

Six business benefits of complying with ESOS

Submitted by: Team Energy

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Compliance in any form can be both confusing and time-consuming for many organisations, however, there are significant benefits to be had for complying with schemes that aim to support businesses in taking positive steps towards reducing their carbon footprint.

TEAM Energy's Consultant and Energy Saving Opportunity Scheme (ESOS) Lead Assessor, Tom McLeish, has put together the top six benefits organisations will gain from complying with the scheme.

What is ESOS?

ESOS is a Government-led scheme introduced to incentivise large businesses to embrace energy efficiency initiatives and cut down on the carbon emissions they produce.

Targeted at larger organisations, there are certain requirements businesses need to meet in order to need to comply with the scheme:

- They must be registered or based in the UK or a UK establishment
- Employ 250 people or more, or
- Have an annual turnover greater than £44m, and an annual balance sheet greater than £38m

The ESOS legislation requires organisations that fall into scope to carry out audits every 4 years on their energy usage; looking at their buildings, process, and transport. These audits are accompanied by cost-effective recommendations for how they can reduce their energy usage.

Currently, we are in Phase 3 of the ESOS Scheme; with the deadline recently extended to 5 June 2024, businesses have more time to find the right assessor to audit their operations and produce their ESOS report for submission.

What benefits can businesses gain from their ESOS audits?

1. Become a more energy efficient organisation

In recent years organisations have seen their energy bills increase significantly. An ESOS buildings survey can help you gain an insight into these costs by looking at your buildings, transport, and processes, and measuring your total energy consumption, identifying areas of high consumption, and identifying energy saving opportunities. This will give you more understanding of your energy usage, and an insight into the impact this may have on your energy bills, inspiring you to make changes that will create operational cost savings.

2. Use your ESOS survey reports to inform future business cases

By using the cost-effective energy efficiency recommendations from your ESOS audit, you can inform a business case for establishing energy saving initiatives in your organisation, influencing financial

decisions and key stakeholders to support these initiatives. Under the expected ESOS Phase 4 rules, businesses will be required to show how they have implemented recommendations to improve their energy efficiency in their Phase 4 report, so it is a good idea to plan those costs in.

3. Boosting your business' green credentials

Net Zero is no longer just a buzzword as organisations are experiencing pressure from their employees, stakeholders, and customers to make commitments to net zero and carbon reduction. ESOS is a great place for businesses to start. By understanding the emissions your organisation produces, you will be able to create a tailored net zero strategy, set Science Based Targets, and work towards reducing your carbon emissions. This will also enable you to prepare for Phase 4 of the scheme, which is expected to include a number of net zero reporting requirements, such as emissions reduction planning and risk management.

4. Working with an ESOS Lead Assessor

There are helpful insights to gain from working with an ESOS Lead Assessor, by utilising their knowledge to help you gain a better understanding of your energy data. An ESOS Lead Assessor will support you with a feasibility study and establishing a business case to help you adopt the recommendations set out in your ESOS report and reduce your business's carbon emissions. By working in partnership with your organisation, your lead assessor will help you meet your long-term energy management and net zero goals.

5. Becoming more strategic about energy management

ESOS can provide you with that first stepping stone in learning how to manage your energy strategically across your operations. By gaining insights into your energy use and data, you can start to use the knowledge to manage your consumption, identify areas of waste, and target those areas for reduction. By using the information from your ESOS report to know what you need to prioritise and how to use the right energy for your organisation, you will have more control over your overheads, achieve your Environmental, Social, and Governance (ESG) goals, and meet customer, stakeholder, and employee sustainability expectations.

6. Avoid fines and penalties for non compliance

By ensuring that your business is compliant with ESOS, you will avoid any potential penalties. There have been cases of the Environment Agency (EA) issuing fines of up to £45,000 to businesses that have not completed their reports. It is also worth noting that the EA will follow up with a business that has not complied with ESOS. Avoid any penalties by checking whether you are required to comply.

ESOS Phase 4 is just around the corner

Whilst we are currently still in Phase 3 of the ESOS scheme, it is important to remember that the UK Government consultation has proposed Phase 4 which will include a raft of changes (<https://www.teamenergy.com/consultancy/compliance/energy-savings-opportunity-scheme-esos/phase-4/>) to encourage businesses to implement energy saving recommendations and reduce emissions. Proposals include

changes to the ESOS balance sheet and turnover threshold to align with Streamlined Energy and Carbon Reporting (SECR), bringing more organisations into scope. Phase 4 is also expected to focus more on net zero, with businesses required to include information on how they plan to achieve net zero emissions. However, most of the details about Phase 4 are still waiting to be confirmed.

TEAM understands that complying with Government led schemes can feel like a lot of paperwork, but appointing an ESOS Lead Assessor (<https://www.teamenergy.com/consultancy/compliance/energy-savings-opportunity-scheme-esos/>) well ahead of the deadline to support you with the workload, can mean that you can enjoy the benefits of guaranteeing your compliance.

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Notes to Editors

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About TEAM

TEAM Energy is a leading supplier of carbon and energy management solutions. We specialise in energy management software, energy bureau services and energy consultancy.

TEAM's customers come from the private sectors including retail, transport and banking, and public sectors such as education, government, NHS and the emergency services. Public sector organisations can also benefit from TEAM's services under various pre-tendered government frameworks.