

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

- ➔ Findings from Compliance Audits
- ➔ Phase 2 Qualification and Compliance
- ➔ For awareness, update on amendments to the Environmental Permitting Regulations.

ESOS Compliance Audit 2017/18

Since the 2016/17 audit review we have continued with a programme of auditing ESOS participants and completed 176 audits during the 2017/18 financial year. The audits help identify new and repeated non-compliance issues enabling us to help you to comply.

Figure 1. shows the audits broken down by outcome. The participants audited were selected after applying a risk matrix to the information they supplied at notification. Compliant participants increased to 21% against the previous year's total of 16%. Compliant with remedial actions was 55% down from 75%. The 11% 'do not qualify' can be attributed to participants entering insolvency.

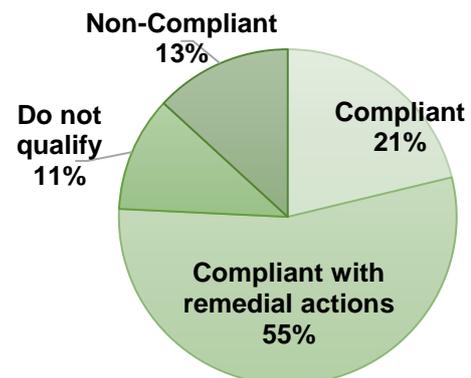


Figure 1. 2017/18 audits by grade

Audit Findings

The main areas where issues were identified during the 2017/18 audits and subsequent classification of non-compliance and remedial action are shown below. These have largely remained the same over the past 3 years.

Some Areas where non-compliances were identified
ESOS Energy Audits did not meet minimum criteria stated in Regulations/Guidance
Lead Assessor and or Board Director Sign off missing
Sampling Approach not representative of Significant Energy Consumption (SEC)
Moved Premises between qual. & comp. date so thought no need for energy audits
Process energy consumption omitted
Omitted transport consumption when a significant part of Total Energy Consumption (TEC)

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

Audit Risk Indicators

The factors we use to conduct a risk assessment to identify participants for audit has not changed as a result of the audit findings.

Phase 2 Qualification and Compliance

Participants that expect to qualify for Phase 2 should be well underway with their Energy Audit Program in order to comply by the 5th December 2019:

What you can do now	What you cannot do yet
 <p>Carry out ESOS energy audits for the supplies you intend to include in your Significant Energy Consumption. Audits must include at least one year's energy measurement, from any time between 6 December 2014 and 5 December 2019. The audit can use data collected at any time during this period provided the audit is carried out no later than 24 months after the data period and the data was not used for an audit in Phase 1. Different energy streams can be audited at different times so the workload can be spread to suit your business needs.</p>	<p> Definitively determine your qualification status – this is based on your financial accounts for the financial year ending on the qualification date of 31 December 2018. If your accounts are completed in the 12 months immediately preceding, 31 December 2018 you can determine if you qualify based on those accounts.</p> <p> Calculate your Total Energy Consumption (TEC) – this is based on your selected reference period which must include the qualification date of 31 December 2018 and end before 5 December 2019.</p> <p> Definitively select your Areas of Significant Energy Consumption – you may have a good idea of what supplies you wish to capture in your energy audits, but at present you will not know the exact percentage of your TEC that these cover.</p>

For awareness: Amendments to Environmental Permitting Regulations – new controls for Medium Combustion Plants and Specified Generators

Our team is currently supporting the implementation of new regulations applying to Medium Combustion Plants and Specified Generators as introduced by the Environmental Permitting (England and Wales) (Amendment) Regulations 2018 SI 110. Please find attached a briefing note providing further information on activities that may be covered:

If you have any queries relating to ESOS Phase 2, please email esos@environment-agency.gov.uk