

Q2 2026 STATE OF ENERGY REPORT · JULY 2026

The State of Energy, Volatility & *Control* in the UK

A quarterly intelligence report on energy markets, policy, and what UK businesses can actually do about it.

75%

UK business electricity above pre-2021 levels

53%

UK electricity from renewables in Q2 2026, a record

60%

Non-commodity share of a typical business electricity bill

The part you can control

Everything you need from this report, in one page

UK energy costs are not going back to where they were, and the events of the first half of 2026 have made that clearer than ever, as conflict in the Middle East disrupted global gas supply, storage levels across Europe entered summer at fifteen-year lows, and business electricity prices remain approximately 75% above pre-2021 levels with no commercial price cap and no government support scheme in place.

The businesses navigating this environment most effectively share one characteristic, and that is that they have stopped treating energy as something that happens to them and started treating it as something they can measure, manage, and reduce on their own terms. That is the argument this report makes, supported by current market data, verified client outcomes, and a clear account of the regulatory changes reshaping what good energy management looks like in 2026.

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Clean Power Progress

The UK's clean energy transition in Q2 2026, and what record renewable generation in the same quarter as elevated prices tells us about the road ahead.

Despite all the volatility you cannot control, Powerhub can help you control the most important part of your energy position. Your consumption.

powerhub.solutions

Where UK Energy Prices Actually Stand in Q2 2026

UK business electricity prices are approximately **75% above where they were before 2021**, and the events of Q2 2026 have not changed that trajectory. The question is not whether prices are high, they clearly are, but what the second half of 2026 looks like and what businesses can do to protect their position within it.

What is actually driving business energy costs

The conversation about energy prices tends to focus on wholesale markets, which is understandable but incomplete. For most UK businesses, wholesale costs now represent less than half of what appears on their electricity bill. Non-commodity costs, covering transmission charges, distribution charges, renewable levies, capacity market costs, and metering charges, account for close to **60% of a typical UK business electricity bill**, and this proportion has been growing steadily for several years.

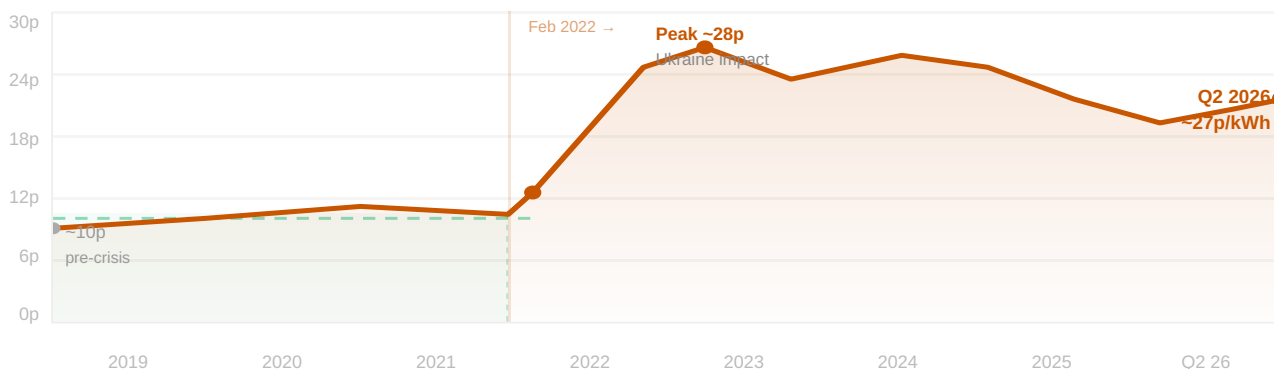
This matters because these costs do not move with geopolitical events, they are locked into five-year regulatory cycles, and the RIIO-3 framework running to March 2031 has approved £46.2 billion in total network investment, all of which flows through to consumers. The demand-side residual revenue from transmission charges nearly doubled in 2026/27 and is forecast to reach **£13.6 billion by 2030/31**. Even if global wholesale markets settled tomorrow, the structural elevation of UK business electricity costs would continue through the rest of this decade.

The practical implication is one of the clearest arguments in this report, as the only variable a business directly controls in this equation is the volume of energy it consumes, because reducing consumption reduces every component of the bill simultaneously, commodity and non-commodity alike.

CHART 1 OF 2 · UK BUSINESS ELECTRICITY RATES 2019 TO Q2 2026

UK Business Electricity Rates, 2019 to Q2 2026

SME average unit rate (pence per kWh, ex-VAT and CCL) · Source: DESNZ Quarterly Energy Prices



+175%

rate increase at peak
2020 to 2022

75%

above pre-2021
baseline today

~10p

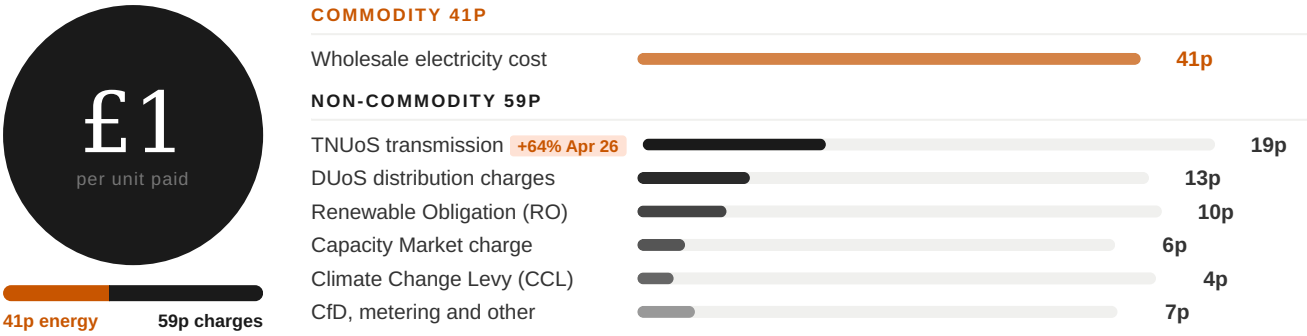
pre-crisis rate,
now unachievable

The question most businesses then ask is why prices have not fallen back further, and the answer lies in what a UK business electricity bill is actually made up of, because the majority of what a business pays does not move with the wholesale price at all.

CHART 2 OF 2 · WHERE EVERY £1 OF BUSINESS ELECTRICITY SPEND GOES

What Every £1 of Business Electricity Spend Actually Buys

Breakdown of a typical UK SME electricity bill, Q2 2026 · Based on DESNZ non-commodity cost analysis



59p in every pound of your electricity bill is non-commodity cost. It does not fall when wholesale prices fall. The only way to reduce every component simultaneously is to use less energy.

26 to 29p

per kWh, SME business electricity rate range, Q2 2026

~10p

per kWh, what a good rate cost in 2020, now impossible to achieve

£1,849

Cornwall Insight forecast Q4 2026 cap, near-flat but no meaningful relief

What happened in global energy markets

In late February 2026, military operations in the Middle East resulted in the effective closure of the Strait of Hormuz, the narrow waterway that moves approximately 20% of global oil and LNG supply. Qatar's Ras Laffan Industrial City, the world's largest LNG complex, was struck and declared force majeure, removing approximately 17% of Qatar's export capacity from global markets, with the two damaged production trains offline for an estimated three to five years.

A ceasefire framework was signed in June, raising market hopes of a resolution, but by early July it had collapsed, the US naval blockade was reinstated, and maritime intelligence firm Windward recorded just **21 commercial vessel transits** through the Strait on a single day against a pre-conflict average of approximately 140, with Brent crude trading above \$86 per barrel by mid-July and European gas storage entering the summer injection season at approximately **50% full**, the lowest seasonal level in fifteen years.

What Q3 and Q4 look like

Cornwall Insight has forecast the October 2026 cap at approximately £1,849, near-flat on the July figure of £1,862, and the October cap will be confirmed by 26 August, with the winter that follows being the first real test of whether Q2's partial market stabilisation holds, meaning the businesses best positioned for whatever Q3 and Q4 deliver are those with the lowest energy intensity, not just the best contract.

Despite all the volatility you cannot control, Powerhub can help you control the most important part of your energy position. Your consumption.

Three Regulatory Changes That Make Energy Intelligence Non-Negotiable

While energy markets absorbed the disruptions of Q2 2026, three regulatory developments moved quietly forward that will have a more lasting impact on how UK businesses need to manage their energy than any single quarter's price movement. Together they create an unambiguous signal: granular, verifiable, real time energy data has moved from a competitive advantage to a compliance requirement.

MHHS: Half-hourly settlement is live

The Market-wide Half-Hourly Settlement migration, the largest structural change to UK electricity retail since privatisation in 1998, crossed **two million meters** initiated into the new framework during Q2 2026. The critical milestone is **M14 on 28 October 2026**, after which reverse migration from the new framework ends and approximately 80% of UK meters will be operating under half hourly settlement, with full completion in May 2027.

What this means practically is that every 30-minute block of electricity consumption will be recorded, validated, and settled on actual measured data rather than estimated profiles, meaning businesses with real time monitoring can use this to shift loads away from expensive peak periods and reduce their effective cost per unit, while businesses without that visibility will absorb the costs of the new framework without accessing any of its benefits.

ESOS Phase 4: The compliance clock is running

The Energy Saving Opportunity Scheme's fourth phase has a qualification date of **31 December 2026** and a compliance notification deadline of 5 December 2027. Approximately 9,000 organisations are in scope, and Phase 4 raises audit coverage requirements from 90% to **95%** of total energy consumption, mandating kWh reporting alongside energy-intensity metrics for the first time. Organisations with sub metered, continuously monitored estates will satisfy this as a data extraction exercise. Those without will conduct one-off audits to generate a compliance report they cannot use operationally, and then face the same exercise again in Phase 5.

UK SRS: Sustainability reporting goes mandatory

UK Sustainability Reporting Standards become mandatory for listed companies from **1 January 2027**, superseding TCFD-aligned reporting and requiring significantly more granular disclosure of climate-related financial risks alongside Scope 1, 2, and 3 emissions data. An estimated Scope 2 figure derived from an annual meter read no longer meets the standard that investors, auditors, and regulators will require, and it is verified consumption data tracked at half hourly resolution, reported through a monitoring platform with an audit trail, that is the foundation on which credible UK SRS disclosure is built.

The organisations that treat MHHS, ESOS Phase 4, and UK SRS as a single data infrastructure problem, rather than three separate compliance tasks, will build energy visibility, cost management, and carbon reporting capability in a single investment.

28 Oct

MHHS M14 milestone, reverse migration ends, half hourly settlement becomes the standard

31 Dec

ESOS Phase 4 qualification date, 9,000 organisations in scope

1 Jan 27

UK SRS mandatory for listed companies, TCFD superseded

A Snapshot of Where the Pressure Is Landing

Every sector that spends on energy entered Q2 2026 already carrying five years of elevated costs. What Q2 layered on top was a further uplift on the July price trajectory, the full pass-through of April's transmission charge increases, and in most sectors a set of additional cost pressures that have nothing directly to do with energy but land on the same P&L and squeeze the same margin.

Hospitality

Energy represents **10 to 15%** of operational expenditure for hospitality SMEs, up from 3 to 5% before 2021. The National Living Wage rose 4.1% to £12.71/hour from April 2026, adding an estimated £1.4 billion in annual wage costs across the sector. UKHospitality warned of up to **2,076 closures in 2026**, Franco Manca announced 16 restaurant closures via CVA in Q2, and before the Middle East disruption, 93% of hospitality businesses reported energy costs directly hurting profitability.

Manufacturing

UK industrial electricity prices remain the highest in Europe, at approximately **89% above the EU14 median** for medium users, with 65% of manufacturers citing energy costs as a direct constraint on competitiveness. The British Industry Supercharger's expansion to 90% compensation from April 2026 helps 370 qualifying businesses. The British Industrial Competitiveness Scheme, expected April 2027, targets 7,000 firms, and for the majority outside both schemes, self-funded energy reduction is the only available lever.

Education

UK school energy expenditure is projected at **£1.7 billion for 2025/26**, double the figure of five years ago. A 1p per unit increase costs a typical secondary school **£14,000 annually**, equivalent to half a newly qualified teacher's salary. **94% of secondary schools** forecast they cannot meet energy costs from current budget allocations, making energy efficiency not a sustainability question but a staffing one.

Healthcare

The NHS carries an annual energy bill approaching **£1.4 billion**, nearly double its pre-2019 figure. Great British Energy has committed £100 million to solar and battery storage across 260 NHS sites. Longer term this is meaningful, though in Q3 2026 the operational pressure of absorbing another round of elevated energy costs within an already stretched health system is immediate and requires immediate action at site level.

Commercial Property

The commercial real estate sector sits at the intersection of energy cost pressure and Minimum Energy Efficiency Standards compliance, with MEES preventing the letting of properties below EPC Band E and **Band C requirements anticipated from 2027**. The cost of retrofit is significant in the same pricing environment that makes non-compliant stock least attractive to occupy, an uncomfortable pressure point for landlords with older portfolios.

Data Centres

Data centre power demand is one of the defining global energy themes of 2026. UN research indicates data centre energy use will double by 2030, with US consumption projected to **triple by 2035** from 2024 levels. In the UK, this is driving grid-connection queue pressure that directly affects Clean Power 2030 delivery timelines and generating significant monitoring investment as operators face growing scrutiny of their sustainability credentials alongside their growth.

The Technology That Gives You Agency Over What Is Yours

The market conditions described in this report, elevated prices, volatile wholesale markets, rising network charges, tightening regulation, are largely outside the direct control of any individual business, they are the weather of the energy landscape in 2026 and they are not going to calm quickly, but what is within reach is the consumption side of the equation, as every kilowatt hour a business does not consume is a kilowatt hour it does not pay for at 26 to 28p per unit, a kilowatt hour that does not appear in its carbon account, a unit that does not attract network charges, renewable levies, or capacity market costs, meaning reducing consumption is the one action a business can take that improves its position regardless of what wholesale markets, geopolitical events, or regulatory frameworks do next.

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Voltage Optimisation

The majority of UK commercial and industrial buildings receive mains electricity at approximately **242 volts**, the legacy average of an older national grid, while the optimal operating voltage for most electrical equipment is **220 volts**. The excess voltage does not improve performance, it is absorbed as wasted heat, electrical stress, and unnecessary consumption across every connected asset on site, every hour of every operating day. Voltage Optimisation corrects this at the point of supply, delivering a verified site-wide electricity reduction of **7 to 19%**, measured against a pre-installation baseline, with zero operational disruption and equipment lifespan of up to twenty years. At current UK electricity prices, payback typically runs between one and three years.

IoT Energy Management

Real-time IoT monitoring places every energy-consuming asset under continuous visibility, with consumption anomalies surfacing in real time rather than in the next quarterly report, peak demand events can be managed actively rather than absorbed passively, and asset-level data feeds directly into ESOS, UK SRS, and SECR reporting without manual compilation. Research consistently shows that monitoring platforms can reduce building energy waste by approximately **22%** through analytics, occupancy monitoring, and automated controls alone, before any physical efficiency technology is applied.

Solar PV and Battery Storage

The UK commercial solar market is forecast to grow **50% in 2026**, with commercial solar PV costs running approximately £520 to £810 per kilowatt-peak installed and ROI of 14 to 20% at current electricity prices. Adding battery storage increases self-consumption from approximately 70% to 80 to 95%, materially shortening payback. After Annual Investment Allowance tax relief, effective payback can fall below three years. On-site generation reduces direct exposure to wholesale price volatility, network charge pass-through, and the kind of supply chain disruption that Q2 2026 demonstrated can reprice energy markets in a matter of days.

INTRODUCING PULSE BY POWERHUB SOLUTIONS

Centralised Energy Intelligence for the Estates That Cannot Afford to Fly Blind

Pulse is Powerhub Solutions' centralised energy monitoring and management platform, built around the ME337 proprietary metering hardware, a cloud based analytics dashboard, and a tiered structure that scales from single site monitoring to full estate intelligence across every asset, every building, and every meter in an organisation's portfolio.

It is designed for the exact market conditions described throughout this report, a pricing environment where every unit of unnecessary consumption carries a 26 to 28p cost, a settlement framework moving to half hourly resolution, a sustainability reporting landscape requiring verified and auditable consumption data, and a regulatory compliance environment where 95% consumption coverage and kWh level reporting are the minimum viable standard.

Pulse is available in three tiers. The Hub for real time site monitoring and anomaly detection, The Hub+ for demand management, asset level analytics, and time of use optimisation, and The Hub Compliance for full UK SRS, ESOS, and SECR reporting integration, and the organisations that act on what Q2 2026 has confirmed about energy intelligence will be building this data infrastructure now, on their own timeline, before regulatory deadlines compress their options.

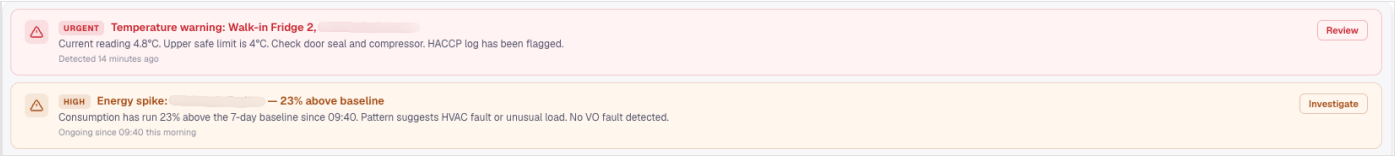


Figure 1: Live Alerts, Powerhub Solutions

Pulse surfaces urgent issues the moment they happen, from temperature breaches to unexplained energy spikes, catching problems in minutes rather than at the next scheduled check.

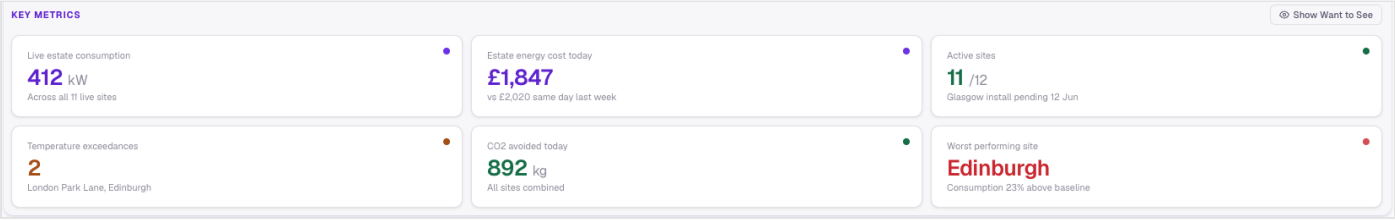


Figure 2: Key Metrics, Powerhub Solutions

A single view of live consumption, cost, carbon avoided, and site performance across the whole portfolio, updated automatically with no manual reporting required.

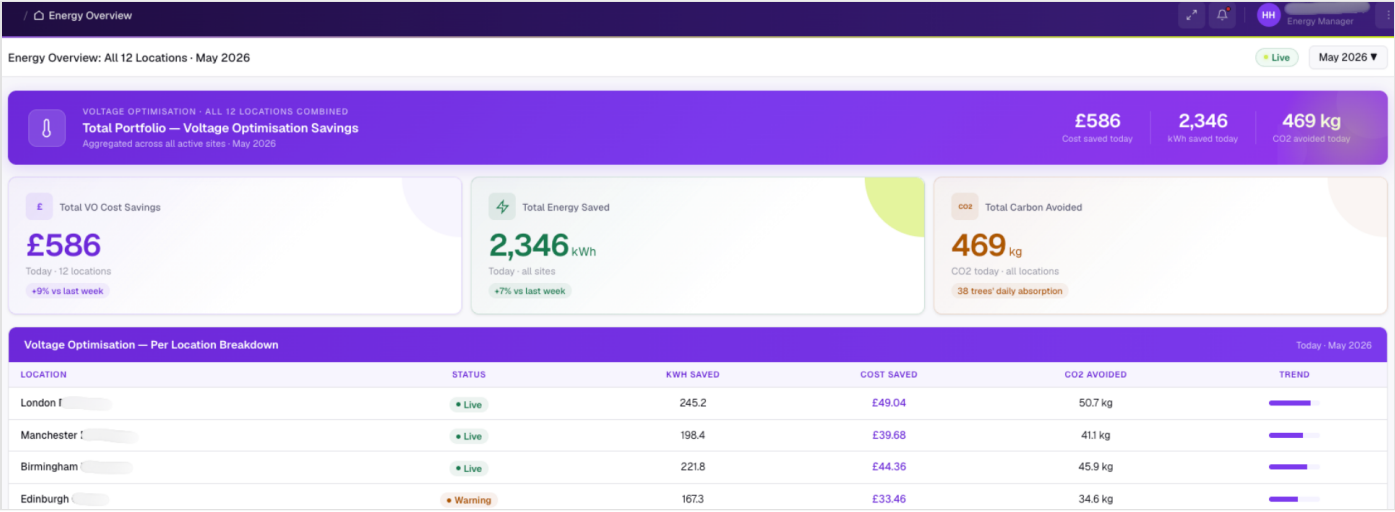


Figure 3: Voltage Optimisation Dashboard, Powerhub Solutions

The full site by site breakdown behind the headline savings figures, showing exactly how much each location is saving in kWh, cost, and carbon, updated live.

Verified Outcomes From UK Organisations

The data and analysis in this report describes the conditions under which UK businesses are operating. This section describes what some of those businesses have done about it, with verified figures rather than projections. Across Powerhub Solutions' client portfolio, the Q2 2026 pricing environment has materially amplified the financial value of energy reduction investments made in previous periods, because the kilowatt hour saving does not change while the per-unit cost against which it is measured continues to rise.

HOSPITALITY · RESTAURANT

A national quick service restaurant operator, 203-Site Voltage Optimisation Programme

3,960,126 kWh

Annual energy savings across estate

Annual financial savings of **£862,317**, annual carbon savings of 819.94 tonnes of CO₂, and a return on investment of 22.85 months. At Q2 2026 electricity rates, the same kilowatt hour saving is worth materially more than at installation.

HOSPITALITY · HOTELS

A UK hotel group, 14 Hotel Sites

591,806 kWh

Annual energy savings across portfolio

Carbon emissions reduced by **122,547 kg per year**, with an average return on investment of **13.4 months per site** across the full hotel portfolio.

HOSPITALITY · RESTAURANTS

A national dining chain, 130-Site Rollout

1.9m kWh

Annual energy savings, 131 VO units installed

Energy efficiency improved by **7.5%** across the estate, with **382,489 kg of CO₂** saved per year, contributing to sustainability targets whose regulatory significance has increased materially since installation.

GYMS & LEISURE

A national gym operator, 208 Locations

2.7m kWh

Annual energy savings estate wide

Electricity cost reduction of nearly **£580,000 per year**, carbon savings of **571,623 kg CO₂ annually**, and projected savings of £12.3 million over 20 years.

MANUFACTURING · FOOD

A UK food producer, Food Manufacturing

1,435,291 kWh

Annual energy savings

Annual financial savings of **£287,058**, carbon savings of **297.26 tonnes of CO₂** in year one, and a return on investment achieved in 1.84 years.

HOSPITALITY · PUBS

A national pub group, Multi-Site

7 to 8.45%

Verified electricity reduction per site

Consistent reductions across seven locations, delivering a total carbon reduction of **18,620 kg of CO₂** to date, with installations completed with no disruption to operations.

Full case studies, including named client references, are available on request.

Powerhub Solutions is the only company in the UK that self-delivers all four proven energy reduction technologies under a single in house engineering and project management team, with no subcontractors and every survey, installation, and monitoring task executed by Powerhub engineers. When savings are guaranteed in writing and the same team that made the guarantee also delivers and monitors the outcome, the incentive structure is completely aligned with yours.

Progress That Continued Despite Everything

One of the more remarkable characteristics of the Q2 2026 energy story is how much clean power progress occurred during a quarter dominated by market disruption. The two narratives, volatile fossil fuel markets and accelerating renewable build, ran in parallel throughout the quarter, and both are real.

Record generation, persistent constraint

Renewables accounted for **53% of UK electricity generation in Q2 2026**, with solar setting a national instantaneous record of **15.42 gigawatts on 23 April 2026**, and wind generating 18.9 terawatt hours over the quarter, a 7% increase year on year. For the first time in a sustained period, the UK was generating the majority of its electricity from clean sources across an entire calendar quarter. The Contracts for Difference Allocation Round 7 secured a record **14.7 gigawatts across 201 projects**, including 8.4 gigawatts of offshore wind at a strike price of approximately £91 per megawatt hour in 2024 prices, equivalent to approximately £22 billion of private investment.

The most significant challenge to the clean power transition revealed in Q2 is physical rather than political, as grid curtailment exceeded **2.4 terawatt hours in Q2 alone**, with approximately 98% of curtailed wind located in Scotland where transmission constraints prevent surplus renewable generation from reaching demand centres in England. The UK curtailed approximately 10 terawatt hours of potential wind generation in 2025 at a cost of approximately £1.5 billion, and 2026 is tracking in a similar direction.

53% UK electricity from renewables in Q2 2026, first full quarter at majority clean	15.42 GW national solar instantaneous record, set 23 April 2026	14.7 GW secured in CfD AR7, a record, across 201 projects worth ~£22bn
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What the global picture confirms

The IEA's World Energy Investment 2026 confirmed global clean energy investment reached **\$2.2 trillion in 2026** against \$1.2 trillion for fossil fuels, with solar PV alone attracting more than \$500 billion. Fatih Birol, Executive Director of the International Energy Agency, noted that while climate discussions have generally become lower priority globally, the heightened focus on energy security leads to the same conclusion: invest in domestic, controllable generation. The 2026 Middle East disruption demonstrated that supply chain vulnerability argument more viscerally than any policy paper could have.

For the UK, the domestic logic of Clean Power 2030 is clear, as a country that generates the majority of its electricity from domestic renewable sources is categorically less exposed to geopolitical supply disruption than one that remains structurally dependent on imported gas. The transition carries costs in the present, visible in rising network charges and capital investment requirements, and the alternative carries costs too, as Q2 2026 has demonstrated, but those costs are less visible and considerably more volatile.

The Part You Can Control

The Q2 2026 energy story is not finished. The Ras Laffan damage is real and multi-year, the Hormuz ceasefire has already failed once and is being renegotiated under conditions that have not materially changed, European gas storage is entering the winter restocking period at a fifteen-year seasonal low, and the October price cap will be confirmed in late August with the winter that follows being the first real test of whether Q2's partial stabilisation was a genuine shift or a pause in a longer pattern of elevated and volatile costs.

None of that is within your control, but what is within your control is how much energy your buildings, your assets, and your operations consume. The businesses that have reduced their energy intensity are entering Q3 2026 with lower exposure to price volatility, stronger sustainability reporting data, better ESOS compliance positions, and clearer visibility of their consumption than those that have not. The same will be true entering Q4, and Q1 2027, and every quarter after that.

The Clean Power 2030 programme is delivering, with renewables generating 53% of UK electricity in Q2 2026 and the Seventh Carbon Budget legislated on 24 June, and the direction of travel is not in doubt, the question is only how long the transition takes, and what energy costs look like during it. Powerhub Solutions exists for the period in between, for the businesses that cannot wait for the grid to solve their energy cost problem and need to take action now with proven technology, verified outcomes, and a team that delivers every stage in house.

The Q3 2026 edition of this report follows in October, the insights are free, and the decisions they inform sit with you.

166.5 Million kWh Saved

Total verified energy savings delivered by Powerhub Solutions across the UK
55,000+ tonnes of CO₂ reduced · 12 to 18 months typical ROI · Zero subcontractors · Four solutions, one team

Take the Next Step

Despite all the volatility you cannot control, Powerhub can help you control the most important part of your energy position. Your consumption.

Book a no-obligation energy consultation and we will analyse your energy spend, identify verified savings opportunities, and deliver a conservative ROI projection, all within 15 minutes of your first conversation.

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SOURCES & DATA REFERENCES

Cornwall Insight · IEA World Energy Investment 2026 · NESO · Climate Change Committee · QatarEnergy · Wood Mackenzie · Goldman Sachs Energy Research · DESNZ Energy Trends June 2026 · Windward Maritime Intelligence · UKHospitality · Make UK Q2 2026 Manufacturing Outlook · The Caterer · Business Research Company · Grand View Research · ESOS Phase 4 Guidance · FCA CP26/5 · Elexon MHHS Programme Update · Bloomberg Energy · All data current as of 19 July 2026. The Powerhub Quarterly Energy Intelligence Report is published four times per year. Powerhub Solutions Ltd is registered in England and Wales. © 2026 Powerhub Solutions.