

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 Qualification and Compliance

The qualification date for Phase 3 is **31st December 2022** with the compliance deadline extended from **5th December 2023** to **5th June 2024**, to ensure there is reasonable time for participants to meet the new requirements and for assessors to carry out assessments. The qualification thresholds and the qualification deadline have not changed. ESOS still applies to all organisations and their corporate groups that were classed as large undertakings on 31 December 2022.

Qualifying organisations are any UK large undertaking that either:

- employs 250 or more people, or
- has an annual turnover in excess of £44 million and an annual balance sheet total in excess of £38 million

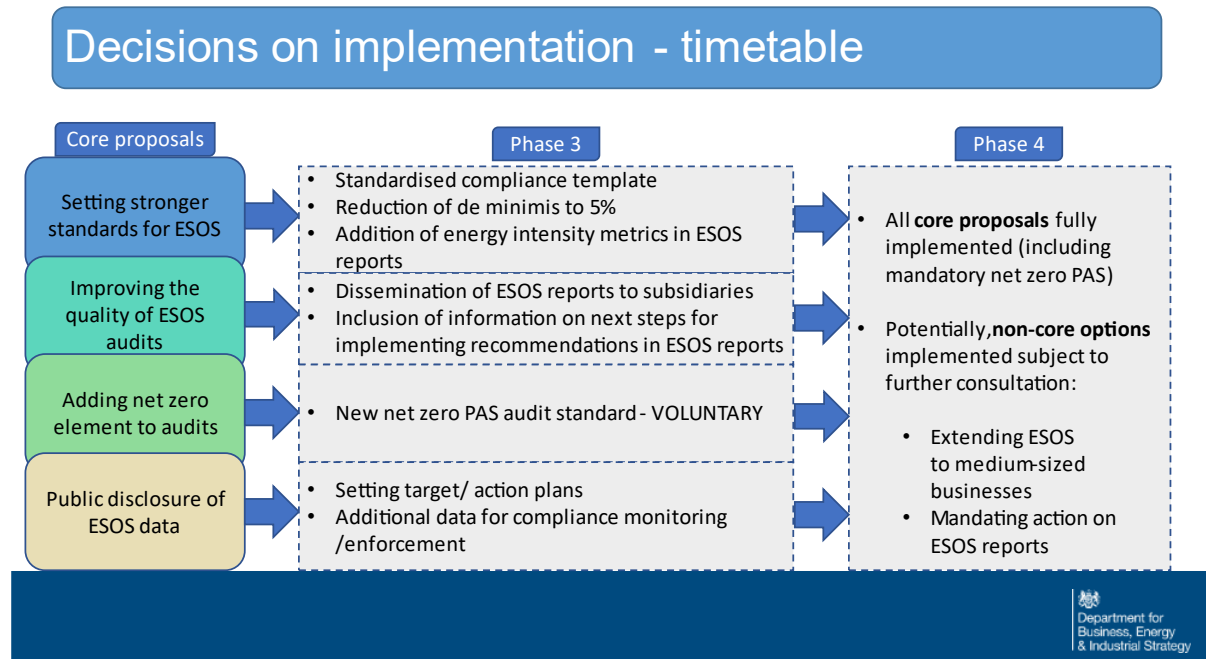
as well as any organisations that are part of a corporate group containing an undertaking that meets these criteria. Where a corporate group participates in ESOS, unless otherwise agreed, the highest UK parent will act as a 'responsible undertaking' and be responsible for ensuring the group as a whole complies.

Businesses that meet the qualification thresholds set out for large undertakings above (or for corporate groups, the 'responsible undertaking' for that group) should therefore calculate their Total Energy Consumption (TEC) across 12 consecutive months for the buildings, industrial processes and transport they are responsible for.

The TEC must include energy consumption on 31 December 2022 and enables businesses to identify the Significant Energy Consumption (SEC) which will be required to be audited.

Once the new legislation comes into force, there will be a change to the de minimis exemption so that participants' Significant Energy Consumption covers at least 95% of their Total Energy Consumption (as compared to 90% in Phase 2).

The graphic below summarises the decisions announced in the [Government Response](#), and how they are proposed to be implemented in Phase 3 and 4, subject to Parliamentary scrutiny and timetable:



Participants are reminded that notifications cannot be submitted until the Phase 3 requirements have been finalised in legislation and the updated IT system, which is currently being developed, has been appropriately tested. The system is likely to be in place by the end of 2023 and will be made available in time to enable participants to meet notification requirements ahead of the extended compliance deadline.

Please contact [businessenergyuse@energysecurity.gov.uk](mailto:businessenergyuse@energysecurity.gov.uk) if you would like to be involved in the initial testing of the new system.

We will communicate further detailed changes to the ESOS scheme as soon as we are able, via our newsletter.

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](mailto:businessenergyuse@energysecurity.gov.uk)

## Notification Template

A table is provided at **Annex A** (attached) setting out the information that will need to be notified to comply with the expected Phase 3 requirements, subject to Parliamentary approval of the legislation. Any specified format for providing the information in the table will be finalised and published once the new ESOS regulations are laid and details will be provided on how to submit the notification on the new digital service currently under development.

## ESOS gov.uk webpage updated

The ESOS page on the gov.uk website [<https://www.gov.uk/guidance/energy-savings-opportunity-scheme-esos>] has been updated. The website provides additional information on the changes that are being made for phase 3 of ESOS. Please note that these pages do not include all aspects of complying with phase 3 of ESOS. More detailed guidance will be provided once the phase 3 requirements have been finalised in legislation.

## 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](mailto:esos@environment-agency.gov.uk) or consult the [ESOS guidance](#).