UK Regulatory Update

The Energy Savings Opportunity Scheme (ESOS)

August 2014
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Legal Situation:


Target/Goal:
Implementation of a mandatory energy assessment and energy saving identification scheme for large energy users (and their corporate groups).

Scheme Administrator:
Environment Agency

Scope of the Scheme:
- Organisations with 250 or more employees in the UK
- Organisations with less than 250 employees, but annual turnover exceeding 50 million € and balance sheet exceeding 43 million €.
- Part of a corporate group which includes an undertaking which meet the criteria above.

Organisations that are required to comply with the Public Contracts Regulations 2006 or the Public Contracts Regulations (Scotland) 2012 are exempt from the scheme.

Examples of undertaking the scheme covers:
- Limited companies, public companies, trusts, partnerships, unincorporated associations, not-for-profit bodies (engaged in trade or business)
- Public bodies are not included
- Universities may be included, depends on the funding an whether they required to comply with the regulations mentioned above
- Franchises are not required to aggregate, but are able to, providing a mutual agreement between the aggregating parties

Requirements to comply with ESOS:
- Measurement of the total energy consumption
  All energy used in buildings, industrial processes and transportation
- Conduct energy audits to identify cost-effective energy efficiency recommendations
  At least 90% of the total energy consumption must be subject to an ESOS compliant energy audit, a Display Energy Certificate, a Green Deal Assessment or a certified ISO 50001 Energy Management System
  Participants are not required to implement energy efficiency recommendations
- Report compliance to the Environment Agency

Phases:
Qualification Date:
Date to determine if an organization is required to participate in this ESOS phase

Four-year compliance phase:
The period in which the participant must undertake its ESOS Assessment

Compliance date:
Date to notify compliance to the Environment Agency

Phase 1:
Qualification date: 31st Dec. 2014
Compliance date: 5th Dec. 2015
Phase 2:
Qualification date: 31st Dec. 2018
Compliance date: 5th Dec. 2019

Phase 3:
Qualification date: 31st Dec. 2022
Compliance date: 5th Dec. 2023

ESOS compliant Assessment:
ISO 50001:
A certified Energy Management System covering all energy use is sufficient as an ESOS Assessment. The EnMS must have been certified in the compliance phase and must be valid at the compliance date.

If no EnMS exists:

Measurement of the total energy consumption
- Measurement over a 12-month period
- Period must overlap with the qualification date

Determination of areas of significant energy consumption
- Areas of significant energy consumption must account for at least 90% of the total energy consumption.
- Within a compliance phase, all Areas must be covered by an ESOS Audit or an alternate route to compliance
- If a participant audits all assets (i.e. 100% of the energy consumption), no areas of significant energy consumption are needed

Route to compliance:
- ESOS Energy Audits
- ISO 50001 certified Energy Management System
- Display Energy Certificates (DECs) and accompanying advisory reports
- Green Deal Assessments

For the first phase any energy audit dating back to Dec. 2011 is compliant (for example, the Carbon Trust Standard), provided that it meets the minimum standards required of ESOS Energy Audits

The route to compliance (except the ISO 50001) must be overseen, conducted or reviewed by an ESOS Lead Assessor.

The lead assessor may be an in-house expert or external consultant.

ESOS Lead Assessor:
- No Lead Assessor is needed if an ISO 50001 exists (covering all energy use).
- The Lead Assessor have to sign-off the overall ESOS Assessment once complete, to confirm it meets the requirements of ESOS overall.
- The Lead Assessor must oversee, conduct or review the ESOS Energy Audit (or the alternative: Display Energy Certificates (DECs); Green Deal Assessments)
- The Lead Assessor must belong to a register of energy professionals approved by the Environment Agency
A professional body must apply to the Environment Agency to have its register of energy professionals approved as one whose members meet the standards set by the British Standards Institution (BSI) Publicly Available Specification (PAS) 51215, “Energy efficiency assessment – Competency of a lead energy assessor”. The Environment Agency will commence the approval of professional registers in July 2014.

Further information on registration: https://www.gov.uk/energy-savings-opportunity-scheme-esos#apply-for-professional-body-register-approval