NAVIGATING AN ERA OF ENERGY VOLATILITY

PEOPLE-FIRST FM

ENERGY VOLATILITY ISN'T GOING AWAY: WHY LEADERS ARE TURNING IT INTO OPPORTUNITY

We are not experiencing a temporary spike. We are living through a continuing era of energy volatility. Ongoing geopolitical tensions, from prolonged conflict in Eastern Europe to fresh instability in the Middle East, have pushed oil above $100 a barrel and sent LNG prices surging once again.

Now, at the start of 2026, these prices sit 14% higher than pre-2022 levels. What was once a routine operational overhead has become a material business risk — squeezing margins, raiding decarbonisation budgets, and forcing difficult trade-offs on shift patterns, maintenance schedules, and capital allocation.

Organisations that treat this volatility as a short-term inconvenience will find themselves structurally disadvantaged for years to come. Those that treat it as a strategic catalyst will emerge leaner, more resilient, and far better aligned with the net-zero expectations of regulators, investors, customers, and employees alike. The good news is that the playbook is practical, proven, and already delivering results for forward-thinking companies across offices, manufacturing sites, data centres, and critical infrastructure.

In an era when doing nothing is no longer neutral, the organisations that act decisively today will not merely survive the volatility — they will shape it to their advantage.

Minimising the pain today: three levers

The first lever is strategic energy procurement and assurance. Treating energy as a simple transactional purchase is no longer viable. Robust bureau services, rigorous invoice validation, tight contract governance, and accurate forecasting have become essential risk-management tools. Basic errors — incorrect tariffs, pass-through charges, estimated reads, or unapplied capacity charges — routinely inflate bills by 5—10%. Leading organisations now go beyond chasing the lowest unit rate. They align contract structures to their specific risk appetite, build in flexibility where appropriate, and rely on real-time market intelligence to avoid reactive decisions driven by shock headlines.

The second lever is disciplined energy management — the fastest route to meaningful savings with little or no capital outlay. The principle is straightforward: you cannot manage what you cannot see. Expanding sub-metering, shifting from manual readings to automated data streams, and connecting that data to exception-based alerts makes it possible to identify waste, abnormal spikes, or simple consumption drift within days rather than quarters.

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Optimising HVAC set points, eliminating conflict between heating-and-cooling systems, implementing proper dead bands, and correcting overridden building-management controls routinely deliver 5—15% savings. The real multiplier, however, is cultural. Clear ownership, transparent performance reporting, and sustained behaviour-change programmes convert one-off fixes into compounding, year-on-year gains. Energy management is not a "set it and forget it" initiative; it requires constant attention, adjustment, and improvement.

The third lever is ensuring that today's operational fixes align with tomorrow's decarbonisation roadmap. Every immediate decision — such as replacing failed equipment should be evaluated, not in isolation but against long-term Net Zero targets and energy-security goals. Short-term actions must never result in being locked into a higher-carbon or higher-cost pathways decision detrimental to wider ambitions.

Building resilience: data as a strategic defence

Granular data turns energy from a fixed, opaque overhead into a controllable variable. High-resolution sub-metering by building, floor, tenant, or system reveals exactly when, where, and why consumption occurs. That insight powers peak shaving — using battery storage, hot-water storage, load shifting, or on-site generation to cut demand during the most expensive windows. The result is protection against both price volatility and capacity charges, plus improved operational continuity during grid stress, voltage dips, or demand spikes.

Peak shaving is more than a cost-saving tactic; it is a genuine resilience measure. Buildings that store surplus renewable energy can ride through disruptions while increasing renewable utilisation and reducing reliance on the grid. The same data foundation directly informs decarbonisation pathways that prioritise efficiency first, followed by electrification, renewable integration, and advanced controls. These pathways simultaneously reduce exposure to volatility and align with tightening climate policies and energy-performance standards.

Preparing for tomorrow: self-reliance as competitive advantage

Forward-looking organisations are accelerating investment in on-site generation — solar PV, combined heat and power, battery storage, and microgrids. These assets do far more than hedge against price swings; they deliver operational continuity in an increasingly stressed electricity grid, particularly as widespread electrification drives demand higher. In sectors where full electrification is not yet feasible, biomethane provides a scalable, drop-in renewable gas solution that leverages existing infrastructure and infrastructure and has already been adopted by major industrial players seeking both decarbonisation and resilience.

Even mandatory compliance regimes can be transformed into strategic opportunities. The Energy Savings Opportunity Scheme (ESOS) Phase 4 — qualification later this year, with reporting due in December 2027 — will require many large organisations to audit buildings, transport, and industrial processes. Rather than treating this as compliance theatre, astute leaders are using it as the foundation for genuine efficiency gains and credible net-zero planning. Bespoke, site-specific energy audits complement the mandatory process beautifully, delivering the detailed insights needed to measure total energy use and identify financially viable opportunities.

Real-world proof: optimisation first, then capital

The Organisations delivering the strongest results follow a disciplined sequence. They start with data-led optimisation and behaviour change to right-size demand and eliminate avoidable waste. Only once the baseline has been cleaned up do they layer in capital projects. This approach avoids the classic — and expensive — trap of over-engineering solutions on an inflated baseline. The outcome is not merely lower bills today but a credible, investable pathway to 2030 and 2050 targets. In one documented case, a thorough energy assessment and targeted efficiency measures closed nearly 50% of a client's required emissions gap by 2030, with capital investments then sized precisely to what remained.

The only question left

Energy price volatility is not a passing phase. Geopolitical risk, global market dynamics, and the accelerating energy transition all but guarantee continued pressure. The competitive advantage therefore belongs to those who refuse to remain passive price-takers. They treat energy as a strategic variable they can measure, manage, and ultimately control. They understand that the cheapest, cleanest, and most reliable kilowatt-hour is the one they never had to buy.

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