



Department for  
Business, Energy  
& Industrial Strategy

# Strengthening the Energy Savings Opportunity Scheme (ESOS): Government Response

July 2022



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# Introduction

From 6 July to 28 September 2021, the Department for Business, Energy and Industrial Strategy (BEIS) consulted on proposals to strengthen and improve the Energy Savings Opportunity Scheme (ESOS)<sup>1</sup>. The aims of improving the scheme are as follows:

- To increase the number of ESOS participants that take action to reduce energy use by raising the quality of their ESOS audit
- To increase the carbon and cost savings from ESOS by increasing the number and scope of ESOS recommendations taken up by participants
- To ensure that ESOS recommendations are consistent with the UK's net zero commitments

The consultation sought views on four core options, which were improving the quality of ESOS audits by strengthening the minimum requirements and making ESOS audits more standardised, looking at the role of lead assessors and professional bodies, considering how ESOS can address the net zero challenge, and introducing public disclosure of ESOS data to increase uptake of ESOS recommendations. In addition to these core proposals, the consultation sought additional views on potential non-core options to extend the scope of ESOS participants and to encourage the uptake of ESOS recommendations through various means, including the possibility of mandating action.

These proposals built on findings of the ESOS Post-Implementation Review (PIR)<sup>2</sup> and the external evaluations of the scheme<sup>3</sup>, published in February 2020. These studies found that although ESOS had been largely successful in meeting its original policy objectives, there were several areas where ESOS could be strengthened and improved to deliver significant cost-effective energy saving potential. Maximising the savings from ESOS is particularly important given the changes to the policy landscape since ESOS was introduced, including legislation to require net zero by 2050. Energy efficiency has a key role to play for the UK in meeting this target and ambitious interim carbon budgets, as unlike some other technologies that will be needed to drive decarbonisation in the future, energy efficiency measures are already well-established and proven methods that are cost-effective for businesses to deploy.

A summary of all the consultation proposals can be found below:

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<sup>1</sup> <https://www.gov.uk/guidance/energy-savings-opportunity-scheme-esos>

<sup>2</sup> [https://www.legislation.gov.uk/ukxi/2014/1643/pdfs/ukxi0d\\_20141643\\_en.pdf](https://www.legislation.gov.uk/ukxi/2014/1643/pdfs/ukxi0d_20141643_en.pdf)

<sup>3</sup>The first evaluation was an interim process and early impact evaluation of ESOS which took place from 2015 to 2017. The aim of this project was to design and collect baseline evidence for a future longer term impact evaluation, and to provide early input on the ESOS process. This fed into the second piece of work, a theory-based impact evaluation of energy audits and reporting, with a specific emphasis on ESOS. This evaluation was divided into various work strands and delivered across two phases. Phase 1 took place from 2017-2018 and Phase 2 from 2018-2019.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/867853/research-on-energy-audits-and-reporting-including-ESOS-phase-1-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/867853/research-on-energy-audits-and-reporting-including-ESOS-phase-1-report.pdf)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/887138/energy-audits-reporting-research-esos-phase-2-main-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887138/energy-audits-reporting-research-esos-phase-2-main-report.pdf)

**Chapter 1: Setting stronger standards for ESOS** looked at how the standard and quality of ESOS audits could be improved by strengthening the requirements for audits and making them more standardised. This included the following proposals:

- Require more standardisation of information provided in reports and auditing methods used
- Tighten requirements around site sampling, use of de minimis exemptions and use of energy data
- Include metrics that allow participants to better judge their energy performance
- Include more information about the performance of participants in relation to energy management and behaviour change, and how this can be improved

**Chapter 2: Further changes to improve ESOS report quality** addressed further ways that the quality of ESOS reports could be improved:

- Ensuring that all assessors are appropriately trained and monitored so that they continue to meet the required standards
- Ensuring that organisations can identify when specialist assessor advice is needed and are able to find assessors with that expertise
- Addressing issues arising from the 4-yearly cycle of ESOS in producing peaks and troughs in the ESOS assessor market
- Considering how ESOS audits could be more effective in encouraging the uptake of recommendations

**Chapter 3: ESOS and net zero** sought views on how ESOS can address the net zero challenge by including an assessment of participating businesses' greenhouse gas emissions in addition to their energy use, along with the potential for decarbonisation.

**Chapter 4: Reporting and disclosure** considered how public disclosure of ESOS data could increase the uptake of ESOS recommendations by participating businesses and make compliance more transparent. The chapter also addressed how public disclosure would work with Streamlined Energy and Carbon Reporting (SECR).

**Chapter 5: Widening participation in ESOS** sought views on three proposed options for extending the scheme to Medium-Sized Enterprises, which would extend the benefits of the scheme to a greater number of UK businesses. Specifically, this chapter considered the merits of extending the scheme to:

- All MEs;
- MEs whose energy consumption falls above a specific energy threshold; or
- All industrial MEs.

**Chapter 6: Stimulating action based on ESOS reports** looked at the scope for encouraging uptake of ESOS recommendations through various means, including the possibility of mandating action, to ensure that participating businesses take up their energy efficiency recommendations.

While there was generally a good level of support for the proposed core options, we have taken the decision to introduce only a relatively limited number of them in Phase 3, and to delay until Phase 4 those that would have the most significant impact on the site audits that have already started or been commissioned. This means that ESOS participants will not be required to make significant changes to energy audits already carried out for this phase, but some organisations may be required to audit additional sites, as we are intending to reduce the de minimis for Phase 3 to no more than 5% of total energy consumption (TEC), and this cannot be calculated until January 2023 at the earliest. We will also introduce additional mandatory reporting to the Scheme Administrator (the Environment Agency) in Phase 3. All of the changes will be subject to parliamentary scrutiny and scheduling, and when introducing legislation we will consider the need for adequate time to allow organisations to comply with the new requirements, and to ensure all participants can meet the same raised standards. We are also working with the British Standards Institute on an updated Publicly Available Specification (PAS) for ESOS lead assessors and a new standard on net zero audits which are expected to be finalised early in 2023 to support participants. This will allow net zero audits to be included on a voluntary basis before they become mandatory in Phase 4. The changes proposed regarding mandatory implementation of recommendations and extending the scheme beyond large undertakings and their corporate groups will be considered for future phases subject to a further consultation.

# Conducting the consultation exercise

BEIS conducted a 12-week formal consultation, running from 6 July to 28 September 2021. The consultation was published online. During this period respondents to the consultation were able to provide feedback to a dedicated inbox ([businessenergyuse@beis.gov.uk](mailto:businessenergyuse@beis.gov.uk)) or via a Citizen Space webpage. We received 89 formal responses to the consultation from a wide range of stakeholders, including ESOS participants, lead assessors, professional bodies, energy consultants, trade associations, and sector representatives. A summary of feedback and our responses to that feedback can be found in the following section of this document.

During the consultation period, BEIS conducted a range of stakeholder engagement activities on the formal consultation, including:

- On 22 July and 8 September 2021, BEIS held public webinars. These online events aimed to offer stakeholders the opportunity to hear more about the proposals set out in the consultation. The events were also intended to raise awareness about the publication of the formal consultation and aimed to give stakeholders the opportunity to pose questions to BEIS on the proposals set out in the consultation.
- In addition to this, BEIS held stakeholder engagement events with the Energy Managers Association (EMA), the Institute of Environmental Management and Assessment (IEMA), the Major Energy Users' Council (MEUC), and the UK Emissions Trading Group (ETG) among others. At these events, representatives from BEIS presented on the proposals set out in the consultation and took questions from industry representatives and other stakeholders.

## Responses received to the consultation

In the Government response sections, 'we' refers to the UK Government.

We received a total of 89 formal responses to the consultation; 52 responded online and 37 by email. These were from a wide range of stakeholders, including: ESOS participants, lead assessors, trade and sector associations, professional bodies, and consultants.

Not all respondents answered every question. Respondents who did not explicitly express their agreement or disagreement to a specific proposal, were categorised as 'unclear'. All responses received were analysed as part of the process of summarising responses to the consultation.

A summary of all responses can be found in Annex A.

# Government response

## Setting stronger standards for ESOS

### **1. What is a fair and proportionate way of dealing with the small number of ESOS site audits which may have already been carried out under the existing audit requirements if we make subsequent changes to the Phase 3 compliance requirements?**

**Summary of feedback:** The majority of responses to this question indicated that audits carried out before the proposed changes to Phase 3 are implemented should be accepted as long as the energy assessments met the existing minimum standards. Some respondents also suggested requiring that participants provide a date of completion as proof that the ESOS assessment was carried out before the changes to Phase 3 compliance were introduced. Those who suggested this approach argued that to not do so could disincentivise early action from ESOS participants in future phases. There was no indication in the responses of what proportion of respondents had carried out significant audit activity before the publication of the consultation, although a small number of responses indicated there had been some activity.

**Government response:** The Government is concerned to ensure that all ESOS participants are required to meet the same legal requirements, regardless of when work is carried out. This is both to ensure fairness, where all participants will be required to meet the same standards, and for ease of administration and compliance checking, which would be considerably more complicated if some participants, including those that might be part of the same ultimate parent group notification, were able to meet different standards.

We have therefore taken the approach to delay until Phase 4 of the scheme any of the proposed changes which would significantly affect site visits already carried out. We do however intend to implement changes which may require some additional site visits (due to changes to the de minimis threshold) or alter the requirements for the ESOS report (as set out in response to question 2 below) or information reported to the Environment Agency in Phase 3. This would be subject to obtaining the necessary legal powers in advance of the Phase 3 compliance deadline. Whilst this may require some ESOS audit reports to be redrafted to meet revised requirements, we do not expect this to be a significant undertaking.

We expect to provide guidance to allow adequate time for implementation of any new requirements coming into force for Phase 3, subject to the timing of parliamentary scrutiny.

### **2. Do you agree with the general principle of making ESOS reporting more standardised, as set out above? Are there any aspects of this proposal you have concerns with?**

**Summary of feedback:** Respondents to this question were strongly supportive of the general principle of making ESOS more standardised in order to improve audit quality. Of the 84 responses received to this question, 63 agreed with making ESOS reporting more standardised.

It was broadly agreed that standardisation of some elements of ESOS reports would be beneficial, as standardisation could help improve audit quality. However, there were concerns over whether the proposed method was the right approach. The consultation sought views on the inclusion of a template for an 'ESOS compliance report' which could be used to capture some standardised details that should be included in all ESOS reports. There were concerns that a 'one size fits all' approach would be difficult to implement due to the wide variety of industries and organisations within ESOS. Several participants agreed that it was important to ensure that the correct elements are included in ESOS reports but expressed the view that ESOS reports themselves should not be standardised as this could lead to organisations receiving less tailored recommendations.

**Government response:** Given the level of support for the proposal to make reporting more standardised we will require for Phase 3 that some standardised details are captured in all ESOS reports, as set out in the consultation, including:

- Organisational details including corporate group structure, highest UK parent (and overseas where appropriate), Companies House registration numbers for the entities in the group and Standard Industrial Classification (SIC) codes.
- Reason for qualification in ESOS – based on employee numbers, turnover, balance sheet or inclusion in corporate group.
- Route(s) to ESOS compliance used.
- ESOS lead assessor details and details of all other personnel involved in conducting site visits and/or completing the report.
- Total Energy Consumption, Significant Energy Consumption and any de minimis exclusions.
- If ISO 50001 certification is used, an explanation of how certification scope matches (or otherwise) the scope required by the Significant Energy Consumption.
- Use of 12 months energy data, estimates and energy profiling for ESOS compliance.
- Number of sites, site sampling method used and rationale for this method.
- Brief summary of the main audit findings (e.g. total savings identified) and actions taken since any previous audit.
- Confirmation that board member signing off is an Executive Director for the highest UK parent, as registered with Companies House.

We will work with stakeholders to develop the final template for a summary report to give an outcome that balances the benefits of consistent disclosures against the calls from stakeholders for some flexibility, given the range of different types of and sizes of organisations within ESOS. We will provide the template in sufficient time to allow participants to make the necessary changes to reporting.

### **3. Do you agree with a change to the de minimis exemption to up to 5% of total energy?**

**Summary of feedback:** Out of 80 responses, 45 respondents agreed with this proposal. Across all respondent types, it was considered by those that agreed with the proposals that changing the de minimis exemption to 5% of total energy consumption from the current 10% exemption would allow organisations to identify further ways to reduce energy consumption and would encourage greater coverage of the scheme and improve data quality. The primary concern of those who were not in agreement with this proposal was the additional resources that would be required by participants to meet this requirement.

**Government response:** In response to the broad support for this proposal we intend to change the de minimis exemption to up to 5% of total energy consumption, subject to the necessary parliamentary approval. This approach allows participants to realise more significant energy saving benefits from areas of the organisation that may not previously have been considered, but without placing disproportionate costs on participants.

### **4. Do you agree an energy consumption threshold should be added for individual groups, sites, process or fuel types? Is 40MWh appropriate or is there a more appropriate threshold?**

**Summary of feedback:** Of the 71 responses to this question, 35 agreed that an energy consumption threshold should be added for individual groups, sites, processes, or fuel types, while 20 respondents disagreed with this proposal. 16 respondents stated that 40MWh was an appropriate threshold. Those who suggested alternative thresholds stated that it should be set to around 200MWh for a group site and 45MWh for an individual site, but there was a lack of overall agreement across respondent types on a more appropriate threshold than 40MWh. Respondents who did not agree with the proposal expressed the view that the threshold would add further complexity and that the percentage-based de minimis exemption was adequate without this. Some ESOS participants and trade associations who disagreed with the proposal viewed the inclusion of a threshold as inappropriate and unnecessary.

**Government response:** Responses to this proposal indicated a good level of support for the addition of an absolute annual energy consumption threshold to the de minimis exemption. In light of this, we will consider the introduction of a consumption threshold for any individual group, site, process or fuel type to be excluded within the de minimis exemption from Phase 4 onwards. Given that there was no overall agreement on an appropriate threshold we will consider how best to approach this to ensure that any absolute energy consumption threshold is proportionate. We will provide good practice guidance for Phase 3 on suggested thresholds, but these will not be mandatory.

### **5. Do you agree with the site sampling methodology proposed above?**

**Summary of feedback:** We received 75 responses to this question. 36 agreed with the proposal to make the requirements around site sampling methods clearer and introduce a minimum threshold for both the number of sites sampled and the percentage of total energy consumption sampled. The consultation also proposed requiring all sites (except those covered by the de minimis exemption) to have been audited within a set period, for example

alternate ESOS phases, in order to avoid a significant proportion of an organisation's energy consumption never being audited.

20 respondents did not agree with the proposal, with the majority of remaining respondents stating that they did not know. There were concerns that the proposed methodology lacked clarity and needed to provide a definition of what would be considered a 'site'. A number of respondents suggested the proposal would result in an increase in audit costs and stated that the existing sampling methodology was adequate. Those who supported the proposal expressed the view that it was much fairer, retained flexibility and would increase validity of ESOS audits.

**Government response:** Given the broad support for this proposal we will be making the requirements around site sampling clearer, including providing clearer guidance on recommended minimum sampling levels for both the number of sites sampled and the percentage of total energy consumption sampled. Alongside improving the guidance, we will consider introducing these requirements into the ESOS regulations from Phase 4 onwards in order to improve and provide clarity on the approach to sampling.

**6. Do you agree that ESOS reports should include an analysis of half-hourly data where this data is readily available? What steps could Government take to support this?**

**Summary of feedback:** Of 77 responses received to this question, 60 agreed with the proposal that ESOS reports should include analysis of half-hourly data where it is readily available. Respondents suggested that the Government should provide participants with more guidance and support to access their half-hourly energy use data, including raising awareness of the benefits of half-hourly data analysis.

Several respondents highlighted existing barriers to accessing this data, including the challenges faced by the energy industry in accessing data from energy suppliers, such as the costs associated with requesting the data. This led several respondents across sectors to suggest that the Government should make it a requirement for energy suppliers to provide free half-hourly energy use data to their non-domestic customers, with respondents identifying overlaps with BEIS's recent consultation on "maximising non-domestic smart meter consumer benefits, improving the data offer and enabling innovation".

Some respondents suggested that this objective could be supported by encouraging and incentivising the installation of smart meters. However, it was highlighted that the smart metering rollout in Great Britain does not apply to Northern Ireland.

Of those that disagreed with the question, themes related to concerns around the additional resource and complexity required to build half-hourly data into reports.

**Government response:** Half-hourly energy use data from smart meters will allow ESOS assessors to effectively identify inefficiencies in energy use, including assessing whether baseload energy consumption when a site is not operating is within expected bounds.

The Government published a response on 1 June 2022 to its consultation on “Maximising non-domestic smart meter consumer benefits, improving the data offer and enabling innovation”<sup>4</sup>. This confirms that, subject to parliamentary scrutiny, from 1st December 2022 all non-domestic organisations of any size with smart meters (“SMETS” meters that meet the Smart Metering Equipment Technical Specifications or Advanced Meters) will be able to request free access to up to 12 months of their historic half-hourly (electricity) or hourly (gas) energy use data from their energy supplier, or nominate a third party to do so on their behalf. Energy suppliers will have to set out in their processes and procedures any information required to accede to the data access request and provide contact details for managing the request. They will also have ten working days to respond to such requests, subject to other requirements (such as in relation to data privacy) being met. Energy suppliers will also be required to raise non-domestic consumer awareness of the ways in which they can access their smart meter energy use data for free, and where relevant, the benefits of accessing that data.

Overall, these policy changes mean that ESOS participants and assessors (when acting with consent of the non-domestic customer), can more readily access half-hourly energy use data to inform energy efficiency audits, maximising the benefits of smart meter data. We will update ESOS guidance to reflect these changes once they take effect. We will also consider in due course whether any further steps could be taken to strengthen links between half-hourly energy use data and ESOS reports.

#### **7. Do you agree with the proposal to require that ESOS reports use an existing auditing standard such as ISO 50002 or EN 16247?**

**Summary of feedback:** 53 out of 76 respondents agreed with introducing a requirement that ESOS reports use an existing standard such as ISO 50002 or EN 16247. 8 respondents disagreed with this proposal. Many respondents stated that they already followed these standards or would be happy to use them in future ESOS audits. This proposal was broadly welcomed and viewed as being beneficial to ESOS reporting.

**Government response:** Due to the high level of support for this proposal we will introduce a requirement that ESOS reports use an existing auditing standard such as ISO 50002 or EN 16247 from Phase 4 onwards. We consider that a checklist should be included at the end of an ESOS report to show that each element of the auditing standard has been covered. The ESOS guidance will be updated prior to the start of Phase 4 to reflect this requirement. Current ESOS guidance already suggests using these auditing standards as good practice and we will consider whether further clarification will be helpful in the updated Phase 3 guidance.

#### **8. Do you agree with the proposals set out here to improve the information provided to participants on ESOS recommendations and how they are performing against an energy intensity metric?**

**Summary of feedback:** 52 out of 79 respondents agreed with the proposal to improve the information provided to participants on ESOS recommendations and how they are performing

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<sup>4</sup> <https://www.gov.uk/government/consultations/maximising-non-domestic-smart-meter-consumer-benefits-improving-the-data-offer-and-enabling-innovation>

against an energy intensity metric such as kWh/m<sup>2</sup> for buildings or kWh per unit output for industrial processes. For some respondents, support for this proposal was dependent on the type of metric used. Some respondents stated that if accurate benchmarks could be sourced, then regularly updated industry/ process specific intensity metrics should be made available. There were suggestions that the common drivers for the metric needed to have validity and comparability. It was also considered that introducing a metric could help companies benchmark themselves internally and externally year on year as well as against similar companies. Some respondents who agreed with the proposal noted that it would mean collecting the relevant data for each year of the phase and could increase workload and therefore impact the cost of compliance.

Those who disagreed with the proposal cautioned that any consideration of energy intensity metrics would need to avoid the disclosure of commercially sensitive information. It was stated by some respondents that comparison of individual sites would not take into account differing energy demands inherent in different processes. It was also stated that information on metrics can be difficult to obtain as not all organisations collect the relevant data which could lead to increase audit workload.

**Government response:** In light of the support received for this proposal, from Phase 3 onwards we will require ESOS reports to include an overall energy intensity metric within the overview section of the report in terms of kWh/m<sup>2</sup> for buildings, kWh/unit output for industry and kWh/miles travelled for transport. The use of intensity metrics complements existing requirements under SECR and would facilitate appropriate comparison between performance in different phases.

## **9. Do you agree there should be an explicit focus on rating and improving energy management processes within ESOS?**

**Summary of feedback:** Out of a total of 79 responses received to this question, 64 respondents agreed that there should be an explicit focus on rating and improving energy management processes within ESOS. It was stated by those who agreed with the proposal that all ESOS recommendations should include guidance on how they could be implemented and how resultant savings could be measured and verified. It was stated that the most effective way to implement and support the inclusion of this within ESOS audits would be to provide supplementary guidance in addition to providing training to ESOS lead assessors. There was less support for the inclusion of a rating system and some respondents commented that a light-touch approach would be more appropriate for those participants with existing and possibly advanced energy management practices such as for Energy Intensive Industries.

**Government response:** In response to the broad support for ensuring an explicit focus on rating and improving energy management processes within ESOS audits we will update the guidance and require that from Phase 4 onwards ESOS reports give explicit consideration to improved collection and monitoring of energy data, setting of controls, and appropriate staff training, both within the descriptive element of the ESOS report and within audit recommendations. If there is no recommendation to be made, or in the case where a recommendation is inappropriate or impractical (for example due to building lease terms), this

can be stated, but these categories should be considered in all reports. For Phase 3 we will produce good practice guidance that sets out a recommended method for providing this information, but inclusion will not be mandatory in Phase 3.

### **10. Do you agree with the proposal to remove Display Energy Certificates and Green Deal Assessments as compliance routes for ESOS?**

**Summary of feedback:** 53 out of 69 respondents agreed with the proposal to remove Display Energy Certificates (DECs) and Green Deal Assessments (GDAs) as compliance routes for ESOS. Those who agreed with this proposal considered that it was important to ensure consistency across ESOS compliance routes and avoid unintended consequences through the use of assessment standards that do not meet ESOS best practice standards.

**Government response:** In response to the high level of support for this proposal and given that only a small proportion of ESOS participants have used these compliance routes in previous phases of ESOS<sup>5</sup>, as well as the concerns of the Environment Agency that using these compliance routes alone do not meet ESOS best practice standards, we will be removing DECs and GDAs as compliance routes for ESOS in Phase 4. We would discourage organisations from using these compliance routes for Phase 3 but understand that some organisations may have already commissioned DECs or GDAs.

## Further changes to improve ESOS report quality

### **11. Do you agree with the proposal to improve the processes to ensure ESOS assessors are appropriately trained and monitored and are there other issues that we should address in improving the ESOS process that relate to assessors?**

**Summary of feedback:** Of the 76 responses received to the question, a majority – 67 in total – expressed their support for the proposal, with 2 against and the remainder of responses unclear. Respondents who were against the proposal either thought the current system was adequate or that issues lay elsewhere.

Among the respondents who supported the proposal, frequent references were made to a need for greater standardisation in the entry requirements, level of experience and training required of ESOS lead assessors. Specific and sectoral skills were considered to be in short supply, and regional shortages of good quality auditors were observed. Suggestions were made regarding a need to share best practice and worked examples, and to provide more hands-on experience for lead assessors. There was support for requiring that individuals who conduct site assessments for the lead assessor to be technically qualified and registered.

Respondents also raised issues around the commercial motivations of both lead assessors and professional bodies. They included the observation that some lead assessors are focused on making recommendations that allow them to sell equipment to ESOS participants. A tendency was observed for the level of work needed to carry out a comprehensive site audit to

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<sup>5</sup> In Phase 1 of ESOS 3.5% of participants used DECs and only 0.1% used Green Deal Assessments

be underestimated, particularly by smaller consultancies who were reluctant to turn down work, which led to lower quality audits. Some professional bodies were considered to be more driven than others by the objective of making money from training and subscriptions, with less regard to ensuring the quality of lead assessors.

Several respondents highlighted a need for monitoring and assessment of the work of lead assessors by professional bodies, and there was support for removing underperforming or incompetent lead assessors from the register. The responsibility of the ESOS participant to provide adequate data to lead assessors was noted, however, as this could be a reason for an ESOS assessment's failure to pass a compliance audit. There was a suggestion for the provision of specific guidance around the commissioning of lead assessors, and the responsibilities and liabilities of lead assessors and participants.

**Government response:** The Government will take forward its proposal, as set out in the consultation document, in response to the significant level of support received for it. We will take account of the additional issues raised by respondents to: understand how shortages of specific and sectoral skills can be addressed; ensure lead assessors acquire a practical understanding of the requirements of their role; consider whether individuals who conduct site visits for lead assessors should be technically qualified; ensure that recommendations received by ESOS participants are balanced and reflect any commercial interests of the lead assessor or their company; and ensure professional bodies are effective in maintaining the standards of lead assessors. We will introduce a requirement for ESOS professional bodies to more actively monitor and assess the work of lead assessors and ensure there is a fair and effective system in place to sanction lead assessors for failing to meet the competence requirement. We will also consider the role of lead assessors in assuring the sign-off of the evidence pack and disclosures.

## **12. Do you agree with the proposals set out here to encourage organisations to engage an ESOS assessor with appropriate skills and experience?**

**Summary of feedback:** 76 responses were received to the question, of which 61 supported the proposals, and 4 were against, with the remainder of responses unclear or undecided. Respondents who did not support the proposals considered that the measures did not recognise the lead assessor's oversight role, and that generalist lead assessors could call on additional consultancy if needed. Views in support of the proposals included an observation that some third-party intermediaries and energy supply companies were signing up clients en masse to further their business interests, without first establishing suitable lead assessors.

Respondents highlighted a need to consider how information displayed on lead assessors' specialist expertise should be categorised – whether by sector or process – and how it should be evidenced and monitored. Self-identification of skills and experience by lead assessor's was considered to carry a risk they would be overstated. There were views in favour of site auditors, and not only the lead assessor, having relevant experience.

Many respondents reported shortages of lead assessors with specialist skills and were concerned that requiring ESOS participants to justify the choice of lead assessor would

exacerbate this. Cost implications were noted in relation to the shortages, particularly if a number of specialists were needed. It was suggested that a participant should be able to cite unavailability of expertise where a specialist assessor could not be found. Respondents were supportive of guidance to enable participants to understand when a specialist assessor may be required.

**Government response:** The proposals as described in the consultation document, which were well supported, will be taken forward. We will take account of the suggestions by respondents to consider a suitable means of displaying and evidencing information on lead assessors' skills and experience, and recognise the difficulties ESOS participants may experience in finding specialist lead assessors in relation to the requirement to justify the choice of lead assessor.

**13. Do you think that we should make changes to the scheme to change the Qualification date or stagger phases for different sectors, or will the softer measures set out be sufficient to encourage more participants to comply earlier than the final compliance year?**

**Summary of feedback:** Of the 75 responses received to the question, 45 agreed with the proposal and 22 disagreed. The remainder did not provide a view either way. Respondents who disagreed with the proposal focused on the likelihood that staggering phases for different sectors would cause confusion regarding reporting deadlines, with many pointing out that multi-sector companies, with more than one SIC code registered against their activities, could fall under different staggered phases.

Responses in favour of the proposal suggested it would improve overall audit quality, and that softer measures would be ineffective at preventing bottlenecks. There were worries that staggering on a sector-by-sector basis would not allow specialist lead assessors to take on consistent work year-round and could exacerbate peaks in the demand for specialist technical skills. Alternative segmentations were suggested e.g. random, based on eligibility date, or based around a participant's financial reporting and their need to report under SECR.

Allowing a longer time period from qualification to compliance date (e.g. 2 years) was seen as a relatively straightforward and sensible way to promote compliance by some respondents, and notably this suggestion did not attract any comments about potential drawbacks. One consultancy noted that corporate groups often required considerable analysis to establish the boundaries of the group but waited until after the qualification date to do so, leaving insufficient time for the audits.

Alternative suggestions put forward included adoption of the Irish model, where audit and reporting must be conducted in a 4-year window with a baseline period of 12 months of data within that window, instead of a fixed baseline period which includes the compliance deadline.

**Government response:** The Government will not introduce staggered phases for different sectors, in recognition of the drawbacks raised by respondents. We will consider bringing forward the qualification date for future phases to encourage ESOS participants to start their site audits and assessments sooner but will not make a change for Phase 3. We will also

consider how any date changes fit with alternative compliances routes. This measure will support softer measures to provide guidance for participants and badge early compliance as good practice as part of public disclosure.

**14. Do you agree with the proposals to provide an ESOS recommendations template to improve the presentation of ESOS recommendations and the information provided on next steps?**

**Summary of feedback:** Of the 74 responses to this question, 60 were in favour of the proposal and 6 were against it with the remainder providing no view either way. Those against the proposal stated that a template encouraged formulaic responses. There was also a view that lead assessors could not be expected to be aware of all the potential funding options to cover in the template, which change frequently. However, many of these respondents considered that a template would be useful as a guide or checklist, providing it could be tailored rather than prescriptive. Some respondents mentioned that lead assessors had often already developed their own effective methods for setting out recommendations in a way which brought participants onboard. There were comments on the need for a template to be embedded at board level, for example by including a signing off process with the board.

Respondents who supported the use of a template considered that it would support consistency of approach and report quality, help organisations to understand and prioritise recommendations, and incentivise action. Some observed that it would help organisations compare themselves to their peers. The need for a template to engage senior management was highlighted, for example by presenting information succinctly in tables and using non-technical language. Respondents similarly expressed views on the need for the template to be adaptable. There was concern that it should reduce complexity and not lead to increased costs.

**Government response:** There were considerable overlaps in the views both of respondents who expressed support for the proposals, and those who disagreed with them. A template was seen as being helpful if used as a tool which could be adapted, rather than applied inflexibly. The need for it to be able to effectively engage senior management was raised by both sides. The Government will take forward proposals for a template which recognises these views.

**15. Do you agree with the suggestions to provide better guidance on next steps in order to encourage uptake of recommendations and the requirement to share the ESOS report with subsidiaries?**

**Summary of feedback:** Of the 79 responses received to the question, 65 respondents agreed with the proposal and 5 were against it, with the remainder of responses either unclear or undecided.

Those respondents against the proposal focused their objections on guidance on next steps and were not necessarily opposed to dissemination of the report to subsidiaries. They considered lead assessors unqualified to provide advice on financing options, since they were not independent financial advisers, and some worked for companies which looked on ESOS as a business opportunity to sell equipment. Others viewed the uptake of recommendations as

typically limited by a lack of resource, and so unlikely to be impacted by the proposal. There were also concerns about costs.

Responses in support of the proposal saw guidance on next steps as being helpful to participants, particularly those new to ESOS, and it was suggested that sharing of ESOS reports should go beyond subsidiaries, to include individual sites. The inclusion of references to government support was viewed positively, as this would help businesses understand where their application for funding was most likely to be successful. Concerns were highlighted about some aspects of the proposal, however. Producing an 'investment grade audit' was viewed as difficult, since audit areas were typically subject to a series of estimations, with only a few, such as submetering and lighting, providing the necessary level of detail. Overall, the proposal was considered to add to the costs of an ESOS assessment, but the costs savings in the medium to long term were expected to outweigh this.

**Government response:** The Government will take forward the proposal for Phase 3, however the issue of whether lead assessors are suited to provide advice on financing options is an important point, and one which the Government will consider carefully to ensure ESOS participants are provided with appropriate advice. We will also take account of limitations in the data accessible to lead assessors, and how we can ensure that the information provided on next steps will be readily understood by ESOS participants.

## ESOS and Net Zero

**16. Do you agree that ESOS should include an assessment of actions needed to meet future net zero commitments, as set out here? If a net zero element is included as set out above how might this impact the cost of an ESOS audit?**

**Summary of feedback:** Respondents were broadly supportive of the proposals that reflect Government's aim of ensuring that ESOS as a scheme is refocused from short term cost savings, to cover longer term strategic considerations around energy use and net zero. Of the 83 responses received to this question, 46 agreed that ESOS should include an assessment of actions needed to meet future net zero commitments. Responses focused on the need to support businesses in considering their net zero transition and that ESOS assessments can help them make a start; recognition that energy efficiency is a significant contributing factor to achieving net zero and therefore ESOS is naturally placed to reflect that; the expectation that the introduction of a net zero assessment would result in a more rounded audit process; and that the process should be supported by a clear and consistent definition of net zero that can be applied to business.

The degree to which net zero should be reflected in the strengthened scheme varied, however. Some respondents felt that ESOS should be completely refocused to become a carbon saving scheme, whilst others saw the need to preserve the unique focus of ESOS on energy efficiency but were supportive of incorporating a light-touch net zero consideration into the scheme. Of the 21 responses received which disagreed with the proposals, there were concerns that net zero proposals would increase the complexity and cost of ESOS audits, and

that the poor implementation of existing ESOS requirements by some businesses shows that the market is not ready for such change. Others who disagreed with the proposals saw the unique benefit of ESOS as its focus on energy consumption and energy efficiency and thought that any addition of wider decarbonisation targets would run the risk of diluting the scheme's focus on energy efficiency. Some concern was also expressed on the relevance of extending the scheme to net zero for some hard-to-decarbonise sectors where suitable technology may not yet exist or be commercially viable. Finally, carbon emissions and net zero commitments are outside of the scope of the ISO 50001 standard, and some concerns were raised regarding how this might impact the continued use of the standard as a compliance route.

The consultation also sought views on how the introduction of net zero might impact the cost of an ESOS audit. Those who disagreed with the general principle of including net zero considerations as part of ESOS audits all believed that this would significantly increase the cost of an ESOS audit, ranging from an additional two days required for the audit process to doubling its costs. Those who agreed with the addition of a net zero element to ESOS believed that the cost of audits would increase, but that the increase would be more modest, especially if the scheme remained focused on direct energy use.

**Government response:** Given the level of support for our proposals, we will introduce changes in Phase 4 to refocus the ESOS scheme to cover both energy efficiency and net zero. The net zero assessment will identify potential risks to the business of moving to net zero and well as possible emission reduction trajectories and ensure that investment in energy efficiency now does not prejudice those net zero trajectories.

The Government will consider the scope of the net zero elements and how net zero considerations should be incorporated into the strengthened scheme, and is supporting BSI to produce a Publicly Available Specification (PAS) to set out the net zero requirements for an ESOS audit, which we expect to include a public consultation on the new PAS standard to enable it to be available early in 2023. At a minimum, net zero assessments will require confirmation that any ESOS recommendations are aligned to net zero goals and should include recommendations that look to reduce GHG emissions even where these do not currently generate a direct energy cost saving. ESOS will be revised to help organisations to identify risks related to net zero and provide options for mitigation where currently feasible.

With the addition of net zero assessments, ESOS will provide information to help organisations put together a net zero plan, or to help them meet their existing plans, by providing an assessment of what current energy-using processes and activities will need to be addressed for the business to become net zero as regards its direct energy use. These changes will seek to stimulate uptake of measures which reduce participants' GHG emissions from direct energy use and widen recognition among businesses of the importance of taking action now, or at other suitable intervention points in the future for moving towards zero carbon. We recognise that this will present a significant change to the scheme that will require time for upskilling and familiarisation with the new requirements, and we intend to develop a new standard setting out the requirements for net zero audits, as well as a revision of the current PAS 51215 to cover additional competencies for assessors, allowing participants and assessors sufficient time to understand requirements. We will aim to make this new standard available so that

organisations that want to include a net zero aspect to ESOS in Phase 3 can do so on a voluntary basis, but net zero requirements will not be made mandatory in Phase 3.

**17. Do you agree that this should include impacts on the electricity system as well as direct carbon/greenhouse gas emissions?**

**Summary of feedback:** Of the 76 responses received to this question, 43 agreed with the proposal to include impacts on the electricity system as part of incorporating net zero into ESOS. Of the 19 responses that disagreed, there were concerns that these proposals go beyond the scope of ESOS and add unnecessary complexity, requiring significant upskilling for which training will be required.

**Government response:** In order to be consistent with UK net zero policy, ESOS recommendations on energy efficiency from electricity use will need to maintain a long-term focus. Although grid electricity will be zero emissions at some future point, this does not negate the need for energy efficiency and ESOS will be uniquely placed to consider the overall energy demand by business and how this will need to change to ensure that it is compatible with the UK's net zero goals. We will seek to include these considerations as part of the net zero ESOS methodology, noting that some of these considerations will become more prominent as more and more sectors electrify and that there are potential linkages to work on flexibility and storage. Ensuring that businesses are alert to their future electricity demand in the context of system impact will be considered as part of the net zero assessment from the Phase 4 compliance period but as with other aspects of net zero can be included on a voluntary basis in Phase 3 assessments.

**18. Do you think that the net zero element to ESOS should be included within the existing report structure or added as a separate reporting element?**

**Summary of feedback:** 76 responses were received to this question, of which 32 supported including the net zero consideration within the main report and 24 supported adding it as a separate report. Of those who said it made sense to have net zero included within the ESOS report, it was argued that this would ensure there was a consistent approach taken to aligning short, medium, and long-term goals. Other respondents raised the point that decarbonisation and energy efficiency are not separate areas and should not be treated as such. Of those who preferred net zero considerations to be presented as a separate report, the main arguments made included: it would maintain a clear distinction between carbon and energy (and the short-term nature of energy efficiency vs the longer-term goal of net zero); and showing carbon reductions and cost reductions alongside energy efficiency opportunities would lead to a cross-over and drive carbon benefits.

**Government response:** While we see benefits with both approaches, on balance we see measures for decarbonisation being presented alongside energy efficiency recommendations as more beneficial. This will reinforce the benefits for the presented options and conversely, it would also show where there are unintended consequences of an energy efficiency action on the overall decarbonisation plans. This will be subject to further consideration as we develop a methodology for a net zero ESOS assessment, which will include consideration of the most

appropriate location and presentation for a net zero assessment. We will also consider how organisations which comply with ESOS using the ISO 50001 energy management standard can meet additional net zero requirements.

**19. Do you agree that Government should set out a methodology for companies to include other net zero and climate aspects including adaptation in their audit if they wish to?**

**Summary of feedback:** We received 75 responses to this question with a majority (57 responses) supporting the idea of an additional methodology being developed by the Government to allow ESOS participants to go further and include other net zero and climate aspects as part of their ESOS assessment. The benefits stated included allowing ESOS participants to consider other net zero and climate elements in a consistent manner. Of the 9 responses which disagreed, it was noted that net zero, especially where it concerns any wider considerations such as climate adaptation, should be addressed via other schemes such as SECR and climate related financial disclosures, with wider comments suggesting that the appropriate methodology should be left to the market. Additional comments included that such methodologies would increase the costs of ESOS audits, and that it was likely beyond the technical capabilities of ESOS auditors.

**Government response:** While the scope of ESOS will remain focused on direct energy use, we will also consider how useful additional methodologies might be for those businesses that wish to consider wider impacts of climate change and net zero, including the suitability of existing methodologies. In particular, we will consider whether some ESOS recommendations might include adaptations to climate change impacts such as overheating or flood resilience, and whether these should be specifically flagged in the net zero methodology for ESOS.

## Reporting and disclosure

**20. Do you agree with the proposal to require participants to set a target or action plan and report on progress annually?**

**Summary of feedback:** 52 out of the 82 responses received to the question were supportive of introducing a requirement for participants to set a target or action plan and report against progress annually. Whilst there was agreement on the general principle, there were various comments regarding how this requirement should be introduced, as well as indications of a preference for qualitative targets and mid-phase reports over annual. It was also commented that targets over action plans may allow more flexibility. Some respondents stressed that carbon-based targets are more appropriate over energy targets but there were also concerns that targets could be meaningless, and actions plans might therefore be a more informative route for introducing greater transparency through public disclosure, with concerns expressed that any disclosure of action plans should be sufficiently high level to address concerns over potential commercial sensitivity of information. Those who disagreed with the proposal raised concerns over additional administrative burdens, potential crossover with other requirements such as SECR, and concerns around lack of comparability between targets across different

sectors and industrial processes. Finally, a high number of respondents suggested that SECR energy efficiency narrative reporting may already serve a sufficient purpose for annual updates on ESOS progress. Questions were also raised whether existing targets, such as those set under PPN06/21, the Climate Change Agreements (CCA) scheme or other voluntary schemes should already meet the purpose of target setting.

**Government response:** Given the strong support for introducing an element of forward-looking targets or action plans, the Government will proceed with the introduction of these and a requirement to report progress annually via the energy efficiency section narrative in SECR reports. For those participants that are not in scope of SECR, a reporting function via the ESOS web portal will be made available for their annual progress reporting. While meeting the target or completing an action plan will not be mandatory for the Phase 3 compliance deadline, from Phase 4 onwards a requirement will be introduced that if the goal has not been met, the participant must explain why. The publication of a target and/or action plan should be done within 12 months of the ESOS compliance date and where targets are set under other schemes, such as the CCA scheme, these can also be reflected under any target setting for ESOS compliance purposes, noting that any action plan should clearly relate to opportunities found in the ESOS report and the new net zero assessment. Progress against targets and action plans between from one phase to the next should also form part of ESOS assessments.

## **21. Do you agree that additional ESOS data should be collected for the purpose of compliance monitoring and enforcement?**

**Summary of feedback:** Respondents were also supportive of a requirement for submission of additional compliance data to the Environment Agency, with 44 agreeing with the proposal from the 76 responses received. Some concerns were expressed relating to the privacy of the submitted data and the practicalities relating to the availability of some of the data, both by respondents who agreed with the proposals and those who disagreed. Concerns were also raised that the fields outlined in the consultation are unduly burdensome and that the submission of a summary report should already adequately address the need for additional data to aid enforcement. Some fields were especially questioned such as the value of energy intensity metrics outside of an organisation due to absence of relevant context, and the cost of energy due, for example, to commercial sensitivities or higher spend reflecting a more sustainable energy source. There was also some opposition to any additional reporting to include historic data from Phase 1 and 2.

**Government response:** The Government will take forward the requirement for additional data to be collected for the purposes of monitoring and enforcement and this will cover the reporting fields set out in Chapter 4 of the consultation document, including energy intensity metrics as there are options for organisations to provide the wider context to their energy usage, including carbon intensity. The Government is aware that introducing additional requirements on reporting will add extra steps to ISO 50001 compliance route and we will ensure that any additional data requirements for participants meeting their compliance across all their operations via ISO 50001 would be based on data that is already recorded through the standard.

## **22. Do you agree with the proposal to require public disclosure of ESOS data as outlined above?**

**Summary of feedback:** There were more mixed views on the extent to which the additional information submitted to the Environment Agency for compliance purposes should be made publicly available, with 44 of the 79 responses agreeing with the proposals. Those who supported the general principle of some level of public disclosure also said that this information should be kept to a minimum and only where there are genuine gains to be made from disclosure. Of those who disagreed, other reporting requirements such as SECR were seen to fulfil the objective of introducing reputational drivers, and a few respondents expressed concern around the lack of comparability of data.

**Government response:** The Government recognises that businesses are subject to a number of reporting requirements, and we will seek to ensure that any additional disclosure requirements introduced under ESOS do not significantly duplicate efforts under existing schemes, and that businesses can, as appropriate, bring in information from other schemes. Any potential overlaps under ESOS and data reporting requirements under other schemes across the energy and carbon reporting landscape will be carefully managed, seeking to maximise synergies and ensure that requirements facilitate the objectives of related schemes and minimise potential burdens.

In finalising the regulations for the strengthened scheme, we will refine how much of the data reported to the Environment Agency will be subject to public disclosure. It is likely to include as a minimum any energy/carbon reduction target or action plan set by the participant and the date by which targets or actions are expected to be achieved, as well as high level data from ESOS audits, including net zero assessments.

## **23. Do you agree that the qualification criteria for ESOS and SECR should be aligned as set out above?**

**Summary of feedback:** 61 of the 76 responses received indicated support for aligning ESOS qualification criteria with SECR. There was more general support expressed for aligning qualification, scope, reporting and metrics under all existing carbon and energy efficiency schemes. Others who opposed aligning of the qualification criteria expressed concerns that this would bring smaller organisations into scope.

**Government response:** From Phase 4 onwards, the Government will change the ESOS balance sheet and turnover thresholds to align with SECR, whereby businesses would be in scope of ESOS if they meet at least one of the following criteria: they have a) at least 250 employees b) a balance sheet of at least £18 million c) turnover of at least £36 million. Organisations that are part of a corporate group which contains at least one large undertaking<sup>6</sup> will also continue to be in scope.

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<sup>6</sup> Where a corporate group participates in ESOS, unless otherwise agreed, the highest UK parent will act as a 'responsible undertaking' and be responsible for ensuring the group as a whole complies.

## Widening participation in ESOS

Widening participation in ESOS was not presented as a central consultation proposal and questions were aimed at gathering evidence when considering changes for future phases. We have not provided a specific Government response to each question individually, but feedback received will inform future phase developments.

### **24. Do you agree in principle that ESOS should be extended to smaller enterprises (either to all Medium-Sized Enterprises, or to a subset of Medium-Sized Enterprises)? Are there any concerns or risks with this approach?**

**Summary of feedback:** We considered this question in two parts. In response to the first part of the question on whether ESOS should be extended to smaller enterprises, 54 out of 72 respondents agreed in principle to an extension. Of the remaining responses, 14 respondents were not in favour of the expansion. Of the 54, 25 thought that ESOS should be extended to all Medium-Sized Enterprises and the remaining 29 thought that it should only be extended to a sub-set. Respondents highlighted that this would incentivise Medium-Sized Enterprises to reduce energy consumption and carbon emissions – for example by identifying smaller or easier energy savings projects to organisations out of scope of current Government schemes, and by providing general support and guidance on the pathway to net zero. Many responses noted that any extension of the scheme should be proportionate in terms of the burden placed on firms.

Of those who disagreed with the extension of the scheme, a number of concerns were expressed, such as the availability of competent auditors and lead assessors to meet what could be a four-fold increase in demand and having an appropriate enforcement regime to cope with such an increase. There were also concerns that Medium-Sized Enterprises' energy saving potential may not be large enough to justify the audit costs, and that applying EN 16247 or ISO 50002 auditing standards may be disproportionate in the context of bringing in smaller businesses. Some respondents suggested that a phased approach, starting with the most energy intensive medium enterprises and then extending to others, would be a more proportionate approach.

### **25. Is a lack of information on opportunities for energy efficiency a significant barrier to action for Medium-Sized Enterprises?**

**Summary feedback:** We received 63 responses of which 28 saw information as a significant barrier. 21 respondents did not consider information a significant barrier.

Some respondents considered information a barrier but considered this to be of lesser importance when compared to other barriers such as access to finance, poor payback periods or lack of senior engagement. There was a general call for additional support for Medium-Sized Enterprises in these areas to encourage them to take action on energy efficiency.

One trade association pointed out that in certain sectors, Medium-Sized Enterprises that were participating in the Climate Change Agreement (CCA) scheme would already be monitoring energy usage, and therefore information was less of a barrier compared to those that were not in the CCA scheme.

**26. To what extent do Medium-Sized Enterprises already have a system or approach in place to monitor and improve their energy efficiency? (This could include energy managers or consultants, smart meters, audits, sector benchmarking, or energy management systems like ISO 50001)**

**Summary feedback:** We received 45 responses for this question. 12 respondents stated that Medium-Sized Enterprises were likely to already have a system in place to monitor and improve their energy efficiency, with 16 respondents stating that Medium-Sized Enterprises were unlikely to have a system in place. Some respondents suggested that the picture would vary depending on the sector and the energy intensity of the organisation. Others suggested that systems were more likely to be in place if organisations were part of other schemes such as the Climate Change Agreement (CCA) scheme. One professional body mentioned that Medium-Sized Enterprises were unlikely to have ISO 50001, but that many would have another type of management system or standard in place, such as ISO 14001 or ISO 9001.

**27. How could ESOS audits add value in improving energy efficiency in these organisations (Medium-Sized Enterprises or a subset of Medium-Sized Enterprises) – beyond what is already being done? How might the effectiveness of these audits differ between buildings and industrial processes? How will the value added by ESOS proposals differ for different sub-sectors of business (e.g. services, and energy-intensive vs non-energy-intensive industry)?**

**Summary feedback:** Of the 44 responses received to this question, 21 respondents thought that ESOS audits would add value for Medium-Sized Enterprises, and 4 did not think that ESOS audits would add value. 7 responses provided other views and 12 were unclear. Of those responses that were positive about the value of the ESOS expansion, the benefits mentioned focused on filling Medium-Sized Enterprises' 'knowledge gap' on their energy consumption and what measures they could take to improve their energy efficiency and receive the energy and cost savings associated with implementing these measures.

We received 25 responses relating to how audits differ between buildings and industrial processes. 13 respondents explained that industrial processes are more diverse than buildings in terms of their energy usage and measures that can improve energy efficiency. Approaches to buildings were noted to have much greater potential for standardisation across different sectors, with less specialised technical skill sets required from auditors. Meanwhile, three respondents considered that there was more potential to improve energy efficiency and reduce energy usage in industrial processes compared to buildings.

Regarding the proposal of how the value of extending ESOS will differ for medium-sized businesses in different sectors, 25 responses were received. Most of these responses noted that the value of ESOS audits was likely to be directly correlated to the level of energy

consumption in an organisation, particularly where it has a significant impact on costs, with energy intensive sectors therefore being where the greatest value would be added. Other responses commented on the importance of tailoring reports to the individual needs of sectors and organisations, for example noting that some energy-intensive organisations will have already maximised energy efficiency measures, that budgets for action vary dramatically, and that even within sectors there were likely to be highly different undertakings.

**28. If including a consumption threshold for including Medium-Sized Enterprises in ESOS, how might it best be set?**

**Summary of feedback:** 36 of the 46 respondents to this question confirmed their support for including a consumption threshold. Of these, 22 suggested a specific threshold, but suggestions for the level of this varied from 40 MWh to 10,000 MWh, with the latter being the most common suggestion. Some respondents did not give specific values but instead suggested methodologies for deciding on a threshold – such as setting it at the mean energy consumption and then including all those above this threshold or aligning a threshold with other European countries. There was also support for a threshold based on energy costs, for example, energy costs as a proportion of turnover. Four respondents did not provide a suggested methodology because they disagreed with either setting a consumption threshold or with expanding ESOS to Medium-Sized Enterprises.

**29. Of the three approaches to extending ESOS set out in this consultation (extending to all Medium-Sized Enterprises, extending to high-consuming Medium-Sized Enterprises using a consumption threshold and extending to industrial Medium-Sized Enterprises only), which do you think would be the most appropriate?**

**Summary of feedback:** 38 out of 54 respondents supported extending ESOS to high-consuming Medium-Sized Enterprises using a consumption threshold. Some respondents suggested a phased approach whereby ESOS is extended first to Medium-Sized Enterprises who consume the most energy before progressively introducing lower-energy users over subsequent years. Those that suggested this phased approach reasoned that there is less potential in Medium-Sized Enterprises that consume relatively less energy.

9 respondents advocated the expansion of ESOS to all Medium-Sized Enterprises – with most of these respondents reasoning that this scale of expansion would be necessary to maximise energy savings potential and ultimately reach net zero. One trade association suggested that while Energy Intensive Industries would have an advantage, the scheme is flexible enough to extend to all Medium-Sized Enterprises and that the transition should be relatively smooth. 6 respondents suggested that the expansion should be to industrial Medium-Sized Enterprises only. However, some of the 38 respondents who supported a consumption threshold considered that that option and the option of expansion to industrial Medium-Sized Enterprises would both lead to very similar business populations being in scope.

A few respondents expressed concerns about an expansion, such as the time needed to train new auditors, or that other new proposals such as net zero assessments should be embedded

first before expanding ESOS to Medium-Sized Enterprises (or a subset of Medium-Sized Enterprises).

### **30. What alternatives might there be for improving energy efficiency specifically in industrial Medium-Sized Enterprises, other than extending ESOS?**

**Summary feedback:** We received 44 responses to this question with a variety of proposals. 24 respondents suggested implementing policies that aim to increase awareness and expertise of industrial Medium-Sized Enterprises. Of these responses, suggestions included extending SECR, re-introducing the Energy Efficiency Best Practice programme and better supporting the implementation of energy management systems like ISO 50001. Modernised DECAs were also suggested as a route for monitoring in-use energy performance in buildings. Other responses suggested ways to effectively disseminate information among Medium-Sized Enterprises on energy efficiency – such as targeted sector-specific information campaigns and regional networks for energy intensive businesses to exchange learnings and practices.

6 respondents called for more financial support or tax breaks from the Government, for example, expanding the Climate Change Agreement (CCA) scheme or Industrial Energy Transformation Fund (IETF), a lower (or zero) VAT rate for low-carbon energy/energy efficiency solutions, and extended capital allowances for energy efficiency investments. 9 responses favoured a mixture of information/awareness policies and financial incentives.

**Government response to Questions 24-30:** This proposal did not form part of the central consultation proposals and the responses received identified a number of issues that need to be addressed before such an extension is viable. We would look to conduct a further consultation before considering introduction. We are also aware of the need to consider the availability and quality of lead assessors/auditors.

While mindful of the potential for increased burdens and implementation challenges that extending the scheme may bring, we are also aware of the significant potential that exists in the SME sector, especially among Medium-Sized Enterprises<sup>7</sup> which account for a greater proportion of energy use per business than small enterprises. We will therefore consider whether the scope of the scheme should also be extended to include all Medium-Sized Enterprises in future ESOS Phases, informed by evidence from the further consultation that will explore how any administrative burdens from extending the scheme should be managed, such as the potential use of energy thresholds (beyond the existing 40MWh and the 5% de minimis) to ensure that low energy using business can take a light touch and proportionate approach. We will take enabling powers that could allow this to be implemented in future phases which will be subject to parliamentary approval, and we will work with stakeholders on the detail of any future implementation to reflect the challenges and opportunities raised in consultation responses. We will also consider the feedback on availability of appropriate incentives and whether lighter touch options such as ISO 50005 may have a role for smaller organisations.

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<sup>7</sup> Businesses which satisfy two or more of the following requirements: a turnover of above £10.2 million and not more than £36 million, a balance sheet total of above £5.1 million and not more than £18 million, above 50 employees and no more than 250 employees

## Stimulating action based on ESOS reports

The proposals in this chapter of the consultation did not form part of the core proposals. This section considered the pros and cons and alternative approaches to encouraging the uptake of ESOS recommendations. The questions were focused on gathering supporting evidence and understanding how to best approach this issue.

We have not provided specific Government responses to these questions, but feedback received will inform future phase developments.

### **31. Do you think that we should pursue the option of mandating ESOS participants to take action? Are there pros, cons and/or risks not identified here?**

**Summary of feedback:** Of the 81 responses to this question, there was an equal split between those who agreed and disagreed with this proposal. Those who were in favour of pursuing the option of mandating ESOS participants to take action broadly agreed that their support would depend on there being strict guidelines in place.

Amongst both those who agreed and disagreed with this proposal it was recognised that there would be increased costs attached to mandating ESOS participants to take action. Some respondents who disagreed suggested that the decision not to take up ESOS recommendations was likely due to barriers such as cost and time which would not be overcome by mandating implementation. There were concerns that the proposal could have legal implications for lead assessors, which could result in conservative evaluations from assessors worried about the implications of the recommendations not meeting expectations. The example of an incorrectly calculated payback period was cited by a number of respondents as something which would have cost impacts for an organisation. It was also stated that mandating action could result in lead assessors being pressurised to remove recommendations from an organisation's action plan if it did not want to implement them.

### **32. Which approach would be most appropriate of those set out here (requiring uptake of all recommendations that meet a payback period criteria, a requirement for ongoing reductions in energy use and/or a requirement to take action on energy management practices)?**

**Summary of feedback:** This question received 72 responses. 27 respondents stated that introducing a requirement for ongoing reductions in energy use would be the most appropriate approach if we were to pursue the option of mandating ESOS participants to take action. 14 respondents favoured a requirement to take action on energy management processes, while 9 respondents favoured requiring the uptake of all recommendations that meet a payback criteria. The remainder of respondents gave alternative viewpoints or were unclear.

Those who supported implementing a requirement for ongoing reductions in energy use also stated their support for softer measures and ensuring flexibility for businesses to choose which measures they wanted to implement. The respondents who showed support for requiring action on energy management practices agreed that there were limitations to basing an

approach on payback periods as there was no certainty that a business would have the capital to invest in ongoing reduction measures even with payback options available. It was stated that implementing a requirement to reduce energy use could be challenging for some organisations to achieve depending on business priorities which could be focused on growing a business.

**33. Do you think we should pursue alternatives to regulation to increase take up of ESOS recommendations and are there further options not discussed here?**

**Summary of feedback:** Out of a total of 67 responses, 43 respondents agreed that we should pursue alternatives to regulation to increase the uptake of recommendations. The consultation set out options such as the introduction of a quality mark of some kind, such as an ESOS best practice mark that organisations could be assessed against. Further options that were raised by those who agreed with this proposal were principally focused on the Government increasing financial incentives for participants. This was broadly supported by those who responded 'yes' to this question. It was stated that increased funding and access to funding would increase the uptake of ESOS recommendations by participants. Other suggestions included providing funding for energy management training and considering ISO 50005 as a compliance route due to its focus on energy management.

**34. Do you agree with the suggestions to encourage the uptake of ISO 50001 as a compliance route? Are there further ways in which we might encourage uptake?**

**Summary of feedback:** We received 69 responses to this question with 47 respondents agreeing with the suggestion to encourage the uptake of ISO 50001 as a compliance route. It was broadly considered that the high uptake of this standard in Germany was linked to the tax breaks and financial incentives in place for those who implement the standard, such as providing grants to organisations to pay consultants to help with the implementation of the standard. It was therefore reasoned that financial incentives of this kind should be introduced for ESOS in order to incentivise uptake of the standard. Other ways which were suggested to encourage uptake included improved guidance and support, especially for those implementing the standard for the first time.

Those who disagreed with this proposal stated that the route to compliance should be left to the discretion of the ESOS participant and that it was important to make sure that participants had a choice of compliance routes that they could use.

**Government response to questions 31-34:** These proposals did not form part of the central consultation options. We are mindful of the need to ensure that improvements to the scheme, referred to in this document as the core options, are in place to lay the groundwork for any future requirements such as mandating the uptake of ESOS recommendations below a certain payback. Many of the responses highlighted a number of issues and concerns that would need to be addressed before we could introduce any form of mandatory action.

We will work with stakeholders on the detail of any potential future implementation to reflect the challenges and opportunities raised in consultation responses, informed by the evidence on the uptake of measures following the implementation of the core proposals. Any future implementation of this option would be further developed as part of a separate consultation

exercise. We will take enabling powers that could allow this proposal to be implemented in future phases, which will be subject to parliamentary approval.

## Overall Conclusion

Overall, respondents were supportive of plans to strengthen and improve the scheme, and the core proposals that were consulted on received widespread support. These included improving the quality of ESOS audits by strengthening the minimum requirements and making ESOS audits more standardised, looking at the role of lead assessors and professional bodies, considering how ESOS can address the net zero challenge, and introducing public disclosure of ESOS data to increase uptake of ESOS recommendations. Support was also shown for the non-core options which were consulted on for implementation in future phases of ESOS.

As a result of the consultation process, the proposed changes as set out in Chapters 1-4 of the consultation will be implemented in either Phase 3 or 4 of ESOS as indicated earlier in this document. We will work with stakeholders on the development of accompanying guidance and templates as set out in this document. The changes being introduced to the scheme are in response to clear and supportive stakeholder feedback which will strengthen and improve the scheme and enable it to meet the aims of the consultation.

We will work with stakeholders on the potential implementation of the non-core options, including extending the scope of ESOS to include Medium-Sized Enterprises and introducing some form of mandatory action in future phases of ESOS, informed by a further consultation in due course.

## Next Steps

Government will look to take forward regulations to deliver the consultations decisions as soon as we are able, subject to the necessary parliamentary scrutiny and scheduling. We will work with the Devolved Administrations in any areas of devolved competence. We will continue to engage with stakeholders, including providing guidance on the amended requirements for the Phase 3 compliance deadline.

## Contact Details

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# Annex A: Summary of the responses

**Summary of who responded to the consultation exercise, and distribution of those respondents.**

Stakeholder	Number	Percentage
Trade Association	19	21.35%
Professional Body	6	6.74%
Consultant	28	31.46%
Lead Assessor	7	7.87%
ESOS Participant	20	22.47%
Other	9	10.11%
TOTAL	89	100.00%

## Summary of responses by question

**1. What is a fair and proportionate way of dealing with the small number of ESOS site audits which may have already been carried out under the existing audit requirements if we make subsequent changes to the Phase 3 compliance requirements?**

Stakeholder	Accept audits carried out before the proposed changes to Phase 3 are implemented	All audits should be subject to new requirements for Phase 3	Other	Don't know	Unclear
Trade Association	7	0	4	0	2
Professional Body	4	0	0	0	1
Consultant	22	3	2	0	1
Lead Assessor	3	0	1	0	1

ESOS Participant	8	1	4	1	0
Other	5	0	1	0	1
TOTAL	49	4	12	1	6
TOTAL responses received	79				

**2. Do you agree with the general principle of making ESOS reporting more standardised, as set out above? Are there any aspects of this proposal you have concerns with?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	11	2	1	2
Professional Body	2	1	0	3
Consultant	22	3	2	1
Lead Assessor	4	0	0	1
ESOS Participant	18	0	0	2
Other	6	1	0	2
TOTAL	63	7	3	11
TOTAL responses received	84			

**3. Do you agree with a change to the de minimis exemption to up to 5% of total energy?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	7	4	2	2
Professional Body	5	0	0	0
Consultant	15	10	1	2
Lead Assessor	2	2	0	2

ESOS Participant	14	1	4	1
Other	2	3	1	0
TOTAL	45	20	8	7
TOTAL responses received	80			

**4. Do you agree an energy consumption threshold should be added for individual group, sites, process or fuel types? Is 40MWh appropriate or is there a more appropriate threshold?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	5	6	1	1
Professional Body	4	1	0	0
Consultant	16	5	4	2
Lead Assessor	1	1	1	0
ESOS Participant	7	4	6	0
Other	2	3	1	0
TOTAL	35	20	13	3
TOTAL responses received	71			

**5. Do you agree with the site sampling methodology proposed above?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	8	3	2	1
Professional Body	3	1	1	0
Consultant	14	7	3	3
Lead Assessor	1	1	0	1
ESOS Participant	8	6	4	2

Other	2	2	1	1
TOTAL	36	20	11	8
TOTAL responses received	75			

**6. Do you agree that ESOS reports should include an analysis of half-hourly data where this data is readily available? What steps could Government take to support this?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	12	1	1	4
Professional Body	4	0	0	0
Consultant	23	2	1	1
Lead Assessor	3	0	0	0
ESOS Participant	13	2	2	2
Other	5	1	0	0
TOTAL	60	6	4	7
TOTAL responses received	77			

**7. Do you agree with the proposal to require that ESOS reports use an existing auditing standard such as ISO 50002 or EN 16247?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	10	1	1	2
Professional Body	4	0	0	1
Consultant	20	4	4	0
Lead Assessor	2	2	0	0
ESOS Participant	14	0	4	1
Other	3	1	2	0

TOTAL	53	8	11	4
TOTAL responses received	76			

**8. Do you agree with the proposals set out here to improve the information provided to participants on ESOS recommendations and how they are performing against an energy intensity metric?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	10	3	2	1
Professional Body	5	0	0	1
Consultant	18	6	2	2
Lead Assessor	1	1	0	1
ESOS Participant	14	4	0	1
Other	4	3	0	0
TOTAL	52	17	4	6
TOTAL responses received	79			

**9. Do you agree there should be an explicit focus on rating and improving energy management processes within ESOS?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	10	3	2	1
Professional Body	6	0	0	0
Consultant	23	3	2	0
Lead Assessor	3	0	0	0
ESOS Participant	17	1	0	1
Other	5	1	0	1

TOTAL	64	8	4	3
TOTAL responses received	79			

**10. Do you agree with the proposal to remove Display Energy Certificates and Green Deal Assessments as compliance routes for ESOS?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	8	2	1	2
Professional Body	3	0	0	1
Consultant	25	2	0	0
Lead Assessor	2	0	0	1
ESOS Participant	11	0	4	1
Other	4	1	1	0
TOTAL	53	5	6	5
TOTAL responses received	69			

**11. Do you agree with the proposal to improve the processes to ensure ESOS assessors are appropriately trained and monitored and are there other issues that we should address in improving the ESOS process that relate to assessors?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	12	1	0	2
Professional Body	4	0	0	2
Consultant	24	1	0	0
Lead Assessor	3	0	0	2
ESOS Participant	19	0	0	0
Other	5	0	0	1

TOTAL	67	2	0	10
TOTAL responses received	76			

**12. Do you agree with the proposals set out here to encourage organisations to engage an ESOS assessor with appropriate skills and experience?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	10	2	1	1
Professional Body	3	0	1	1
Consultant	22	2	2	1
Lead Assessor	3	0	0	2
ESOS Participant	18	0	0	1
Other	5	0	0	1
TOTAL	61	4	4	7
TOTAL responses received	76			

**13. Do you think that we should make changes to the scheme to change the Qualification date or stagger phases for different sectors, or will the softer measures set out be sufficient to encourage more participants to comply earlier than the final compliance year?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	7	4	0	1
Professional Body	2	1	0	3
Consultant	19	6	0	2
Lead Assessor	6	0	0	0
ESOS Participant	10	6	1	0
Other	1	5	0	1

TOTAL	45	22	1	7
TOTAL responses received	75			

**14. Do you agree with the proposals to provide an ESOS recommendations template to improve the presentation of ESOS recommendations and the information provided on next steps?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	13	1	1	1
Professional Body	4	1	0	0
Consultant	21	3	0	3
Lead Assessor	2	1	0	1
ESOS Participant	15	0	0	1
Other	5	0	0	1
TOTAL	60	6	1	7
TOTAL responses received	74			

**15. Do you agree with the suggestions to provide better guidance on next steps in order to encourage uptake of recommendations and the requirement to share the ESOS report with subsidiaries?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	12	2	1	1
Professional Body	5	0	0	1
Consultant	24	2	1	0
Lead Assessor	3	0	0	1
ESOS Participant	16	0	2	1

Other	5	1	0	1
TOTAL	65	5	4	5
TOTAL responses received	79			

**16. Do you agree that ESOS should include an assessment of actions needed to meet future net zero commitments, as set out here? If a net zero element is included as set out above how might this impact the cost of an ESOS audit?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	7	8	1	2
Professional Body	3	1	0	2
Consultant	17	6	3	1
Lead Assessor	2	2	0	1
ESOS Participant	13	3	0	3
Other	4	1	0	3
TOTAL	46	21	4	12
TOTAL responses received	83			

**17. Do you agree that this should include impacts on the electricity system as well as direct carbon/greenhouse gas emissions?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	6	5	2	1
Professional Body	4	0	1	0
Consultant	14	7	4	2
Lead Assessor	2	1	0	1
ESOS Participant	15	1	1	2

Other	2	5	0	0
TOTAL	43	19	8	6
TOTAL responses received	76			

**18. Do you think that the net zero element to ESOS should be included within the existing report structure or added as a separate reporting element?**

Stakeholder	Separate report	Included within existing report	Disagree with net zero element	Don't know	Unclear
Trade Association	4	6	3	2	1
Professional Body	5	0	0	0	0
Consultant	10	8	2	1	6
Lead Assessor	1	2	1	0	0
ESOS Participant	3	11	0	3	1
Other	1	5	0	0	0
TOTAL	24	32	6	6	8
TOTAL responses received	76				

**19. Do you agree that Government should set out a methodology for companies to include other net zero and climate aspects including adaptation in their audit if they wish to?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	7	2	2	3

Professional Body	3	0	1	1
Consultant	22	4	0	1
Lead Assessor	3	1	0	0
ESOS Participant	15	1	1	0
Other	6	1	0	0
TOTAL	57	9	4	5
TOTAL responses received	75			

**20. Do you agree with the proposal to require participants to set a target or action plan and report on progress annually?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	8	6	1	2
Professional Body	6	0	0	
Consultant	21	2	2	2
Lead Assessor	4	1	0	0
ESOS Participant	9	9	0	1
Other	4	3	0	1
TOTAL	52	21	3	6
TOTAL responses received	82			

**21. Do you agree that additional ESOS data should be collected for the purpose of compliance monitoring and enforcement?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	5	4	2	4
Professional Body	4	0	0	0

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Consultant	18	6	2	1
Lead Assessor	3	1	0	0
ESOS Participant	11	7	0	1
Other	3	2	1	1
TOTAL	44	20	5	7
TOTAL responses received	76			

**22. Do you agree with the proposal to require public disclosure of ESOS data as outlined above?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	6	6	1	3
Professional Body	2	2	0	1
Consultant	19	6	0	1
Lead Assessor	3	2	0	0
ESOS Participant	9	9	1	1
Other	5	2	0	0
TOTAL	44	27	2	6
TOTAL responses received	79			

**23. Do you agree that the qualification criteria for ESOS and SECR should be aligned as set out above?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	11	1	2	0
Professional Body	3	0	1	1
Consultant	25	0	1	0

Lead Assessor	4	1	0	0
ESOS Participant	14	0	5	0
Other	4	2	0	1
TOTAL	61	4	9	2
TOTAL responses received	76			

**24. Do you agree in principle that ESOS should be extended to smaller enterprises (either to all Medium-Sized Enterprises, or to a subset of Medium-Sized Enterprises)? Are there any concerns or risks with this approach?**

Stakeholder	Agree- all MEs	Agree- to a subset of MEs	Disagree	Don't know	Unclear
Trade Association	8	2	4	0	1
Professional Body	2	4	0	0	1
Consultant	5	13	6	1	0
Lead Assessor	1	4	0	0	0
ESOS Participant	7	6	1	0	1
Other	2	0	3	0	1
TOTAL	25	29	14	1	4
TOTAL responses received	72				

**25. Is a lack of information on opportunities for energy efficiency a significant barrier to action for Medium-Sized Enterprises?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	3	3	4	0
Professional Body	3	0	1	1
Consultant	14	11	0	1
Lead Assessor	2	1	0	1
ESOS Participant	4	2	5	0
Other	2	4	0	1
TOTAL	28	21	10	4
TOTAL responses received	63			

**26. To what extent do Medium-Sized Enterprises already have a system or approach in place to monitor and improve their energy efficiency? (This could include energy managers or consultants, smart meters, audits, sector benchmarking, or energy management systems like ISO 50001)**

Stakeholder	Likely to have a system or approach already in place	Not likely to have a system or approach in place	Don't know	Unclear
Trade Association	3	0	0	3
Professional Body	3	1	1	0
Consultant	4	10	2	6
Lead Assessor	0	3	0	0
ESOS Participant	1	1	2	2
Other	1	1	0	1
TOTAL	12	16	5	12
TOTAL responses received	45			

**27.a) How could ESOS audits add value in improving energy efficiency in these organisations (Medium-Sized Enterprises or a subset of Medium-Sized Enterprises) – beyond what is already being done?**

Stakeholder	Improved Energy Efficiency	Improved knowledge of Energy Efficiency	No added value	Other	Unclear
Trade Association	0	3	2	0	2
Professional Body	2	2	0	0	0
Consultant	2	7	1	6	5
Lead Assessor	0	0	0	1	1
ESOS Participant	1	3	0	0	2
Other	0	1	1	0	2
TOTAL	5	16	4	7	12
TOTAL responses received	44				

**27.b) How might the effectiveness of these audits differ between buildings and industrial processes?**

Stakeholder	Industrial processes are more diverse than buildings	Industrial processes have more EE potential	Other	Unsure
Trade Association	1	1	1	1
Professional Body	1	0	0	0
Consultant	10	1	1	2

Lead Assessor	0	0	0	2
ESOS Participant	0	1	2	0
Other	1	0	0	0
TOTAL	13	3	4	5
TOTAL responses received	25			

**27.c) How will the value added by ESOS proposals differ for different sub-sectors of business (e.g. services, and energy-intensive vs non-energy-intensive industry)?**

Stakeholder	Sectors differ by EE potential	Sectors differ by what they already do on EE	Sectors do not significantly differ	Other	Unclear/unsure
Trade Association	0	0	0	1	2
Professional Body	1	0	0	1	1
Consultant	8	0	1	4	1
Lead Assessor	0	0	0	0	1
ESOS Participant	0	1	0	1	0
Other	0	1	0	0	1
TOTAL	9	2	1	7	6
TOTAL responses received	25				

**28. If including a consumption threshold for including Medium-Sized Enterprises in ESOS, how might it best be set?**

Stakeholder	Agree with inclusion of consumption threshold and suggested a specific consumption threshold	Agree with inclusion of consumption threshold but no threshold suggested	Disagree with inclusion of a consumption threshold	Don't know	Unclear
Trade Association	4	0	2	0	1
Professional Body	2	3	0	0	0
Consultant	13	7	1	1	1
Lead Assessor	2	0	0	0	1
ESOS Participant	1	3	0	0	1
Other	0	1	1	0	1
TOTAL	22	14	4	1	5
TOTAL responses received	46				

**29. Of the three approaches to extending ESOS set out in this consultation (extending to all Medium-Sized Enterprises, extending to high-consuming Medium-Sized Enterprises using a consumption threshold and extending to industrial Medium-Sized Enterprises only), which do you think would be the most appropriate?**

Stakeholder	All Medium-Sized Enterprises	High-consuming Medium-Sized Enterprises using a consumption threshold	Industrial Medium-Sized Enterprises only	Other	Unclear
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Trade Association	2	5	0	0	0
Professional Body	1	4	0	0	0
Consultant	2	17	3	1	0
Lead Assessor	1	2	1	0	0
ESOS Participant	2	6	1	0	0
Other	1	4	1	0	0
TOTAL	9	38	6	1	0
TOTAL responses received	54				

**30. What alternatives might there be for improving energy efficiency specifically in industrial Medium-Sized Enterprises, other than extending ESOS?**

Stakeholder	Policies aimed at increasing awareness, knowledge and expertise amongst industrial MEs	Green finance and similar incentives (e.g. CCAs and IETF)	Mixture of information/awareness policies, and financial incentives	Unsure or unclear
Trade Association	4	1	3	1
Professional Body	3	0	1	0
Consultant	12	4	3	3
Lead Assessor	2	0	0	0
ESOS Participant	2	1	0	0
Other	1	0	2	1

TOTAL	24	6	9	5
TOTAL responses received	44			

**31. Do you think that we should pursue the option of mandating ESOS participants to take action? Are there pros, cons and/or risks not identified here?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	3	9	2	2
Professional Body	5	0	1	0
Consultant	16	8	1	1
Lead Assessor	2	3	0	0
ESOS Participant	7	10	1	2
Other	1	4	0	3
TOTAL	34	34	5	8
TOTAL responses received	81			

**32. Which approach would be most appropriate of those set out here (requiring uptake of all recommendations that meet a payback period criteria, a requirement for ongoing reductions in energy use and/or a requirement to take action on energy management practices)?**

Stakeholder	uptake of all recommendations that meet a payback period criteria	requirement for ongoing reductions in energy use	requirement to take action on energy management practices	Other	Unclear
Trade Association	2	4	3	3	2
Professional Body	1	3	0	2	0

Consultant	5	13	4	3	0
Lead Assessor	0	1	0	3	1
ESOS Participant	1	3	4	4	3
Other	0	3	3	1	0
TOTAL	9	27	14	16	6
TOTAL responses received	72				

**33. Do you think we should pursue alternatives to regulation to increase take up of ESOS recommendations and are there further options not discussed here?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	9	1	2	
Professional Body	3	0	0	1
Consultant	14	6	4	2
Lead Assessor	4	0	0	
ESOS Participant	10	3	2	2
Other	3	2	0	2
TOTAL	43	12	8	7
TOTAL responses received	67			

**34. Do you agree with the suggestions to encourage the uptake of ISO 50001 as a compliance route? Are there further ways in which we might encourage uptake?**

Stakeholder	Agree	Disagree	Don't know	Unclear
Trade Association	8	1	1	1

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Professional Body	4	1	0	0
Consultant	20	4	2	0
Lead Assessor	2	1	0	0
ESOS Participant	11	4	3	0
Other	2	2	1	1
TOTAL	47	13	7	2
TOTAL responses received	69			

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This publication is available from: [www.gov.uk/government/consultations/strengthening-the-energy-savings-opportunity-scheme-esos](https://www.gov.uk/government/consultations/strengthening-the-energy-savings-opportunity-scheme-esos)

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