**What is ESOS?**

The Energy Savings Opportunity Scheme (ESOS) is a mandatory scheme that will apply to approximately 9,400 of the UK’s largest enterprises. The aim is to help organisations identify opportunities to reduce energy usage and related costs. The scheme was introduced by the UK Government in July 2014, in response to a requirement for all European Union Member States to implement Article 8 of the European Energy Efficiency Directive.

The scheme is projected to deliver £1.6bn net benefits to the UK, predominantly through energy savings in UK businesses ¹.

**Under ESOS, participating organisations must undertake the following activities ²:**

1. Measure and report total energy usage across buildings, transport and industrial activities for a continuous 12-month period overlapping the qualification date of 31 December 2014.

2. Conduct energy audits to identify cost-effective energy saving opportunities
   - At least 90% of total energy consumption must be covered by an ESOS compliant audit, a Display Energy Certificate (DEC), a Green Deal Assessment or a certified ISO 50001 Energy Management System (EMS)
   - Historic auditing activity back to December 2011 may be used provided that it meets the minimum audit standard required under ESOS

3. Notify compliance to the Scheme Administrator (the Environment Agency)
   - ESOS Assessments must be reviewed by the Lead Assessor and a Board Level Director
   - By 5th December 2015, each organisation must notify the Environment Agency that it has complied with the scheme
   - ESOS Assessment records must be stored
   - ESOS Assessments must be repeated every four years from December 2015

¹Figure calculated on basis of NPV (2015-2030). Full details can be found in the final stage ESOS Impact Assessment available from here

²For full details see “Energy Savings Opportunity Scheme (ESOS) - Guide to ESOS” available from here
There is no requirement under ESOS to implement the energy efficiency recommendations identified. However, organisations that elect not to implement the cost-saving measures will not realise the financial benefits of the scheme.

**Who will ESOS impact?**

Large enterprises that are incorporated in the UK must participate in ESOS. This includes private and third-sector organisations but excludes public sector bodies. Under ESOS, a large enterprise is defined as an organisation that:

- employs more than 250 people, or
- has an annual turnover exceeding £42.5m and a balance sheet exceeding £36.5m.

Additionally, if an organisation is part of a corporate group which includes an undertaking that meets the above criteria, then the whole group must comply with the scheme.

**How much will an ESOS Assessment cost?**

An ESOS Assessment is likely to cost between £5,000 and £50,000, depending on the size and complexity of the organisation and the degree of work needed to achieve compliance.

However, a typical ESOS Assessment is likely to identify energy conservation measures that will deliver savings far in excess of the cost of the audit.

These savings can increase the organisation's profitability and competitiveness, and may also contribute to increased employee engagement, comfort and satisfaction in the workplace.

**What is the Penalty for Non-Compliance?**

There are large penalties for failure to comply with ESOS that can exceed the cost of compliance.

- Failure to undertake an ESOS Assessment will result in a fixed penalty of up to £50,000 plus an additional £500 per day for every day the organisation remains non-compliant, subject to an 80 day limit
- Failure to notify the Scheme Administrator of compliance by the required date will result in a fixed penalty of up to £5,000 and an additional penalty of up to £500 per day for every day the organisation remains non-compliant, subject to an 80 day limit
- There are also penalties for failure to maintain records that will adequately demonstrate compliance
- In all cases, the details of organisations’ non-compliance will also be publicly disclosed

**What are the benefits of ESOS?**

It is easy to view the ESOS assessment as a pure compliance activity. However, the scheme’s aims go well beyond this and the assessment is designed to provide organisations with an insight into their energy usage and deliver a schedule of practical recommendations for cutting energy consumption, emissions and related costs. This is likely to include ‘quick wins’, such as building-control adjustment, improved plant maintenance and behaviour change, through to cost-effective, energy-efficient technology investments. A well-defined strategy and a commitment to implementing the recommendations is, therefore, essential to get the most from the scheme.
**What we can do for you**

**Free Scoping Review**

We can provide an end-to-end ESOS service or support you with individual compliance activities, as required. Through our free Scoping Review, our experts will help you determine the best approach to ensure that your organisation not only achieves ESOS compliance but also benefits from implementing the most cost-effective energy-saving initiatives. The Scoping Review will:

- Conduct a gap analysis that considers your current energy measurement, management activity and level of ESOS compliance
- Identify the activity needed to achieve ESOS compliance
- Provide a proposal covering the activities required to achieve ESOS compliance, and energy efficiency project services that are relevant to your organisation

**Our approach...**

**Data Collection and Review**

1. Collation and storage of building energy-consumption data and driving factor information
2. Collation and storage of transport energy-usage data
3. Identification of ‘significant’ energy consumption
4. Prioritisation of sites, process and transport for audit
Audit and Opportunity Identification

1. Undertaken by a suitably qualified auditor and carried out in accordance with the required ESOS standards, methodologies and guidance
2. Development, prioritisation and report of opportunities with full cost/benefit analysis
3. Extrapolation of findings across whole estate
4. Delivery of a summary-level recommendations report with a prioritised list of energy efficiency projects

ESOS Assessment Sign-off and Compliance Reporting

1. Preparation of your company’s ESOS Assessment report to Scheme guidelines
2. Sign-off by a qualified Lead Assessor
3. Preparation of notification to the Scheme Administrator

Energy Efficiency Project Design, Delivery, Measurement and Verification

1. Detailed project feasibility studies
2. Technology sourcing and funding provision, backed by energy performance guarantees, to remove the risk of investing in high-performance energy solutions and eliminate the need for upfront capital expenditure
3. Project design and implementation
4. Measurement and verification of energy savings

Get in touch

To find out more about ESOS and how we can support your compliance and energy and carbon reduction strategy, please contact Total Gas & Power:

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