

# ESOS Newsletter

## 2017 Issue 1

June 2017

Welcome to the Energy Savings Opportunity Scheme (ESOS) newsletter, keeping you updated with key information relating to the scheme.  
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## ESOS participants can be auditing for the 2nd compliance period now!

ESOS Phase 2 has started – Carrying out your energy audits.

Are you aware that Phase 2 of ESOS has already started? What does this mean for you? It means that you can start working on your energy audits and identification of energy savings opportunities now.

If you know that you will qualify for Phase 2 there is no reason why you shouldn't start doing your energy assessments now. You will not be able to carry out the assessment of your total energy consumption (TEC) as this has to include the qualification date of 31 December 2018, however where you know that an energy supply will be included in your significant energy consumption (SEC) you can do the audit work on this supply. The audit needs to have at least one year's energy measurement, but this can be from any time between 6 December 2014 and 5 December 2019. The audit can use data that has been collected at any time during this period provided that the audit itself is carried out no later than 24ths months after the data period and the data has not already been used for an audit in Phase 1. Different energy streams can be audited at different times so the workload can be spread better to suit your business needs.

Starting now can:

- Help with planning your energy audits
- Minimise disruption
- Minimise potential problems
- Potentially reduce costs

Further details on what needs auditing and how to do it are available in section 5 of the [ESOS Guidance](#)

## Our investigation and enforcement work of non-compliant organisations

Our records showed that there were around 1,500 organisations (within EA jurisdiction) that might qualify for the scheme, but failed to engage. We have been working hard to investigate these organisations and towards the end of 2016 we accelerated this investigation work. All investigation work is now complete and we have confirmed that around 500 of these organisations do qualify for the scheme. To date we have served over 300 Enforcement Notices to bring these organisations into compliance and will continue to serve Enforcement Notices during the present financial year.

We received notifications from around 1,000 organisations (via our online portal) stating that they do not qualify for the scheme. As part of our investigation work we have assessed over 80% of these organisations to ensure that they have correctly assessed their status. As a result we have identified a number of organisations that have incorrectly assessed themselves as non-qualifying. We will be serving Enforcement Notices on these organisation during this financial year.

Earlier in the compliance period we received around 2,800 notifications from participants advising us that they were going to be late submitting their Compliance Notification. After considerable efforts (targeted emails, outbound

calling exercise and case management resulting in the service of 50 Enforcement Notices) all of these cases are resolved.

We have commenced civil penalty proceedings against a number of non-compliant organisations. The civil penalties we impose will be published on our .Gov webpages.

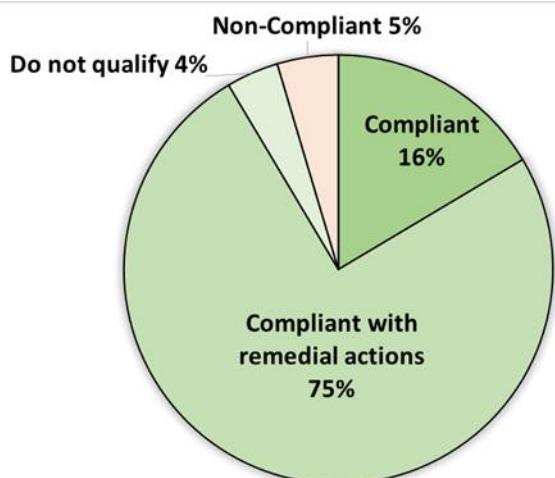
## 2016/17 compliance audit findings

We are auditing ESOS Participants!

Since the compliance deadline we have been working with external contractors to carry out compliance audits of participants ESOS assessments. We have carried out over 200 compliance audits and expect to conduct a further 180 this financial year. The aim of our audits is to ensure that qualifying organisations are complying with the Energy Savings Opportunity Scheme Regulations 2014, with the fringe benefit of assisting qualifying organisations to get the most benefit out their ESOS assessments.

Below is an analysis of the compliance audits conducted during the 2016/17 financial year.

The majority of participants were deemed to be compliant or compliant with remedial actions and indicate a positive level of compliance with the Regulations. However, a small number of participants were classed as non-compliant and were served with an Enforcement Notice requiring them to complete a series of actions to bring their ESOS assessment into compliance. Failure to comply with the conditions of a notice can lead to substantial financial penalties, in line with our [Enforcement and Sanctions Guidance](#).



The tables below show; (top) key areas where remedial actions were identified as being required to be completed by participants and (bottom) areas where our auditors recommended improvements that participants should implement in their future ESOS assessments.

Areas where remedial actions were identified
Organisational Structure
Total Energy Consumption (TEC) data records
TEC reference period
Calculations to support estimates (TEC and audits)
Conversion factors
Errors in TEC & Significant Energy Consumption (SEC)
ESOS energy audit data records
Sampling approach
ESOS energy audit analysis
Identification of energy saving opportunities
Cost benefit analysis
Extrapolation of energy savings to non visited sites
Alternative compliance route certification
Lead Assessor sign off
Board Director sign off

Other areas where recommendations were given
Location/accessibility of evidence pack
Structure of evidence pack
Qualification assessment record
Data collection and recording (especially transport)
Bench marking
Landlord/tenant supplies
Energy Profiling favoured for audit analysis
Life Cycle Cost analysis favoured over Simple Pay Back
Individual appraisal of energy savings opportunities
Criteria for 'cost effective' energy savings opportunities
Ranking of energy saving opportunities
Maintaining Primary and Secondary Contact details

Compliance audits are currently ongoing! All participants should be prepared for audit and ensure that they keep and maintain evidence to show how they have complied with the scheme in accordance with Section 8.4 of our [ESOS Guidance Document](#).

## Link to the current published data (as of 31 January 2017)

The current published data (as of 31 January 2017) can be found [here](#)