries. A more equitable way is to rebalance these costs to the Exchequer. Furthermore, the strategy is heavily focussed on the energy supply side and ignores options on the energy demand side, such as further support for industrial energy efficiency improvements.

“The European Commission has recognised the potential impact that Russia’s invasion of Ukraine could have on the EU economy and has allowed its Member States to provide state aid to tackle the crisis, including measures to address high gas and electricity prices. EIs would like to see the UK government to provide similar subsidies to address escalated gas prices, for example by refocussing the government’s Coronavirus Business Interruption Loan Scheme on energy costs.”



8

Taking action now



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Taking action now

Views from nBS

During times of uncertainty, it pays to be proactive. So, what are the key steps businesses can take to regain some control in a challenging market?

1. Get a better understanding

There has never been a more pressing time for businesses to understand how the energy they use is generated, traded and supplied. This will help you make an informed decision about your energy strategy.

2. Review your purchasing strategy

It is important to review your purchasing strategy to ensure it reflects the current level of risk appetite, and that electricity and gas budgets are realistic in the current climate.

3. Get your data straight

Understanding exactly where and how you are using energy is crucial to reducing both costs and carbon. A sophisticated energy management system will help you monitor power and gas consumption throughout your organisation – and the related emissions. Depending on the nature of your business, sub-metering can also help to provide more granular detail about specific energy uses, such as machinery, lighting, or temperature control.

4. Maximise energy efficiency

As this research has shown, businesses recognise the value of investing in energy efficiency. After all, the less energy you use, the less you will pay, which makes it absolutely vital.

A detailed audit of your site(s) is a good place to start, then you can decide where and what to target. And the money this ultimately saves you in reduced energy costs can be used to finance investment in new energy-saving or low-carbon technologies.

5. Become more self-reliant

Investing in sustainable on-site generation – such as solar PV, wind or CHP has multiple benefits, not least making your organisation less reliant on the grid. It also helps your business to reduce carbon emissions, lower energy costs, provide an increased stability of supply, and improve reputation and sustainability credibility.



Why the voice of business needs to be heard



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Why the voice of business needs to be heard

Anthony Ainsworth
Chief Operating Officer (COO),
nBS

This research has provided us with a clear understanding of how businesses are feeling right now, and how the current climate is impacting their confidence to invest. Most importantly, it provides us with crucial insight on how we can support our customers during these uncertain times.

At nBS, we are committed to ensuring that the voice of business is heard at the highest level. The insight from the **Business Energy Tracker** will give us the opportunity to present the findings to government, as well as other influential stakeholders.

Why is it so important that the views of businesses are taken into account when policy is shaped? Because the investments they make will play a crucial role in the net zero transition and help us all become more energy independent.

However, at the moment, the message coming through loud and clear from this research is that current policy is not doing the job it needs to do to support them at a time when energy is their biggest concern.

While there are signs that the actions government is taking to set out the long-term objectives for UK energy policy are supported by industry, businesses are telling us that certainty and with it, investor confidence, is in short supply.

Clearly, more needs to be done.

We need to see strong leadership in government to grasp the nettle of challenging but important change that could radically alter the way industry interacts with energy in Britain. The need for strong carbon border adjustment mechanisms is clear as we continue to move away from fossil fuels, as is the need for far-reaching reform of the rules that govern our wholesale and retail energy markets.





Government and industry must continue to work together to drive forward these changes. In coming years, as we repeat this exercise, we will see how British industry is responding to the challenges and changes facing their business, and how Britain's economy and industrial policy is faring on a world stage. We hope British business and policymakers continue to find our insight useful.

For us at nBS, there are several key takeaways that all stakeholders, from government and industry organisations, through to energy partners like us, and the businesses themselves, should take from this research:

- 1. There is a need to accelerate energy efficiency:** hydrogen will be an important fuel for decarbonising heavy industry, but viable green sources at scale cannot really be expected until the end of this decade. We need to double down on action that can have an impact now: reducing energy demand through energy efficiency and electrifying heat and transport where possible.
- 2. Energy market volatility is not going away, so achieving independence is key:** we also need to ensure that businesses, as well as households, can survive the coming cost of living crisis as energy and other costs rise rapidly. Government support for households is welcome, but support for hard-pressed businesses or public institutions is so far scant.
- 3. Net zero cannot lose momentum:** the next ten years is undoubtedly the 'decade of delivery' when it comes to net zero. That is why it is so important that the net zero momentum cannot stall. This research shows

We also recognise our role in helping businesses right now and in the future. That is why we are committed to continued support for both our industrial clients and policymakers to drive the best outcomes for business.

Appendix: Research sample and methodology

The research was carried out between February and April 2022 by an independent research agency. It conducted 200 quantitative surveys via an online panel with the business representative responsible for energy in mid-market and large businesses based on energy spend.

£20,000-£399,000

31%

£400,000-£799,999

30%

£800,000-£1,999,999

22%

£2,000,000+

17%

This was supplemented with seven c-suite qualitative interviews among public and private sector organisations.



How we can help

If you would like to know more, please get in touch with your Account Manager. Alternatively, you can contact us using the details below.

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