

Energy Efficiency Alert – ESOS and CRC News

ESOS Scheme Enforcement

If your organisation has obligations under the UK Energy Savings Opportunity Scheme (ESOS), you will be aware that ESOS assessments must be completed and notified to the Environment Agency by 5 December 2015. Due to scarcity of lead assessors and other problems preventing organisations meeting the deadline, the Agency has announced that it will take a lenient approach to enforcement of non-compliance as follows:

- If an organisation will miss the 5 December 2015 notification deadline, by that date it must inform the EA on an online portal of the reasons for the delay, the date when notification of the assessment is expected and, where applicable, appoint a lead assessor or express a commitment to the ISO 50001 compliance route (as applicable).
- No enforcement action would normally be taken if notification of compliance is received by 29 January 2016.
- Where compliance is intended through ISO 50001, no enforcement action will normally be taken provided that ISO certification is achieved by 30 June 2016.
- Where compliance actions remain outstanding, the Agency will normally serve an enforcement notice requiring compliance within 3 months instead of civil penalties (except in very serious cases).
- Where the organisation's energy use is 40,000 kWh/yr or less, only very limited notification and other minor steps would need to be taken. Where an organisation has zero energy use, only a simple declaration to that effect will be required.
- In any event, organisations need to keep records of their steps to achieve compliance in their evidence pack.

Whilst this is only a policy approach which might not be followed in all cases, it should give comfort to organisations with genuine reasons for non-compliance that significant enforcement sanctions (and in particular financial civil penalties) will not be imposed provided these conditions and extended deadlines are met.

The Agency's full approach on enforcement and sanctions can be found in its [Newsletter No.6 dated 8 October 2015](#), and in the Agency's updated [Enforcement and Sanctions Guidance](#).

Proposals to Abolish the CRC Scheme

As part of its wide-ranging review of business energy efficiency regulation, the Government has proposed abolishing the CRC Energy Efficiency Scheme.

The [HM Treasury consultation](#) suggests reducing the number of overlapping mechanisms in this area and replacing them with one tax and one reporting scheme. The CRC scheme and Climate Change Levy (CCL) would be replaced with a new energy consumption tax based on the CCL. The consultation paper seeks views upon design of a scheme and how rates should be set as between electricity and gas, and between different types of business.

Under the consultation proposals, the ESOS scheme would form the basis of future energy reporting requirements.

Responses to the consultation should be provided by 9 November 2015.

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