

# ESOS - WHAT'S IT ALL ABOUT?

## ESOS Summary

1. Applies to all non-SME enterprises.
2. Comes into force in June 2014.
3. ESOS energy audits are mandatory and must be completed by December 2015.
4. The audits offer opportunities to make significant savings in energy and costs. A recent survey conducted by JRP for McVitie's identified energy savings of over 41% in their manufacturing process.

**The 'Energy Savings Opportunity Scheme' (ESOS) is the UK Government's proposed approach to implementing Article 8 of the EU Energy Efficiency Directive (2012/27/EU) and will affect all non-SME enterprises.**

Under the scheme, approved assessors will carry out ESOS compliant energy audits to identify cost-effective energy savings opportunities in participant buildings, industrial processes and transport. It is estimated that around 7,300 large UK enterprises occupying between 170,000 and 200,000 buildings (of which 8,000 to 10,000 are industrial plants) will be covered by the legislation.

The Department for Energy and Climate Change (DECC) has stated that it plans to implement ESOS by June 2014, with the first energy audits required to be carried out by the end of 2015.



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Managing Director, JRP

It is estimated that the average large company should realise savings worth £56,400 per year on energy bills as a result of implementing ESOS improvement projects. In our experience using our bespoke survey tool, Energy Initiator, the energy reductions within large industrial sites can be substantially greater, representing between 20%-40% reductions in energy consumption.

### **What will the audit cover?**

The scope of ESOS will cover the energy used in industrial processes, buildings and transport.

### **What organisations will have to comply?**

Your organisation will be in scope of ESOS if it qualifies as a large undertaking. You are a large undertaking if:

1. You have more than 250 employees in the UK; or
2. You have fewer than 250 employees, but have:
  - an annual turnover exceeding £42.5m; and
  - a balance sheet exceeding £36.5m; or
3. You are part of a corporate group containing a large enterprise

### **Who will be qualified to carry out the energy audits?**

The Government is establishing a scheme to allow energy management and energy auditing professionals to demonstrate their competence as a lead auditor through registering with an approved professional body. Details of approved registers will be published on the Environment Agency's website by the end of 2014. The standard of competency of lead assessors will be defined by a new specification PAS51215 and existing registers of professionals are likely to be used such as membership of the Energy Institute or the Register of Professional Engineering Consultants (RPEC).

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## What can I do to prepare?

There are several steps that you can start to take in preparation for the new legislation, even without knowing the detail of what will be involved.

- Measure your total energy consumption.
- Identify your areas of significant energy consumption.
- Consider who, within your organisation, is best placed to manage the audit process for you.
- Ensure that relevant personnel have a thorough understanding of your current energy management systems and practices.
- Identify energy efficiency specialists who are likely to have the relevant qualifications. You should also consider what other qualifications and/or experience that individual holds and how these might best benefit you in getting the best results from your audit(s). You may wish to consider your prospective auditor's:
  - o sector-specific experience;
  - o familiarity with industry specific technologies and processes; and
  - o accreditation/certification to audit against prescribed standards (ISO standards) or other UK schemes (DEC assessor or Green Deal assessor).

## Exemptions

Whilst the exact details of the scheme won't be known until sometime in June, It is likely that any organisation with a current EN ISO50001 Energy Management System certificate would be deemed ESOS compliant, the principle being to avoid double regulation. Any audit certified by a UKAS approved body and carried out to EN 16247 standards would also be considered compliant. In addition, organisations with an ISO14001 Environmental Management System certificate would be deemed ESOS compliant, providing the approach taken has included an energy audit that meets the minimum standards of Article 8.

## Enforcement

It is thought that the Environment Agency will be appointed as the ESOS administrator with financial penalties being imposed on non-compliant enterprises. Details of such penalties should become clearer in June 2014.

## Compliance Reporting

The UK Government is under a legal obligation to provide regular information to the EU Commission about the uptake of energy audits in the UK. As a result, DECC are currently considering a wide range of potential approaches to reporting compliance with the ESOS scheme. Again, this should become clearer in June 2014.

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**If you would like to know more about ESOS, how it will affect your organisation and what your potential savings are, please contact JRP Solutions and ask to speak to one of our energy efficiency specialists or email [george.richards@jrpsolutions.com](mailto:george.richards@jrpsolutions.com).**

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