

An A to Z of Energy compliance: + Ensuring you tick every box

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POSITIVE + TECHNICAL

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Increasing legislation and changing requirements aimed at tracking and reducing energy consumption is raising the focus on energy-efficient technology, as well as bringing regulatory obligations to a larger number of organisations than ever before.

We work with our clients to achieve compliance as well as to maximise financial savings.

Climate Change Agreements (CCAs)

Sector: Private

Frequency: Scheme currently set to end in March 2025

Climate Change Agreements (CCAs) are voluntary agreements made between UK industry and the Environment Agency to reduce energy use and carbon dioxide (CO2) emissions.

In return, operators receive a discount on the Climate Change Levy (CCL), a tax added to electricity and fuel bills. The Environment Agency administers the CCA scheme on behalf of the whole of the UK.

CCAs have eligibility criteria and set ambitious targets for successful applicants for improving energy efficiency. It is therefore critical to have a strategy in place for accomplishing targets before making an application.

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What is the risk of non-compliance?

Financial penalties can be levied for non-compliance, including late reporting, incorrect information, or failure to update any change of circumstances. There is usually a timeframe of 28 days to rectify any issues. Penalties can be up to 10% of the value of the CCA discount received.

Display Energy Certificates (DECs)

Sector: Public

Frequency: DEC for buildings between 250m2 - 1000m2 have a 10-year validity and DEC for building over 1000m2 have a 1-year validity.

Display Energy Certificates (DECs) were introduced to demonstrate the energy performance of buildings occupied by public bodies. A DEC provides an energy efficiency rating of the building based on the actual amount of metered energy used. Our DEC service takes compliance a step further, with the provision of a DEC Optimisation report which identifies potential savings. If you choose to act on the report, we have the technical services to advise on funding application routes, as well as providing the business plan and associated services.

What is the risk of non-compliance?

Failure to display a DEC in a prominent place that is visible to the public at all times can see a penalty of £500 for each breach, and £1,000 for failure to have a valid advisory report if required.

Energy Performance Certificates (EPCs)

Sector: Commercial/Domestic

Frequency: Valid for 10 years from the date of issue.

EPCs tell you how energy efficient a building is and give it a rating from A (efficient) to G (inefficient). The certificate illustrates how costly it will be to heat and light your property, and what its carbon dioxide emissions are likely to be. Our service includes a recommendation report by Zenergi's qualified assessors, specifying measures that can be taken to improve the energy rating. A Commercial Energy Performance Certificate is valid for 10 years, or until a newer version is produced.

A separate Energy Performance Certificate is required if your property is a 'New Build', called an On Construction certificate. This must be arranged by the person carrying out the work in order to complete the Building Regulations, or in the case that a new occupant moves into a property.

What is the risk of non-compliance?

The penalty for failing to make an EPC available varies according to the type of building and sector. For example, the owner of any domestic building or building unit can be fined £200 if an EPC is not issued for their building or building unit that is offered for sale/rent, newly constructed or altered. For non-domestic properties the penalty is 12.5 % of the rateable value of the building, with a default penalty of £750 where this formula cannot be applied. The penalties range from £500 to a maximum of £5,000.

A fine of £200 can also be issued to the owner or to any agent working on his or her behalf if the EPC indicator is not displayed on all advertisement in any commercial media relating to the building.

“We can guide you through the whole process using a practical and attainable approach to achieve certification.”

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Energy Savings Opportunity Scheme (ESOS)

Sector: Private

Frequency: Every four years

ESOS is a mandatory energy assessment scheme enforced by the Environment Agency, which requires qualifying organisations to report on their energy usage every four years.

The reporting requirements can be complex, and fines levied for non-compliance.

Our ESOS service offers access to qualified experts who can lead the data collection and reporting process through to compliance, in addition to driving a vigilant preparation process during non-reporting periods.

For the current reporting phase (up to December 2023) the qualifying criteria are:

- The company employs 250 or more people OR
- The company has an annual turnover in excess of £44 million, and an annual balance sheet total in excess of £38 million

Organisations who have implemented the energy management standard ISO50001 before 31 October 2022 will be exempt from the phase 3 ESOS which needs to be completed by December 2023.

What is the risk of non-compliance?

Penalties for failing to comply fully, or for false or misleading statements can range from between £5,000 and £50,000, plus £500 for each working day thereafter.

ISO 50001

Sector: Public and Private

Frequency: Annual

ISO 50001 is a voluntary international standard. It applies to organisations of any size, and provides requirements for establishing, managing and improving their energy consumption and efficiency.

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Minimum Energy Efficiency Standard (MEES)

Sector: Commercial/Domestic

Frequency: When properties are sold/let out or has a current EPC. From 2025 the Government are proposing it will apply to all non-domestic properties.

The Minimum Energy Efficiency Standard (MEES) is a government regulation that requires private/non-domestic landlords to ensure that their properties reach a minimum EPC rating of at least an 'E' prior to granting tenancy.

Note: Consultation is ongoing in relation to improving the efficiency rating to a 'C' by 2027 and 'B' by 2030, which will bring a huge number of properties into scope.

What is the risk of non-compliance?

Enforcement is by Local Weight & Measures who can check the EPCs on the Gov.uk website (they can go back 12 months to check). Where any breach of MEES is found to be over three months then the fine can be up to £150,000.

“We can help you evaluate whether you have a legal obligation, check whether you have a certificate already registered, or provide a quotation for inspection, as required.”



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Streamlined Energy and Carbon Reporting (SECR)

Sector: Private and Public

Frequency: Annual

The government's Streamlined Energy Carbon Reporting framework (SECR) was introduced in April 2019. It is designed to simplify energy and carbon reporting and encourage qualifying organisations to implement energy efficiency measures that reduce greenhouse gas emissions in support of the UK's commitment to become net carbon neutral by 2050.

Organisations that fall within scope must report on the following:

- Annual UK energy use
- Greenhouse gas emissions
- An emissions intensity ratio
- The methodologies used to calculate the required information
- A narrative of measures taken to improve energy efficiency
- The prior year equivalent figures

Our SECR Management Service provides a dedicated project manager who will liaise with the representatives from all the necessary departments of your organisation to ensure that all aspects of SECR reporting are delivered in line with requirements. The service delivers both the full report and the Evidence Pack, in line with the recommended 'best practice' in the guidance for SECR, and will be legally compliant for review by any financial auditor.

This guidance is aimed at chief financial officers, accounting officers and trustees in academy trusts that use more than 40,000kWh of energy in a reporting period and meet two or more of the following criteria:

- turnover (or gross income) of £36 million or more,
- balance sheet assets of £18 million or more,
- 250 employees or more.

What is the risk of non-compliance?

Whilst there are no fixed penalties associated with SECR yet, Companies House has the power to refuse to accept accounts that don't meet the SECR requirements and impose civil penalties if necessary, which could be up to £40,000.

TM44 Air Conditioning Inspection

Sector: Private and Public

Frequency: Every five years

All air conditioning systems with a cooling output of more than 12kW should be regularly inspected by an accredited TM44 energy assessor. They will undertake a full review of all of your comfort cooling systems, including the control settings and consider opportunities to replace older, less energy efficient or oversized air conditioning systems with new energy-efficient versions. We can help you evaluate whether you have a legal obligation, check whether you have a certificate already registered, or provide a quotation for inspection, as required.

What is the risk of non-compliance?

The penalty for failing to have a valid TM44 Air Conditioning Inspection report is fixed at £300.

Data correct at time of publishing May 2022.