

This Month

ESOS - The story so far

What is ESOS?

ESOS (Energy Saving Opportunity Scheme) is a new piece of EU legislation which requires member states to introduce a mandatory programme of energy audits for 'large enterprises'. This means around 10,000 of Britain's biggest companies will be required to comply – the initial audits were undertaken by 5th December 2015. The UK Government predicts that ESOS could help deliver savings of nearly £2bn.

Who Does it Affect?

Large organisations incorporated in the UK (more than 250 employees or an annual turnover exceeding £42.5m and a balance sheet exceeding £36.5m) will be required to review total energy use from their business operations, including building energy use, transport energy use and industrial processes. You are required to calculate the amount of energy used per employee, and identify potential measures that could save energy.

When Are the Deadlines?

Your qualification status needed to be assessed on 31 December 2014. And you must of submitted all the paperwork about your energy audit by 5 December 2015. Participants must then carry out an ESOS assessment in each subsequent four-year compliance period, ending on 5 December 2019, 2023 and so on.

Are there any exemptions and what about smaller businesses?

Organisations subject to the Public Contracts Regulations (2006) are currently exempt, although some trusts, public bodies and not-for-profit organisations may be included. Overseas energy use is also excluded from ESOS but undertakings within the EU will have to comply with local regulations.

Small businesses not classified as 'large undertakings' are not currently affected by ESOS, however, as above, they might be if they are part of a larger corporate group.

How should the audit be carried out?

First, the business must appoint a lead assessor to carry out and review the energy audit and overall ESOS assessment. The audit must be conducted by a qualified assessor approved by a professional body. The assessment will take into account energy partly covered by ISO 50001, Display Energy Certificates or Green Deal assessments.

Lead assessors can be appointed in-house - provided they are suitable qualified. If outside help is required, the Energy Institute was recently certified to provide lead assessors.

If you are fully covered by ISO 50001 then you won't need to carry out a full assessment, you just need to notify the Environment Agency that this is the case. You will still need to carry out an ESOS assessment if you are only partially covered.



Have businesses started complying with the new ESOS scheme? - The Story So Far

29th January 2016 Deadline-

There was an extended deadline (29th January 2016) for companies to notify the Environment Agency of their intent to comply with the mandatory energy efficiency scheme, with a three-month grace period for ESOS compliance (29 April 2016).

However, Less than 60% of the circa 10,000 businesses that qualify for the Government's Energy Savings Opportunity Scheme (ESOS) were compliant by the extended deadline, the Environment Agency has confirmed (1st February 2016).

An Environment Agency spokesperson revealed to edie.net that it has received 5,948 notifications of compliance and exactly 1000 notifications of intent to comply with the mandatory energy efficiency scheme, leaving more than 3,000 organisations unaccounted for.

In the two days before the 29 January deadline, the Environment Agency received 1015 notifications of compliance - indicating another late compliance surge, but leaving thousands of companies at risk of enforcement action.

"We believe that approximately 70% of organisations that qualify for ESOS are on the road to compliance," the spokesperson said. "It will take some time to match all of the notifications to the expected participant groups and verify whether the remaining organisations do in fact qualify.

"Our focus is on bringing organisations into compliance with ESOS and we will start contacting those organisations that have not yet complied this month. We will normally use enforcement notices to bring organisations into compliance and only issue civil penalties in the most serious cases."

29th April 2016 Compliance Deadline-

A spokesperson for the Environment Agency, which is managing the Scheme, revealed to edie.net that, as of 15 April, 2016 6,239 organisations had submitted notifications of ESOS compliance – just 291 more than the 5,948 businesses that were compliant by the initial 29 January 2016 deadline.

The Agency had also received around 400 additional notifications of their 'intent to comply' by 15 April 2016. But, with the three-month grace period for ESOS compliance coming to an end (29 April 2016), this means that around 3,000 of the circa-10,000 ESOS qualifying organisations were unaccounted for as of mid-April and are therefore now at risk of enforcement action.

Penalties

The Environment Agency have been fairly lenient with their deadlines, but businesses should not see this as an indication that ESOS compliance is optional. There are substantial penalties for non-compliance, with sanctions of up to £500 for each working day that a company is in breach of the scheme, for a maximum of 80 working days and £50,000. While the EA would prefer businesses to comply with the scheme of their own volition than be forced due to fear of financial repercussions, they will be reviewing cases and serving penalties where necessary.

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We can help you to become ESOS compliant.

Reference Sources: Esos.uk.com & Edie.net articles



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