

Welcome to the Energy Savings Opportunity Scheme (ESOS) newsletter, keeping you updated with key information relating to the scheme. In this issue:

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Phase 3 Legislation and Guidance Update

On 7 November the [Statutory Instrument](#) (SI) to implement the announced changes for ESOS Phase 3 was laid in Parliament. This secondary legislation includes the previously agreed extension of the compliance date to 5 June 2024 to allow participants more time to comply with the regulations.

The SI comes into force on 29 November 2023 and in addition to extending the compliance date, includes new requirements for Phase 3 compliance on public disclosure of information relating to ESOS audits, production of action plans with annual progress reporting, and a greater standardisation in information collated, as set out in [the July 2022 Government Response](#).

These changes are designed to strengthen and standardise the requirements for ESOS audits and to improve their quality. They are intended to facilitate reductions in energy use and related greenhouse gas emissions and increase energy bills savings in large businesses and their corporate groups across the UK.

Formal guidance relating to additional Phase 3 reporting requirements is provided in the [Comply with the Energy Savings Opportunity Scheme](#) guidance document.

Phase 3 Changes

Changes brought in by the SI enact the following:

Strengthening requirements for audits / standardisation

- Requires participants to audit at least 95% of total energy consumption – this was previously at least 90%.
- Requires responsible undertakings to lay out more detail in respect of the calculation of participants' energy consumption, including energy intensity ratios.
- Requires participants to explain how the site visits that are carried out for energy audits are considered to be representative of energy use covered by the audit.
- Requires all participants to produce an ESOS report, including those using alternative compliance routes such as the ISO 50001 energy management system, and requires specific data to be included. This includes information on energy savings made since the previous compliance date.
- Requires the responsible undertaking to disclose to all members of the corporate group certain relevant information from the ESOS report and relevant supporting information relating to alternative compliance routes.

Improve the quality of ESOS audits

- Specifies information that must be identified in relation to energy saving opportunities, including their costs, benefits and a programme for implementing them.

Require public disclosure of high-level recommendations by participants

- Requires additional information to be notified to the scheme administrator in relation to the participant's energy consumption and other information to support compliance monitoring and enforcement.
- Following the submission of the compliance notification, requires participants, including those relying wholly or partly on alternative compliance routes, to produce and notify an ESOS action plan to the scheme administrator setting out any commitments to implement energy efficiency measures, and requires them to provide annual progress updates against actions they have committed to.
- Requires some of the additional information that is required to be notified to the scheme administrator, as well as action plans and progress updates, to be publicly disclosed.

Other provisions

- Extends the deadline for compliance with phase 3 of ESOS, including extending the dates in relation to most of the supporting data used, to allow participants more time to comply with phase 3 of ESOS, given the change made by these regulations.
- Puts into legislation an exemption from appointing a lead assessor for participants whose energy consumption is less than 40,000 kWh, but adds a requirement for two directors to sign off the compliance notification in this case.
- Sets out responsibilities for the action plan and subsequent progress updates where there are changes to a corporate group.
- Introduces specific requirements where estimates are made under the regulations.
- Applies the legislative changes to relevant trust assets.

If you have any queries in relation to the new requirements for Phase 3 please email Department of Energy Security and Net Zero at businessenergyuse@energysecurity.gov.uk

ESOS Workshops

We intend to hold a series of workshops early in the New Year to cover Phase 3 changes and guidance, as well as the new IT service. We expect these events will be of interest to professional bodies, assessors, participants as well as those representing the interests of the sector more broadly. You can indicate interest in the workshops here; <https://forms.office.com/e/RNf91ZXEsK> more information will be shared in due course.

Contact us

If you have any queries relating to ESOS or if there is anything specific you would like to see in future ESOS newsletters, please email esos@environment-agency.gov.uk or consult the ESOS Guidance.