 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Energy Efficiency Directive, Article 8 (Energy Audits)	
<b>Lead Department/Agency</b>	Department for Energy and Climate Change	
<b>Stage</b>	Consultation	
<b>IA Number</b>	Not provided	
<b>Origin</b>	European	
<b>Expected date of implementation (and SNR number)</b>	June 2014 (SNR 7)	
<b>Date submitted to RPC</b>	02/05/2013	
<b>RPC Opinion date and reference</b>	28/05/2013	RPC13-DECC-1779
<b>Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The IA has set out clearly the options that stakeholders are to be consulted on and provides a detailed analysis of costs and benefits as well as a clear description of how options will be assessed. At final stage the department will need to ensure any potential for double counting of costs is resolved.</p>		
<p><b>Background (extracts from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p><i>“The market for energy efficiency is characterised by a number of market failures. Organisations typically lack access to specific tailored advice on how to reduce costs through energy efficiency. Article 8 of the Energy Efficiency Directive requires Member States to establish an energy audits regime under which all non-SME enterprises conduct an audit once every four years. Energy audits will need to include a detailed review of the energy consumption of an organisation and identify the scope for improving the energy efficiency of its operations.”</i></p> <p><b>What are the policy objectives and the intended effects?</b></p> <p><i>“The objectives of the policy are to promote the take up of cost effective energy efficiency measures whilst minimising the cost to business of complying with the mandatory auditing requirements. By providing organisations with tailored information about how they can make cost-effective savings Energy Audits should increase the take up of cost effective energy efficiency measures. This will support higher economic growth, reduce carbon emissions and improve security of supply.”</i></p>		
<p><b>Identification of costs and benefits, and the impacts on business, civil society organisations, the public sector and individuals, and reflection of these in the choice of options</b></p> <p>Costs – The IA includes costs to auditors of accreditation and costs to business of hiring auditors. However there is a danger that this could result in double counting of the resource cost of accreditation if auditors are including this cost in the fees they charge. The department will need to ensure this is resolved at final stage to ensure that the true resource costs of the policy are reflected.</p>		

**Comments on the robustness of the Small & Micro Business Assessment (SMBA)**

The proposals regulate business and are intended to come into force after 1 April 2014 and therefore the SMBA is applicable.

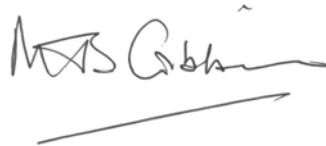
The SMBA is sufficient. The Department explains in its IA that the “...mandatory auditing requirement only applies to large enterprises. Small and Micro-business are therefore fully exempt from the regulations...”

**Comments on the robustness of the OITO assessment.**

At this stage of policy development, the Department is consulting on a number of options for transposing the requirements of Article 8 of the Directive – some of which propose minimum requirements, and some which go beyond the minimum necessary to comply.

Therefore, to support balanced reporting of overall EU burdens in the Statement of New Regulation, the Department will need to submit an IA, including evidence to support an estimated EANCB figure, for RPC validation at the final stage.

**Signed**

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line underneath it.

**Michael Gibbons, Chairman**