

Welcome to the Energy Savings Opportunity Scheme (ESOS) newsletter, keeping you updated with key information relating to the scheme. In this issue we will be providing an update from the Department of Energy Security and Net Zero update on Action Plans:

1. Phase 3 Action Plan Requirements

From the third compliance period onwards, ESOS includes additional requirements following the submission of the compliance notification, these are ESOS action plans and ESOS annual progress updates that enable organisations to set out how they are taking forward their ESOS recommendations.

Following the submission of the compliance notification, you must produce an action plan setting out what measures you intend to implement to improve energy efficiency. For each measure, you should specify:

- when you intend to do it
- whether it was recommended through an ESOS audit
- what energy savings you expect to achieve over the four-year period covered by the action plan by implementing the measure (see further below)
- a breakdown of those savings by organisational purpose (buildings, transport, industrial processes and other energy use)
- how you estimated these savings

The action plan must be signed off by one or more directors (or equivalent) and submitted via the online notification system.

As communicated in the September 2024 newsletter (issue 28), for organisations qualifying for Phase 3 of ESOS, the deadline for submitting your ESOS Action Plan is the 5 December 2024. Organisations should still look to meet the 5 December 2024 deadline where possible, however, to assist participants in preparing and submitting their action plans, the Environment Agency and Regulators for the Devolved Administrations will accept submitted action plans provided that you submit them by the **5 March 2025**.

You do not need to justify your reasoning for choosing to include any particular measure in the action plan, but you will subsequently be required to identify in two annual progress updates measures you have implemented from the action plan, as well as any you have not implemented by the deadline set for them in the action plan. Both the action plan and the progress updates will be published by the scheme administrator.

The purpose of the action plan and progress updates is to increase participants' accountability for taking action to reduce their energy use. Participants will be required to provide updates on, any measures that they intend to implement to save energy before the end of the compliance period which follows that in which they submitted their notification of compliance. For example, organisations that are required to submit notifications of compliance at the end of the third compliance period can choose to submit an action plan and progress updates by the end of the fourth compliance period, 5 December 2027. The measures can be drawn from the ESOS audit or alternative compliance routes, but do not have to come from one of these sources.

If you do not intend to take any action to reduce energy consumption before the next compliance date, you can submit an action plan that states you do not propose to implement any measures. If your published action plan states that you propose no measures but subsequently implement measures to reduce energy consumption, you can still include those measures in your annual progress updates.

All participants that qualified for ESOS in a given compliance period are required to subsequently produce an action plan and report against it, unless you had no energy responsibility during a compliance period and provided a compliance notification stating this.

The responsible undertaking that was responsible for submitting the compliance notification for the participant is also responsible for compliance with the requirements to produce an action plan and progress updates on behalf of that participant.

2. Action Plan Compliance Periods and Publication

The period covered by the action plan is the four years following the compliance period (which coincides with the subsequent compliance period). So, for the third compliance period, the subsequent action plan covers the period from 6 December 2023 to 5 December 2027.

You must submit an initial progress update in the 12 months following the action plan deadline, which for the third compliance period means the deadline for the first progress update is 5 December 2025. A further progress update is required in the 12 months following this deadline, which for the third compliance period means the deadline for the second progress update is 5 December 2026. Each progress update relates to the 12-month period preceding its deadline.

The deadlines for the action plan and annual progress updates are not affected by the extension to the compliance deadline for the third compliance period to 5 June 2024. The action plan submission date remains 5 December 2024 for all participants and the annual progress updates are due on 5 December 2025 and 5 December 2026 for all participants.

Action plans and annual progress updates will be published by the Environment Agency within 6 months of the deadline for notifying them, or within 6 months of them being received, whichever is later.

3. Who should submit an Action Plan

All ESOS participants (except those whose compliance notification reported zero total energy consumption during the reference period) must, following submission of their notification of compliance, submit an action plan and updates against the action plan which cover the subsequent four years, termed the relevant compliance period. The responsible undertaking which submitted the participant's notification of compliance is responsible for producing and updating the action plan.

Any undertakings that leave their qualifying highest parent group or participant during the relevant compliance period are still required to comply with the requirements relating to an action plan and progress updates if they met the criteria for ESOS on the qualification date.

4. Completing the Action Plan

An action plan may include one or more measures that you intend to take after you have notified the action plan, to save energy during the relevant compliance period (which for action plans relating to the third compliance period ends on 5 December 2027). Alternatively, you may choose to submit an action plan that states that you will not implement any measures to save energy during the relevant compliance period.

If you choose to include one or more measures in your action plan, you must include the following basic information for each measure:

- the month and year by which you intend to have implemented the measure
- whether the measure was recommended by an energy audit
- an estimate of the total energy savings (in energy measurement units) you reasonably expect to achieve during the relevant compliance period through implementing the measure
- an estimated breakdown of the total energy savings you reasonably expect to be achieved for each measure during the relevant compliance period by organisational purpose (buildings, transport, industrial processes and other energy use)
- the method and source of data used for the estimated energy savings.

The measures set out in the action plan may be energy savings opportunities recommended in the ESOS audit, measures recommended through an alternative compliance route, or any other measures that participants may decide to carry out. Participants must make clear in the action plan whether or not the measures they include in it are recommendations from an energy audit.

Action plan requirements are the same for all participants, regardless of compliance route.

5. Identifying measures to include

Any measures that are included in the action plan are for the benefit of the organisation to make public its commitment to save energy and you must be prepared to provide annual progress updates against them.

In order to identify what to include in your action plan, you should look at the recommendations in your ESOS report and other outputs of your energy audit or alternative compliance routes and consider what measures you wish to implement.

You can discuss this with your ESOS lead assessor or carry out additional feasibility studies, but this is not required for the action plan. You can also consider whether there are any other measures which were not identified through your ESOS assessment that you want to take to save energy.

You also need to decide on the dates by which you expect to implement each measure included in the action plan.

If you have committed to targets or action plans for the purpose of reducing your energy consumption under other mandatory or voluntary schemes besides ESOS, it is recommended that you include measures that relate to these in the action plan, so that it is a single source of all the measures you are taking and the energy savings expected from them by the end of the relevant compliance period. These schemes could include:

- Climate Change Agreements (CCAs)
- Streamlined Energy and Carbon Reporting (SECR)
- UK Emissions Trading Scheme (ETS)
- UN Race to Zero
- Science-Based Targets Initiative (SBTi)
- Carbon Reduction Plans (required in the procurement of major Government contracts)

It is recommended that the description of any measure that relates to reducing your energy consumption under other mandatory or voluntary schemes refers to the name of the non-ESOS scheme that it falls under. You should ensure any measures (including any you have aggregated for the purpose of describing them as a single measure) are not reported more than once, to avoid double counting of the energy savings.

You may include only measures from other schemes that are proposed to be carried out during the relevant compliance period. Any measure which has already been carried out before the start of the relevant compliance period (6 December 2023 for the third compliance period) will not meet the requirements for inclusion.

Where implementation of a measure is not due to be completed until after the relevant compliance period ends (5 December 2027 for the third compliance period), it is recommended that where possible, you break it down to identify any smaller measures that are due to be delivered and result in energy savings within the relevant compliance period so that the work due to be completed can be included in

the action plan. For example, a measure to install energy efficient lighting across all of a participant's buildings could be broken down on a site basis, enabling identification of sites where the lighting will be installed and achieve energy savings within the relevant compliance period.

If a large measure cannot be broken down this way (for example because it has a lengthy development time and so will not be completed and achieve savings until after the relevant compliance period) the measure would not be suitable for inclusion in the action plan but could be able to be included in a future action plan relating to a different four-year relevant compliance period.

6. Estimated Savings

Having considered what measures to take, for each measure you must estimate the total energy that you would reasonably expect to save from implementing that measure. Energy savings must be stated in energy units.

The savings must be estimated for the whole of the relevant compliance period, which for the third compliance period is 6 December 2023 to 5 December 2027.

Where you plan to implement a measure part way through the relevant compliance period, you should estimate the energy savings from date of implementation until the end of the relevant compliance period, for example by calculating a pro-rata saving based on estimated annual savings.

You must identify in your action plan whether the estimate of expected energy savings is based on:

- data from the ESOS audit
- data from an alternative compliance route
- another reasonable estimation method (for example, survey data or quotes)

You must keep records in your evidence pack of the calculation method for any estimates you used. Where you have used a reasonable estimation method that is not based on data from an energy audit or alternative compliance route, you must record a brief description of the estimation method in the action plan and record in the evidence pack the reason for using this method. This may be necessary if you do not have access to quantified savings, which may be the case where, for example, a Display Energy Certificate was used to comply with ESOS. The estimated savings from measures are expected to be indicative.

When you submit a notification of compliance for the next compliance period (by 5 December 2027 for the fourth compliance period) you will be required to report an estimate of all energy savings achieved in the relevant compliance period. This will include all the energy savings from any measures you have implemented during the relevant compliance period, which will enable a total estimate to be provided based on actual data where available.

7. Evidence Pack

It is recommended that you include information in the evidence pack to give context to the measures in your action plan. This could include information on why the measures have been chosen. This information is for the benefit of the participant to give context to the action plan.

You may also include any measures in the evidence pack that you intend to take or have taken during the relevant compliance period which do not fit the format set for the action plan. These might be, for example:

- Energy saving or greenhouse gas emissions reduction targets which you intend to meet but for which you are not committing to specific measures.
- Measures to reduce greenhouse gas emissions you intend to take during the action plan period which do not have an energy saving attached.

8. Optional Information

The action plan is required to contain only future measures that you intend to implement from the date the action plan is produced. You will however have an opportunity, on a voluntary basis, to apply the information requirements on action plans to any measures you have implemented between the ESOS compliance date and the date you notify the action plan, should you wish (for the third compliance period, this time period is between 6 December 2023 and the date the action plan is notified). You will be able to add this voluntary information via the online notification system to your action plan.

If you included in your action plan any measures that you identified as not being a recommendation from an energy audit, you may on an optional basis state whether the measure came from either an alternative compliance route or another source. You will also be able to provide context to the measures in your action plan on a voluntary basis by including information on why they have been chosen or other information that may be relevant. The information will be published with your action plan but you will not be required to report against it in the progress updates.

The voluntary information will be published by the Environment Agency.

9. Action Plan Sign Off

The number of directors (or equivalent individuals with management control) required to sign off the finalised action plan before it is submitted through the online notification system is the same as the number who were required to sign off the ESOS compliance notification, although they do not need to be the same individuals. (Two directors are required where an internal ESOS lead assessor reviewed the ESOS assessment or where a lead assessor was not appointed due to the total energy consumption being less than 40,000 kWh).

The director(s) must confirm that they:

- have seen and considered the action plan
- are satisfied, to the best of their knowledge, that the organisation has complied with the requirements relating to the action plan

Contact us

For any IT specific queries relating to the MESOS Reporting System, please contact our new IT helpdesk at esos-it@environment-agency.gov.uk .

If you have any queries relating to ESOS or if there is anything specific you would like to see in future ESOS newsletters, please consult the [ESOS Guidance](#) in the first instance or email esos@environment-agency.gov.uk