

ESOS Phase 3

The submission deadline for ESOS phase 3 is December 5 2023. Although this date seems like it's a long time away, now is the ideal time to start preparing

DOES MY ORGANISATION QUALIFY FOR ESOS PHASE 3?

Organisations who must comply with ESOS Phase 3 need to meet one of the following criteria:

- › Companies who employ 250 people or more
- › Have a turnover of £44m and an annual balance sheet of £38m
- › Are part of an organisation that falls into the above.

For a large organisation with sub-companies, the parent company is the one that is responsible for complying with ESOS.

WHAT IS ESOS PHASE 3?

ESOS is a mandatory energy assessment scheme for large organisations in the UK, encouraging companies to measure and report on their energy use and efficiency, as well as identify opportunities to save energy.

WHO OVERSEES ESOS PHASE 3?

The Environmental Agency (EA) is the body responsible for overseeing this directive and they are actively ensuring that companies are complying. Natural Resources Wales, Northern Ireland Environment Agency and Scottish Environment Protection Agency serve as the administrators for each of the respective countries in the UK.

WHY DOES ESOS REGULARLY UPDATE?

ESOS was originally implemented in order to support businesses in overcoming information barriers that prevent them from investing in energy efficient measures. This is why organisations eligible for ESOS are required to carry out an energy audit every four years in line with each new phase.

HOW IS ESOS PHASE 3 DIFFERENT TO ESOS PHASE 2?

The "de minimis" threshold has been reduced from 10% to 5%. This may mean that additional parts of your consumption may now need to be audited. As an example, we have worked with clients whose transport usage was above 5% but less than 10% in Phase 2, so their transport did not require a detailed audit. Whereas now they would be required to do a full transport audit.

Each Phase 3 audit must now include an energy intensity metric to show participants how they are performing. The metrics will be kWh/m² for buildings, kWh/unit output for industry and kWh/mile travelled for transport.

The government's ESOS scheme is now in phase 3. Phases run every four years, with the deadline for ESOS phase 2 compliance having passed on 5 December 2019.

All eligible UK businesses have until 5 December 2023 to comply with ESOS phase 3. The Environment Agency must be notified by a set deadline to ensure that the organisation has complied with their ESOS obligations, which is included below:

KEY DATES FOR ESOS PHASE 3:

- › ESOS phase 3 runs from 6 December 2019 until 5 December 2023
- › Qualification date – 31 December 2022 (when a company must assess whether they are obligated)
- › Compliance date – 5 December 2023 (by which date an organisation must be compliant).

ESOS – WHAT'S NEXT?

After phase 1 & 2, the EA have undertaken many audits on the ESOS submissions and have issued a significant number of fines due to organisations either not submitting on time or due to the submissions being non-compliant. For instance, 1,500 companies failed to comply during the first phase of ESOS, with 300 enforcement notices issued in total.

One of the main issues that arose from ESOS Phase 1 & 2 is the poor data that organisations hold regarding the energy they are responsible for. The ESOS audit is required to cover all the fuel/energy that is purchased within the business, and this is split into three sectors:

- › **Building**
- › **Transport**
- › **Manufacture.**

While the final deadline for compliance seems a while away, now is the time to start preparing so that the energy bills are ready for phase 3.

HOW CAN SOCOTEC HELP?

With a wealth of experience in energy efficiency and a strong track record in delivering carbon consultancy, energy management, audits and ESOS assessments. Our lead assessors can deliver, oversee and approve your business' audits to ensure you meet compliance with confidence.

As well as developing a compliance plan which fully conforms with ESOS requirements, we will identify appropriate milestones to ensure you meet compliance by 5 December 2023. We also offer an ESOS lead assessor consultation to identify the most appropriate compliance strategy for your business.

[Click here](#) to find out more.