



ESOS

A FU⁺UREPLUS GUIDE



+ WHAT IS ESOS?

The ESOS (Energy Savings Opportunity Scheme) is a mandatory energy assessment for organisations in the UK that meet the qualification criteria.

The purpose of the ESOS is to prompt organisations to identify any areas of significant energy use within the business and to pinpoint cost-effective energy-saving measures they can take as a result.

+ WHO DOES ESOS APPLY TO?

To qualify for an ESOS assessment, you must:

- Be registered or based in the UK; AND
- Employ 250 or more people (averaged over a one-year period); OR
- Have an annual turnover of <£44 million and an annual balance sheet total of <£38 million.

+ WHO REGULATES THE SCHEME?

- For organisations registered in **England** - The Environment Agency
- For organisations registered in **Wales** - Natural Resources Wales
- For organisations registered in **Northern Ireland** - The Northern Ireland Environment Agency
- For organisations registered in **Scotland** - The Scottish Environment Protection Agency
- For organisations whose activities consist wholly or mainly of **offshore** activities - The Secretary of State for Business, Energy and Industrial Strategy



+ WHAT ARE THE REPORTING DEADLINES?

Organisations that qualify for ESOS must carry out energy assessments every 4 years. Deadlines for the assessment have been rolled out as part of distinct compliance 'phases', detailed below:

Phase	Qualification Date*	Compliance Period**	Compliance Date
1	31 December 2014	17 July 2014 - 5 December 2015	5 December 2015
2	31 December 2018	6 December 2015 - 5 December 2019	5 December 2019
3	31 December 2022	6 December 2019 - 5 December 2023	5 December 2023
4	31 December 2026	6 December 2023 - 5 December 2027	5 December 2027

***Qualification date** - the status of an organisation on this date determines ESOS eligibility.

****Compliance Period / Compliance Date** - if you qualify for ESOS you must participate and notify the Environment Agency by the last date of each compliance period.

+ WHAT IS THE PENALTY FOR NON-COMPLIANCE ?

Penalties for non-compliance are quite severe!

If a qualifying organisation misses the deadline, they can expect to receive a basic fine of £50,000, plus an additional fine of £800 per day for up to a maximum of 80 days.



+ HOW TO COMPLETE AN ESOS ASSESSMENT

Organisations qualifying for Phase 3 must take the following steps before the 5th December 2023:

1. Calculate your total energy consumption (the energy used by assets held or activities carried out by your organisation or group).
2. Identify your areas of significant energy consumption (the energy used by assets held, or activities carried out, by your organisation that account for at least 90% of your total energy consumption).
3. Appoint a lead assessor to carry out and oversee and review your energy audits and overall ESOS assessment (this must be a member of an **approved professions body register**).
4. Notify the Environment Agency by submitting your ESOS notification of compliance.
5. Keep records of how you have complied in an evidence pack (there is no required format for this).

More detailed information on each of these steps can be found on the UK Government website, **HERE**.

It is important to note that for Phase 3, if your organisation is fully covered by ISO 50001, you do not need to carry out an ESOS assessment. You only need to notify the relevant Environment Agency that you are compliant.

+ WHAT IS COMING IN PHASE 4?

Following the outcome of a UK Government ESOS **consultation** in 2022, a number of changes are being made to enhance the quality of ESOS compliance and increase the carbon and cost saving made. From Phase 4 onwards, ESOS will be better aligned with SECR (Streamlined Energy and Carbon Reporting) legislation in order to focus on how organisations are addressing both energy efficiency and **Net Zero**.

The proposed reporting deadline for Phase 4 is currently 2027, however it's a good idea to understand what will be expected of your business in good time, as site energy audits for Phase 4 can start from December 2023.



+ PHASE 4 DETAILS CONTINUED...

Phase 4 is expected to include:

- Expanded criteria for eligibility to < 250 employees, or an annual turnover of <£36 million / annual balance sheet total of <£18 million
- Identifying potential risks to organisations in moving to net zero and emission reduction trajectories
- A Net Zero assessment
- Publicly disclosed energy or carbon reduction targets and net zero assessments
- Increased clarity and guidance on site audit sampling
- Reports will need to meet current auditing standards such as ISO 50002 or EN 16247 (currently this is only a recommendation in Phase 3 guidance)
- Display Energy Certificates (DEC) and Green Deal Assessments will be removed as a route to compliance
- A requirement to report progress annually via the energy efficiency section narrative in SECR reports (for those participants that are not in scope of SECR, a reporting function via the ESOS web portal will be made available for their annual progress reporting)
- Guidance will offer explicit consideration to improved collection and monitoring of energy data, setting of controls, and appropriate staff training
- Reporting will be made more standardised through the use of an ESOS reporting template
- The minimum exemption will reduce from 10% to 5%, meaning that assets and activities that amount to at least 95% of your total energy consumption must be identified
- Introduction of an exemption for businesses under a minimum energy threshold (the value of this threshold is yet to be determined)
- Inclusion of an overall energy intensity metric within the report in terms of kWh/m² for buildings, kWh/unit output for industry, and kWh/miles travelled for transport

+ NEED MORE HELP?

Not sure where to start with ESOS? Feel free to get in touch with the team if you would like some guidance: team@future-plus.co.uk