EVORA

Arcadia

Energy Procurement, Supply Resilience & Sustainability

Navigating a Challenging Environment for Real Asset Owners

May 2026

Executive Summary

Energy has moved from a back-office cost line to a board-level strategic risk. Three forces are converging simultaneously for institutional real estate owners and occupiers: commodity market volatility that erodes budget certainty; a deteriorating geopolitical and physical environment that threatens supply resilience; and a sweeping regulatory shift in how sustainability claims around energy must be substantiated.

The age of 'paper renewables' — where unbundled certificates and distant energy attribute claims passed as credible decarbonisation — is ending. The GHG Protocol's forthcoming Scope 2 Guidance revision will demand that electricity procurement actually displaces fossil generation: locally, in time, and with demonstrable additionality. Organisations that have not begun repositioning their procurement strategy are already behind.

This discussion paper examines each of these challenges in turn and concludes by setting out how EVORA, in strategic partnership with Arcadia (incorporating ENGIE Impact), provides clients with an integrated, independent pathway through this complexity.

1. The Energy Procurement Challenge

1.1 Price Volatility and Cost Uncertainty

European energy markets remain structurally volatile. Since 2021, wholesale power and gas prices experienced extreme swings driven by the Russia-Ukraine conflict, post-pandemic demand surges, and rapid changes in renewable generation output. While headline prices have moderated from 2022 peaks, forward curves remain elevated relative to pre-crisis norms, and the structural drivers of volatility have not resolved.

For portfolio owners the consequences are significant: budget overruns, unexpected cash calls on variable-rate contracts, and difficulty securing cost certainty for asset-level underwriting and service-charge management. The instinct to fix costs entirely is understandable but carries its own risk if executed at the wrong point in the market cycle.

Client Voice	"We want cost certainty without overpaying but we don't know when the right time is to buy."

1.2 Poor Procurement Strategy and Market Timing Risk

Many organisations approach energy procurement reactively: renewing contracts as they expire, accepting supplier-led terms, and making buying decisions based on budget pressure rather than market intelligence. This creates a structural disadvantage against energy suppliers who deploy professional trading desks and proprietary analytics.

The risks compound in multi-site, multi-country portfolios where procurement is fragmented across asset managers, fund administrators, and local property managers — each making independent

decisions without reference to a coherent group strategy. This lack of coordination is one of the single largest sources of avoidable energy cost in institutional real estate.

A defined risk management framework, covering price, volume, and market exposure, is not a luxury reserved for energy-intensive manufacturers. It is a baseline requirement for any organisation spending meaningfully on energy and accountable to investors for its cost and carbon performance.

1.3 Supplier Dependency and the Case for Independence

A structural problem in the UK and European energy advisory market is the prevalence of broker-led procurement models in which advisors receive commissions from energy suppliers. These undisclosed incentives create conflicts of interest that are rarely visible to clients and which, in a market where annual energy spend runs to millions of pounds, can translate into material financial harm.

Independent, fee-transparent advisory — where all charges are defined and agreed in writing, with no hidden commissions — is increasingly a requirement of institutional investors and their fiduciary obligations. Advisors without supplier allegiances negotiate harder, provide unbiased market comparisons, and are free to recommend the strategy that is genuinely optimal for the client.

Principle	Arcadia operates under Principles of Openness: no hidden charge, no undisclosed commissions, and full transparency of fees agreed in writing before engagement.

2. Supply Resilience in an Uncertain Environment

2.1 Geopolitical and Physical Risks to Energy Supply

The geopolitical drivers of energy market stress that emerged from 2021 have not resolved. European dependence on piped gas has been permanently restructured, with the shift to LNG import infrastructure creating both new supply channels and new sensitivity to global LNG pricing. Meanwhile, physical climate risk to energy infrastructure — extreme heat events affecting demand and transmission capacity, drought reducing hydro and nuclear output, and storm damage to grid assets — is transitioning from tail risk to planning assumption.

For real asset owners, supply continuity assumptions embedded in long-term financial models warrant re-examination. An asset without a credible energy resilience plan is an increasingly difficult proposition to underwrite, refinance, or attract quality occupiers to.

2.2 Grid Decarbonisation and Infrastructure Constraints

Counterintuitively, the rapid pace of renewable energy buildout is itself a source of near-term supply risk. High proportions of intermittent generation are creating grid balancing challenges, increasing the volatility of intraday and day-ahead power markets. Curtailment events, network constraint costs, and balancing mechanism charges are becoming more frequent features of energy invoices, particularly for assets in regions with constrained transmission infrastructure.

For large commercial consumers, understanding and actively managing non-commodity cost elements, which can represent 30–40% of total energy cost, is as commercially important as the commodity price itself. Capacity reviews, demand flexibility, and sub-metering strategies are underutilised tools in most real estate energy programmes.

2.3 Data Quality as a Resilience Issue

Effective responses to supply disruption, regulatory change, or market shifts require accurate, timely data. Yet for many organisations, energy data remains fragmented: held across multiple suppliers in inconsistent formats, reconciled manually through spreadsheets, and unavailable in anything close to real time.

Poor data quality creates genuine financial risk through missed invoice errors, overpayments, incorrectly applied tariffs, and an inability to make informed decisions quickly when conditions change. It also directly undermines sustainability reporting credibility — an issue that is sharpening as regulatory standards tighten.

Client Voice	"By the time issues are identified, the invoice is already paid."
Client Voice	"We have lots of data but we don't trust it. We spend more time collecting data than using it."

3. The Sustainability Imperative and the Regulatory Inflection Point

3.1 The End of 'Paper Renewables'

For years, unbundled renewable energy certificates — Guarantees of Origin in Europe, REGOs in the UK — allowed organisations to claim 100% renewable electricity at low cost and minimal operational change. This approach served as a useful stepping-stone, but the market has reached an inflection point.

The fundamental question now being asked by the revised GHG Protocol, by SBTi, and by sophisticated investors is no longer simply 'Do you hold a certificate?' It is:

- Did your procurement actually displace fossil generation from the grid?
- Was the clean energy sourced locally, from the same market as your consumption?
- Was it time-matched — procured in the same hours that you consumed energy?
- Was it additional — did it support the development of new renewable capacity rather than simply attributing existing generation?

Organisations whose electricity procurement strategy still relies primarily on distant, unbundled certificates face a material credibility risk in regulatory compliance and in investor, lender, and occupier communications alike.

3.2 The GHG Protocol Scope 2 Revision — What Organisations Need to Know Now

The GHG Protocol's Scope 2 Guidance update is the most consequential change to corporate carbon accounting standards since the original guidance was published in 2015. A public consultation closed in January 2026, with revised guidance expected to be published by end-2027.

Key elements of the proposed revision include:

- Tighter criteria for the use of emission factors, requiring higher granularity and accuracy in market-based accounting.
- New regional and hourly matching criteria, acknowledging feasibility constraints, but establishing a clear direction of travel towards time-matched and spatially-matched clean energy procurement.
- Stronger additionality requirements, with closer scrutiny of whether instruments support genuinely new renewable capacity.
- For SBTi-aligned organisations: a requirement to use time-matched and spatially-matched market mechanisms where possible.

The timeline matters strategically. Contracts signed before the new framework takes effect may benefit from grandfathering provisions under current rules. Organisations that delay action risk losing cost certainty in a transitioning market, losing the ability to credibly claim RE100 or SBTi alignment, and facing harder ESG scrutiny from investors and lenders when the new standard is finalised.

Strategic Signal

2026 is a critical contracting window.
Early movers can lock in both cost certainty and regulatory credibility.
Waiting for final guidance is itself a risk position not a neutral one.

3.3 The Renewable Sourcing Decision Matrix

Not all renewable procurement instruments are equal under the emerging framework. Organisations need to select options that balance sustainability ambitions with commercial and operational realities:

Instrument	Strategic Advantage	Risk / Limitation
EACs — Unbundled	Immediate impact, low cost, scalable across markets	Credibility at risk under new GHG Protocol rules; limited additionality
On-site PPA	Visible additionality; strong ESG narrative; no spot exposure	Limited to 5–30% of consumption; space and permitting constraints
Off-site PPA	Can cover 50–100% of demand; long-term price hedge; supports new capacity	8–15-year contracts; regulatory complexity; no physical delivery to site
Supplier-backed PPA	Medium-term price certainty; flexible tenor and volume; lower complexity	Operational assets only; lower additionality than greenfield PPAs
Virtual PPA (VPPA)	Geographic flexibility; supports new projects; no physical delivery required	Financial risk tied to spot prices; requires active ongoing risk management

3.4 Carbon Reporting Integrity

Robust energy procurement and credible sustainability reporting are inseparable. As the GHG Protocol, SBTi, and disclosure frameworks such as CDP, GRESB, and TCFD tighten their requirements, organisations face a data quality cliff where reporting built on inconsistent, manually-reconciled energy data becomes untenable under external assurance.

The emerging standard requires that Scope 1, Scope 2 (both location-based and market-based), and relevant Scope 3 emissions are calculated from audited, line-item invoice data; that market-based claims are supported by instruments meeting tightening granularity and additionality criteria; and that the entire process is audit-ready and capable of withstanding independent assurance.

Upcoming Change

GHG Protocol Scope 2 Guidance final publication: end-2027.
SBTi Net-Zero Standard v2 consultation underway.
RE100 Technical Criteria updated March 2025.
Organisations need to act now not when the final rules land.

4. How EVORA, in Partnership with Arcadia, can Support Our Clients

4.1 A Strategic Partnership Built for This Moment

EVORA is a leading sustainability consultancy specialising in real assets, providing expert guidance on ESG strategy, carbon reporting, regulatory compliance, and sustainable investment decision-making. Arcadia, incorporating ENGIE Impact's thirty years of energy management expertise, is a world leading energy intelligence platform serving over 1,500 global clients across 23+ offices, with a 96% client retention rate and an estimated €3.7 billion in client savings delivered over the past six years.

Together, EVORA and Arcadia provide clients with a genuinely integrated capability across the full energy and sustainability value chain, from raw invoice data to board-level carbon strategy. Every energy decision is informed by sustainability context. Every sustainability commitment is grounded in credible energy procurement.

"This partnership brings together the strategic sustainability expertise clients need with the energy intelligence required to act on it. By combining EVORA's real asset sustainability, carbon and regulatory advisory capabilities with Arcadia's procurement data, market insight and platform intelligence, we can help clients make energy decisions that are commercially robust, transparent and directly aligned with their long-term sustainability objectives."

Paul Sutcliffe, Managing Director - Specialist Practices, EVORA

4.2 What the Partnership Delivers

Independent, Transparent Energy Procurement

- Active, risk-managed procurement strategy tailored to client risk appetite, not passive contract renewal
- Global market intelligence with in-country expertise across all key European and international markets
- Full fee transparency and no undisclosed commissions, consistent with institutional fiduciary standards
- End-to-end RFP management, supplier bid analysis, and independent contract recommendations

Resilience Through Data and Platform Intelligence

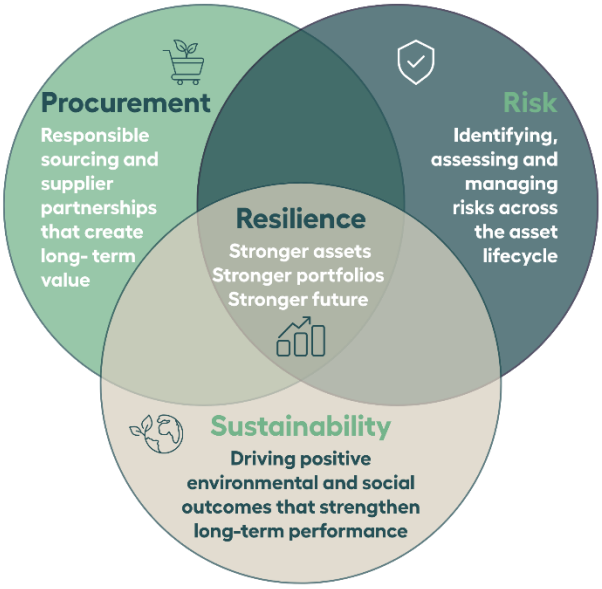
- A single, trusted source of truth for all energy data through Arcadia's Global Data Management (GDM) platform
- Invoice audit and validation covering consumption comparison, duplication checks, missing invoice analysis, and demand/load variances
- Real-time market intelligence and position reporting through the Energy Market Price (EMP) platform
- Proactive cost optimisation through capacity reviews, levy exemption identification, and VAT recovery analysis

Credible, Future-Proof Sustainability Strategy

- Renewable energy roadmaps designed around emerging GHG Protocol Scope 2 criteria advising on the optimal mix of on-site PPAs, off-site PPAs, VPPAs, and EACs for specific portfolio characteristics
- Full Scope 1, 2 (location- and market-based), and Scope 3 emissions calculation from audited invoice data
- Regulatory compliance support across GRESB, CDP, GRI, TCFD, SBTi, and RE100 frameworks
- Proactive preparation for GHG Protocol changes expected by 2027 positioning clients ahead of the curve
- Science-Based Target development, submission support, and progress tracking

"Energy procurement and sustainability strategy can no longer operate in isolation. Through our partnership with EVORA, clients gain a more integrated route from validated energy data and risk-managed procurement through to credible carbon reporting, renewable energy strategy and regulatory readiness. Together, we are helping organisations turn complex energy decisions into measurable progress, resilience and value."

Arthur Beattie, Commercial Lead - UK & EMEA, Arcadia



Proven Outcomes
In 2025, Arcadia's Balanced risk strategy outperformed a fixed price alternative by 28% on commodity cost across its managed portfolio.
A private wire PPA advisory delivered £5.7m in cost benefit and a 38% reduction in emissions for a Global Materials Manufacturer.
A Net Zero programme delivered 16% absolute emissions reduction while client revenue grew by 17%, demonstrating decoupling of growth from carbon for a Global Promotional Goods client.
Invoice validation identified and recovered approximately £68k in supplier refunds for a London-based Arts Centre.

4.3 Our Principles of Openness

Both EVORA and Arcadia operate on a foundation of transparency. Arcadia will only charge fees for services explicitly defined and agreed in writing within the client contract, and will not receive, retain, or benefit from any fee, commission, or financial incentive that is not expressly set out and transparently approved by the client.

As regulatory scrutiny of energy advisory conflicts and sustainability claims intensifies, clients need partners whose commercial model aligns with their interests, not advisors who benefit financially from the contracts they recommend.

Conclusion

The energy and sustainability landscape facing real asset owners and occupiers in 2026 is more complex and more consequential than at any point in recent memory. Price volatility, supply risk, and regulatory change are not separate challenges to be managed in silos: they are interconnected, and the organisations that will navigate them most effectively are those with an integrated, data-driven, and independently advised approach.

The age of paper renewables is ending. Real decarbonisation — local, time-matched, additional — is becoming the new currency of trust with investors, lenders, regulators, and occupiers.

EVORA, in partnership with Arcadia, is ready to support clients through this transition delivering measurable value across cost, risk, and carbon, with the transparency and expertise that institutional stewardship demands.

Disclaimer

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