

# 2024 Energy Landscape: Five Things To Look Out For

Submitted by: Team Energy

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As we step into 2024, the UK energy landscape will continue to undergo changes as businesses strive to be more sustainable and energy efficient. From legislative compliance to carbon reduction goals, several key energy and carbon management initiatives are set to shape your business operations. In this blog, TEAM Energy's Head of Consultancy, Timothy Holman, will explore five crucial actions to keep an eye on throughout the year.

## New additions to the Energy Savings Opportunity Scheme (ESOS)

### The Energy Savings Opportunity Scheme

(<https://www.teamenergy.com/consultancy/compliance/energy-savings-opportunity-scheme-esos/>), a pillar in the UK's commitment to energy efficiency, is continuing to evolve. With the publication of the ESOS Phase 3 consultation response, new guidance, and updated legislation, several additions have been made to the scheme. In 2024, businesses will have to comply with the changes in compliance requirements with a sharper focus on identifying and implementing energy saving measures.

If you fall into scope for the scheme, one of the new, additional, mandatory requirements calls for you to submit an annual ESOS Action Plan, the first one being due by 5 December 2024. Additionally, organisations will now be required to report any efficiency savings made, this will be included in the Action Plan which will now be made publicly available. This means you may need to appoint a consultant to complete both your ESOS compliance and assist you with the development of your energy saving Action Plan this year.

### If you are familiar with the Streamlined Energy and Carbon Reporting (SECR) framework

(<https://www.teamenergy.com/consultancy/compliance/streamlined-energy-and-carbon-reporting/>), there are similarities although these new ESOS reports will be much more detailed.

It is also worth noting that despite the delay to the Phase 3 deadline, the compliance period for Phase 4 has officially started, so you will need to start thinking about your building energy audits and data capture for this next Phase too.

Staying abreast of ESOS developments has never been more crucial for organisations aiming to reduce their energy consumption and enhance overall sustainability. These new elements, subject to public scrutiny, make it impossible for organisations to put ESOS to the back burner until the 4-year phase deadline comes back around in 2027. ESOS will now need to be very much a part of an organisation's operations with energy efficiency progress being reported every single year.

## How will COP28 impact 2024?

### At the end of last year UN climate summit, COP28

(<https://www.teamenergy.com/discover/blog/net-zero/cop28-live-blog/>) took centre stage. Providing an international platform for discussions around global climate policies, emission reduction targets and collaborative initiatives, the overriding focus from many governments, campaigners, and lobbyists was on

whether countries could agree to phase out fossil fuels. However, after days of negotiations the final deal called on countries to move away from, rather than phase out, the use of fossil fuels.

With recent licences for North Sea oil and gas extraction, a process that allows us to mitigate the need to “import from abroad with higher embedded emissions than producing at home”, according to the Minister for Energy Security and Net Zero, Graham Stuart, the current response to the COP28 narrative may question whether we, as a nation, are actually on track to meet the 2050 target.

There were also agreements where commitments have been set to double energy-efficiency improvement rates, triple renewables by 2030, as well as to establish new standards to unlock global trade in hydrogen.

It will be interesting to see what progresses over the coming year and whether these different messages have an impact on how businesses contribute to the UK's net zero target.

### Rising energy costs

Volatility around energy prices is set to continue through 2024, we already know that the domestic energy price cap has been raised 5% for this first quarter, significantly impacting energy expenditure for consumers. The impact on businesses will also be felt when renewing contracts as there is no forecasted big reduction in prices in the foreseeable future. High energy prices are here to stay and there will be no Government subsidies to support business this year as in 2022 and 2023, after the final support from the Energy Bills Discount Scheme ends completely after March.

Proactive management of energy consumption will be a key focus for organisations looking to maintain competitiveness and financial resilience. Keep a close eye on energy data and establish good energy efficiency practices, particularly in these winter months, to offset higher energy costs and mitigate against any further insecurity.

How will Carbon Reduction Strategies and GHG reporting change?

ESOS is not the only compliance to be evolving.

Currently, large organisations are required to disclose their Scope 1 and 2 emissions (<https://www.teamenergy.com/consultancy/compliance/greenhouse-gas-reporting-service/scope-emissions/>) under the Streamlined Energy and Carbon Reporting (SECR) framework, but Scope 3 reporting is largely voluntary. Following a consultation that closed at the end of December, which sought views on costs, benefits, and practicalities of increasing Scope 3 greenhouse gas emissions reporting in the UK, we are waiting to see if this will affect how organisations manage SECR.

However, with an increasing emphasis on decarbonisation, it is important for businesses to re-evaluate and strengthen their carbon reduction strategies. It is becoming harder to be part of another business' supply chain due to tighter regulations around selling and buying to certain types of organisations and sectors. The NHS, for example, come April, will be extending their Carbon Reduction Plan (CRP) requirements to cover all new procurements, requiring all suppliers to publish their own carbon plans for Scope 1 and 2 emissions, and a subset of Scope 3 emissions before they can sell into the NHS. Businesses

with a carbon reduction plan and a green procurement policy will not only have more freedom in the value chain but they will be ahead of the game when further regulations come into play.

It's an election year

The next general election must take place before the end of January 2025, so the expectation is that it will be held within the next 12 months. Existing uncertainty and lack of clarity around energy legislation and regulations will prolong frustration amongst business energy professionals. The Prime Minister, Rishi Sunak, promised to “set out the next stage in our ambitious environmental agenda” at COP28 last year, although this seems to have got lost in the discussions.

So, as we step closer to the UK’s mandatory target of becoming net zero by 2050, focus on the knowledge and information that is available to you within your business strategy and operational data instead of waiting for the uncertainty to pass.

In 2024, energy management is not merely a business practice; it is a crucial driver of sustainability and resilience in the face of global challenges and potential change.

Staying informed about legislation, mitigating energy costs through energy efficiency, and building carbon reduction strategies will empower organisations to navigate the evolving energy landscape successfully. A commitment to responsible energy management will not only contribute to reducing environmental pollution but also position your businesses long-term success in an increasingly sustainable world.

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Notes to Editors

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About TEAM

TEAM is the UK’s leading multidisciplinary energy and sustainability consultancy, committed to helping organisations lower their carbon emissions, reduce energy consumption and save money, supporting them in playing their part in the fight against climate change.

Its expert team works alongside its customers to understand their unique challenges and energy management goals whether it’s net zero and carbon reduction, compliance and certificates, or large-scale projects and business strategy.

The organisation's 35-year history of collaborating with energy and sustainability professionals has led to the continuous development of software solutions and service innovations to meet the evolving needs of the market at pace and scale, helping its customers to navigate the challenging energy landscape.