



## ESOS

### Energy Savings Opportunity Scheme

#### What is ESOS?

The Energy Savings Opportunity Scheme (ESOS) is new mandatory legislation that applies to large organisations in the UK. The scheme is a product of the EU Energy Efficiency Directive, which requires member states to reduce energy consumption by 2020.

ESOS requires businesses to complete audits of asset, process and transport energy consumption to determine where savings or efficiency improvements can be made.

#### Who needs to participate?

ESOS applies to all UK-based 'large undertakings' engaged in trade and profit-making. Businesses are required to participate where any of the following apply:

- The organisation **employs more than 250 people**, including contract staff
- The organisation has an **annual turnover greater than €50m and a balance sheet exceeding €43m** (financial performance confirmed in Euros)
- The organisation is in a 'corporate group' where one of the points above applies to one of the undertakings.

#### What do I need to do?

1. Measure total energy use over 12 months, across business operations, including consumption from buildings, transport and industrial processes. The 12-month reporting period should overlap the qualification date for the phase (i.e. for Phase 1 this will be December 2014).
2. Complete an energy audit, ensuring 90% of your total energy consumption is reviewed. This allows smaller operations to be omitted from the audit. All areas of 'significant consumption' must be reviewed (assets, processes and transport). Where significant consumption does not equate to 90% of your total energy use, all energy consumption must be reviewed.
3. Notify the Environment Agency of compliance, via your auditor.

Energy consumption includes electricity, the combustion of gaseous, liquid and solid fuels and/or the use of other direct supplies of energy, such as heat (where it is supplied directly - e.g. through a district heating scheme, and on-site renewable energy).

Transport is only assessed where an organisation is supplied directly with the fuel for use in its vehicles. The fuel/energy associated with commuting is outside the scope of ESOS.

#### How does it work?

The first audit must be undertaken by the 5th December 2015, with notification of compliance provided to the Environment Agency (the scheme administrator) before this date.

The audits are completed by qualified assessors to determine whether relevant processes are in place throughout the organisation and to maintain quality assurance across the scheme.

Beyond December 2015, there are subsequent compliance periods, where an audit must be completed within each. These periods are at 4-year intervals, i.e. 2019, 2023, etc.

#### I'm a tenant, or I've moved premises recently?

The landlord and tenant should determine between them who should account for the energy use, based on the monitoring arrangement and who has the biggest influence over reducing consumption, mindful not to double-count.

Where an organisation moves premises during the compliance period, consumption from building services (e.g. heating, ventilation, etc.) can be excluded. Energy consumption associated with the equipment transferred between premises must be assessed (e.g. computers, manufacturing equipment, etc.), however.

#### Different ways of complying with ESOS

- Energy audits undertaken as part of other certification schemes (with compliance confirmed by the lead assessor) such as The Carbon Trust Standard, Logistics Carbon Reduction Scheme and Green Fleet Reviews
- If an organisation is ISO 50001 certified (Energy Management System) this will be sufficient to demonstrate compliance and an additional energy audit will not be required
- Display Energy Certificates (DECs) and accompanying advisory reports
- Green Deal Assessments.

It should be noted that additional work may still be required to demonstrate compliance even if these alternative routes are pursued as they may not cover 90% of significant energy consumption, as required by ESOS.

#### What happens if I don't comply?

The Environment Agency has the authority to apply financial penalties for noncompliance. They also reserve the right to publish the details of these noncompliant organisations.