



Department for
Business, Energy
& Industrial Strategy

ENERGY SAVINGS OPPORTUNITY SCHEME



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Energy Savings Opportunity Scheme

- **What is ESOS?**
 - UK-wide mandatory energy measurement and auditing scheme
 - Introduced in response to EU Energy Efficiency Directive – aims to help achieve latent cost-effective energy efficiency potential
- **Who must comply?**
 - The scheme applies to large undertakings and groups containing large undertakings in the UK.
 - An undertaking, as defined in the Companies Act 2006, is:
 - a corporate body or partnership
 - an unincorporated association carrying on a trade or business, with or without a view to profit
 - Target highest UK-parent but allow disaggregation
 - A large undertaking is:
 - - any UK undertaking that meets either one or both of the conditions below:
 - it employs 250 or more people
 - it has an annual turnover in excess of 50 million euro (£38,937,777), and an annual balance sheet total in excess of 43 million euro (£33,486,489)
 - The UK registered establishment of an overseas company will also need to take part in ESOS, regardless of its size, if any other part of its global corporate group activities in the UK meets the ESOS qualifying criteria.





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- **And by when?**
- Initial qualification date - 31 December 2014
- Initial compliance date – 5 December 2015
- Audits must be repeated every four years (i.e. second phase ends 2019)
- Over 90% compliance – Environment Agency emphasis now is to confirm the qualification status of organisations and if applicable, take enforcement action to bring them into compliance
- Now evaluating first implementation phase





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Energy is defined as all forms of energy products, including:

- combustible fuels
- heat (excluding your organisation's surplus heat from industrial processes)
- renewable energy
- electricity.
- Your total energy consumption includes all input energy use, e.g. buildings, industrial processes and transport. All energy consumed in the UK by a qualifying group needs to be included (regardless of whether the asset is held directly by an overseas undertaking within the qualifying group rather than a UK undertaking or UK establishment).
- Energy consumption from transport is included in ESOS. You are only required to include transport where your organisation is supplied with the fuel for business purposes, not where you procure a transportation service that includes an indirect payment for the fuel consumption. There are no fuel type exemptions in ESOS.
- After you've calculated your total energy consumption, you must identify assets and activities that amount to at least 90% of your total energy consumption.
- These are your areas of significant energy consumption and comprise the assets and activities you will audit or ensure are covered by an alternative route to compliance.





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- This means you can exclude up to 10% of your total energy consumption from any audit or alternative compliance measures. This 10% is your "de minimis energy consumption".
- This means you can exclude energy on:
 - a group basis – for example excluding the consumption of a one or more undertakings
 - a site basis – for example excluding the consumption of a particular site or number of sites
 - an asset/activity basis – for example excluding the consumption of an asset or activity, or a defined list of assets or activities
 - a fuel basis – for example excluding consumption associated with the use of a particular fuel or fuels
- You could also exclude energy using a combination of the above.
- If you do not choose to identify your areas of significant energy consumption then you must audit your total energy consumption or cover it under another route to compliance





Routes to compliance



- ISO50001
- Display Energy Certificates
- Previous audits to ESOS standards

And...

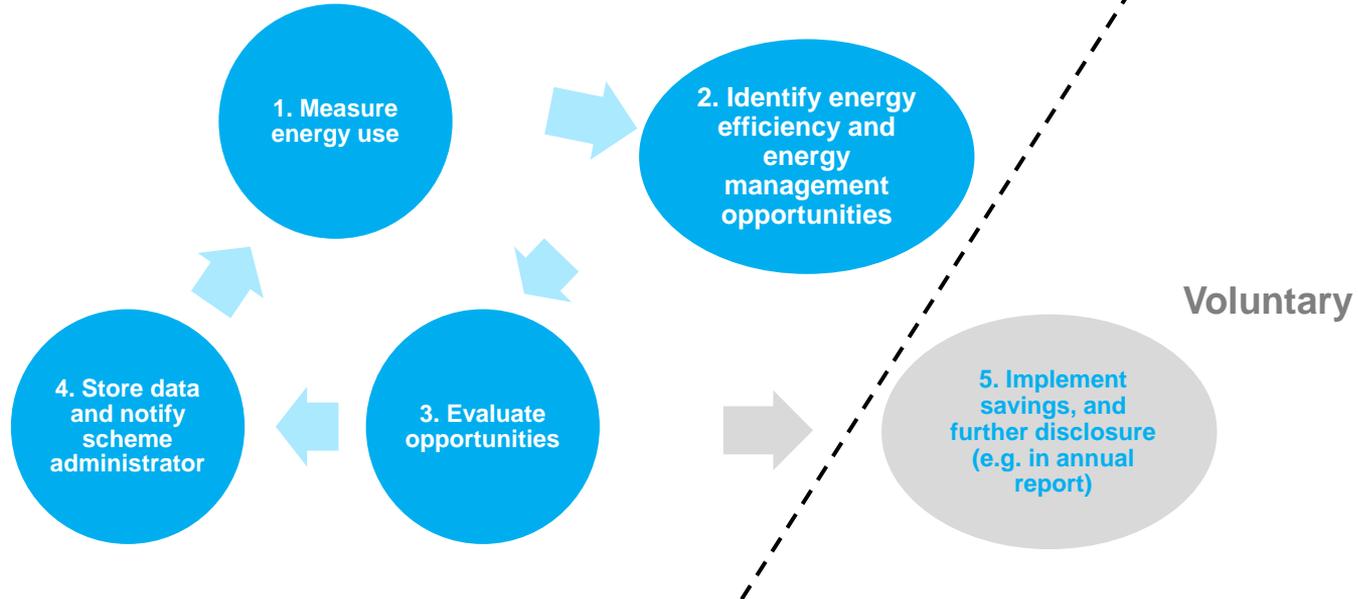
- **ESOS compliant energy assessments**
(either conducted in-house or by external assessor)





Conducting an ESOS assessment

Mandatory





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Site visits / sampling / auditing

- You must carry out site visits as part of your ESOS energy audit, but you don't have to visit every site where large undertakings hold more than one site.
- You must make sure you've collected and analysed data for all your areas of significant energy consumption regardless of the number of site visits.
- Organisations with multiple sites or assets that are identical or very similar can take a proportionate approach and apply the energy saving opportunities identified in their site visits to their wider portfolio.
- The lead assessor and participant organisation should determine a suitable site visit sampling approach to reflect the energy consumption patterns of their assets and activities.
- This is not prescribed in legislation and as such it is up to your organisation and lead assessor to agree this.
- You need to explain in your evidence pack how the approach you took reflects the energy consumption patterns and saving opportunities for your portfolio of assets and activities.
- ESOS does not mandate a particular auditing methodology that must be followed. Businesses may have their own preferred methodology developed in-house, or there are a range of European and International Standards that set out internationally recognised energy auditing practices.





ESOS Evaluation

- Started in 2015 and has been conducted by a team of independent researchers at Ipsos Mori and University College London.
- This has included
 - Qualitative interviews with 40 ESOS -eligible organisations and 10 assessor market firms (including audit service firms, trade bodies and register owners);
 - A quantitative telephone survey of over 850 ESOS-eligible organisations;
 - In-depth case-studies with 10 compliant organisations to gain a detailed understanding of the processes involved and to explore initial impacts;
- This stage of the evaluation should be completed this spring.

