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Schneider Electric UK Sets Out Its 2026 Predictions for the Energy Transition

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Schneider Electric, a global energy technology leader, reveals its 2026 predictions for the UK's energy transition as it decarbonises its industries, buildings and power grids.

The UK's net zero economy could be worth up to £1 trillion in by 2030 – around one third of the value of the UK's economy today – highlighting the major opportunity for growth, innovation and job creation. Electrification is pivotal, but businesses need long term stability and policy clarity to enable them to make investment decisions that shift the UK to a more sustainable future.

Kelly Becker, President at Schneider Electric, UK & Ireland, Belgium & Netherlands shares her thoughts on the top five trends in the coming year that will accelerate the energy transition and impact industrial growth.

1. Digitally enabled and energy efficient buildings will cut UK emissions

In 2026, a massive overhaul of UK buildings will become a defining force in achieving the UK's net zero ambitions. With buildings currently responsible for around 25% of the UK's carbon emissions, the pressure to transform commercial and industrial spaces will intensify. We anticipate a surge in digitalisation and energy efficiency measures as businesses respond to persistent high energy prices.

Digital monitoring tools connected to IOT sensors will become more widely adopted, empowering building operators to monitor and optimise energy use, occupancy, and environmental conditions in real time, in new and existing buildings. Increased use of AI to create energy efficiencies – such as dynamically adjusting lighting, temperature, and air quality based on occupancy and external weather patterns – will also help to cut costs and emissions.

The future of UK buildings points to a new era: intelligent, adaptable, and electrified spaces that actively support a low-carbon energy system. 2026 is poised to be the year when digitalisation moves from optional to essential. Expect more businesses to unlock the potential of smart technologies, recognising their critical role in driving energy efficiency, enabling decarbonisation, and delivering annual energy savings – predicted to reach £650 million per year in the public sector alone by 2037.

2. Fastest growth cycle of AI infrastructure ever seen in the UK

2026 will usher in the UK's most rapid phase of digital infrastructure expansion to date. With almost 100 new data centres in the pipeline – representing a 20% increase by 2030 – and major investments from Big Tech giants such as Microsoft and Google, the year ahead is set to mark a decisive shift to high density, AI-first digital capability across the country.

Already the third largest market for data centres globally, planned sites across the UK will signal a shift to smarter and strategically distributed capacity. Scotland will emerge as a key hub thanks to unparallelled access to renewable energy from wind and hydro – part of reshaping the data centre map from surging AI demand – in ways where sovereign compute and clean energy can converge.

This all points to energy at the centre of operational strategy in 2026 – with data centres estimated to drive up to 71 TWh of additional demand over the next 25 years. Focus on diversified, distributed power will increase as regions look to incorporate battery energy storage systems, microgrids, private wire integration and advanced liquid-cooling technologies to meet power demand.

Investment into AI growth zones will drive significant economic expansion, spurring regeneration in local communities and supporting the creation of thousands of jobs in 2026 and beyond.

3. Threat of increased water shortages will drive real change in future-proofing industry

Increased demand and the threat of climate change make water management one of the biggest challenges for UK industry in 2026. The UK experienced the driest start to the year in nearly four decades in 2025. Meanwhile, data centre operators are accelerating adoption of liquid cooling systems as AI use booms – with 28 planned sites located in areas served by Thames Water alone. Together, these factors are increasing the likelihood and frequency of water shortages – a real threat especially for manufacturers, which use significant amounts.

As scrutiny increases over UK water leakage and failing infrastructure, in 2026 expect to see drastic steps taken by UK industry to modernise water management. Digital technologies not only help conserve water but also reduce the energy required for treatment, distribution, and cooling processes. But water operators and planners still face compatibility challenges with ageing infrastructure. Increased use of software-defined automation – shifting machine intelligence from the hardware layer to the software level – will help to unlock even greater flexibility, efficiency and scalability, meaning plants can scale upgrades more rapidly and effectively.

By prioritising innovation and collaboration, UK industry can turn water management challenges into opportunities for long-term resilience and sustainable growth.

4. Electrification and digitalisation will recharge UK industry

The UK Government's 2025 Industrial Strategy marked an important policy milestone, acknowledging energy costs as a key barrier to UK industrial growth.

In 2026 we'll see this translate into action, with measures such as increasing the discount on electricity network charges for energy-intensive industries helping to bolster UK industrial competitiveness. National Grid's £35 billion investment from 2026 through to 2031 sparks a transformative step toward urgent electricity grid upgrades – critical to meeting increased demand as more sectors electrify their operations. Carefully managed upgrades will add resilience to the grid, secure energy independence and bring down the cost of electricity.

Meanwhile, technologies like software-defined automation, edge computing, and industrial AI can lead to measurable gains in productivity, efficiency, safety and sustainability – setting new benchmarks. In 2026, the real differentiator for UK industry will be the strategic selection of scalable and fit-for-context technologies, facilitated by trusted partners who can simplify integration and execution.

Together, electrification and digitalisation will be the twin engines powering UK industry's next phase of growth and competitiveness. This is reflected by our own study that shows Europe can save €250 billion per year by 2040 through accelerated electrification.

5. Electrification of UK transport hubs continues to stall

In 2026, the electrification of UK transport will remain a complex challenge. Domestic transport – spanning road, rail, sea and air – accounts for 29% of harmful emissions in the UK. The solution lies in electrifying operations at the UK's ports and airports, while providing an expansive and reliable, nationwide charging network for EVs.

The UK's ports can play a key role in reducing carbon emissions and providing a more sustainable power network by becoming hubs capable of producing their own renewable energy, equipped to charge electric vessels. Schneider Electric is already working with UK ports to establish green shipping corridors and decarbonise operations. These models can be replicated across other transport hubs, laying the groundwork for a broader transition to cleaner transport.

But the Government needs to provide clearer direction on its transport decarbonisation targets and actively support new energy use cases and the growing charging infrastructure supply chain. Persistent issues related to accessing grid connections and securing planning permission for new microgrids will continue to slow the momentum of the UK's energy transition. Despite these challenges, significant moves in building out essential infrastructure will continue into 2026.