

2014

Energy Savings Opportunity Scheme (ESOS)



Summary of
Secondary
Legislation



Secondary Legislation

This document summarises the first release of the final ESOS legislation published by the Department of Energy and Climate Change (DECC) on the 26th June 2014.

Background of ESOS

In 2012, Article 8 of The EU Energy Efficiency Directive (“The Directive”) (2012/27/EU) stated that ‘large enterprises’ would be required to complete **mandatory, energy audits once every four years.**

EU Member States were subsequently given until the **5th June 2014** to implement the requirements of The Directive and until the 5th December 2015 to have undertaken energy audits of all their ‘large’ enterprises. The Energy Savings Opportunity Scheme (ESOS) is the UK’s answer to these requests. The policy aims to minimise the cost of effective energy efficiency measures to businesses through compliance with the auditing process. The expectation is that this will increase the uptake of such measures across large organisations.



Potential Benefits of ESOS

ESOS has targeted nearly one third of the British energy demand, and DECC has estimated that the scheme will produce a £1.6bn net benefit. Enterprises involved will be given the opportunity to reduce energy waste and identify cost effective savings. A reduction in energy bills translates to financial savings that can be reinvested across different business sectors to increase profitability.

These savings will be identified through audits. Energy audits are a great way to highlight where your buildings can operate more efficiently and subsequently, where your **overheads can be reduced.** Whilst some may consider audits a burden, they are extremely useful for benchmarking, not only against your future performance but against other buildings within your group and best practice guidelines.

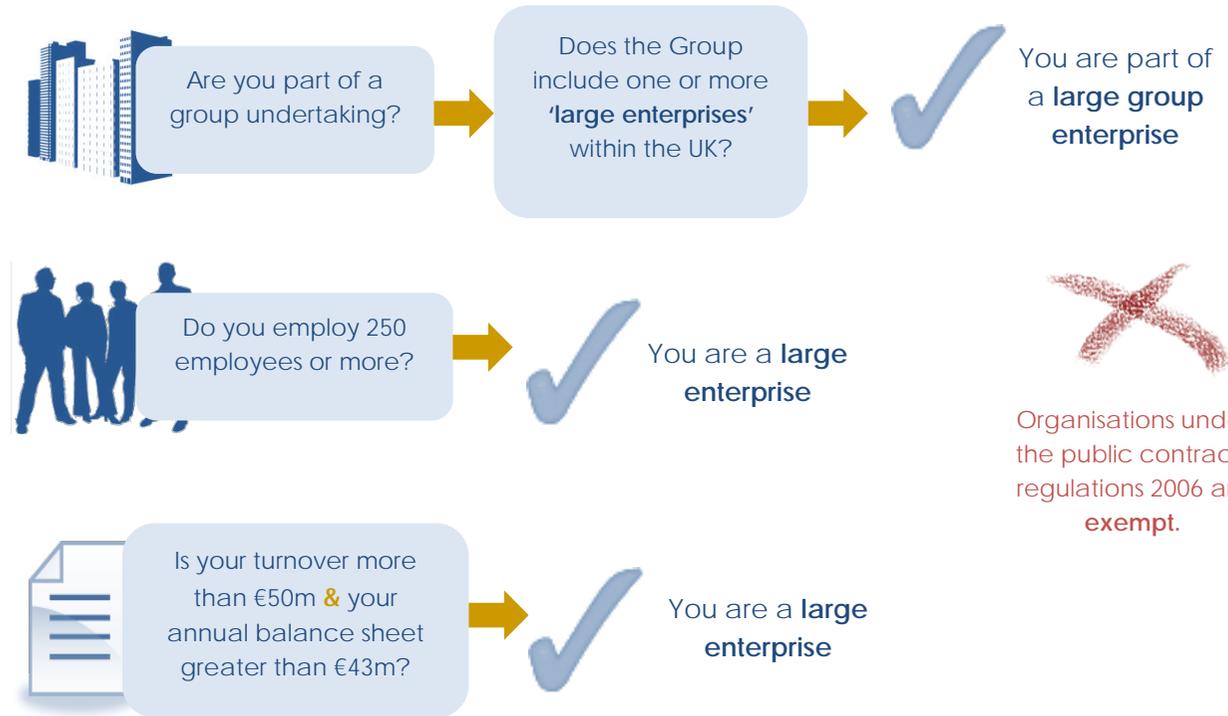
Scheme Qualification

ESOS is targeting large enterprises/undertakings, namely businesses. An undertaking, for the scope of ESOS, includes;

- ✓ Unincorporated associations;
- ✓ Partnerships
- ✓ Not for Profit Organisations engaging in a business or trade;
- ✓ Trusts;
- ✓ Limited Companies and
- ✓ Public Companies
- ✗ **Public Bodies are excluded**

If therefore, your organisation qualifies as a **'Large Undertaking'** you will be required to take part in ESOS. For the purposes of this policy your organisation will fall within the scope if it meets either of the following criteria;

1. Your organisation has 250 or more employees within the UK.
2. Your organisation has fewer than 250 employees, but has;
 - i. An annual turnover exceeding €50 million
 - ii. **and** a balance sheet exceeding €43 million



To fully determine if your organisation falls into the scope of ESOS, you will need to assess your latest annual financial statement (ending on or before the Qualification Date) within the UK, converting your turnover and balance sheet into euros. If the size of your business has fluctuated considerably across the last few years, you will also need to consult older financial statements.

If this is the case, then the undertaking must have met the conditions for being, or not being, a 'large undertaking' for two consecutive accounting periods.

If you are a corporate group with at least one undertaking that meets the above criteria, **all** of your UK operations will be required to participate in ESOS.