



UrbanChain

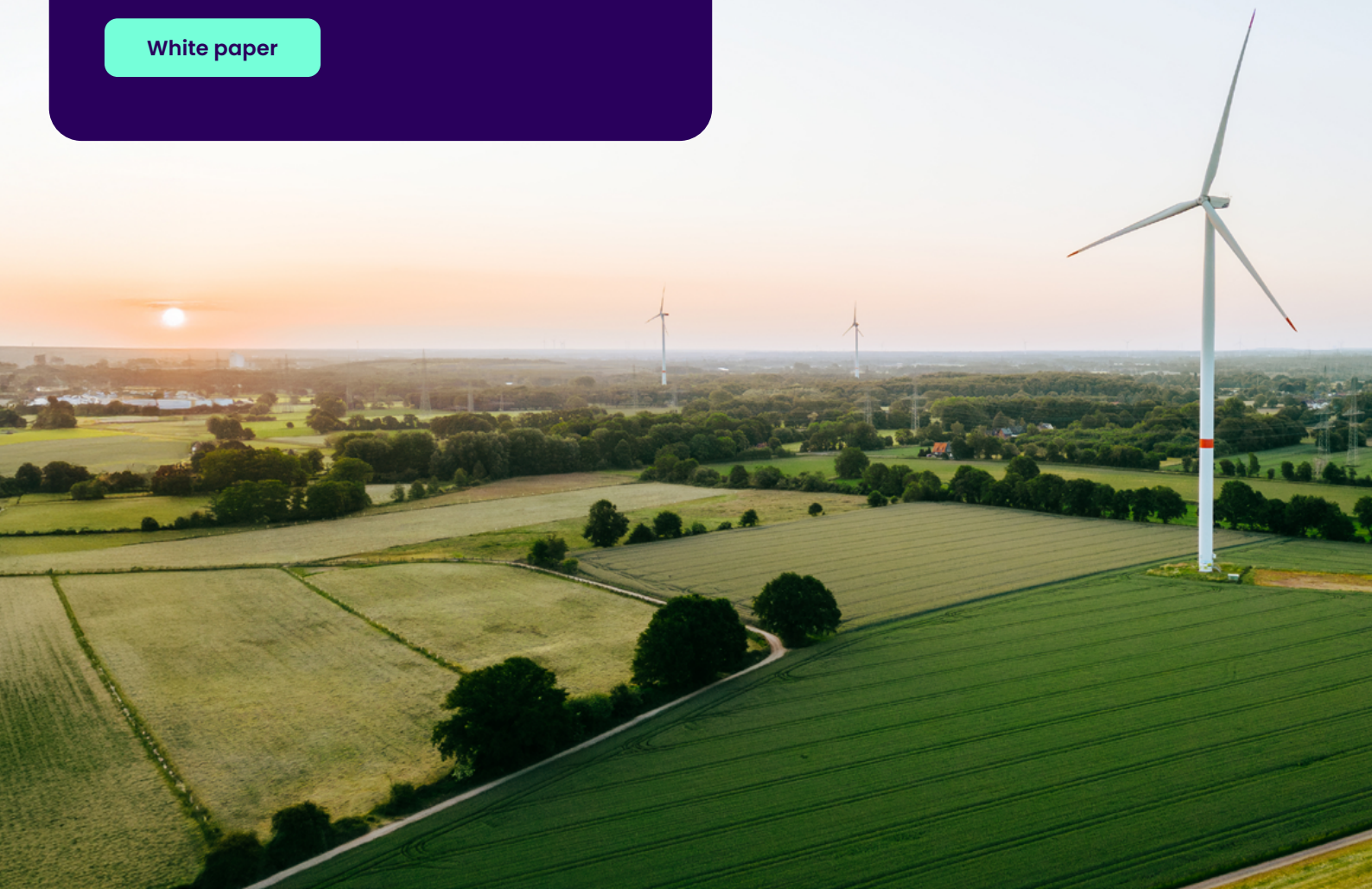
THE WINTER VOLATILITY TAX HITTING BRITISH BUSINESS

Power is cheap.

Volatility is expensive.

Why businesses must move fast as autumn renewal deadlines approach.

White paper





ENERGY PROCUREMENT ISN'T FIT FOR TODAY'S MARKET

British businesses are paying some of the highest energy prices in the developed world – undermining profitability, productivity and even survivability. In fact, [Deloitte](#) reports that in 2023 UK firms paid around 50% more for electricity than German and French competitors, and four times as much as US competitors.

At the same time, stakeholder pressure and regulations are pushing businesses to source a greater share of renewable energy. The UK's Sustainability Reporting Standards ([SRS](#)) are [expected to be implemented in 2027](#) and will require that UK listed companies (and some others) report their scope 1 and 2 emissions – covering both produced and purchased electricity. And [public sector procurement](#) is already pushing for low-carbon sourcing.

It's not just government though – investors and major customers are increasingly expecting businesses to demonstrate credible progress on reducing carbon emissions. [PwC's 2024 Global Investor Survey](#) found that 64% of investors wanted companies to increase investment in reducing carbon emissions, while 75% said they would increase investment in companies taking climate-related action.

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So how can UK businesses procure renewable energy? Broadly, there are two ways to do that today. One is to buy power from the wholesale market, either directly or through a broker, and source certificates to 'match' their purchased power with renewable generation.

Another is to sign power purchase agreements (PPAs) directly with renewables. These contracts typically run for many years and offer good medium-term price certainty.

However, neither method is completely fit for modern requirements.





THE VOLATILITY TAX

Both traditional approaches have inherent problems that cause real pain for business consumers.

THE WHOLESALE MARKET

Buying from the wholesale market fully exposes consumers to power market volatility. In a low-volatility environment, that might be acceptable – but recently markets have been anything but calm. Due to the way the UK power market works, the wholesale price is set by the last unit of generation needed to meet demand.

This means that – even though we have record amounts of renewable capacity online that can produce power cheaply, gas generation still sets the price around 60% of the time.

That's why UK business owners still nervously scan the headlines every morning. Our domestic power price is closely tied to the fortunes of the international gas markets – and they can be stormy.

Much of what moves those markets is entirely outside businesses' control. Cold snaps, periods of low wind, shipping or pipeline disruption and geopolitical conflict can all push gas prices higher, with the ripples feeding through power markets. Between late February and late March 2026, conflict in the Middle East pushed UK wholesale gas prices up by roughly 75%. Every swing has the potential to feed through into the price businesses pay for power.

And the real sting in the tail is that these events often seem to hit in winter – just when demand (and therefore exposure) is highest. On 9th January 2025, with temperatures well below freezing across much of the country, the UK's electricity demand reached its annual peak of 45.9 GW. It came at 5pm, as sub-zero conditions coincided with the dark winter evening demand peak for heating and lighting.

According to the Bank of England's Decision Maker Panel, in June 2026 two-thirds of UK firms expected the recent energy shock to reduce their profit margins over the following 12 months, while 56% expected to raise prices in response.

Ultimately, for businesses exposed to wholesale pricing, that creates a dangerous combination: greater energy needs at precisely the time when volatile global markets place the greatest pressure on prices.

But there are alternatives.



56%

of UK firms are expected to raise prices in response to the recent energy shock.



THE PPA PATH

PPAs have the advantage of protecting against that wholesale volatility by locking in the price. Typically, the fix spans a period of up to 15 years – though shorter 3-5 year contracts are becoming more popular.

In one respect, this is an effective risk management option and gives a degree of certainty. However, PPAs carry drawbacks themselves: as a single wind or solar asset cannot perfectly match a consumer's demand profile, businesses still retain volume and shape risk. Any shortfall must be topped up through the wholesale market, while surplus power may need to be sold back into it.

PPAs are also largely only feasible for bigger companies with the operational sophistication and commercial support to negotiate and manage these large, complex contracts – leaving many small and medium sized businesses locked out.

What's more, relying on PPAs only partially allows businesses to escape the influence of the wholesale market – effectively locking-in the influence at one point in time. The price is inevitably agreed in the context of wholesale market prices and forecasts at the point of negotiation.

Given today's high prices and the fact that volatility shows no sign of abating, there may well be a risk premium already built into the price.

The outcome? Whether procuring through the wholesale market, PPAs or a blend of both, British consumers remain in the dark, with limited control, and at the mercy of the international gas markets. Fixed-price contracts offer a reprieve – but not an escape.

ARE RENEWABLES CHEAP OR EXPENSIVE?

Some argue that renewable assets generate power incredibly cheaply, while others talk about a 'green premium' for buying clean energy. Both are true to an extent – it boils down to the way the UK's marginal pricing system works, which means that gas still usually sets the price.

The UK isn't alone in this, and there are energy economists that support the current market design as well as many pushing for reform. But regardless of what design we should have, this is the one we do have right now.

That's why, even though renewables can generate electricity at very low prices, overall power prices remain stubbornly (and artificially) high.

Much of the power being put onto the grid is cheap – but it's the market design and the volatility it exposes businesses to that's expensive.

There are signs this is changing – but for businesses facing another winter of risk and uncertainty, that doesn't help today.



ESCAPE THE WHOLESALE MARKET

What if there was a way to escape the wholesale market? How can consumers reduce their exposure to the volatility tax?

UrbanChain has built an alternative solution that fundamentally rethinks how renewable energy procurement works – one already used by top tier British businesses, from Believ's EV charging network and Galaxy Data Centers, to Evtec Group.

UrbanChain operates a marketplace that directly matches consumers – including businesses and public sector organisations – with renewable generators on a half hourly basis.

Crucially, the matching is direct to specific renewable generation – not a 'wholesale + certificate' model. This enables consumers and generators to agree prices in advance without a tie to the wholesale price.

Both sides of the transaction get price certainty as they would through PPAs, but UrbanChain's market is suitable for organisations of any scale – not just the biggest players. And consumers gain access to a diverse portfolio of renewable generation assets, unlike with bilateral PPAs.

Pricing is agreed in advance between parties, but is typically attractive to both sides. This is because the direct-matching infrastructure strips out a lot of middlemen, as well as reducing grid fees.

UrbanChain's platform also offers consumers:

- Fully traceable renewable energy, no certificates required
- The potential to match with local generation, helping consumers to support local communities
- Private markets for multi-site consumers or groups with both generation and consumption

CASE STUDY 15 YEARS OF CERTAINTY FOR CRITICAL MANUFACTURING

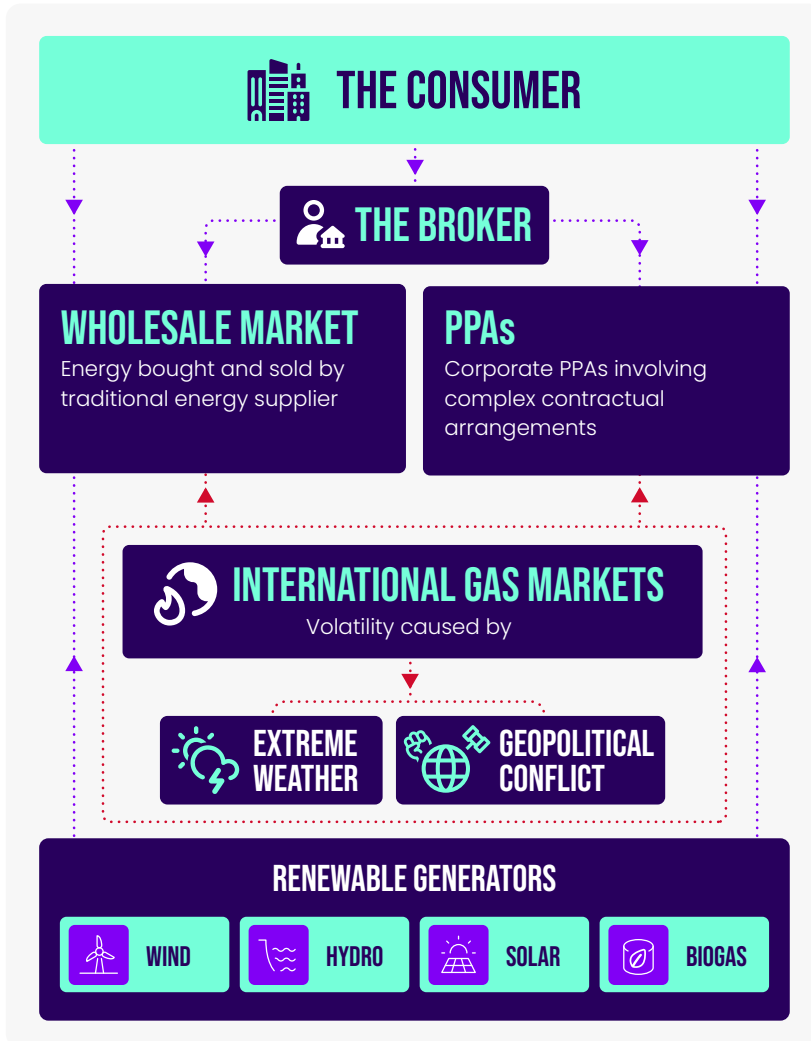
Evtec Group is a critical supplier in the UK automotive manufacturing chain. Like most UK industrial manufacturers, they needed long-term energy price stability and like most, they were structurally blocked from getting it. No subsidy. No single investment-grade offtaker. The wholesale market offered nothing. UrbanChain built a private market that solved exactly this. With UrbanChain, they gained:

- **100%** of generation matched via private market
- **15 years** of locked-in pricing with zero wholesale market exposure
- **10,027 MWh** matched January–April 2026

[Read more on our website](#)

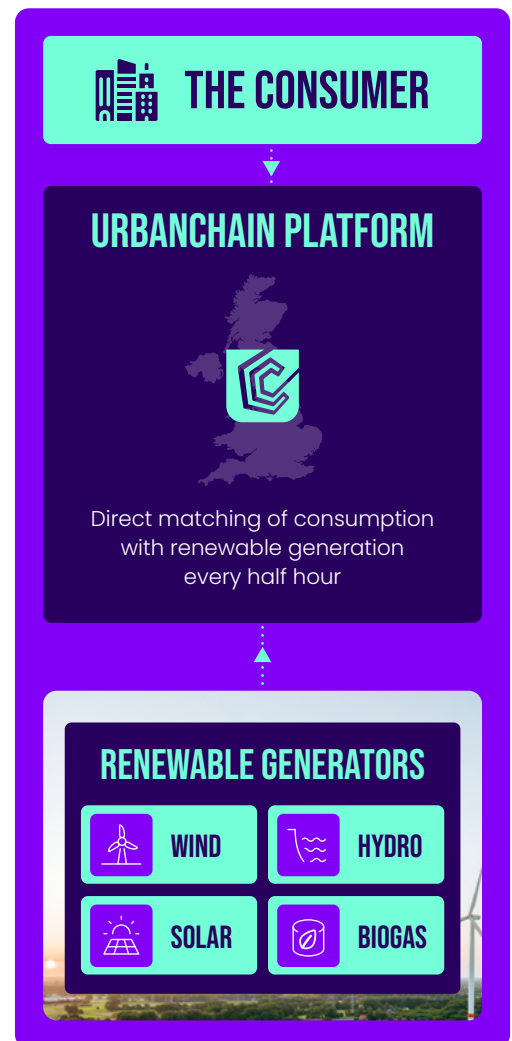
TRADITIONAL ROUTE

COMPLEX | INDIRECT | EXPOSED



URBANCHAIN ROUTE

SIMPLE | DIRECT | PROTECTED



ESCAPE THE VOLATILITY TAX. UPGRADE YOUR ENERGY PROCUREMENT.

UrbanChain is creating the energy operating system of the future. We want affordable and traceable renewable energy for all, and to help consumers and generators alike escape the unfairness and volatility of the wholesale market.

Our market is already live – matching real generators with real businesses every half hour of every day.

Right now, the sun is shining and winter seems far away – but with the autumn renewal period fast approaching – time is shorter than it seems to protect your business.

Now is the time to review your procurement strategy before you're locked into another year of unnecessary volatility – [speak to one of our experts today.](#)