



# ESOS PHASE 3

WHAT YOU NEED TO KNOW





## What is ESOS?

The Energy Savings Opportunity Scheme (ESOS) is a mandatory government reporting scheme that applies to large UK companies in an aim to boost the energy efficiency of UK businesses across their buildings, transport and processes. Any qualifying business that meets certain thresholds must audit a proportion of their energy usage to help identify cost-effective ways to cut consumption.

The scheme runs in four-year phases and we are currently in phase 3 with a new extended **deadline date of June 5th 2024**. This extension gives more time for organisations to deal with the added reporting complexity of this phase. But here is how you can get ready and how Knight Frank can help.



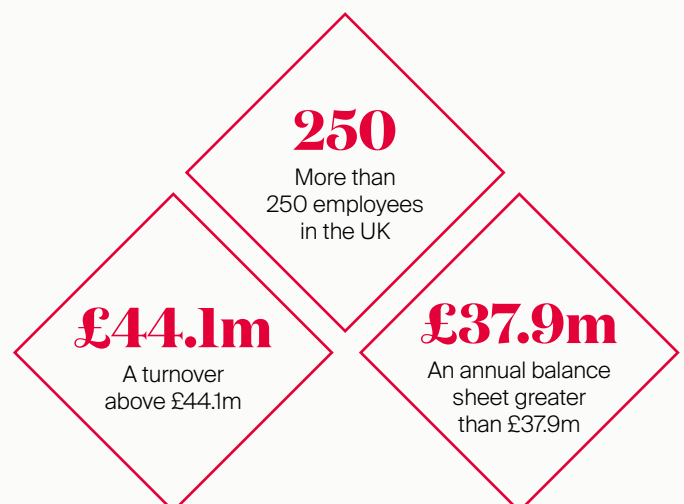
“ ESOS applies to large UK companies in an aim to boost the energy efficiency of UK business across their buildings, transport and processes. ”

## What is the ESOS Phase 3 qualification criteria and does ESOS impact my organisation?

ESOS applies to companies in the UK that meet the qualification criteria on 31st December 2022. Your company will need to comply if you have:

- Employs 250 people or more
- A turnover exceeding £44.1m AND a balance sheet exceeding £37.9m
- Your company is part of a larger organisation, which falls into any of the above

Whole corporate groups also qualify if at least one UK group company meets these measures.



## So, my company qualifies, what do I do now?

ESOS is a multi-staged assessment - from measuring energy use to Environment Agency reporting and record-keeping. Working with Knight Frank as a trusted ESOS advisor with an in-house Lead Assessor can help navigate the process and ensure your submission fully complies with ESOS guidance.

Throughout an ESOS review we will help you collate data for your building, transport, and process energy use, analysing the data and reviewing your portfolio. We will carry out your building(s) energy survey(s), produce the ESOS survey report(s) and ensure you can maximise the benefits of the scheme through conducting the ESOS review, verification and sign off.

## From compliance to net zero

The requirements of ESOS phase 3 have been strengthened following a public consultation from the Government. The response has been measured to minimise the impact on phase 3 compliance with more wide-reaching changes expected for phase 4. One of the main changes includes recommending that net zero is included in phase 3 before it becomes mandatory in later phases.

Ambitious companies should look to use their ESOS phase 3 application to begin their net zero journey and use it as a stepping-stone for larger net zero strategies and goals.

While there is a cost to compliance, smarter businesses recognise that ESOS presents an opportunity to deliver an impact of far greater magnitude by moving beyond a basic response to ESOS compliance.

## What are the penalties for not complying with ESOS?

Across five ESOS associated key regulations, there can be significant penalties for not correctly complying with ESOS and they can increase overtime.

- Reg 43 - Failure to notify the Environment Agency, for example, can lead to an initial fixed penalty of up to £5,000 and a daily fine of up to £500 for each working day of non-compliance up to 80 days
- Reg 44 - Failure to maintain records can lead to a fixed penalty of up to £5,000 and further compliance related remedial implications
- Reg 45 - Failure to undertake an energy audit can lead to an initial fixed penalty of up to £5,000 and a daily fine of up to £500 for each working day of non-compliance up to 80 days
- Reg 46 - Making a false or misleading statement can lead to an initial fixed penalty of up to £5,000 and a daily fine of up to £500 for each working day of non-compliance up to 80 days could lead to fees of up to £50,000
- Reg 47 - Making a false or misleading statement could lead to fees of up to £50,000

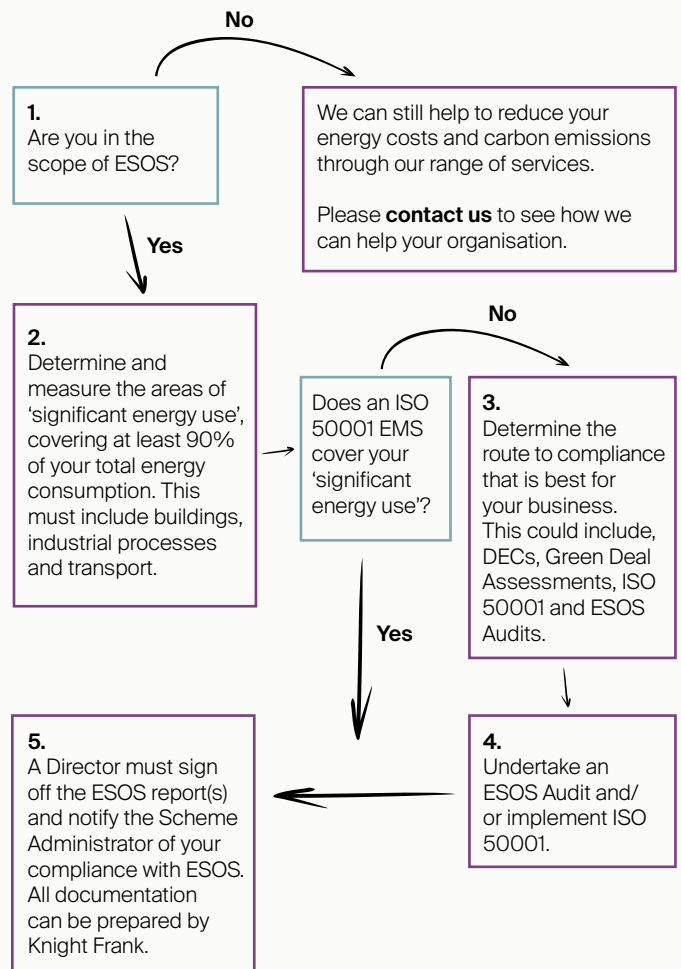


## How can Knight Frank help?

Knight Frank can provide a full ESOS compliance service including:

- Advice upon the legislation and its implications for your business
- Assess company and energy data to determine your ESOS requirements including portfolio benchmarking and potential ESOS scope of works
- Produce a bespoke ESOS schedule of works including asset specific ESOS level energy audits, transport reviews and process reviews to identify cost-effective ways to cut consumption
- Asset specific ESOS level energy audits will include investment grade interventions with estimated carbon and financial savings
- Move beyond compliance by tailoring the energy audits and reports to target high risk assets as part of a net zero pathway
- Compile your corporate summary report and evidence pack with identified energy and carbon savings across a portfolio and present to board level members for sign off
- Submit notification of ESOS compliance to the Environment Agency
- **Extended deadline date of 5th June 2024**

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### To find out more visit:

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