Achilles

8 KEY RISKS IN RENEWABLES SUPPLY CHAINS AND HOW TO SPOT THEM



1. COMPLIANCE

84% of renewable energy companies prioritize sustainability and ESG in supply chain decisions.

SPOT IT

- Verify certifications like ISO 14001 for quality management.
- Conduct regular supplier audits.
- Stay updated on regulatory changes.

2. REPUTATION

An energy company faced a £25 million fine regarding the sustainability of its biomass sourcing.

SPOT IT

- Investigate suppliers' ethical practices.
- Set up alerts and monitor for red flags and risk indicators.
- Use ESG criteria in supplier selection.

3. FINANCE

Rising supply chain costs in UK renewables risk wiping out £5bn–£15bn in savings due to 0.3%–0.9% increase in the cost of capital.

SPOT IT

- Monitor supplier financial stability through credit checks.
- Assess fixed-term contracts to mitigate cost fluctuations.
- Review supplier contingency plans for material shortages.

4. OPERATIONAL

In 2023, 44% of renewable energy companies identified raw material shortages as a primary concern impacting operations.

SPOT IT

- Monitor supplier lead times and delivery performance.
- Diversify suppliers to reduce reliance on single sources.
- Implement contingency plans for critical materials.

5. QUALITY

The UK's renewable energy capacity grew from 9.2 GW in 2010 to over 56 GW in 2023, straining supply chain quality control.

SPOT IT

- Request material certifications and quality assurance documentation.
- Conduct quality audits during production and delivery.
- Use supplier performance metrics to track consistency.

6. ENVIRONMENTAL

Supply chains form a major part of a company's carbon footprint, requiring supplier collaboration to reduce emissions.

SPOT IT

- Assess suppliers' carbon footprints and reduction targets.
- Require sustainability certifications like ISO 14001.
- Track Scope 3 emissions across the supply chain.

7. DATA ACCURACY

54% of UK renewable energy companies lack confidence in the accuracy of supplier data for critical decision-making.

SPOT IT

- Regularly update and verify supplier data records.
- Use digital tools for real-time data tracking.
- Conduct periodic audits to ensure data accuracy.

8. CYBER RISK

In 2022, the average cost of data breaches alone reached $4.72 million in the energy sector.

SPOT IT

- Monitor supplier systems for vulnerabilities.
- Require cybersecurity certifications like ISO/IEC 27001.
- Implement regular penetration testing on supply chain systems.