



The Energy Savings Opportunities Scheme: Briefing Paper

A 5 page summary of the full ESOS guidance, what it means for your organisation and how to comply

August 2024

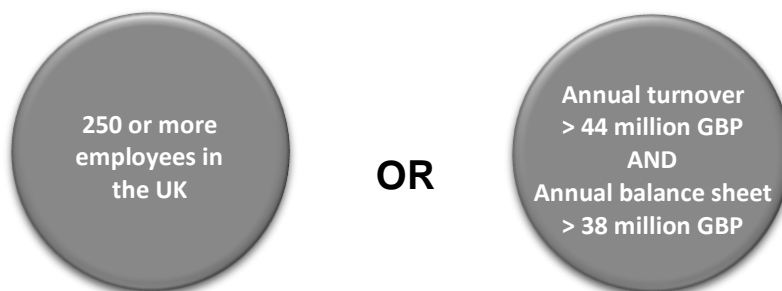
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Executive Summary

The Energy Savings Opportunity Scheme (ESOS) is a mandatory energy assessment scheme enforced by the Environment Agency. Details about ESOS can be found <https://www.gov.uk/guidance/energy-savings-opportunity-scheme-esos>



In simple terms, an ESOS Assessment requires participants to do carry out the following:

1. Measure your total consumption (Energy & Transportation)
2. Conduct energy audits to identify cost-effective energy efficiency recommendations
3. Report compliance to the Environment Agency (as the scheme administrator) by the compliance date
4. Complete an annual action plan stating your energy saving goal

You ESOS Assessment must also be signed off by a Director or Senior Manager within your organisation, if this is not done it is considered one of the non compliance activities that can incur a fine from the Environment Agency and also public disclosure of the organisations name and non-compliance activity.

The Environment Agency has announced new deadlines and commitments as part of Phase 3 and phase 4 compliance.

Your organisation must now:

- Submit your notification of compliance by 6th August 2024 for ESOS phase 3
- Complete an action plan stating your energy saving goals
- Complete an annual progress update stating your progress against your energy saving goals for the next two years.

You must register for the new EA MESOS system and submit your ESOS phase 3 submission through the portal by the 6th August.

Phase 3 ran from 31st December 2022 to 6th August 2024. The important dates for Phase 4 are:

5 th December 2024	5 th December 2025	5 th December 2026	5 th December 2027
•Phase 4 action plan submission deadline	•Phase 4 review and progress update on action plan, with any new additions	•Phase 4 review and progress update on action plan, with any new additions	•Phase 4 final submission and report

During these key dates physical audits and ESOS phase 4 report generation and sign off will take place.

Phase 4 is now underway with the first reporting deadline being 5th December 2024 – just 6 months after the Phase 3 reporting deadline.

Unlike previous phases which focussed on one compliance submission every four years, you will now need to comply with annual submissions to the Environment Agency (EA) through the new portal.

Changes to the legislative guidance have been introduced to strengthen the quality of ESOS reporting and encourage the uptake of recommendations.

You will now need to define an Action Plan and report on your progress against this in subsequent years.

ESOS Phase 4 and the new reporting requirements

The energy-saving opportunities scheme (ESOS) identified in Phase 3 will form the building blocks of your Action Plan.

ESOS will include the anticipated energy reduction, estimated cost and potential return on investment should you implement the efficiency measures.

Nevertheless, it is not always clear which ESOS to prioritise as this can differ from one organisation to another.

It is crucial that you develop a plan that is ambitious, yet achievable, as you will be required to report on progress on annual basis through the new EA MESOS system

The action plan

The action plan must be signed off by a board level director (or equivalent) and submitted via the compliance notification system by the action plan deadline of 5 December 2024.

Annual progress update

Following submission of the action plan, you must submit an annual progress update against your action plan commitments in the two subsequent years. The deadline for submitting annual progress updates is 12 months after the action plan deadline, and then 12 months after the submission deadline for the first progress update.

For the third compliance period, the deadlines are 5 December 2025, and 5 December 2026.

Each progress update relates to the 12-month period preceding the deadline.

The purpose of the progress updates is for you to report publicly on the progress you have made and to proactively take the energy saving actions you have identified and committed to.

The update offers an opportunity for competitive advantage by demonstrating your commitment to and progress towards energy saving, while allowing you to capitalise on the costs saved through reduced energy consumption.

If you do not submit a progress update by the relevant deadline, by default it will be recorded and published that you did not carry out any energy saving actions.

As stipulated by the Environment Agency, each annual progress update must include:

- A list of all of the energy saving actions included in the action plan that you implemented during the period of 12 months covered by the progress update
- A list of any actions in the action plan that you did not implement during the period of 12 months covered by the progress update, where the date set for the action was during the progress update period
- Whether you implemented each action by the date set for it in the action plan
- An estimate of the total energy savings that you expect to have achieved over the period of 12 months up to the progress update deadline
- The source of data used for each estimate
- A combined estimate of the total energy savings you expect to have achieved from these actions over the period of 12 months covered by the progress update (the sum of all the individual estimates above)

How can Planet First help?

Navigating the complexities of ESOS compliance can be daunting.

Our comprehensive ESOS service manages the entire process, from data collection to reporting.

The Planet First team will:

- Guide you through every step of the process, ensuring that all data is calculated, and the necessary documentation is prepared accurately and submitted on time.
- Work with you to tailor your Action Plan to your organisational needs.
- Help you monitor progress, maintain your ESOS evidence pack and submit your annual progress updates.
- Optimise your route to compliance, exploring all options, conducting on-site surveys as required which will be used for ESOS phase 4 compliance

With energy and carbon analysts calculating energy consumption and identifying areas for improvement, and registered and qualified lead assessors are on hand, we can identify achievable energy saving actions you can

commit to that not only to meet your compliance requirements, but improve your energy efficiency, allowing you to make significant savings on your energy spend.

Even if we have not completed your ESOS Phase 3 submission, we can manage the action plan and annual progress updates for you.

Simply contact our team and our ESOS lead assessors will be in touch to help you manage your compliance.

Risk of non-compliance

The Environment Agency has been appointed as the scheme regulator and is responsible for compliance and enforcement activities.

For ESOS Phase 2 they issued:



Increased risk of reputational damage during Phase 4

If you do not submit an Action Plan or Progress Update, the Environment Agency will publicly disclose no commitment or action has been taken by your organisation.

Risk of financial penalties up to £90,000 for non-compliance

If you fail to notify or maintain adequate records, you will risk significant financial penalties.

Equally, if you are selected by the scheme regulators to be audited and asked to provide remedial information, you may be at risk of further penalties should you fail to comply with an enforcement notice.

Finally, failure to undertake disclosures or making a false claim could land you with greater financial penalties.