

Businesses, not least those operating in the energy sector, will have been hoping that 2026 would herald a return to some sort of stability. But if the start of the year is anything to go by, change and uncertainty remain and the wait for predictability goes on.

With world news headlines dominated by geopolitical upheaval, growing tensions, and an AI driven industrial revolution there can be a temptation to adopt a 'business as usual stance', to minimise the impact of that which cannot be controlled. In an industry as interconnected as energy, however, that is unrealistic. Cliched though it may be, energy security and national security do now go firmly hand in hand, a fact recognised by political parties in countries across the world ▶

GLOBAL OUTLOOK FOR THE YEAR AHEAD



UK All in for subsea tiebacks

In the UK the Labour Government has finally eased its opposition to North Sea oil and gas by agreeing to issue specific licences for subsea tieback developments.

This timely and renewed focus on this critical North Sea component has the potential to reinvigorate oil and, particularly, gas developments that had been in danger of drifting into limbo, hopefully breaking the inertia of recent years. Some projects will inevitably need to reassess their options for host platforms and, given that the industry has moved on in recent years, may have to look further afield. Challenging though this will be, it is well within the realms of possibility.

Indeed, Xodus supported the subsea tieback of the Arran field to the Shearwater platform, a connection stretching approximately 37 miles (60 km), and the lessons from projects like this will be critical as the next wave of subsea developments gathers pace.

The fiscal drag remains

Welcome though this move was, the elephant still remains firmly in the room. Government has

yet to reform the disastrous Energy Profits Levy (EPL), despite trailing a much better solution, the Oil and Gas Price Mechanism (OGPM). By not introducing the OGPM sooner, we are shooting ourselves in the foot. Large oil and gas projects, which would be lucrative earners for the Treasury, are falling by the wayside and investment earmarked for the UK is going overseas, taking with it countless jobs.

The North Sea still holds far more potential than many realise. Independent analysis shows there are up to 7.5 billion barrels of untapped oil and gas remaining off the UK's coast, some three billion more than current government estimates. If we truly want to safeguard our national security, going after these reserves would be a good place to start.

A boost for the low carbon sectors

Then there's offshore wind, long touted by government as the backbone of its push for energy independence.

After a difficult couple of years for the sector – defined by increased costs, a tight supply chain and a large dose of scepticism – the results of the latest UK Contracts for Difference auction should

serve as a much-needed shot in the arm. Around 8.4GW of offshore wind capacity was awarded, going above and beyond what had many had predicted or even hoped. Such is the scale of the auction round that ambitions to have a largely decarbonised power system by the end of the decade remain on the table.

In the marine energy sector, tidal energy still offers an opportunity to contribute towards renewable energy targets and we are seeing companies working towards the expansion of pilot and demonstration projects, moving us closer to the deployment of multi turbine arrays.

For hydrogen, industry is waiting for the UK Government to refresh its national strategy, with an expectation that the focus will shift towards specific use cases. Awards for the HAR2 programme are expected by the middle of 2026, allowing larger scale projects to move further forward than ever before, with HAR3 on track to maintain the momentum later in the year. Coupled with the NSTA's plans for a further carbon capture and storage licensing round in 2026, the pathway to net zero by 2050 remains not only credible, but firmly within reach ■

MIDDLE EAST

Unsurprisingly for a region as resource rich as the Middle East, the energy transition has moved swiftly and decisively from ambition to execution, with investibility now the defining factor.

Across the UAE and Saudi Arabia, governments are accelerating renewables, carbon capture, utilisation and storage (CCUS), hydrogen and associated infrastructure, underpinned by increasingly robust policy, regulatory and sustainable finance frameworks.

With more than 65 GW of renewables under development in the UAE, Saudi Arabia targeting

50% renewable electricity by 2030, and over US\$35 billion issued in green and sustainability-linked finance in 2025, the region is actively shaping projects global investors can back with confidence.

Masdar's growth to 65 GW of clean energy capacity, and its ambition to reach 100 GW by 2030, exemplifies how scale, delivery certainty and bankable structures are attracting capital. Simultaneously, the convergence of clean energy, data centres and AI is reshaping demand and capital allocation at unprecedented scale.

CCUS featured prominently as a high-potential decarbonisation lever for industrial clusters. While constrained incentives, complex shared infrastructure requirements and limited regulatory alignment remain challenges, the region's strong technical fundamentals mean targeted policy design could unlock investible projects at pace ■



AMERICAS

It's a mixed but dynamic energy landscape across the Americas at present, marked by regional divergence in momentum, policy clarity and investment confidence.

In the United States, offshore wind development is being tested by the current government's hostility towards the sector. While long-term decarbonisation goals remain intact, projects are facing sustained legal challenges, permitting delays and cost inflation, which are slowing progress and challenging investor confidence.

By contrast, Canada's offshore wind sector is showing more positive movement. Clearer provincial engagement, early-stage project pipelines and growing policy support are creating cautious optimism that projects can move from concept to execution.

In the Gulf of Mexico/Gulf of America, activity remains largely business-as-usual. However, geopolitical pressures and sanctions are adding complexity, particularly for supply chains and financing which is increasing execution risk for new projects. Further south, South America continues to demonstrate real growth, with appetite for international capital supporting momentum across offshore energy, power and emerging transition technologies. In the Caribbean, Trinidad and Tobago is entering the early stages of decommissioning, with policy, regulatory and technical capability beginning to develop alongside mature offshore assets ■

