



Energy Savings Opportunity Scheme (ESOS)

The Energy Savings Opportunity Scheme (ESOS) was set up by the UK government to ensure large private sector organisations contribute to its energy reduction targets and meet the requirements of EU directives.

While the criteria for compliance with ESOS depends on the size and scale of your business, the benefits of an in-depth energy audit can far outweigh the costs and help drive real savings in energy consumption across any business type.



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Improving efficiency

Qualifying organisations must prove they've assessed their energy use and identified energy-saving improvements, and the compliance submission must be signed off by a qualified Lead Assessor and at least one director of the company.*

Who needs to comply?

Broadly speaking, you need to submit an assessment if you operate in the private sector and:

your company employs

250  **or**
people or more

turnover is more than

£38.9m

and

annual balance sheet is more than

£33.5m

It looks simple, and in most cases it is. But due to exceptions and exclusions, the calculations are not always straightforward. In the first round of ESOS, a number of UK organisations received enforcement notices because they wrongly assessed themselves as not qualifying.

Since ESOS is mandatory and can't be avoided, it makes sense to use an assessment service that adds real value to the process.

And the sooner you start, the sooner you save.

Bureaucracy or benefit?

Businesses can look at ESOS in two ways: as a straightforward compliance exercise, or a genuine opportunity to make significant savings and put your energy management on a new strategic level.

While the costs of compliance may be the same whichever approach you take, not all providers are committed – or able – to help you take ESOS to the next level.

Why SSE?

ESOS is all about saving energy. So who better to conduct your audits and prepare your report than one of the UK's leading providers of energy strategy and optimisation services?

We have the resources, breadth of experience, and scale to ensure even the largest and most complex organisations comply with ESOS guidelines. Your energy audit and ESOS assessment can also be the first steps towards transforming how your business uses energy.

All our Lead Assessors are qualified through professional bodies approved by the Environment Agency, and our energy audits are to British and international standards (BS EN 16247 and ISO 50002).

*If you have an ISO 50001 energy management system that covers all your energy use, this counts as your ESOS assessment and you do not need a Lead Assessor.

The road to ESOS: a 6-step process



Gathering the evidence

The first step is to check if you have recent energy audits or reports that may partially meet ESOS requirements.

We then carry out a comprehensive audit of your business energy use, including data from buildings, transport, and manufacturing or services.

A key feature of ESOS is an energy audit that includes the capital costs of recommended measures, and the savings that can be expected. This information is entered in the Evidence Pack that forms part of the Assessment and your submission to the Environment Agency.

SSE will not conduct unnecessary reports or duplicate investigations, or expand the task beyond the genuine needs of your business. You can rely on our auditors and assessors to follow best practice and provide the optimal return on your investment.

The Environment Agency holds businesses directly responsible for compliance, so your completed assessment must be signed off by at least one director before final notification is submitted.

Why is this urgent?

The Government estimates the scheme could save around £1.6bn by 2030. ESOS Phase 2 has already begun, and the next deadline is 5 December 2019.

That may seem like a long way off, but the time to start working on your energy audits and identifying energy savings opportunities is right now.

You can go ahead with auditing the energy supplies that you know will be included in your significant energy consumption (SEC) now. And the qualification date of 31 December 2018 means you can collect the data for your total energy consumption (TEC) from the beginning of 2018.

Acting quickly will:

- Bring forward any energy savings
- Make it easier to plan and implement your audit
- Minimise disruption
- Give you time to deal with unforeseen issues
- Give you the best choice of qualified Lead Assessors

Seamless implementation

The SSE Enterprise Energy Solutions team has access to the full range of skills, experience and resources available within the SSE group.

Our energy optimisation experts can implement your ESOS recommendations in full, including designing and installing building energy management monitoring and controls.

A trusted partner

You can be assured that any recommendations we make will be aligned to the International Performance Measurement and Verification Protocol.

If you qualify for ESOS you may also need to make an annual GHG report. So ask us about SSE Business Energy's 100% green energy and REGO-backed products.

What if my business doesn't qualify?

ESOS is designed to cut energy consumption in the UK by targeting the largest corporate users. But you don't have to hit the staffing or financial thresholds to get the benefit of our energy advice and services.

Average price paid for assessor services by value for money (VFM) over time



Source: ESOS evaluation survey data, 2016, Base: 610 compliant organisations who spent money on external consultant/assessor services

Tried and tested

ESOS Phase 2 is expected to involve at least 10,000 organisations and 200,000 buildings.

This has attracted a lot of interest from consultancies in the energy sector and related fields, but despite the plethora of services on offer, the most experienced ESOS Lead Assessors are in short supply.

Choosing an inexperienced assessor or a less comprehensive service increases the risk of an enforcement notice and can stop you getting the best strategic energy advice.

The experience of Phase 1 also suggests that many providers will dramatically increase prices as the deadlines draw closer.

What other organisations say

Many organisations find that the ESOS process often highlights opportunities for energy and cost savings. Crucially, it gives increased decision making power over the business and its energy usage. These reasons coupled with expertise from the SSE Enterprise Energy Solutions team make ESOS an extremely effective exercise.

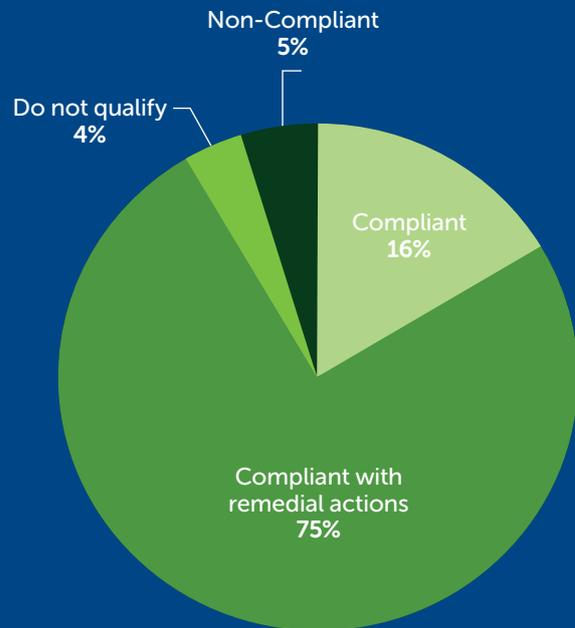
Errors and penalties

ESOS legislation allows for significant financial penalties. The Environment Agency has already served hundreds of enforcement notices against organisations that failed to comply with Phase 1 or were simply late with their Compliance Notification.

From a sample of the assessments the EA received, only 16% were found to be fully compliant: a further 75% were compliant after remedial actions.

The EA appears to have preferred guidance to penalties as the scheme was bedding in, but this may not continue in Phase 2.

The best way to ensure your ESOS Assessment is fully compliant is to select an experienced provider like SSE Enterprise Energy Solutions, with the right skills and competences for every stage of the process.



Find out how ESOS compliance can benefit your business.

Talk to our expert team for help and advice today.

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