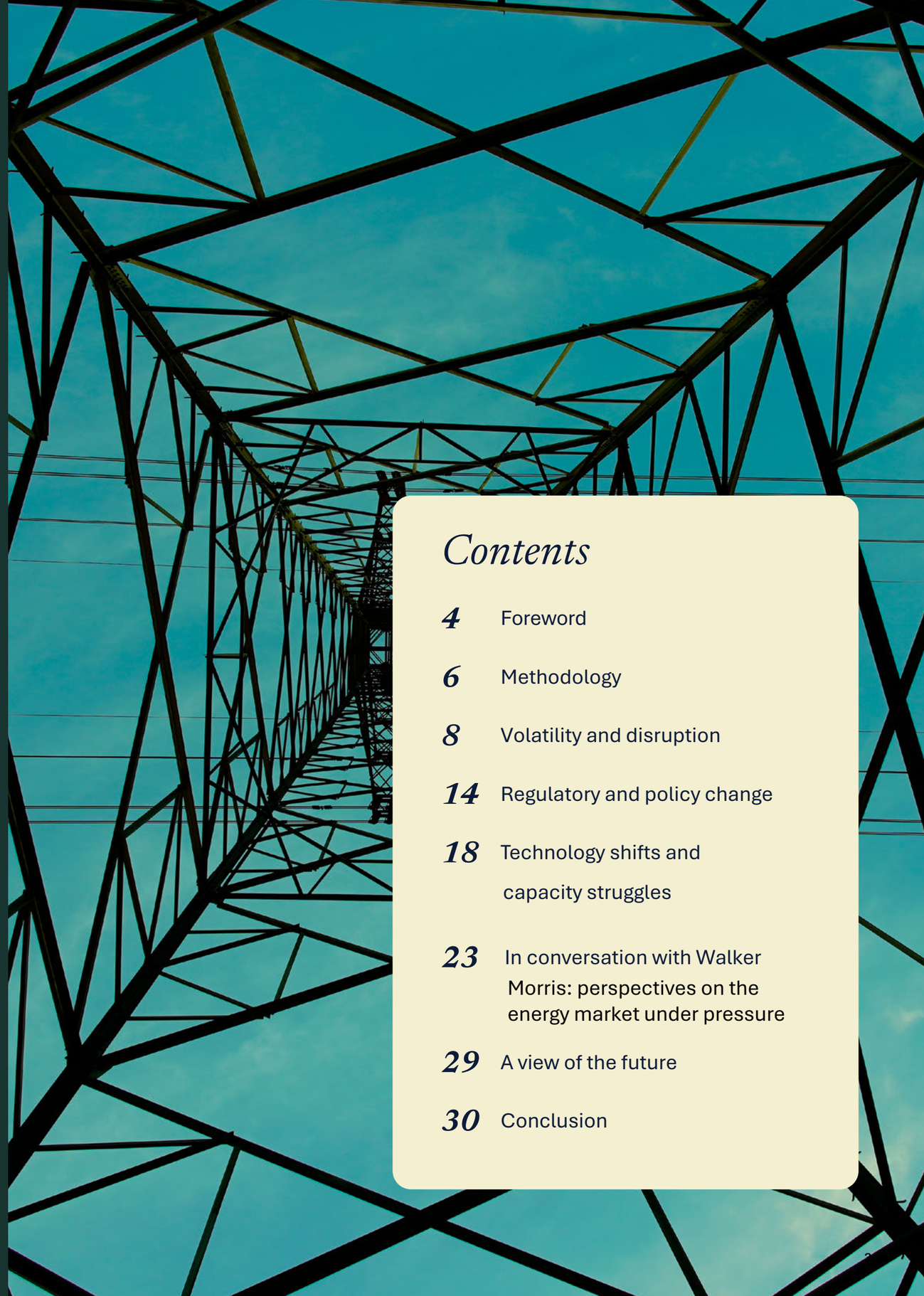
THE ENERGY MARKET UNDER PRESSURE

Disruption, transition, and strategic response 2026



Walker Morris

THE LAWYER



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Foreword

The UK energy sector has become accustomed to disruption. Geopolitical uncertainty at home and abroad, regulatory change or inertia, technological innovation, and physical infrastructure constraints are no longer isolated challenges, but part of the environment in which businesses must operate.

Against this backdrop, the scale of ambition remains significant and necessary. The transition to a more secure, affordable and sustainable energy system requires substantial long-term investment, but capital alone will not be enough. The challenge for the UK is creating the conditions into which investment can be confidently deployed, supported by stable policy, investable market models, sufficient grid capacity, resilient supply chains and the skilled workforce needed to deliver infrastructure at scale.

The findings in this report suggest a sector that remains resilient and ambitious, but one increasingly focused on the practicalities of delivery. Regulatory complexity, supply chain and workforce constraints, planning and environmental challenges, and pressure on critical infrastructure all have the potential to slow investment. Added to this is the absence of a genuine long-term, cross-party industrial and energy strategy, at a time when demand for new energy capacity is accelerating.

At Walker Morris, as participants in this market, we see these challenges first-hand through our work with clients across the sector. Success will increasingly depend not simply on responding positively to change, but on having the confidence and capacity to make long-term, strategic decisions amid continued uncertainty.

In partnership with The Lawyer, we have brought together the perspectives of senior legal leaders from across the energy sector to explore these challenges and the issues likely to shape investment and decision-making in the years ahead.

We would like to thank everyone who contributed to the research and hope this report provides useful context for organisations seeking to invest, grow and deliver the infrastructure on which the UK's future competitiveness depends.

SHANE TOAL
Partner, Infrastructure & Energy
Walker Morris LLP

THE ENERGY MARKET UNDER PRESSURE

Key insights



Volatility is the new baseline

All interviewees mention geopolitics, supply security and market volatility as factors which require more long-term and short term planning. Most identify the current geopolitical disruptions as temporary, but expect new disruptions.



Capacity struggles

81% of interviewees mention capacity pressures:
1. Prioritisation challenges.
2. Reliance on outsourcing.
3. Critical single points of failure.



Technology

Technology (legal tech, AI, data-led decision making) is viewed as both essential and difficult to implement. Barriers include:
1. Lack of time to implement and train systems.
2. Integration challenges.
3. Uncertain return on investment.



Regulatory change

Regulation is no longer a compliance issue, but is driving wholesale operational change, including:
1. System-wide transformation and vendor coordination to adapt.
2. Legal teams shifting from compliance to real-time monitoring and engagement.

Methodology

Walker Morris, in partnership with *The Lawyer*, has published this report exploring the key disruptions impacting the energy market. The research consisted of a structured questionnaire featuring multiple-choice, rank-ordered and open-ended questions, alongside Likert-scale responses.

The survey was designed as a collaboration between Walker Morris and The Lawyer and ran continuously throughout 2026. Questions covered different areas within the energy sector, including market disruptors, operational concerns, investment appetite, policy and regulatory issues and disputes.

The survey results included 50 responses from in-house legal professionals within the energy sector, including Chief Legal Officers, General Counsel and Heads of Legal. The revenue size of the organisations varied, from under £50 million to up to £9.9 billion.

Survey analysis was supplemented with 18 interviews to provide further context from in-house legal professionals, namely Chief Legal Officers, General Counsel and Heads of Legal. Interviewees were asked to provide further information on key areas in the energy sector discussed in the survey. Practitioners had the option to provide insights anonymously or on the record, as reflected in this report.

For each section of the report, a gap analysis was conducted using interview transcripts and annual reports for each interview conducted. Interview transcripts and notes were analysed by five distinct themes that appear in the report, namely: geopolitics; energy and supply chain security; regulatory and policy change; technology shifts; and capacity struggles. These insights were then compared against the organisation's annual report to determine the level of alignment between what organisations communicate formally in corporate reporting and what they say in qualitative interviews.

The interview was treated as the primary source for identifying relevant themes and organisational experience, with the annual report used to corroborate, contextualise or qualify those findings. Interview names and organisations have been anonymised for the purposes of this report.

Alignment categories were assessed as follows:

- Strongly supported = directly corroborated by substantive annual-report evidence.
- Partially supported = the report supports part of the finding but not its full detail, scale or causal explanation.
- Potential tension = the sources appear to point in different directions, although differences in scope may explain this.

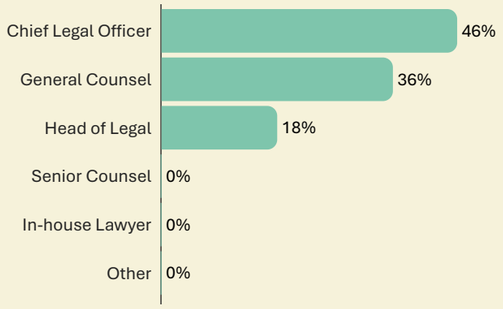
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Energy sector in-house survey responses

18

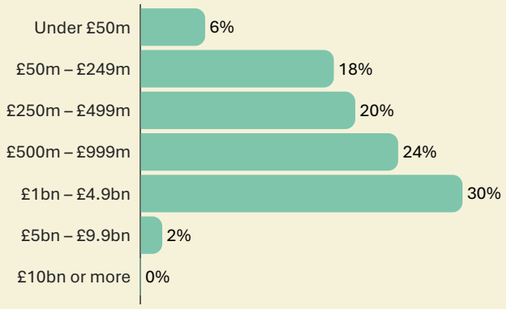
Energy sector interviews with General Counsel, CLOs and Heads of Legal

Which of the following most closely corresponds to your job title?



Base size = 50

What is the approximate revenue of your organisation?



Base size = 50

Volatility and disruption

The overarching theme to disruption within the energy sector across both survey responses and interviews was the unprecedented level of volatility and uncertainty organisations are now facing. These pressures are testing all three sides of the energy trilemma: decarbonisation, affordability and security of supply. In-house legal teams are especially concerned about geopolitical uncertainty and supply chain security, and the impact this is having on both project and transaction timelines.

Geopolitics

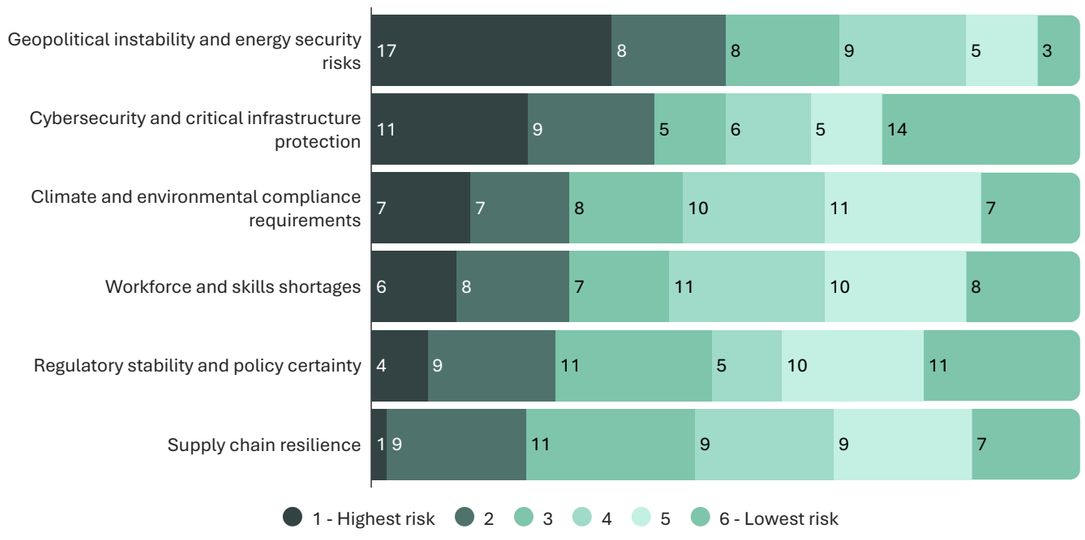
When asked about areas of disruption or concern to their organisation, 34% of respondents stated that geopolitical and energy security pose the highest risks. Interviewees described geopolitics as one of the sector's biggest disruptors, with energy increasingly being used as a strategic lever. As Emily Friend, the Head of Legal and Compliance at TotalEnergies, describes it, "Energy is being weaponised more and more in the modern geopolitical environment... That means as a legal team, we need to do more real-time advisory work."

Practitioners highlighted the Russia-Ukraine war as well as the Iran conflict as specific stressors within the energy sector and for legal teams. Even if their organisations are not using oil and gas transported from Russia or through the Strait of Hormuz, teams have experienced knock-on effects through other energy supplies, such as electricity or battery components.

These conflicts have not only pushed energy security back up the agenda but also present significant legal risks. With increased sanctions regimes, legal teams have seen a need for both a thorough compliance programme and ongoing due diligence. There has also been an impact on legal contracts, particularly regarding assets shipped through the Strait of Hormuz, as well as force majeure clauses.

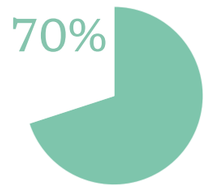
However, geopolitical exposure does not always translate into immediate physical disruption: one airport fuel operator reported that shipping cargoes had not only continued, but that suppliers' shipping programmes remain six to eight weeks ahead.

Please rank the following areas in order of concern or disruption to your organisation



Base size = 50

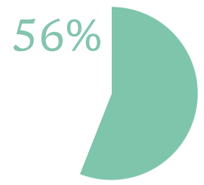
The Lawyer and Walker Morris: exploring the state of the energy sector



Of survey respondents said that government policy and regulation is one of the main factors influencing investment decisions.



Of survey respondents agree that infrastructure and grid connection is a key constraint on investment.



Of survey respondents agree that supply chain resilience affects investment appetite in the sector.



Of survey respondents indicate that build cost inflation and capital cost pressures affect investment appetite in the sector.

Table 1: Geopolitics interview and annual report gap analysis

Organisation	Interview evidence	Annual report analysis	Alignment
Organisation B	Geopolitical disruption, tariffs and supply-chain instability have made the mining and metals environment unusually complex.	The annual report identifies political, regulatory, sovereign, supply chain and macroeconomic risks as material to its projects and wider strategy. Its principal asset is in Africa while the company is internationally structured and US-listed, increasing exposure to cross-border regulatory and geopolitical developments.	Strongly supported
Organisation C	Political and societal expectations around the transition, cost and pace remain uncertain.	The annual report identifies political and societal expectations, affordability, regulation and policy as material risks and integrates them into scenario analysis and Board oversight.	Strongly supported
Organisation E	Commodity and supplier price increases are affecting some sites and projects, including price hikes for purchased resource, products and energy.	The organisation reports inflation, geopolitical uncertainty, construction supply pressure and higher skilled-labour and contractor costs.	Partially supported
Organisation F	Geopolitics is the dominant risk driver in the organisation.	The report identifies sanctions and geopolitical disruption, including LNG exposure and Middle Eastern operational disruption.	Strongly supported
Organisation G	Geopolitical unpredictability affects when pricing is fixed.	The report explicitly identifies foreign events and geopolitical developments as drivers of wholesale-price volatility and says they require close monitoring, pricing discipline and risk management.	Strongly supported
Organisation H	Geopolitics, supply disruption and critical infrastructure are the dominant pressures.	The report identifies geopolitical uncertainty, changing trade flows, logistics constraints and energy security as central operating conditions in 2025.	Strongly supported
Organisation I	Geopolitical fragmentation means global strategies need a localised element.	The group is pursuing projects in the UK, Europe and Africa and identifies geopolitical risk, foreign-currency exposure and changing government priorities as risks. It does not explicitly describe localisation of global strategy.	Partially supported

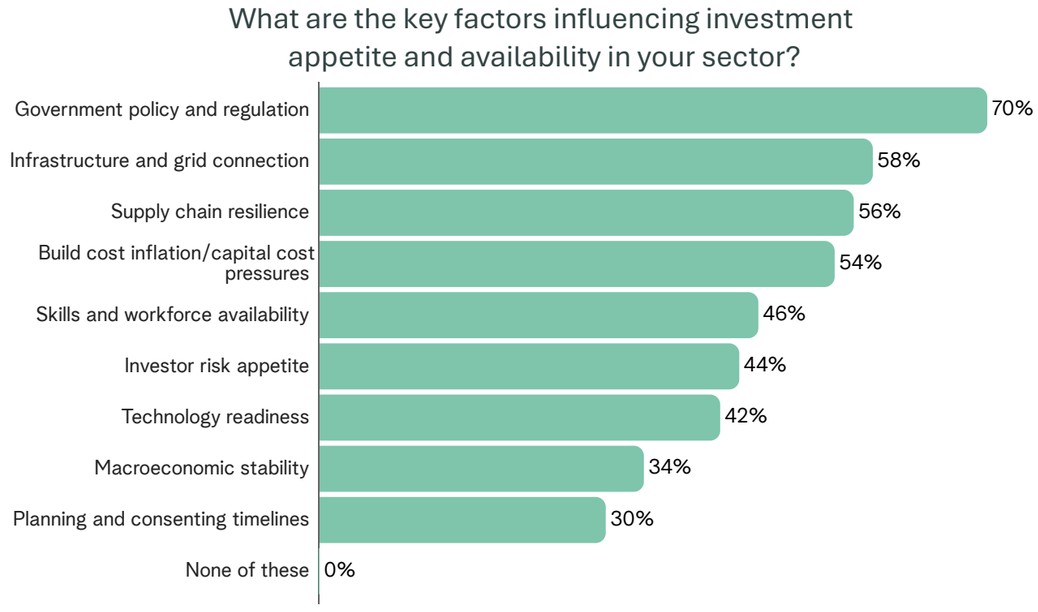
Grid connections, energy and supply chain security

Supply chain security is also a significant concern to legal teams and their organisations, with 58% of respondents agreeing that infrastructure and grid connection are among the key factors influencing investment appetite in the energy sector and 56% of respondents agreeing that supply chain resilience is a factor.

A major concern among practitioners and energy organisations is that the current UK energy grid needs to be built up to support the current queue of energy projects. This has a significant impact on M&A and project finance transactions, which require certainty around grid access in order to move forward.

As a renewable energy infrastructure developer explained, projects need certainty over when they will become revenue-generating, yet uncertainty around connection offers has caused transactions to fall through. In other cases, a later-than-expected grid offer has left an acquirer holding a project purchased at a value that no longer reflects its likely delivery timetable. There have also been instances where the developer has received conflicting information about grid access, with some projects receiving confirmation of grid access only to find later that it is not guaranteed.

On the other hand, even when grid access is promised, there remains uncertainty around the network operator's ability to build out the



Base size = 50; respondents selected top three that apply

Table 2: Energy and supply chain security interview and annual report gap analysis

Organisation	Interview evidence	Annual report analysis	Alignment
Organisation A	Energy-intensive infrastructure is a significant operating exposure.	Pipeline transport is specifically identified as a major source of electricity consumption.	Strongly supported
Organisation B	Supply chain resilience requires greater supplier diligence and visibility.	The annual report identifies procurement, infrastructure, construction and supply-chain execution as relevant project risks, although it provides less operational detail on supplier-screening systems.	Partially supported
Organisation C	Securing the supply chain is a central delivery pressure.	The annual report identifies long-lead equipment, constrained global supply, talent and finance as interdependent delivery risks.	Strongly supported
Organisation F	Organisation is addressing the energy trilemma: energy, security and affordability.	Corporate strategy combines continuing hydrocarbon/LNG investment with integrated power, decarbonisation targets and discussion of energy affordability/access.	Strongly supported
Organisation H	Short-term security needs can conflict with transition objectives, while supporting transition over time.	The organisation's twin-engine strategy explicitly combines conventional and sustainable energy and treats both as necessary for resilience.	Strongly supported
Organisation I	Supply chain resilience is a significant problem, as businesses are competing for raw materials and capacity in a concentrated market.	The report evidences large-scale transmission development and restricted cash held as payment security for a key route-survey supplier, but does not disclose supplier concentration, lead times or raw material shortages.	Partially supported

infrastructure needed within the given timelines. According to Levent Gurdenli, co-founder, COO and General Counsel of Sonaura Energy, this has caused particular concern around AI infrastructure, as data centres often operate on aggressive timelines. Interviewees describe the surge in data centre demand as one of the biggest current shifts in the market, intensifying pressure on grid access and raising questions about how the system will provide the vast volumes of electricity required.

Large data centres are increasingly expected to combine grid supply with on-site, off-site or near generation, along with battery storage, private wires and more decentralised networks. Yet this infrastructure must be delivered against aggressive timescales.

Pressure on infrastructure is not confined to electricity. One interviewee operating in the aviation fuel supply chain described an airport terminal where increased demand is placing pressure on existing road-based fuel deliveries: "We could do with a pipeline. On a peak day, we could have 140 articulated lorries coming through the terminal." However, the proposed infrastructure solution faces its own delivery constraints: "There was a proposed pipeline, but the planning permission has lapsed... that could take as much as two to three years to go through just the approval process."

Increasingly long lead times are an area of concern for organisations, with 54% of survey respondents indicating that build cost inflation and capital cost pressures impact investment appetite in the sector. 30% of respondents believe that planning and consenting timelines also influence investment appetite and availability.

David MacDonald, CLO at InterGen, highlighted the challenge of increasing lead times for both parts and labour to support power station major maintenance intervals. Operators are facing long-term planning challenges, as some orders must now be placed three years in advance, whilst at the same time energy market volatility makes the forecasting of major maintenance significantly more difficult.

Supply chain resilience is consequently becoming a strategic issue rather than a narrow procurement concern. According to interviewees, organisations are responding to scarce equipment and specialist capacity through supply diversification, earlier supply engagement, framework agreements, stronger third-party due diligence and monitoring, renewed scrutiny of pricing controls, force majeure and risk allocation. Chris Dye, VP and General Counsel of Carbon Clean, described it as a 'chicken and egg' problem: suppliers need a visible project pipeline before investing, while projects need supply chain capability before they can proceed.

Key takeaways

Overall, the market is currently operating with unprecedented levels of disruption and uncertainty. Geopolitical instability, energy security concerns and supply chain pressures are increasingly converging, making disruption a persistent operating condition rather than a series of isolated events.

For legal teams, this is making transactions, projects and operational decision making more complex. Cross-border risk, sanctions exposure, force majeure claims, procurement delays and uncertainty around grid access all require stronger governance, more active contract management and deeper due diligence.

The central delivery risk is that demand is moving faster than the physical and regulatory infrastructure required to serve it. Grid connections, planning, consenting, equipment lead times and specialist supply chain capacity are shaping not only project timetables, but also investment decisions, transaction values and the point at which assets can generate revenue.

Regulatory and policy change

Another significant theme on the minds of in-house legal practitioners in the energy sector is the state of government policy and regulation. 70% of respondents said that government and regulation is one of the main factors influencing investment decisions, with more than a quarter of respondents ranking regulatory stability and policy certainty in the top two areas of concern or disruption to their organisation.

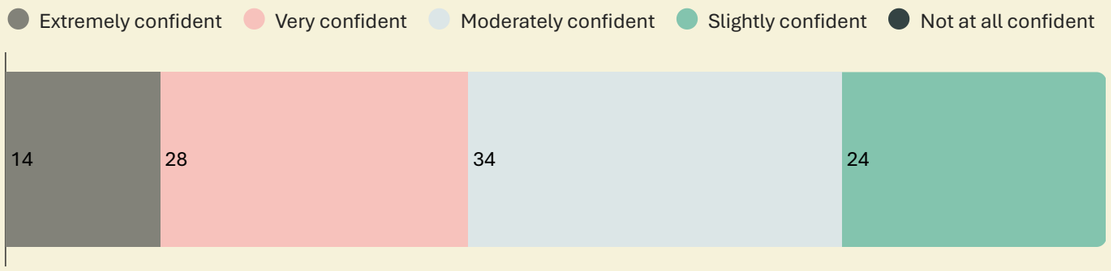
There have been positive policy developments that are seen as enabling greater investment in the energy sector. For example, standardised frameworks around sustainability and environmentally impactful projects, especially when it comes to reporting. This makes it easier for organisations to evidence compliance and encourages greater investment.

> *"We do operate under a level of uncertainty, which is... sometimes difficult to navigate.*
>
> General Counsel, Energy Infrastructure

Interviewees were broadly supportive of the direction of travel, but distinguished policy ambition from delivery. Positive announcements, including changes to Nationally Significant Infrastructure Project thresholds, were described as helpful 'mood music,' but not yet as measures that have materially accelerated delivery or expanded project pipelines. Businesses are looking for greater pace, consistency and implementation certainty before committing investment.

However, other organisations have also highlighted the extent to which policy, regulation and the consenting regime continue to hinder investment and delivery across the sector. Multiple practitioners noted that getting projects

How confident are you that GB Energy will be effective in stimulating new investment and creating employment opportunities across the UK energy sector?

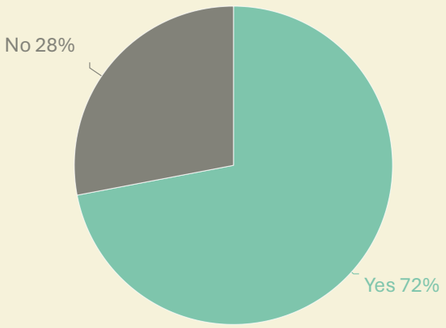


Base size = 50

Table 3: Regulatory and policy change interview and annual report gap analysis

Organisation	Interview evidence	Annual report analysis	Alignment
Organisation A	Political uncertainty has increased appetite for hydrocarbons and made some green projects harder to finance, but [organisation A] is maintaining a long-term transition strategy.	The annual report documents substantial continuing investment in SAF, hydrogen, biofuels, CO_2 and ammonia logistics and states that the energy transition guides strategic decisions. It does not evidence wider investor appetite.	Partially supported
Organisation C	The UK Government's direction on net zero, resilience and energy independence is broadly supportive.	The annual report states that UK policy continues to support clean power and records RIIO-T3, connections reform and planning legislation as enabling developments.	Strongly supported
Organisation D	Planning and legislative reform could unlock necessary infrastructure.	The annual report records a dedicated response to legislative reform and consideration of proportionality and risk appetite. It does not quantify the effect of specific planning changes on project schedules.	Partially supported
Organisation D	Long-duration projects need a stable regulatory landscape to attract finance.	The organisation's mission depends heavily on government funding and long-term policy. Funding insufficiency and changing government priorities are strategic risks, while the annual report records over £3 billion of government funding for 2025/26. It does not substantiate private-investor appetite for specific projects.	Partially supported
Organisation D	Additional public-body obligations can make implementation difficult.	The annual report documents extensive governance, assurance, regulatory, public-finance and stakeholder obligations, as well as a sanction-streamlining pilot. It does not isolate the causal impact of public-body status on individual projects.	Partially supported
Organisation F	Organisation navigating an excess of policy and regulation.	The report identifies transition-policy uncertainty, carbon regulation, climate-reporting obligations and litigation exposure.	Partially supported
Organisation H	Stable biofuel policy enables investment, but inconsistent or politicised regulation creates friction.	The report says improved regulatory clarity strengthened renewable-fuel economics, while differences in implementation continued to create barriers and costs.	Strongly supported
Organisation I	UK policy uncertainty is not giving businesses the confidence or certainty needed to invest.	The annual report says government priority and planning changes may delay or derail projects and reduce investor appetite.	Partially supported

Do you think the government will deliver improved energy infrastructure during their remaining term in parliament?



Base size = 50

> *We think we're doing what the government wants. But there are other things like planning reform, a judicial review, discharging... actually getting projects and investment happening still takes too much time.*
>
> General Counsel, Energy Infrastructure

from concept to construction can still take too long, with development and planning phases in some cases feeling comparable to the time eventually spent on construction itself. Planning consent, grid connections, environmental requirements, judicial review and the discharge of planning conditions can all create additional stages, cost and uncertainty before construction can begin.

The phased reforms introduced by the Planning and Infrastructure Act have been generally well received and are expected to deliver long-term benefits for the sector. In particular, welcome progress has been made through the removal of the rigid requirement for extensive statutory pre-application consultation for DCO projects and the recent replacement with much anticipated government guidance encouraging a flexible approach tailored to individual projects. Inevitably, the reforms have taken time to be implemented and bed in, so have not yet delivered immediate material benefits for the sector and government.

The Energy Independence Bill, introduced to Parliament on 4 November 2026, adds further momentum to this agenda. Although much of the Bill concerns affordability, consumer protection and energy security, it also includes measures relating to electricity-network infrastructure, consents, land access and rights, alongside reforms intended to speed up grid connections and unlock barriers to clean power development. The government has also indicated it may introduce further radical reforms to seek to reduce the scope and delay caused by judicial review for major infrastructure projects.

The package of reforms once implemented is predicted to have a significant impact on the sector, but the key developments to track will be as follows:

- Whether regulatory reform translates into materially shorter development cycles;
- If investors will get greater certainty and/or faster movement from consent to construction; and
- Whether current significant constraints caused by judicial review and planning delays are reduced and/or whether known legacy issues such as grid capacity, connection times, land access and the practical discharge of consent requirements will improve.

The volume of regulations organisations must now navigate was also highlighted as a challenge. An in-house lawyer at an energy supplier noted the burden that these regulations pose, especially to smaller companies that may have more limited funds and resources. With constantly changing regulations, legal teams must rewrite agreements as regulations are rolled out, putting a strain on already limited capacity within the team.

The need for clearer frameworks is particularly acute for alternative fuels. An in-house lawyer at a gas network operator called for decisions on hydrogen integration within the gas network and a robust future framework for biomethane production. One airport fuel operator, meanwhile, emphasised that its immediate policy driver is compliance with sustainable aviation fuel obligations under ReFuelEU. Together, these perspectives show that hydrogen, biomethane and sustainable aviation fuel will require credible, commercially workable rules rather than policy ambition alone.

Key takeaways

Overall, the political and policy outlook is positive, with 72% of respondents believing that the government will deliver improved energy infrastructure during their remaining term in parliament. 42% of respondents were also extremely confident or very confident that GB Energy will stimulate new investment and create employment opportunities.

Practitioners would like planning processes and regulatory obligations simplified to speed up lead times and encourage greater investment. One practitioner recommends the designation of pre-consented land for renewable energy development, which would drastically reduce the delivery time scales for renewable projects.

Simplifying the regulatory landscape and improving project timelines can give investors and financiers greater confidence in the ability of projects to reach completion in a reasonable timeframe and budget. However, as one lawyer in the nuclear industry points out, any regulatory changes must be undertaken without damaging public trust, especially when it comes to health and safety or environmental standards.

Ultimately, policy certainty must extend beyond setting targets. It also requires timely decisions, coordinated implementation and workable frameworks that translate ambition into investable projects without imposing disproportionate burdens on smaller businesses.

Technology shifts and capacity struggles

Skills shortages

In today's market, legal teams feel that they must do more with less. As Emily Friend put it, legal teams are now "not just legal advisers but navigators of strategic risk and transformation." Yet many feel that they are at capacity, with increased pressure to find good people and skills to accommodate this increased workload and fight team fatigue.

This is true not just for legal teams, but also for their wider businesses, with 14 out of 50 respondents ranking workforce and skills shortages in the top two areas of concern or disruption to their organisation. 46% of respondents felt that skills and workforce availability is a key factor influencing investor appetite in the sector. As the energy sector becomes more technologically complex, recruitment has become more difficult, as teams look to hire for increasingly specialist positions with fewer candidates to choose from.

Table 4: Skills shortages interview and annual report gap analysis

Organisation	Interview evidence	Annual report analysis	Alignment
Organisation A	Expansion creates specialist recruitment and onboarding pressure, compounded by airside-clearance delays and rural labour availability.	The report confirms rapid international expansion, establishment and training of new teams, strategic focus on talent attraction and over 80,000 training hours. It does not confirm airside-clearance delays or rural recruitment difficulty.	Partially supported
Organisation B	Specialist mining skills can be difficult to source locally.	The organisation's project requires specialist mining, engineering and technical capability and identifies workforce and execution requirements as part of project development.	Partially supported
Organisation C	Specialist skills are a major pressure point, particularly around engineers and electrical commissioning capability.	The annual report identifies people capability and capacity as a principal risk, reports workforce expansion and describes recruitment, reskilling and development programmes for specialist delivery capability.	Strongly supported
Organisation D	An ageing workforce and a gap between early and late career specialists threaten continuity.	Capability and capacity is a high strategic risk, driven by an ageing workforce, skills competition, fiscal constraints and possible loss of capability. The report records workforce planning, reskilling and targeted skills programmes.	Strongly supported
Organisation G	Capacity drives prioritisation and outsourcing.	Resourcing is a formal risk; the company reports investment in recruitment, retention, succession and expertise.	Partially supported

This is not simply a headcount issue. The challenge is the availability and location of niche technical skills, the time needed to clear personnel for secure operating environments and growing demand for people who can integrate new technologies. At the same time, energy businesses are having to maintain expertise in legacy infrastructure while simultaneously recruiting for increasingly specialised new technologies. A senior in-house lawyer at a power generation company highlighted the difficulty of sustaining older assets as workers increasingly seek experience in newer technologies: "People don't want to train in old hat technology because there's no future for their career in doing that. But you still need that technology and you're going to need it for another decade or more." Some organisations face a shrinking pool of engineers and electrical commissioning specialists, while long-duration programmes must maintain capability across generations.

Table 5: Technology shifts interview and annual report gap analysis

Organisation	Interview evidence	Annual report analysis	Alignment
Organisation A	Technology is being used to integrate risk, compliance and contract governance, including compliance screening and contract management systems.	The annual report confirms implementation of integrated risk-cycle digitisation and stronger traceability and prioritisation.	Strongly supported
Organisation C	Digital and technology adoption is a major execution risk and opportunity: moving too slowly could impair efficiency and capital delivery.	The annual report marks technology, data and AI as a strategic shift and documents dynamic line rating, digital twins, drones, AI applications, smart meters and new control systems.	Strongly supported
Organisation E	The organisation is actively developing robotics, hydrogen technology and digital innovation.	The annual report documents AI-enabled leakage reduction, predictive safety, digital network control, the LTS trial and over £100m of collaborative innovation projects.	Strongly supported
Organisation G	Technology has been purchased but is not delivering full value due to capacity and time restrictions.	The annual report presents further investment in AI-enabled tools and staff capability positively, but does not quantify implementation or benefits.	Partially supported
Organisation I	AI has significant potential, but the legal team must keep up with business use and manage legal and compliance risk.	The annual report identifies rising electricity demand from AI and states that compliance is supported by a Code of Conduct and policy framework.	Strongly supported

Technology

Within legal teams, interviewees consistently referenced the integration of technology, particularly to address capacity constraints. As Kate Kortenbout, General Counsel at Xlinks explained, AI can make legal teams more efficient and effective, allowing them to increase capacity and unlock greater value for the business. However, this technology must be leveraged while also managing the risks associated with it. The use of AI carries significant security and legal risk, and legal teams must decide how to implement technology in the most efficient way.

At the same time, implementation itself requires investment of time and resource. Emily Friend described this tension as a 'catch 22': “The output is fine, but I know that it could be better with investment in developing that. The main constraint is finding the time to do so.” At the same time, legal teams are having to establish appropriate controls around adoption, including “the right guardrails…[and] the right ethics and compliance framework.” Human accountability and checking remain essential, with some interviewees reporting that early trials have missed material contractual points. Many interviewees emphasised that AI is used only as a tool, and always with practitioner oversight and accountability.

AI is therefore creating simultaneous pressures at two levels: it is increasing external electricity and infrastructure demand through data-centre growth, while also offering legal teams potential efficiency gains that carry their own accuracy, security, ethical and compliance risks.

When it comes to technology and technology-related matters within the wider business, 42% of respondents saw technology readiness as a key factor influencing investment appetite.

Projects within the energy sector have become more technologically complex. Many projects are now combining different energy technologies such as solar, battery energy storage and grid infrastructure, requiring bespoke solutions for each client and project. As projects become more complex and technical, there is greater pressure on legal teams to understand and adapt to these technologies very quickly, placing increased pressure on teams already operating at full capacity.

Disputes

The increased use of technology has been particularly prominent in disputes, with 38% of respondents seeing a significant increase in employees using AI tools in the context of grievance or tribunal claims. The in-house team at a small energy supplier has seen the impact of AI use in complaints, creating increased

Disputes landscape

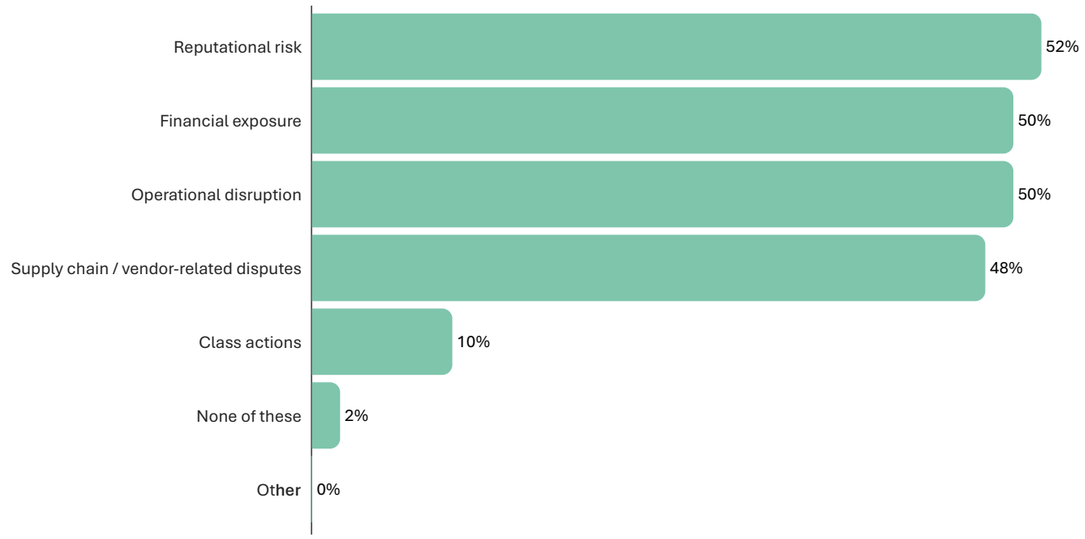
Price volatility in the energy sector is leading to contract challenges and early termination attempts.

Growth in customer complaints and small claims, in part enabled by AI-generated submissions.

Supply chain issues and third party failures (e.g. intermediaries) introduce additional risk.

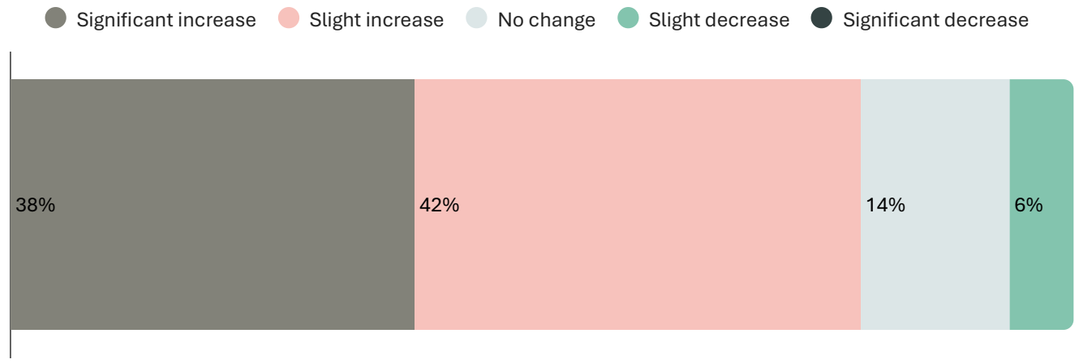
ESG-related disputes are emerging but are not yet overwhelming in volume.

Which types of disputes are of greatest concern at board level?



Base size = 50; respondents selected top three that apply

To what extent are you seeing an increase in employees using AI tools in the context of grievance or tribunal claims?



Base size = 50

> *“Legal teams are now not just legal advisers but navigators of strategic risk and transformation.*

pressure on the complaints team not only because of the volume and level of detail, but also because of the presence of hallucinations and incorrect information. This not only impacts the time spent by the complaints team but also the number of complaints that are escalated to the legal team.

Overall, the research found that reputational risk, financial exposure, operational disruption and supply chain and vendor-related disputes rank as the areas of greatest concern at board level, reflecting the overlapping nature of the current disruptions to the energy sector. This has resulted in a shift towards commercial dispute management rather than traditional litigation alone.

Energy businesses are dealing with greater uncertainty around infrastructure, suppliers, contracts, customers and geopolitical events, but often still need to preserve the underlying commercial relationship. The challenge is therefore not simply ‘can we win this dispute?’ but increasingly ‘how do we protect our position while keeping the project, supplier or transaction viable?’

Key takeaways

Ultimately, capacity is becoming a strategic risk, impacting the ability of an organisation to respond to the overlapping pressures within the energy sector. There has been a shift in the legal sector from providing reactive legal support to proactive advice, and this expanded role will be difficult to sustain when teams are already operating at full capacity.

Yet skills shortages are not just about headcount gaps, but organisations must instead recruit people with the right kind of technical, regulatory and technological expertise as projects become more complex. While automation may help, businesses must also invest in the capability of their teams, namely through upskilling and specialist recruitment.

The skills strategy must also bridge old and new systems: retaining expertise in infrastructure that will remain operational for years, while building the integration, digital and engineering capabilities required for emerging technologies. AI can help relieve some capacity pressure, but only where organisations invest in implementation, human oversight and robust governance.

In conversation with Walker Morris: perspectives on the energy market under pressure

In conversation with: Nick McQueen, Dispute Resolution Partner

The Lawyer caught up with Nick McQueen, Dispute Resolution Partner at Walker Morris to discuss his thoughts on some of the key dispute trends impacting the energy sector in 2026.



Nick McQueen, Dispute Resolution Partner

How are grid connection and infrastructure delays driving disputes in the energy sector?

Delays in securing grid connections are increasingly creating disputes across major energy and infrastructure projects. This is particularly significant for energy-intensive developments such as data centres, renewable projects and other large-scale infrastructure, where land may have been acquired and significant investment committed before grid capacity or connection timing is certain.

As delays increase, questions arise around who carries the financial and contractual risk, particularly where development milestones, financing arrangements or transaction assumptions were based on an expected connection date. These issues can begin to unravel the economics of a project and potentially expose differences between developers, investors, contractors, infrastructure providers and other counterparties.

The impact can also extend into M&A transactions and valuations, where uncertainty around connection dates can materially affect the value or viability of an asset. This is placing greater emphasis on contractual protections, fallback arrangements, pre-emptive clauses and how parties allocate the risk of future infrastructure delays.

How are supply chain pressures changing the nature of contractual disputes and renegotiations?

Supply chain disruption and dependence on critical suppliers continue to place pressure on existing commercial arrangements. Cost increases, capacity constraints, shortages and changing delivery expectations can leave contracts increasingly disconnected from the commercial circumstances in which they were originally agreed.

The challenge for energy businesses is that they may have limited alternatives to key suppliers because of specialist capabilities, technical requirements, long lead times or a relatively captive supplier market. This means taking an aggressive disputes position may solve one contractual problem while creating a much larger operational issue.

As a result, there is a growing emphasis on active dispute management and commercial renegotiation rather than immediately moving towards litigation. The objective is often to establish what contractual rights exist, while finding an amicable and commercially sustainable way forward that protects the business without unnecessarily damaging a strategically important supplier relationship.

Are businesses increasingly using contract termination, or the threat of termination, as leverage to force renegotiation?

There appears to be an increased willingness to consider termination, or the threat of termination, as a way of creating leverage in difficult commercial negotiations. Where contracts have become less attractive because

of changes in pricing, market conditions or operational requirements, parties may look closely at their termination rights as part of a wider renegotiation strategy.

This creates disputes from both perspectives. One party may be considering whether it has sufficient grounds to terminate, while another may suddenly find itself responding to a termination it considers unjustified or unlawful. Termination may therefore shift very quickly from being a negotiating tactic to becoming a significant dispute in its own right.

The approach carries considerable risk, particularly where the legal grounds for termination are uncertain or where the parties remain operationally dependent on one another. Businesses therefore need to balance legal rights against commercial consequences, including continuity of supply, replacement costs, project delays and the potential escalation of a disagreement into formal proceedings.

How is AI affecting the volume and management of customer disputes in the energy sector?

AI has the potential to change not only how energy businesses manage disputes, but also how easily customers can initiate and pursue them. Generative AI can make it much easier for individuals to construct detailed complaints, correspondence and claims without necessarily having access to professional legal advice.

This could contribute to significantly higher volumes of customer disputes, including claims that might previously have been abandoned because of the effort involved in pursuing them. Some claims may ultimately have limited merit, but businesses still need to review, assess and respond to them appropriately.

The operational impact could therefore become as important as the underlying legal issue. Large volumes of relatively low-value claims can consume internal legal resources, customer service capacity, management time and external legal spend. This increases the importance of effective triage, early case assessment and consistent processes for identifying which claims require substantive intervention and which can be resolved quickly.

How are geopolitical events driving disputes, and how can businesses distinguish genuine disruption from opportunistic attempts to renegotiate contracts?

Geopolitical disruption continues to affect energy markets through changes in pricing, supply availability, transportation routes, sanctions, trade restrictions and wider market uncertainty. These events can place significant strain on contracts originally negotiated under very different economic and geopolitical conditions.

The resulting disputes are not always straightforward. A key question is whether a counterparty is experiencing a genuine interruption that prevents or materially affects contractual performance, or whether wider geopolitical events are being used as an opportunity to seek more favourable commercial terms.

This distinction can become particularly important when parties seek contractual relief, adjust prices, delay performance or reopen previously agreed arrangements. It brings issues such as force majeure, hardship provisions, price-adjustment mechanisms and contractual risk allocation into sharper focus.

The wider challenge is determining where legitimate responses to external disruption end and commercial opportunism begins. For businesses operating across multiple markets and long-term contracts, that distinction is likely to remain an important source of disputes and renegotiation.

THE ENERGY MARKET UNDER PRESSURE

In conversation with: Shane Toal and Ben Sheppard, Infrastructure & Energy Partners, at Walker Morris

*The Lawyer caught up with Shane Toal and Ben Sheppard, Infrastructure & Energy Partners at Walker Morris to discuss their thoughts **on** some of the key infrastructure challenges impacting on the energy sector in 2026.*



Shane Toal, Infrastructure & Energy Partner



Ben Sheppard, Infrastructure & Energy Partner

What are the overriding themes in the UK energy market? (Shane Toal)

The scale of ambition is enormous, but delivery is the real challenge. The UK is simultaneously trying to decarbonise, electrify more of the economy, modernise ageing infrastructure and accommodate new and rapidly evolving technologies. That requires very significant capital deployment across generation, transmission, distribution, storage and supporting infrastructure. The central question is therefore not simply what infrastructure do we want? Rather it is, how do we create an investable market that allows long-term private capital to confidently fund and deliver it? Energy assets frequently have investment horizons stretching well beyond a single Parliament. Investors need confidence in the regulatory environment, revenue model and long-term direction of policy before committing capital.

Why is grid capacity becoming one of the UK's biggest infrastructure constraints? (Ben Sheppard)

Access to electricity networks increasingly determines where and when economic development can happen. Demand for electricity is expected to increase as transport, heating, industry and digital infrastructure become more electrified. At the same time, new renewable generation needs to be connected, and power moved from where it is generated to where it is consumed. Data centres are a good illustration of the issue. They can create substantial new electricity demand in a concentrated location. The question is no longer simply whether somebody wants to build a data centre, factory or other major development, but whether sufficient power can be supplied to it, and on what timetable. For the UK economy, grid infrastructure therefore becomes an economic-growth issue, not simply an energy-sector issue. Delays in connections can ultimately translate into delayed investment elsewhere in the economy.

If private capital is available, why isn't the market simply building the infrastructure we need? (Shane Toal)

Because availability of capital and investability are not the same thing. The private sector has the capacity to finance a substantial proportion of the infrastructure requirement. But investors still need to understand:

- What revenues an asset can generate;
- How predictable those revenues/deltas will be;
- How regulation may change;
- How risks are allocated between government, consumers and investors;

- Whether projects can obtain planning and grid connections; and
- Whether the policy environment will survive political change.

A technically viable project without a bankable revenue model is not necessarily an investable project. The policy challenge is therefore to use public policy and regulation to create the conditions in which private capital can be deployed at scale, rather than expecting government to finance everything itself.

Why does the UK's five-year political cycle create a problem for long-term energy investment? (Shane Toal)

The investment cycle and political cycle operate on completely different timescales. Major energy infrastructure can take a decade or more to plan, finance and deliver and may then operate for several decades. Investors therefore need greater certainty than any individual government can provide through a single electoral term. For the UK economy, this points towards the need for a long-term national energy and infrastructure strategy with sufficient cross-party durability. The greater the political and regulatory certainty, the easier it becomes for investors to price risk and commit long-term capital.

> *The scale of ambition is enormous, but delivery will be the true measure of our success.*

Ultimately, who should pay for the energy transition? (Shane Toal)

This is perhaps the most important political and economic question. Decarbonisation requires enormous investment, but ultimately somebody has to fund the infrastructure.

The cost can broadly appear through:

- Consumer energy bills;
- Taxation and public expenditure;
- Government-backed mechanisms;
- Private investment and user charges; or
- Some combination of these.

The UK's challenge is therefore not simply deciding what to build, but developing a sustainable settlement around who pays, over what period and how costs and risks are distributed. For the UK economy, affordability matters because energy costs eventually flow through to households, businesses and the wider competitiveness of the economy.

Why does public support matter so much? (Shane Toal)

Long-term infrastructure policy is difficult to sustain without public legitimacy. If consumers primarily experience the energy transition through higher bills, taxes or disruptive infrastructure projects, political support can weaken.

Government therefore needs to make a clearer connection between the costs being incurred today and the longer-term benefits: energy security, economic growth, lower exposure to volatile fossil fuel markets, jobs and a more resilient energy system. Without public support, policy can become less stable. Less policy stability increases investment risk, which can ultimately increase the cost of financing infrastructure.

Is this really just an infrastructure investment problem? (Ben Sheppard)

No. Physical infrastructure is only one part of the system.

The required transformation also extends into:

- Workforce capacity and specialist skills;
- Engineering and construction capability;
- Equipment manufacturing;
- Supply-chain resilience;
- Planning and consenting;
- Digital infrastructure;
- Technology and data capability; and
- Access to long-term finance.

There is limited value **in** committing billions of pounds to infrastructure if the country lacks the engineers, components, grid connections or supply chain capacity required to deliver it. So, the challenge for the UK economy is fundamentally systemic rather than project-by-project.

Are workforce planning and skills shortages becoming an infrastructure constraint? (Ben Sheppard)

Yes. The energy transition is as much a workforce challenge as it is a capital and infrastructure challenge. The scale and pace of investment creates demand for many of the same scarce skills at the same time, including electrical and power engineers, grid specialists, construction and project-management capability, digital and data expertise and specialist technical trades.

> *The energy transition is as much a socio-economic and political challenge as it is a capital and infrastructure challenge.*

For the UK economy, this means workforce capacity needs to be planned alongside physical infrastructure. There is little benefit in securing the capital for a major grid, generation or storage programme if there are insufficient skilled people available to design, build, connect and operate it.

The challenge is also broader than recruitment. The UK needs to consider:

- Long-term skills forecasting: understanding what capabilities will be required over a 10 to 20 year infrastructure investment cycle rather than responding to shortages once projects are underway;
- Education and training: creating stronger routes through apprenticeships, technical education and

universities into the disciplines required by the energy transition;
- Reskilling: providing pathways for people in traditional energy, engineering and adjacent industries to move into growing parts of the market;
- Competition for talent: recognising that energy infrastructure is competing with data centres, technology, major construction projects and other infrastructure programmes for many of the same skills;
- Regional workforce planning: ensuring skills and training capacity exist where new infrastructure is actually going to be built;
- Supply chain capability: developing UK suppliers and specialist contractors alongside the workforce, rather than relying on a limited pool of international capability;
- Productivity and technology: using AI, automation and better data to augment scarce technical expertise and help existing teams operate infrastructure more efficiently.

The risk is that the UK successfully creates policy certainty, attracts private capital and approves major projects, but then finds that workforce capacity becomes the bottleneck preventing that investment from translating into infrastructure on the ground.

What role can AI and better data play? (Ben Sheppard)

AI has the potential to help the energy system use both its physical infrastructure and its capital more efficiently.

There are several potentially important areas:
- Demand forecasting: Better forecasting of when and where electricity will be required could support network planning and reduce uncertainty around future capacity requirements;
- Asset management: Data and predictive analytics can help operators identify maintenance requirements and potential asset failures earlier, improving utilisation and resilience;
- Capital planning: AI can support modelling of different investment scenarios, helping organisations determine which infrastructure needs to be upgraded, expanded or replaced first;
- Network and generation balancing: as the system incorporates more intermittent renewable generation, forecasting supply and demand becomes increasingly important. Better data and automation can support decisions around generation, storage and network capacity.

The important point is that AI does not remove the need to invest in physical infrastructure. Its value is in helping the UK plan, operate and invest in that infrastructure more intelligently.

What does all of this ultimately mean for 'UK PLC'? (Shane Toal)

The energy transition should be viewed as a national infrastructure and economic competitiveness challenge, rather than simply an energy or decarbonisation programme.

The UK needs to bring together long-term policy certainty, investable commercial models, grid capacity, private capital, public support, skills and supply chains and technology and data.

If those elements align, substantial private capital can be mobilised to deliver the infrastructure the country requires. If they do not, the risk is that the UK has ambitious energy targets but insufficient infrastructure to deliver them, constraining energy security, industrial investment, digital growth and wider economic competitiveness.

THE ENERGY MARKET UNDER PRESSURE

A view of the future: Jules Harbage, Construction & Engineering Partner at Walker Morris

Jules Harbage, Construction & Engineering Partner at Walker Morris, comments: “The findings of this report suggest that the greatest challenge facing the UK energy sector is no longer investment appetite or technological capability, but delivery certainty. Across infrastructure, renewables, storage, grid development and emerging technologies, organisations continue to demonstrate confidence in the long-term opportunities presented by the energy transition.

“However, that confidence is increasingly being tested by planning delays, grid connection constraints, supply chain disruption, evolving regulation and skills shortages. The result is a market in which legal, regulatory and commercial considerations have become critical determinants of project success rather than supporting functions. In our experience, organisations that manage these challenges most effectively are those that embed legal and risk expertise at the earliest stages of strategic decision-making.

“Whether securing major infrastructure projects, managing complex procurement arrangements, resolving disputes, deploying AI technologies or structuring investment transactions, proactive governance is increasingly a factor in determining which projects progress and which stall. As the pace of the energy transition accelerates, the organisations best positioned for success will be those able to create the certainty needed to unlock investment, secure approvals and deliver projects through effective risk management, contractual clarity and regulatory foresight.

“In a market impacted by multiple and overlapping sources of disruption, resilience must be embedded within strategic decision-making, investment planning and commercial arrangements. For legal teams, this marks a clear evolution from adviser to strategic partner, helping to shape commercial outcomes and support delivery.

“For businesses operating in this environment, access to integrated legal and commercial advice has become critical. Walker Morris LLP works with developers, investors, funders, infrastructure owners and energy businesses across the sector to overcome barriers to delivery, manage project risk and support critical investment and growth decisions. Our experience suggests that organisations taking a proactive approach to governance, stakeholder management and risk allocation are best placed to deliver major projects successfully, attract investment and capitalise on the opportunities created by the energy transition.

Conclusion

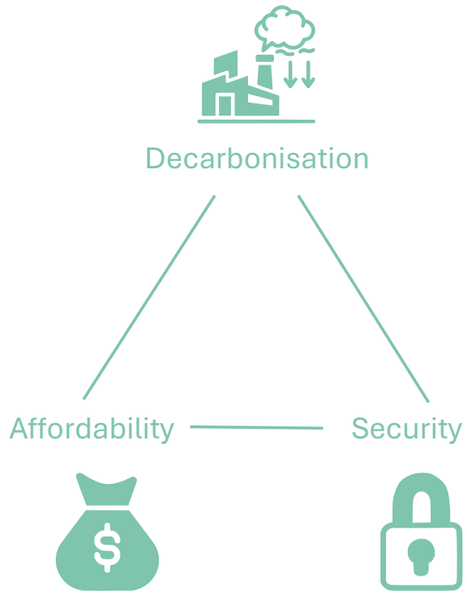
This research reveals an energy sector defined not by a single pressure point, but by simultaneous and overlapping disruption. Decarbonisation, affordability and security remain the core dimensions of the energy trilemma, but each is now being tested by geopolitical instability, regulatory complexity, constrained infrastructure, rising costs, skills shortages and technological change.

The interviewees reinforce that these three objectives can no longer be treated separately. For energy businesses responsible for maintaining security of supply while progressing decarbonisation, the challenge is not simply how quickly renewable generation can be built, but how the system retains sufficient flexibility to meet demand when renewable output is unavailable. When discussing the energy trilemma, one interviewee pointed to the need for continued investment in reliable, dispatchable capacity alongside renewables: “We need to meet demand at peak times and to have that kind of flexibility… we can’t rely solely on renewables. We’ve got to have a backup system and there hasn’t been enough investment.”

That requirement also creates a significant affordability challenge. Business and policymakers must consider not only the cost of developing renewable generation, but the additional investment required in back-up capacity and supporting infrastructure to maintain security of supply. As one interviewee put it: “You certainly [can decarbonise in line with current plans] and you probably should as well. But there is as a cost associated with that.” He added: “Somebody’s got to pay for that, but they’re already paying for the construction of renewable generation as well. So, you’re paying twice effectively for the same capacity.” With much of that cost ultimately falling on consumers, decisions about how the transition is funded are therefore becoming as important as decisions about the technologies themselves.

> “
> *…the challenge is no longer to respond to isolated events, but to operate in a constant state of disruption that demands sustained responsiveness, stronger governance and clearer strategic judgment.*

The trilemma



- The energy sector is characterised by simultaneous and overlapping disruption rather than a single dominant pressure.
- The sector is not dealing with isolated "events" but a constant state of disruption, requiring sustained responsiveness rather than periodic adjustment.

These pressures are being compounded by geopolitical volatility, which is reinforcing the importance of energy security and resilient domestic capability. Emily Friend described her organisation as navigating these pressures simultaneously, noting: “From [our] perspective, we’re navigating all these sector-wide and they’re all disruptions simultaneously. You’ve got the geopolitical volatility, as we’ve seen from the Iran war. The impact hasn’t been as great as the Ukraine conflict, but it has had a significant impact.” Alternative fuels and greater domestic capability may help strengthen resilience, but their contribution will depend on sufficient infrastructure and investable policy frameworks that allow businesses to commit capital with confidence.

For energy businesses and their legal teams, the challenge is no longer to respond to isolated events, but to operate in a constant state of disruption that demands sustained responsiveness, stronger governance and clearer strategic judgement. Resilience must now be built into decision-making, contracts, investment planning, supply chains and workforce strategy to allow organisations to adapt quickly and better navigate uncertainty within the energy transition.

The defining issue is delivery certainty. Rising demand, grid and planning constraints, policy implementation, transition costs, supply chain resilience, specialist skills and AI adoption are all interconnected. Organisations that address them together by embedding legal, commercial and operational expertise early will be better placed to turn long-term transition ambition into investable and deliverable projects.

Meet the energy team

About the energy team

Walker Morris is a full-service commercial law firm advising businesses across a wide range of sectors and legal disciplines. Drawing on specialists from across the firm, we support developers, investors, funders, asset owners, contractors and energy users throughout the lifecycle of energy and infrastructure projects, transactions and investments.



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