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ESOS PHASE 3 - Q & A

Q	A
How can we engage the lead assessor if there is no guidance yet and not clear timeline when they will be able start the work?	Although not ideal, we have been working on ESOS compliance projects since mid 2022. You can still have the audits done, which is the most time consuming part, but these need to be conducted with the proposed changes in mind.
Thanks for the informative webinar. Owen mentioned both "lead assessor" and "auditor" roles. Are these different roles or different names for the same role? Thanks	Any one can be an auditor. The auditor will produce the compliant energy audit report and identity energy conservation measures. Only accredited professionals can be an ESOS Lead Assessor. They review the ESOS evidence pack, including the audits, and sign it off to say it is compliant with ESOS.
How can we make use of ISO 50001 audit report?	Do you mean an ISO 50001 gap analysis? Really a gap analysis in itself isn't sufficient as a business case for implementing ISO 50001 should have been done at the same time. This would outline resources, costs and savings as well as a timeline for implemention. From this a decision to implement can be made. If you have ISO 50001 and meet an internal audit report, then ISO 50001 is a route to compliance as per answers above.
Who is responsible for conducting an ESOS audit in a shared tenant building? Is it the landlord or tenant?	Essentially both. The landlord may take full responsibility to audit the whole building and include all energy in their ESOS but the tenant would be responsible for ensuring this agreement is in place and document the agreement in thier ESOS evidence pack. If not then the tenant needs to audit thier own energy consumption and include it in their TEC calculation.
When accounting for renewables how is electricity consumption from 100% renewables counted?	For your Total Energy Consumption (TEC) all electricty used by the organisation must be counted, even if it is from on site or off site renewables. Purchasing a green tariff does not make any difference.
How can you verify ECM/ERM implementation and level of savings?	Ideally you would use IPMVP. However, we understand simple measurements or estimates based on initial savings calculations will be acceptable in phase 3.
What about a building that we intend to leave this year, does it have to be included as we will not be carrying out any actions?	If the building is being vacated before teh 5th December 2023 then it does not need to include in your ESOS assessment. Similarly,if you move into a new building after the 31st Dec 2022, then this also does not need to be included, however, you can include it in the auditting if you want to identify opportunities for it.
On intensity metrics for buildings would you recommend using occupancy figures as kWh/FTEs is not helpful in a hybrid working environment.	If you have occupancy or footfall data then it is going to probably give you a better correlation, however you ned to make sure you have robust systems in place to collect the data and make sure it is accurate.
If you were over the limits for ESOS last year but under the qualifying levels this year. What does the organisation do e.g. <250 employees >£44m turnover but reduced assets to below the £38m	If you met the qualification criteria on the qualification date (31st December 2022) then you must comply, even if you do not qualify now. However, there are complex runes around calculating the number of employees and if sites come in or out of the organisation or are mothballed between the qualification date and compliance date (5th June 2024) they they do not need to be included in the TEC and do not need auditing.
How do we ensure ISO 50001 exemption covers the whole scope? - we have 50001 and are not sure whether we are exempt, how do we check 50001 v's ESOS requirements are matched?	ISO 50001 needs to cover 95% of all your energy consumption. If more than 5% is not covered then some of that will need an audit of a representative sample. Generally an ISO 50001 certificate will cover a whole site. In this case the ISO 50001 only applies to the energy consumption by that site and not other similar sites without ISO 500001. [So if 90% of your organisations whole energy consumption is covered by ISO 50001 you will need to undertake audits/surveys of a further 5% in order to comply].
Our company had the ESOS audit in May 2022, if/when changes are made would we require another full audit or only an audit to comply with the changes?	It should be possible for the auditor to update the existing audit output to comply with the new requirements without revisiting site but their is likely to be an additional cost for this.
How (if at all) will the changes to ESOS impact a company's ability to use ISO 50001 to meet their obligations?	It will not. ISO50001 can still be used in the same way. However there are likely to be some additional reporting requirements around project implemented and energy metrics.
Has SECR superseded ESOS?	No, SECR is just monitoring and does not include identification of energy conservation measures. Also, the boundaries for reporting are subtly different
Could you confirm if the requirments for Phase 3 will bring in additional businesses that weren't previously in scope for Phase 2?	No, the qualification criteria are not planned to change.
Is 50001 an easy way out ?	No, to do ISO 50001 properly you need to be commited to good energy management. We would not recommend ISO 50001 for ESOS compliance only.

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Am I correct that we cannot start the audit before the guidance is issued?	No, we would recommend starting the audit ASAP but make sure the proposed changes are taken into account.
We're having our ESOS audits next month with a consultant, how do we know that the report is going to follow the new standardised requirements if it hasn't been released yet?	Not ideal but you need to discuss this with the consultant to make sure he is aware of the likely changes and has factored them into his cost and workload.
Is there a way to obtain copies of previous (Phase 1 and 2) submissions for your own organisation from government?	The submissions for Phase 1 and Phase 2 only contained limited information. As such they would not be a lot of use for Phase 3. You really need to locate the evidence pack, which is your organisation's responsibility to maintain.
Is there likelihood that Phase 4 will look at downstream and upstream Scope 3 impacts/energy?	Phase 4 will look at Net Zero but we are not aware of the scope that will be covered. We feel that it will just be scope 1 & 2 with grey fleet scope 3 but it could be full scope 3. This is really a question for DESNZ.
We are in a sector where there are few or no lead auditors with the understanding of the sector? How can we manage this risk. For clarity we span agriculture and biotechnology.	Talk to your industry body to see if they have a list of suitable lead assesors. Alternatively, see if one of your employees that knows the sector and your business can register as a lead assessor. If you use an internal lead assesor you just need the evidence pack signing off by two directors rather than one. Most good energy consultancies will have experience of all sectors. JRP has conducted ESOS audits in both agricultural and food/healthcare laboratory organisations.
To adhere to revised phase 3 requirements (post Autumn).... additional work... who pays for extra requirements?	The complying organisation is expeceted to pay
Does the <250 employees qualification for just include UK employees or worldwide?	The ESOS guidance states "For a UK registered undertaking, this includes all employees contracted to the undertaking either in the UK or abroad, irrespective of the number of hours for which they are employed. For ESOS purposes, the definition of an employee for a non-UK registered undertaking with a UK registered establishment is someone directly contracted to the undertaking who is subject to income tax in the UK". So it is basically employees that pay tax in the UK. So if you have an overseas office or employees that work overseas but they are paid via a UK organisation and pay tax in the UK, then they count as UK employees.
There seems to be some confusion. Can you clarify whether it is 250 FTE for participation, or just overall employee numbers.	The ESOS guidance states "For a UK registered undertaking, this includes all employees contracted to the undertaking either in the UK or abroad, **irrespective of the number of hours for which they are employed**. For ESOS purposes, the definition of an employee for a non-UK registered undertaking with a UK registered establishment is someone directly contracted to the undertaking who is subject to income tax in the UK". So it is not FTE.
For a charity organisation, does the 250 or more employed refer to just paid staff not volunteers?	The ESOS guidance states "For a UK registered undertaking, this includes all employees contracted to the undertaking either in the UK or abroad.....". Assuming the volunteers have not entered into a contract with you, then they are not included.
Are there any plans for Phase 4 onwards to enforce actual reductions in energy consumption between phases?	The plan, as we understand it, is that everyone will need an action plan. Performance will then be measured against this plan and performance will be published. This is not in law so may change and details are not available.
How much does an ESOS assessment cost - range ?	Typically anywere for £3k to £100k depending on how many audits need to be conducted. Each site audited typically costs £3k to £6k to audit, depending on sze and complexity. If you'd like a detailed fee proposal for you organisation, please get in touch: info@jrpsolutions.com
Can a company be audited for ESOS phase 2 now?	We are currently auditing a company for ESOS phase 2. This happens if they did not comply at the time and received an enforcement notice from the Environment Agency
What % of extra time, hence cost, do you anticipate the multiple changes required will need compared with 2019 ESOS?	We are currently working on the assumption of 0.5-1.5 days per audit (site) plus 0.5 day for the evidence pack but until the guidance is finalised it is hard to say.
Will there be any additional requirements to comply with ESOS is you have a valid ISO 50001 certification?	We believe you will need to report some additional information on your submission, such as project implemented and energy metrics.
Sites complying through ISO 50001 certification covering the relevant scope previously only needed to provide evidence of this to meet Phase 1 and 2 reporting requirements. Will these sites need to provide anything additional under Phase 3 for compliance reporting?	We believe you will need to report some additional information on your submission, such as project implemented and energy metrics.
If you are using ISO 5001 as the route to compliance has anything changed for Phase 4?	We believe you will need to report some additional information on your submission, such as project implemented and energy metrics.
Will phase 3 still allow an internal lead assessor to sign off? With who directors to sign off also?	We have not heard of any changes on this, so we would say yes.
As there is no set methodology for number of sites to be audited, what would a conservative/best practice approach to site audit sample size look like?	We usually base it on 10% of sites and/or consumption but this can drop to 5% where there are a lot of smaller sites that are very similar (a retail chain for instance)

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Latest EA guidance etc indicates a lean towards ISO 50001 certification as a means of complying. Is this an advised path if an organisaiton already understands management systems certification ?	We would not recommend ISO 50001 as purely a method of complying with ESOS. However, ISO 50001 is a very good structure to follow if you want to manage your energy effectively and reduce consumption. It is also aligned with ISO 140001, so if you already have this certification, it is easier to achieve ISO 50001 as well. We would definately recommend following the structure and procedures set out in ISO 50001 but certification is not appropriate for everyone. ISO 50001 would also normally take 9-12 months to implement.
We have site based teams on our CUSTOMER sites - we have assumed we can exclude these sites from our ESOS - is this correct?	Yes, as long as the customer is paying the utility bill and not recharging them to you. If you are being recharged then you need to agree with the customer who will report the consumption under ESOS.
A number of clients see the benefit of aligning ESOS with their financial year. If their FY end is 31 Dec 2022 can they use 2022 for their 12 months for TEC?	Yes, as long as the period includes 31st December 2022, then that is fine, even if it is the last day.
Would it be sensible to combine SECR and ESOS?	Yes, but the current boudaries used for reporting are subtly different at the moment so legisaltion changes would be required, although it is sensible to get your ESOS Lead Auditor to also help with your SECR if you need support.
If over 95% of business consumption is covered by ISO 50001 can the remaining 5% be classed as de minimis ? Does that need an ESOS assessment of just a sign off by an assessor?	Yes, if 95% of the total energy consumption is covered by ISO 50001, then the rest can be classes and de minimis and no autting is required. However, this still needs to be signed off by a Lead Assessor to confirm it is correct.
Can you explain how ESOS interacts with the global based companies - we employ circa 9k people globally and manufacturing is in the NL and we only have offices in UK - do we just do the UK operations for energy?	Yes, it is just UK operations that are covered by ESOS. Operations in other (EU) countries will need to comply under that countries enactment of the European Union legislation.
If a business is ISO 50001 compliant but part of a group - do they still need to be part of the rest of the group ESOS assessment?	Yes, that business does not need to be audited but their energy consumption needs to be included in the organisations Total Energy Consumption calculation for ESOS.
As a consultant, do we also need to include Next Steps in the report for each opportunity?	Yes, this shoud be standard practice but we understand it will become a specified requirement of ESOS in phase 3. Also, phase 3 will require the audits are done to a recognised standard. ISO 50002, our prefered standard, requires next steps.