

# ENERGY SAVING OPPORTUNITY SCHEME (ESOS)

## GUIDE

# INTRODUCTION

ESOS (Energy Savings Opportunity Scheme) is a mandatory energy assessment for organisations in the UK that meet the qualification criteria.

**The purpose of ESOS is to prompt organisations to identify any areas of significant energy use within the business and to pinpoint cost-effective energy-saving measures they can take as a result.**

ESOS is split into four “phases”, which are four-year compliance cycles that repeat the same basic process on new data. Each phase has a fixed qualification date (a single day when your business size is checked to decide if you are in scope), a compliance period (the four years of energy use that your assessment must cover) and a final compliance deadline (the date by which you must submit your ESOS notification). For example:

- **Phase 3** covered energy use from December 2019 → December 2023 with a qualification date of 31 December 2022 and an extended reporting deadline of 5 June 2024
- **Phase 4** runs from December 2023 → December 2027 with a qualification date of 31 December 2026 and a deadline of 5 December 2027.

In practice, if you qualify on the relevant qualification date you must complete an ESOS assessment for that phase, and then repeat the exercise again in the next phase if you are still in scope. You can access [more information here](#).

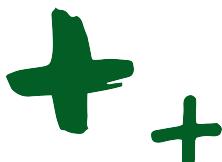
## WHO DOES ESOS APPLY TO?

To qualify for ESOS in Phase 3 and Phase 4, an organisation (or UK group) must be registered or based in the UK and, on the relevant qualification date:

- either employ **250** or more people; **or**
- have both an annual turnover above **£44 million** and an annual balance sheet total above **£38 million**.

## WHO REGULATES THE SCHEME?

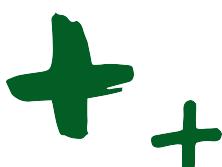
- For organisations registered in **England** - The Environment Agency
- For organisations registered in **Wales** - Natural Resources Wales
- For organisations registered in **Northern Ireland** - The Northern Ireland Environment Agency
- For organisations registered in **Scotland** - The Scottish Environment Protection Agency
- For organisations whose activities consist wholly or mainly of **offshore** activities - The Secretary of State for Business, Energy and Industrial Strategy



# HOW TO COMPLETE AN ASSESSMENT

Organisations that qualify for ESOS must complete a structured assessment to understand where and how they use energy, and to identify realistic opportunities to cut both costs and emissions. The assessment follows a series of steps that build from data gathering, through analysis and decision-making, to formal sign-off and notification.

1. **Work out your total energy use:** Start by calculating your total energy consumption across UK operations for the phase compliance period, covering buildings, industrial processes and transport, and including all fuels and electricity used by the organisation or group.
2. **Identify significant energy consumption (at least 95%):** From this total, identify the activities and assets that together account for at least 95% of your energy use, as these must be included in your ESOS assessment through audits or recognised alternative routes such as ISO 50001.
3. **Collect data and carry out energy audits:** Gather suitable data for your significant energy uses and carry out energy audits that meet ESOS minimum standards and recognised auditing norms (for example those aligned with ISO 50002), covering how energy is used, where waste occurs and what improvements are reasonably practicable.
4. **Appoint and involve a Lead Assessor:** An approved ESOS Lead Assessor must oversee and review the assessment, confirm that the methodology and sampling are appropriate, and sign off the ESOS report. If you need help appointing a Lead Assessor, contact your FuturePlus Advisor, or get in touch with the team at: [info@future-plus.co.uk](mailto:info@future-plus.co.uk).
5. **Prepare your ESOS report and action plan:** Use the audit findings to prepare an ESOS report that summarises energy consumption, key opportunities, estimated savings and recommended measures, and then set out in an action plan which measures you intend to take forward, with indicative timings and responsibilities. A board-level director should review and formally approve the assessment and action plan to show senior-level engagement.
6. **Submit your notification and keep records:** Once approved, submit your ESOS notification of compliance via the relevant online system by the phase deadline, confirming that you have met the scheme requirements for that phase. Keep an evidence pack containing data, calculations, audit reports, decisions and approvals so you can demonstrate compliance and use the outputs to track progress in future years.



# REPORTING PROGRESS BETWEEN PHASES

After the initial assessment, report annually on progress against your ESOS action plan, for example through the energy efficiency narrative in your SECR disclosures where applicable, or via any route specified by your regulator, so that savings opportunities identified under ESOS are followed through rather than left on the shelf.

If your organisation's entire energy use is already covered by a certified ISO 50001 energy management system, you do not need to carry out separate ESOS audits, but you must still notify the regulator, maintain an evidence pack and ensure the ISO 50001 certification remains valid for the whole compliance period.

## LINKING ESOS TO SECR AND NET ZERO

ESOS can do more than satisfy a regulatory requirement; it can feed directly into your existing reporting and climate strategy.

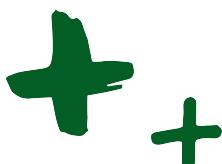
The data gathered for ESOS (energy consumption by source, site and activity, plus identified savings) can be reused in your SECR ([Streamlined Energy & Carbon Reporting](#)) disclosures to explain year-on-year changes in energy use and emissions, and to evidence the "energy efficiency actions" narrative rather than treating it as a standalone compliance task.

By mapping ESOS recommendations into your net zero roadmap – for example, tagging each measure with estimated carbon savings, cost and payback – you turn the ESOS audit into a prioritised pipeline of projects that underpins your transition plan, capital allocation and internal carbon-reduction targets.

## FINES AND ENFORCEMENT

ESOS carries potentially significant civil penalties for organisations that miss deadlines or fail to meet the requirements, including fixed monetary fines and additional daily penalties where non-compliance continues.

Regulators also have powers to name non-compliant organisations and may issue enforcement notices requiring you to remedy gaps. In practice, enforcement bodies will usually consider the steps you have taken to comply – such as early engagement, clear plans and transparent communication – so treating ESOS as a strategic programme, rather than a last-minute box-ticking exercise, reduces both regulatory risk and reputational exposure.



# WHAT SHOULD MY BUSINESS DO NOW?

1. **Confirm whether you qualify in the current phase.** Check your headcount and financials against the ESOS thresholds on the phase qualification date, including UK subsidiaries, so you know whether you are in scope and whether you fall into a group scheme.
2. **Get your data house in order.** Start collating robust energy and activity data (buildings, process, transport) and identify any gaps, as good data will make the ESOS audits more useful and easier to reuse for SECR and net zero planning.
3. **Plan your audits and governance early.** Appoint a Lead Assessor, agree the audit scope and sampling plan, and line up board-level sponsorship so that findings are reviewed promptly and can be built into budgets, SECR disclosures and your decarbonisation roadmap rather than being left until the deadline rush.

## NEED MORE HELP?

Tackling ESOS requirements can feel overwhelming if you're not well prepared. We can support you through the process, and help you to appoint a Lead Assessor.

For more information, contact the team at: [info@future-plus.co.uk](mailto:info@future-plus.co.uk).

