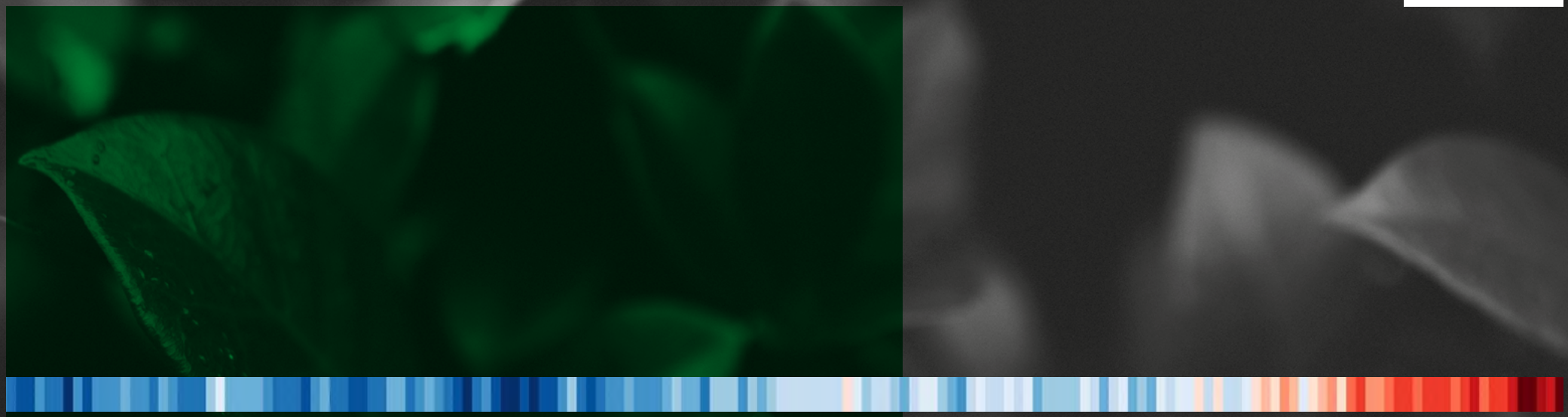

THE MITIE MINI GUIDE TO COP27

How to power through in a volatile energy climate

mitie

PLAN ZERO

As COP27 wraps up, we look at what the latest news from Sharm El-Sheikh means for those looking to gain energy security in a volatile climate.

As COP27 drew to a close on 20th November, the progress that had been made over the course of the conference was reported under an air of uncertainty. There were definitely some positive takeaways, including a pledged loss and damage fund for vulnerable countries, and investments to help developing nations fight climate change. But uncertainty over emission reductions has somewhat overshadowed them.

At this year's conference, talk of "phasing down" fossil fuels replaced previous talk of phasing them out, and the term "clean and renewable energy" seems to have been replaced by "low-emissions energy". As a result, concerns about backsliding on the 1.5°c climate agreement have been raised, despite the G20's renewed commitment to the cause.

For most, this will come as no surprise. This year's conference is set against a complicated political and socio-economic backdrop. Europe in particular is currently facing a huge energy security challenge, as Russia's continued invasion of Ukraine restricts gas supplies.

Russian gas imports accounted for 31% of European supply in 2020 and, as a result, gas prices have risen tenfold, which has major repercussions on efforts to reduce carbon emissions.

Primarily, this is due to a further reliance on coal to ensure energy security as gas resources dwindle. Already, countries like Germany are increasing their reliance on coal power plants as a short-term fix to ensure supply; a move that is in direct opposition to our global decarbonisation goals. The alternative proposed by many is rolling blackouts, which would have their own economic and social repercussions.

Importantly, this isn't just a pressure that's felt on a national or global scale. Private and public organisations have a similar battle to ensure energy security, control costs, and reduce carbon outputs – both for their own good, and for the good of the climate.

In fact, with governments scaling back on their commitments in light of current events, it's never been more important for private organisations to take the initiative and invest in a greener future.

Put simply, there's never been a better time to turn talk into action.

> "The science is clear: any hope of limiting temperature rise to 1.5 degrees means achieving global net zero emissions by 2050
>
> António Guterres
> Secretary-General of the UN
> 7th November 2022

THE CLEAN ENERGY VALUE CYCLE

The goals of any organisation in this environment are simple. Reducing costs is a must at a time when energy prices have soared in an unprecedented manner. Similarly, ensuring supply is essential for operations to continue. And a reduction in carbon emissions is an ongoing requirement to meet current and future legislation – and provide a brighter tomorrow for our planet.

Often, these three goals are viewed in opposition to each other. After all, at a time when costs are prohibitively high, who has the capital to invest in green energy and decarbonisation solutions? And efforts to ensure energy security are likely to increase costs in some way. But refuse to make that investment and you may not have the supply required to meet your needs.

At first glance, it can feel like a situation where nobody can have it all. However, Mitie's extensive experience working with organisations to ensure clean, affordable and reliable energy, gives us a unique perspective and the ability to see how these demands complement each other.

For example, capital investments in generating and saving energy, although daunting when the purse strings are tight, will, in the long term, always reduce costs through greater operational efficiency. The money saved can then be reinvested in new assets, which will invariably be greener and more efficient, helping to reduce both carbon emissions and costs.

Likewise, generating your own electricity through investments in technology, like solar, will secure supply, which will mean you're no longer at the whim of the market's volatile pricing and can make further cost savings.

The result is significant operational savings over decades to come, cleaner operations and no more supply anxiety. It's a value cycle that benefits everybody. And with increasing regulation – and even funding designed to steer organisations in this direction – the question is: why isn't everyone doing it?

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A COLLABORATIVE APPROACH TO EMBRACING CHANGE

The answer: there's a catch.

For organisations to truly embrace this value cycle of cheaper, more secure, and greener energy supplies, it requires collaboration at all levels.

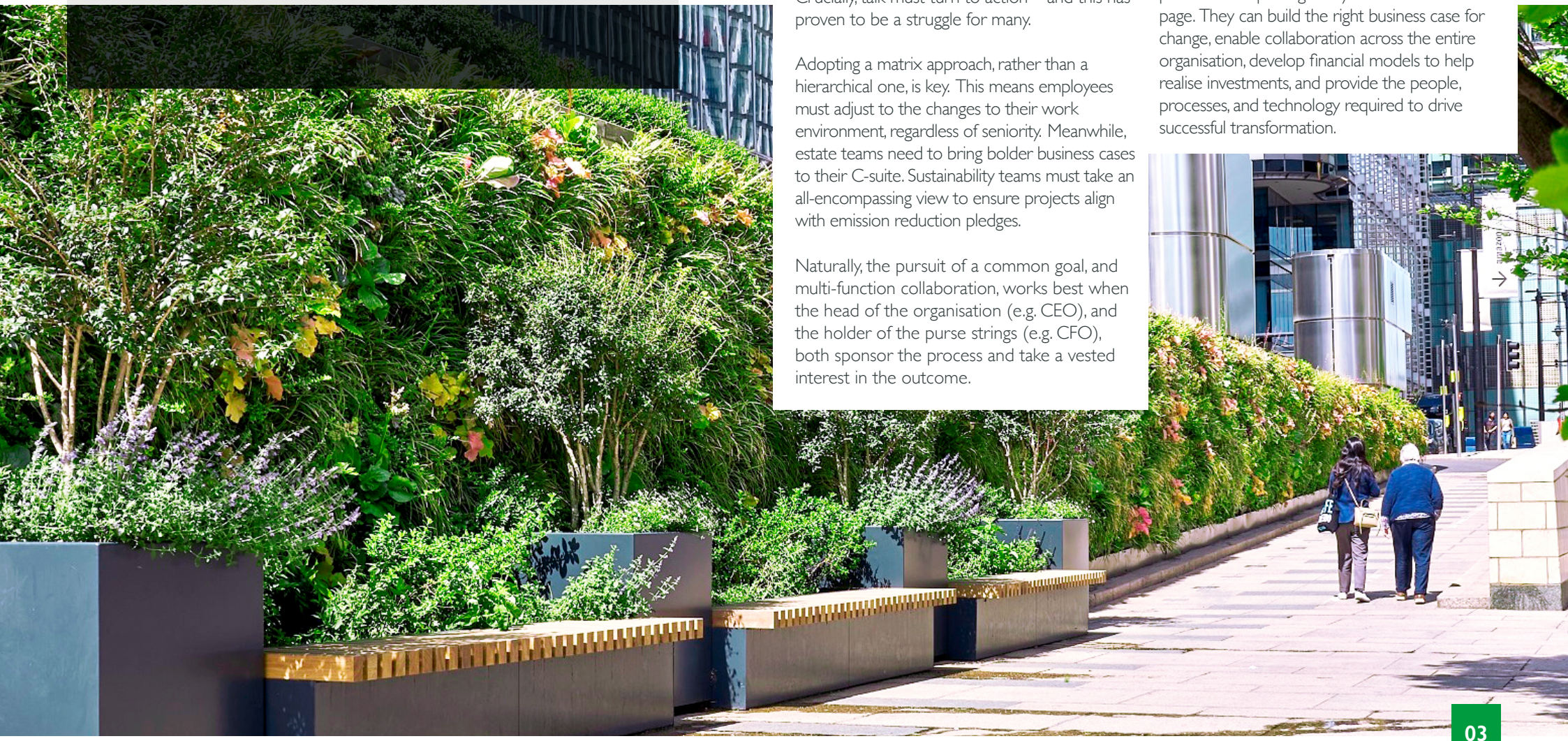
Each of the stakeholders within the organisation must be brought together and united over the common goal of decarbonising the built estate. Crucially, talk must turn to action – and this has proven to be a struggle for many.

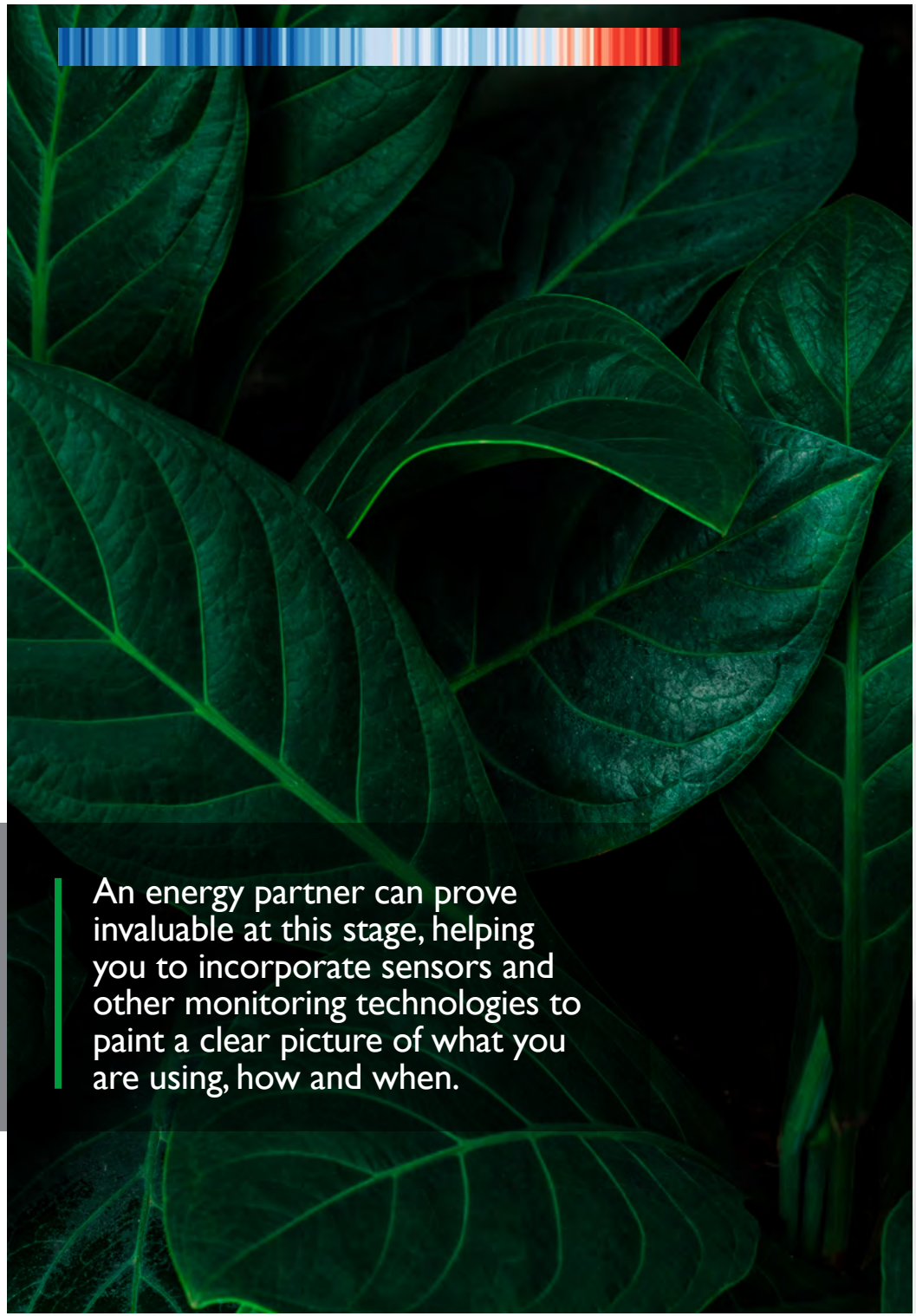
Adopting a matrix approach, rather than a hierarchical one, is key. This means employees must adjust to the changes to their work environment, regardless of seniority. Meanwhile, estate teams need to bring bolder business cases to their C-suite. Sustainability teams must take an all-encompassing view to ensure projects align with emission reduction pledges.

Naturally, the pursuit of a common goal, and multi-function collaboration, works best when the head of the organisation (e.g. CEO), and the holder of the purse strings (e.g. CFO), both sponsor the process and take a vested interest in the outcome.

Therefore operations, sustainability, engineering and procurement must come together, with support from colleagues across the business, to win CEO and CFO approval. Buy-in throughout the business, and adopting an agile rather than top-down approach, will ensure talk turns to action in your organisation.

In these situations, it sometimes takes an expert partner to help bring everyone onto the same page. They can build the right business case for change, enable collaboration across the entire organisation, develop financial models to help realise investments, and provide the people, processes, and technology required to drive successful transformation.





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THREE STAGES TO ENSURE ENERGY SECURITY

Once your organisation has decided to pursue these investments, there are three tangible stages you can take to ensure energy security in this unpredictable market – and in the cheapest and most carbon-efficient way.

The first stage is to gain a thorough understanding of how your organisation consumes energy today. By monitoring consumption, it becomes easier to identify ways to reduce it, optimising the running of your built environment to make the most of the solutions you currently have, and driving quick, easy-win savings.

An energy partner can prove invaluable at this stage, helping you to incorporate sensors and other monitoring technologies to paint a clear picture of what you are using, how and when.

The second stage is to invest in energy efficiency initiatives, including better insulated building fabric and enhanced building services, as well as taking steps to generate as much of your own power as possible – reducing reliance on energy imports and protecting yourself against turbulent market prices.

With on-site energy generation through technologies like solar PV, it's possible to gain true energy independence and secure low rates for the long term. Solar can also help you to accommodate the increase in electrification needed for decarbonisation, in essence ticking off all three stages of the energy value cycle.

With the UK doubling down on its Zero Emissions Vehicles Declaration at COP27, this will be an area of increasing focus going forwards, which makes now a good time to start thinking about opportunities in that space.

The final stage is to devise a robust energy and risk strategy for generating the remainder of your required supply. This strategy should allow you to lock in lower prices through fixed, long-term contracts or PPAs (power purchase agreements) which can protect you from unexpected market fluctuations. And it should ensure contracts have the requisite flexibility to help you maintain your risk strategy and meet sustainability commitments.

Again, an expert energy partner can help you work out the details, and even provide advice on the most appropriate ways to meet your demand with green energy solutions.

> We can and must win this battle for our lives
>
> António Guterres
> Secretary-General of the UN
> COP 27 - 20th November 2022

A POSITIVE STEP FOR YOUR ORGANISATION, THE COUNTRY AND THE WIDER WORLD

Any investment you make in securing your own energy supply and decarbonising your business will have a positive impact on your people, built environment and operational costs.

But it will also have a much greater impact on British ambitions to become a clean energy superpower.

By generating our own power and reducing reliance on imports, we can lower costs and reduce our carbon footprint as a country. But this national effort requires the participation of every organisation that makes up the whole, to ensure operations are better for people, profits, and the planet.

If you're looking to explore the decarbonisation of your built environment, Mitie can break down barriers to help you save money, reduce emissions and ensure energy security.

Our specialist team of energy professionals is dedicated to energy optimisation. We provide procurement and risk strategies, market intelligence, consumption monitoring, metering, data management, BMS operations, the design and installation of solar arrays, and everything in-between.

For more information, visit **mitie.com/planzero**