Andrew Donald

24th February 2026

Why understanding the energy trilemma is more important than ever.

- Factors that could impact energy prices in 2026 and how best to navigate them.
- Ways to increase your security of supply.
- How sustainable choices drive long-term cost reductions.

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Department for Energy Security & Net Zero

The Big Energy Summit 2026

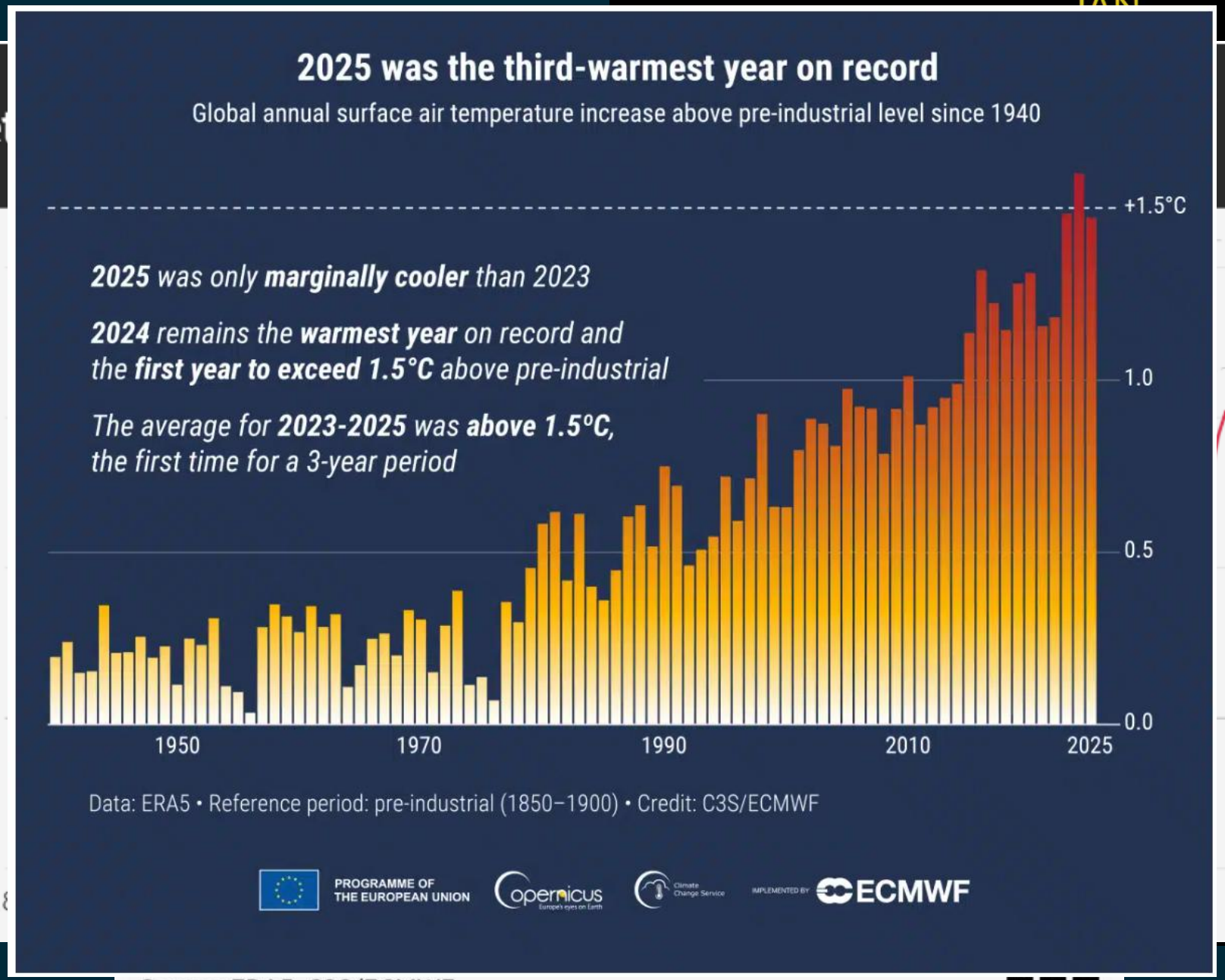
Local energy, local climate, local action

24 – 25 February 2026

Birmingham Conference and Events Centre, Hill Street, Birmingham, B5 4EW

“He was so learned that he could name a horse in nine languages; so ignorant that he bought a cow to ride on”

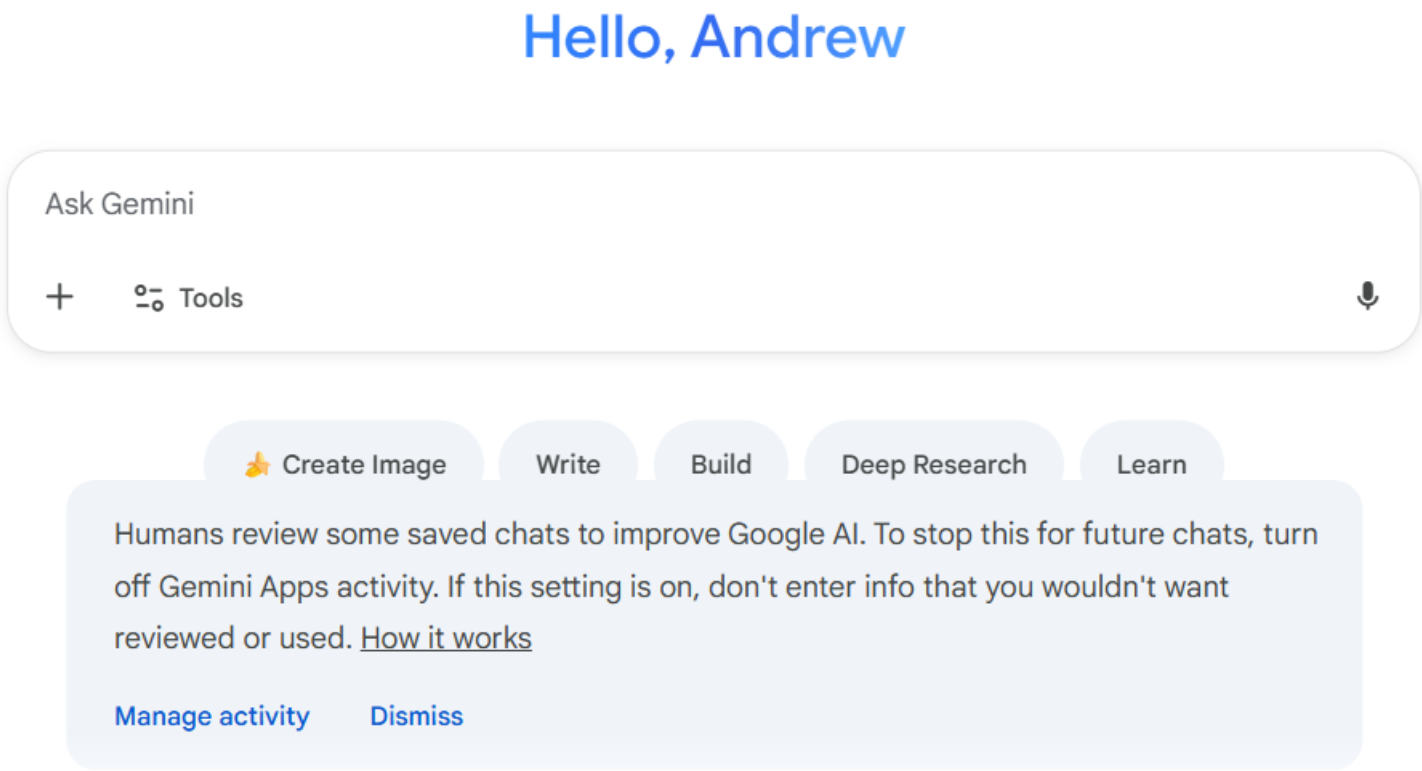
Benjamin Franklin



Source: ERA5, C3S/ECMWF

BBC

Where is the energy market going?



Where is the energy market going? 2025

Where is the UK energy Market going

The UK energy market is undergoing a significant and transformative transition, driven primarily by ambitious climate change commitments (Net Zero by 2050) and the need to enhance energy security and affordability.

In summary, the UK energy market is rapidly moving away from its traditional reliance on fossil fuels towards a **decentralized, highly-electrified, and flexible system** dominated by **low-carbon domestic sources** like wind, solar, and nuclear, with hydrogen and CCUS playing critical roles in hard-to-abate sectors. The path involves significant regulatory changes and massive infrastructure investment.

Where is the energy market going? 2026

In 2026, the UK energy market is undergoing a fundamental structural shift: energy is moving from a "national top-down" system to a "local bottom-up" one. For Local Authorities, this means transitioning from being mere consumers of energy to becoming **strategic stewards, generators, and market makers.**

1. The "Local Power Plan" & Great British Energy (GBE)

Launched in February 2026, the Local Power Plan is the centerpiece of the government's energy strategy for councils.

- **Funding:** Backed by up to **£1 billion** from Great British Energy, the plan aims to support over 1,000 local projects by 2030.
- **Municipal Ownership:** There is a heavy focus on "Shared Ownership" and "Municipal Energy." GBE is providing grants and loans for councils to build their own solar farms, wind projects, and battery storage.
- **The Goal:** To ensure the financial benefits of energy generation stay within the community rather than flowing to private multinationals.

2. Grid Reform: "First Ready, First Needed"

The days of the "first come, first served" connection queue are over. In 2026, **NESO** (National Energy System Operator) has fully implemented the **Gate 2 readiness** criteria.

- **Prioritisation:** Projects that are critical to the Clean Power 2030 targets and are "shovel-ready" (having planning and land rights) are being fast-tracked.
- **Regional Energy Strategic Plans (RESPs):** These are now the primary planning tool. Local Area Energy Plans (LAEPs) created by councils are being fed directly into RESPs to ensure network investment happens where councils actually plan to grow.

3. The Surge of "Behind-the-Meter" and Flexibility

With non-commodity costs (grid fees and levies) now making up nearly **60% of electricity bills**, councils are pivoting to "Behind-the-Meter" (BTM) solutions.

- **BTM Solar & Storage:** Growth in onsite generation is exceeding **1GW** annually as councils look to bypass the grid entirely for their own estates (leisure centers, depots, and schools).
- **Demand Side Response (DSR):** Local Authorities are increasingly using "Smart ToU" (Time-of-Use) tariffs. By shifting heavy energy loads to off-peak times, councils are saving significant sums on **TNUoS** (Transmission Network Use of System) charges, which have surged to fund grid upgrades.

4. The Warm Homes Plan & Heat Zoning

Councils have been officially designated as the strategic stewards of heat infrastructure.

- **Heat Networks:** 2026 marks a major push toward **"Heat Zoning."** Councils are now lead partners in deciding where large-scale low-carbon heat networks are built.
- **Retrofit Delivery:** The Warm Homes Plan expects **£38 billion** of total investment over this Parliament, with councils serving as the core delivery partners for fuel-poverty programmes and place-based retrofitting.

Where is the energy market going?

Feature	Old Model (Pre-2024)	New Model (2026+)
Grid Access	First Come, First Served	First Ready, Strategic Need
Primary Goal	Energy Efficiency (Saving)	Energy Sovereignty (Generating)
Strategy	National top-down mandates	Regional Energy Strategic Plans (RESPs)
Revenue	Pure Expenditure (The Bill)	Wealth Retention (Shared Ownership)

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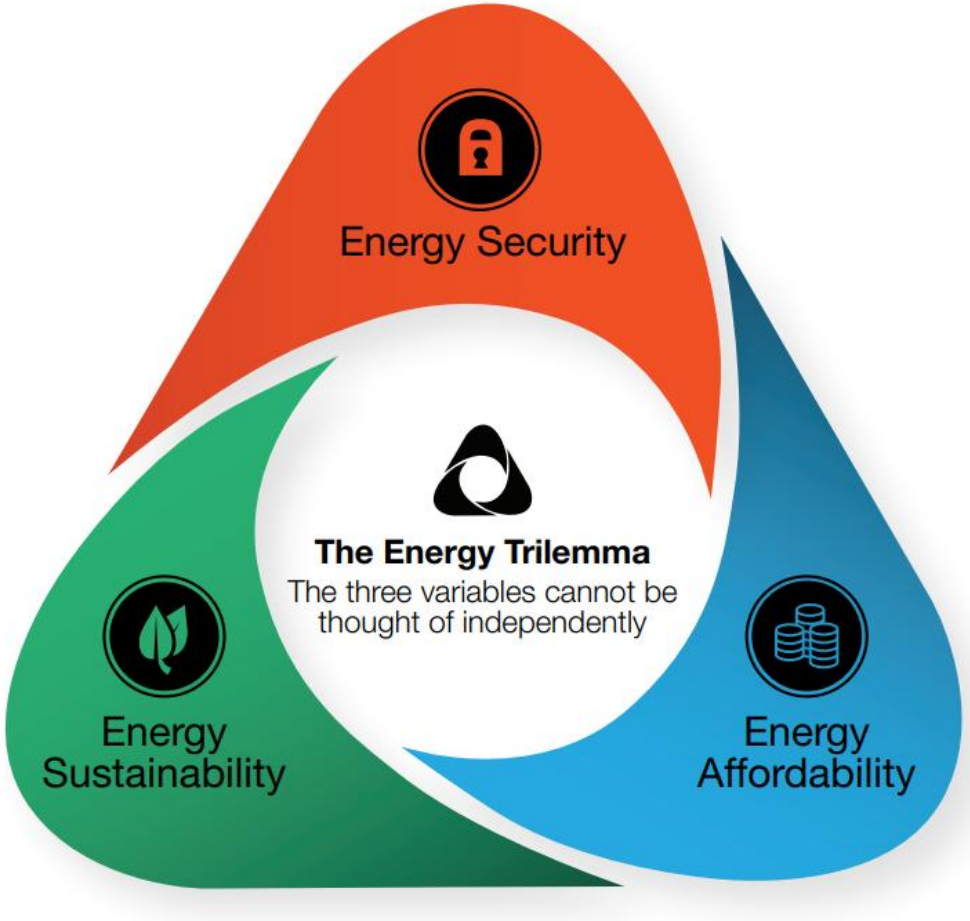
Energy Trilemma




NETWORK
OUTAGES
SECURITY
AFFORDABILITY
SUSTAINABILITY


WHOLESALE
COMMODITY COST
(Gas/Power)
TNUoS & DUoS
(Grid Charges)
CfD Levies
Capacity Market
Carbon Pricing
Balancing Services

2. 2026 Price Factors & How to Navigate Them

Targeted Charging Review (TCR) Banding Audit

Your fixed residual charge is determined by your site's **TCR Band**. Many council sites are "over-spec'd," sitting in a higher band than their actual peak demand requires.

- **Action:** Conduct a portfolio-wide audit of **Available Capacity (ASC)**. If your actual peak load is significantly lower than your contracted capacity, apply to your DNO for a capacity reduction before the next billing cycle.
- **Warning:** Reducing capacity can impact asset value and future-proofing (e.g., if you plan to add EV chargers next year).

Demand Side Response (DSR) & Load Shifting

While the *Residual* charge is fixed, the *Locational* and *Triad* elements (where they still apply in specific contract types) remain variable.

- **Action:** Use AI-managed building management systems (BMS) to shift high-load activities (e.g., leisure centre pool filtration or EV fleet charging) away from peak periods (typically 4 PM – 7 PM).

"Behind-the-Meter" Defection

The most effective way to "manage" TNUoS is to avoid the transmission grid entirely.

- **Action:** Prioritise onsite solar and battery storage for high-load sites. Energy generated and consumed onsite bypasses the transmission network, meaning you pay **£0 in TNUoS** for every kWh generated behind the meter.

2026 Procurement Checklist

Checkpoint	Requirement
Contract Type	Confirm if your energy contract is "Pass-Through." If so, you are 100% exposed to the April 2026 hike.
Banding Review	Have you cross-referenced your Half-Hourly (HH) data against your TCR band in the last 6 months?
EII Exemption	If any of your operations (e.g., specific high-load waste processing) qualify as Energy Intensive, ensure your **EII Certificate** is up to date for the 90% TNUoS compensation scheme.
Solar/Battery Valuation	Recalculate the ROI for solar projects and battery storage. In 2026 for example, the "avoided TNUoS cost" often improves the payback period of a battery by 2–3 years.

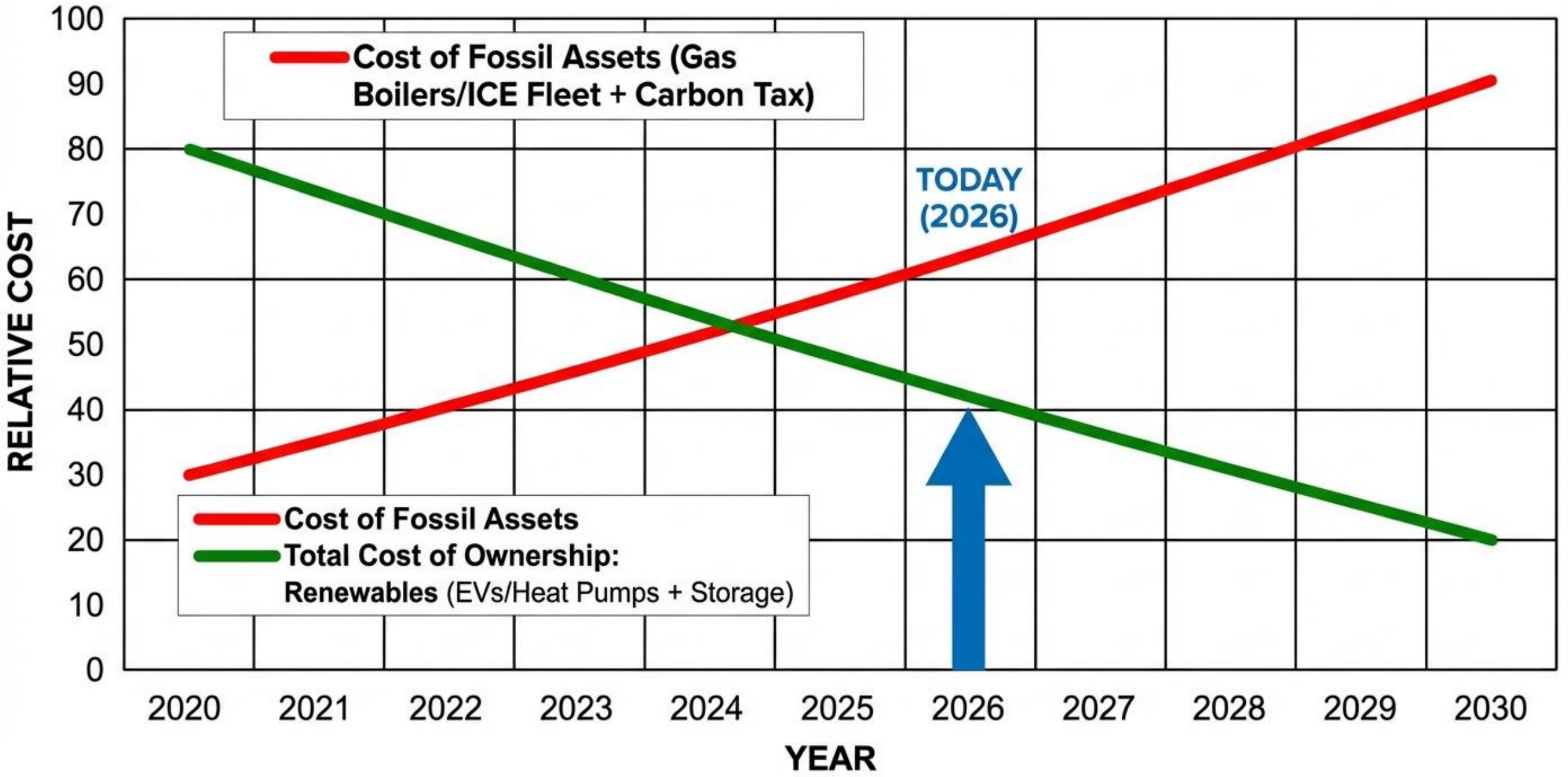
LOCAL ENERGY SECURITY: 'ISLAND MODE'

3. Increasing Your Security of Supply

Security of supply is now synonymous with "Localism." If you don't generate it or store it, you don't control it.

- **"Behind-the-Meter" Generation: I**s 2026 the year of the local authority solar farm? On-site solar and battery storage are the best hedges against grid instability and price spikes.
- **The Role of Storage:** With renewables now providing over 50% of our mix, the grid is "flickery." Local authorities are increasingly installing large-scale battery storage to stay resilient during peak demand.
- **Microgrids and Heat Networks:** Warm Homes Plan and how local heat networks reduce the "single point of failure" risk of national gas dependency.

The Energy Cost Transition: 2020-2030



4. How Sustainability Drives Long-Term Cost Reductions

It’s time to kill the myth that "Green equals Expensive." In 2026, the data proves the opposite.

- **The ROI of Electrification:** While the upfront cost of heat pumps or EV fleets is higher, the total cost of ownership (TCO) has plummeted. Maintenance on EVs is roughly 30% lower than diesel, and smart-controlled heat pumps are now consistently cheaper to run than gas boilers.
- **Asset Finance over Capital Outlay:** You don't need a massive "pot" of gold. Using asset finance and energy performance contracts (EPCs) allows the savings from the energy reduction to pay for the hardware.
- **Preventing "Stranded Assets":** Sustainable choices protect your budget from future carbon taxes and the inevitable decommissioning of gas infrastructure.

From exposure to control

- **Step one:** Reduce grid dependence
- **Step two:** Generate and store on-site energy
- **Step three:** Optimise energy capacity and contracts
- **Step four:** Partner for long-term resilience

From provider to partner: why energy advice needs to change.

Energy was once a straightforward operational task, but today it's central to cost control, compliance, resilience, and strategy. Volatile prices, rising non-commodity costs, evolving regulations, and Net Zero commitments mean organisations must make confident, integrated decisions in a constantly changing landscape.

Risks and Trends for 2026

Market Trend	Issue for Local Authorities	Strategic Response
Rising Grid Fees	Unpredictable, rising standing charges.	Deploy Demand Side Response (DSR) to move load.
Grid Capacity	Years-long delays for new connections.	Focus on "Behind-the-Meter" generation.
Regional Planning	Resource-heavy engagement with NESO.	Regional collaboration via Net Zero Hubs.
Heat Decarbonisation	Skills shortage & supply chain gaps.	Aggregate projects. Utilise private finance.

“At my age, and after more than 25 years in Energy, I like to think I bring gravitas to the room - which is Latin for ‘too many slides and questionable metaphors.’” Andrew Donald

Who we work with.

Cyngor Gwynedd Council

Cheltenham Borough Council

Buckinghamshire Council est. 2020

Portsmouth City Council

Rochdale Borough Council

Gosport Borough Council

Hastings Borough Council

Cotswold District Council

Wealden District Council

Westmorland & Furness Council

Trafford Council

Cyngor Sir Ynys Môn Isle of Anglesey County Council

Portsmouth City Council

"Equity Energies helped us take advantage of opportunities in the energy market that maximised both savings on energy costs as well as carbon reductions."

Zahid Halli – Energy Services, Portsmouth City Council.

DCC Plc

Equity Energies is part of DCC Plc, a FTSE 100 Company with £20BN revenues globally.

DCC brings together a group of expert companies across the UK and Europe, combining local market knowledge with a shared ambition to deliver tailored, high-quality renewable energy solutions to businesses of all sizes.

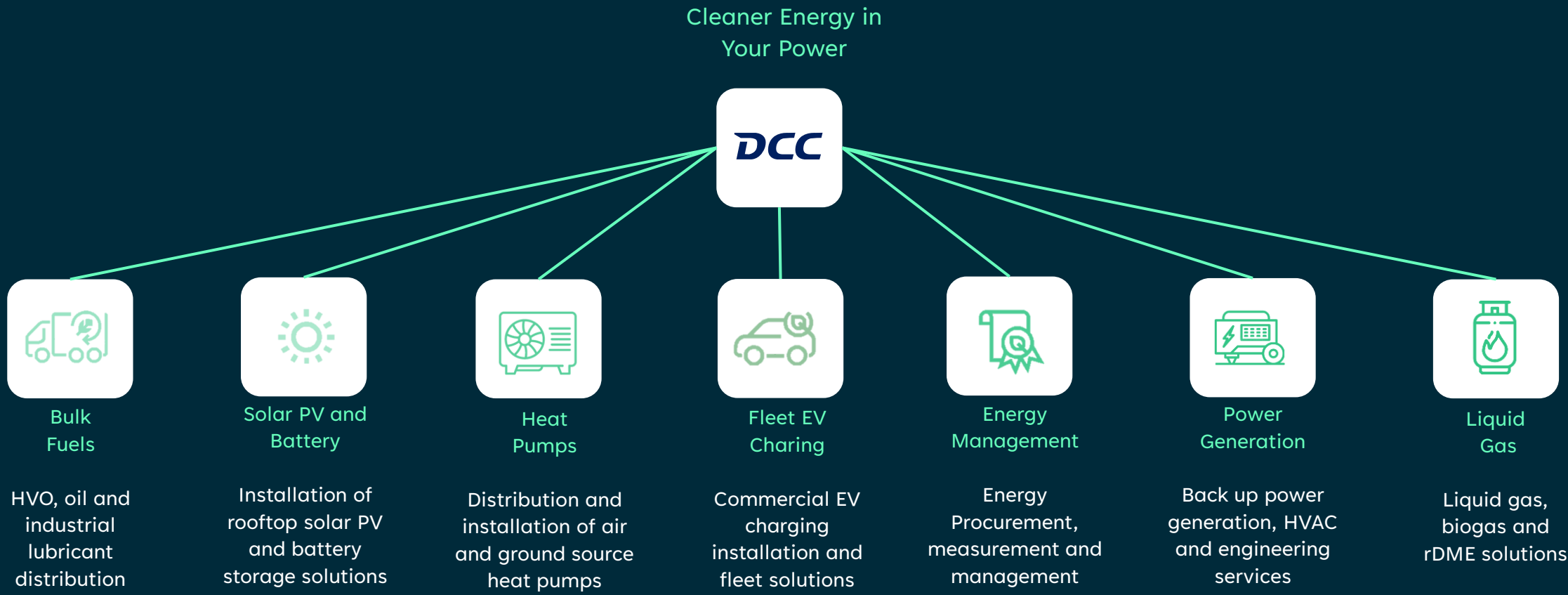
We have the backing of a global giant but with the agility of a category specialist. This distinctive standing gives our clients reliability and innovation in equal measure.

- 1,000+ energy professionals in 7 markets
- 18+ specialist businesses across Europe delivering local expertise
- 250+ MW installed in 2024-25
- 30kt CO2e customer emissions avoided (est. 2024-25)
- €200m+ revenue in 2023-24

One team.
One mission.
Zero carbon.

One team, one mission, zero carbon

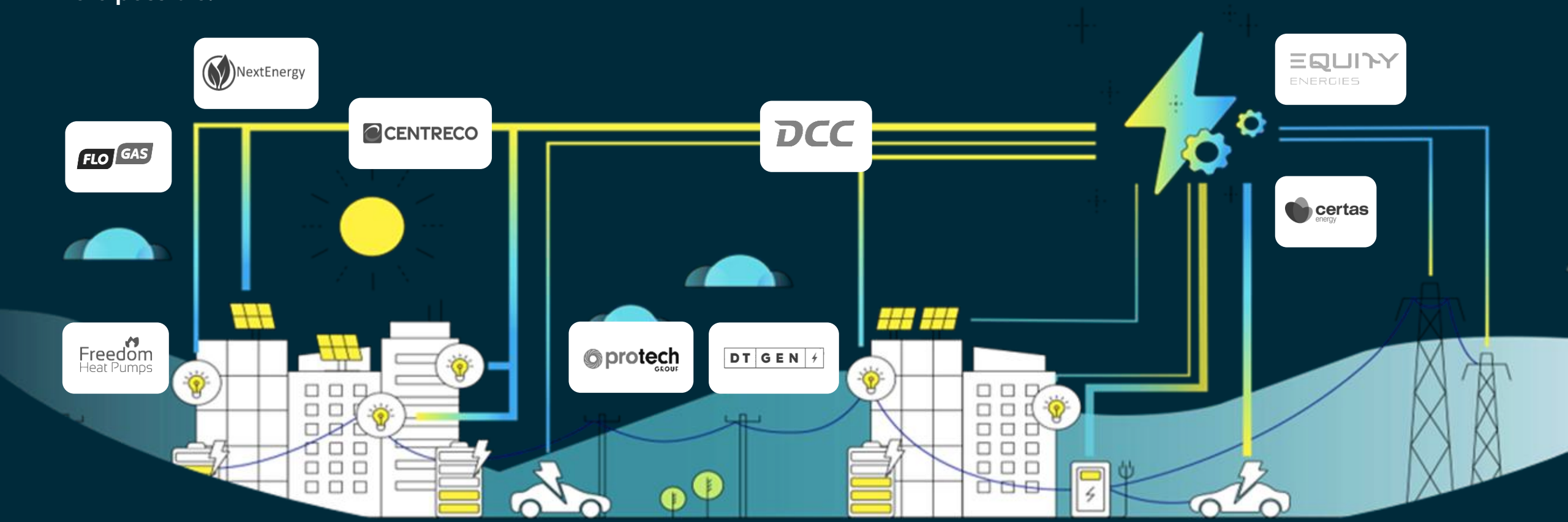
Our shared mission is helping businesses take control of their energy future through cleaner, smarter, and more competitive energy solutions.



EQUINOR ENERGIES DCC

From complexity, to clarity

Achieving net zero takes the right partners. That's why DCC comes together as one team, delivering energy innovation, expertise to power your transition. From renewable energy, cleaner gas and diesel, electrification and advance energy management solutions. **We bring clarity to a complex energy landscape. Meeting you where you are, together we make net zero possible.**



EQUINOR ENERGIES DCC

Sermon

Image credit: Jonathan Petersson from Pexels for Canva.com

“Can local authorities now ignore Net Zero?”

Andrew Donald
Turning Ambition into Action.....


Thank you.
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07835 684877

KEY TAKEAWAYS

1. The Invoice Has Changed: It's Not About the Gas Price Anymore.

While wholesale prices have stabilized, "non-commodity costs" now dominate your bill. Grid upgrade charges (TNUoS), carbon levies, and balancing fees account for over 60% of electricity costs. You cannot reduce your bill simply by waiting for the market to soften; you must actively manage *when* and *how* you use power (Demand Side Response).

2. Security = Localism.

National grid instability due to high renewable penetration is the new normal. True security of supply for critical council services (depots, care homes, leisure centres) now requires "behind-the-meter" generation. If you generate it and store it on-site, you control the price and the availability.

3. Sustainability is Now a Financial Strategy.

The "Green Premium" has become the "Fossil Penalty." With rising carbon taxation on gas and the plummeting Total Cost of Ownership (TCO) for EVs and smart heat pumps, continued reliance on fossil fuels is a liability on the council balance sheet.

A 90-DAY ACTION PLAN

STEP 1: The "Trilemma Audit" (Weeks 1-4)

- Don't just look at finance. Map your top 10 energy-consuming sites against their carbon intensity and security risk. Identify where you are most exposed to volatile grid pricing and potential brownouts.

STEP 2: Secure "Virtual" Baseload (Weeks 5-8)

- Review your procurement strategy. Move away from standard variable tariffs. Investigate **Sleeved Power Purchase Agreements (PPAs)** to lock in long-term, fixed pricing directly from renewable generators, bypassing wholesale market volatility.

STEP 3: Define Your "Island" Strategy (Weeks 9-12)

- Identify one pilot site for "island mode" capability. Commission a feasibility study for combining on-site solar/heat networks with battery storage to allow the site to operate independently of the national grid during peak demand or outages.

2026/27 TNUoS Residual Banding Reference Table

TCR Band	Voltage / Criteria	2025/26 Annual Cost (Approx)	2026/27 Annual Cost (Confirmed)	% Increase
LV1	Low Voltage (<3,986 kWh/yr)	£1,426	**£2,116**	~48%
LV2	Low Voltage (3,986 - 13,677 kWh/yr)	£2,383	**£4,201**	~76%
LV3	Low Voltage (13,677 - 27,543 kWh/yr)	£3,742	**£5,249**	~40%
LV4	Low Voltage (>27,543 kWh/yr)	£8,300	**£13,935**	~68%
HV1	High Voltage (0 - 500 kVA)	£15,200	**£24,320**	~60%
HV3	High Voltage (1,100 - 2,000 kVA)	£67,677	**£111,200**	~64%
EHV4	Extra High Voltage (>20,000 kVA)	£2,010,000	**£3,316,000**	~65%