

Energy Savings Opportunity Scheme

Jo Scully – Environment Agency ESOS Project Manager

ESOS Overview

What is ESOS?

➔ Energy Savings Opportunity Scheme (ESOS)

- ➔ New UK regulation to comply with Article 8 (4) of the European Energy Efficiency Directive.
- ➔ Requires all large undertakings in the UK to do energy efficiency audits by 5 December 2015 and thereafter at least once every four years.

It is likely to cover over ~10,000 UK organisations



Key Dates

➔ Qualification Date **31/12/14**

➔ Don't need to tell us you qualify

➔ Compliance Date **05/12/2015**

➔ Tell us you have complied

And every 4 years thereafter

What are 'large undertakings'?

- ➔ Large undertaking is UK organisation that has:
- at least 250 employees; **or**
 - an annual turnover in excess of €50 million (~£42.5 million) and an annual balance sheet total €43m (~£36.5 million)
 - Is part of a corporate group which includes a UK undertaking which meets the above criteria

➔ Phase 1: Based on status on 31 Dec' 2014

Requirements on 'large undertakings'

1. Conduct ESOS assessment
 - Where not **fully** covered by ISO50001 certification
2. Conduct energy audits
 - Where not covered by ISO50001 certification, Green Deal coverage or Display Energy Certificates (partial or full coverage)
3. Identify energy savings opportunities
4. Use a lead assessor to either do or sign off points 1 to 3 above (unless fully covered by ISO50001)
5. Get a director to sign off that they have seen the recommendations of the work
6. Notify the scheme administrator of ESOS compliance

1. Conduct an ESOS assessment

- Full ISO50001 certification?
- Identify total energy consumption (buildings, installations, transport)
 - Common units
- 90% of your total energy consumption = 'Areas of Significant Energy Consumption'
- Determine coverage by ISO50001, Green Deal, DEC's, existing audits which meet the ESOS criteria
- Determine additional ESOS audits that need to be undertaken prior to 5/12/2015

2. Conduct ESOS audit(s)

Compliant audits:

- Use 12 months' verifiable data
- Analyse your energy consumption and energy efficiency
- Identify practicable ways in which you can improve its energy efficiency
- Recommend cost effective 'energy saving opportunities'
- Identify the estimated costs and benefits of the 'energy saving opportunities' recommended

Where 12 months data is not used or consumption profiling is not undertaken justification must be provided.

3. Identify savings opportunities

- ➔ Use life cycle cost analysis to determine cost effectiveness rather than simple pay back period where possible
- ➔ No requirement in the regulations to implement the identified savings

4. ESOS Lead assessors

- ➔ Individuals that belong to an 'approved register' = 'lead assessors'
- ➔ Approved bodies/registers on ESOS webpage
- ➔ Lead assessors can be internal or external
- ➔ Lead assessor signs off the work but can use analysis from others.

5. Notifying the EA

- ➔ Online notification form
- ➔ Basic organisation details – not energy data or improvements identified
- ➔ Needs to be submitted by 5 Dec 2015 to be compliant.

Keep an evidence pack

Keep records of how you have complied:

- ➡ Cost Effective Energy Savings Opportunities Identified
- ➡ Details of your ESOS assessment
- ➡ Details of your ESOS audits (where applicable)
- ➡ Certifications for alternative compliance routes
- ➡ Details of any areas where you are not fully compliant with the rules
- ➡ Record of your lead assessors sign off

Further Detail on ESOS

Qualification

- Employees = anyone with a contract of employment regardless of hours
- Trade/business of organisation are irrelevant if you meet the criteria of an undertaking (as per Section 1161(1) of the Companies Act 2006) and you qualify you are in ESOS
- If you are subject (mandatorily) to the Public Contracting Regulations you are excluded from ESOS.

Qualification

- Use last accounts prior to 31/12/2014 submitted to Companies House to determine qualification.
- Changes after the qualification date do not effect qualification.
- Any organisation sold by a qualifying organisation between 31 Dec 2014 and 5 Dec 2015 needs to comply with ESOS (either with old owner, new owner or on own)
- Assets and supplies sold or acquired during period 31 Dec 2014 and 5 Dec 2015 do not need to be audited.

Data time periods

➤ Total energy consumption data

- 12 months data covering 31/12/14
- Supplies for all assets covering a specified 12 month period
- Can use £ or common energy unit
- **Purpose:** To determine which assets will need to be covered by compliant audits or alternative routes to compliance

➤ Data for audits

- 12 months data starting from as far back as 5 Dec 2010
- Audits can have been undertaken between 6 Dec 2011 and 5 Dec 2015
- Assets don't need to have been audited at the same time
- Use energy units for analysis
- **Purpose:** To determine energy savings opportunities

Energy Consumption Calculation

- Calculate the total UK energy consumption (excluding supplies to disaggregated subsidiaries) to assets, transport and organisations which the UK group undertaking(s) were responsible for on **31/12/2014 and will still own on 5/12/2015**
- Use 12 months data to calculate (data must be from after 31/12/2013)
- There is flexibility when choosing the 90% (Areas of Significant Energy Consumption).
- Unconsumed supply rule where you don't use the supply and it is measured or can be reasonably estimated/calculated.
- Note: If all the energy of a participant is covered by ISO50001 then you don't need to calculate your total energy consumption

Audits

- Audit can have been done anytime between 6 Dec 2011 and notification date as long as it meets ESOS requirements.
- Don't need to do a site visit to all assets, if they are very similar then findings can be applied to group of assets and consequent cost effective opportunities calculated on this basis. Lead assessor determines necessary site visits with the participant.
- External lead assessor = one director ESOS sign off
- Internal lead assessor = two directors ESOS sign off

Landlords and Tenants

- ➔ No Landlord tenant rule like CRC
- ➔ Unconsumed supply rule can apply if the supplies to tenants can be measured or reasonably estimated/calculated.
- ➔ Multi tenanted buildings – each qualifying tenant has responsibility for compliance for their supplies
- ➔ Doesn't matter who does the audit as long as it covers all ESOS supplies
 - (i.e. 2 or more qualifying participants could be compliant using the same audit as long as they only refer to the energy saving opportunities relevant to them in their evidence pack)

Joint Ventures

Only a stand alone joint venture if:

- No org holds a majority of the shares
- No org holds a majority share of the voting rights in the organisation.
- No org which is a member of the organisation and has the right to appoint or remove a majority of the board of directors.
- No org which is a member of the organisation and is able to control alone, pursuant to an agreement with other members, a majority of the voting rights in the organisation.

The joint venture has to assess its own qualification and comply on its own if it does qualify.

If org does not meet JV criteria

- They are a probably a subsidiary of one of the shareholders or simply a stand alone organisation
- Need to be included in ESOS if they or the group qualify
- Can choose to disaggregate and notify of ESOS compliance separately

EA ESOS WEBPAGE:

<https://www.gov.uk/energy-savings-opportunity-scheme-esos>

ESOS Guidance:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/323307/ESOS_Guide_FINAL.pdf

ESOS Regulations:

<http://www.legislation.gov.uk/ukxi/2014/1643/contents/made>

ESOS Helpdesk

esos@environment-agency.gov.uk