

Energy savings obligation: **Be successful from the start**



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Energy savings obligation: **Be successful from the start**

Our society is going through a major transition in terms of how we use energy. The government encourages/oblige companies to save energy where possible. An important instrument to achieve this is the energy savings obligation, or ESO. Large industrial energy users, including EU-ETS companies, are obligated from 2023 to make their energy usage more sustainable in order to reduce CO₂ emissions. But what does this mean exactly? As a company, what course of action should you take to meet the obligation? And most importantly, how do you approach it in a way that benefits both sides? Can you meet the legal requirements, save substantially on energy and still be successful as a company? Vicoma is happy to support you in this process.

EED – Energy Efficiency Directive

Let's go back to where it all started. The Energy Efficiency Directive (EED) is an EU directive that was adopted in 2012. Its objective? To stimulate energy efficiency in the European Union. In construction, transport and industry, for instance, there are still many ways to reduce energy consumption.

This offers the following advantages:

- reduce the EU's dependence on imported energy
- increase energy security
- lower greenhouse gas emissions

The EED is therefore an important instrument for the EU to reach the climate targets that have been set.



Energy audits

A key aspect of the EED is to make it binding for companies* to carry out energy audits and to implement energy-saving measures. Companies are required to perform an EED audit once every four years to identify possible ways to reduce energy consumption and report on the implementation of energy-saving measures..

* Which companies have an EED audit obligation?

- Companies that do not have an SME status and that employ 250 fte or more staff in the EU, including participating interests in partner and associated enterprises..

AND/OR

- Companies with an annual turnover of more than EUR 50 million and an annual balance sheet total of more than EUR 43 million, including participating interests in partner and associated companies.

Energy-saving measures and information obligation

The energy savings obligation is a measure that is part of the Energy Efficiency Directive (EED). This obligation requires companies and institutions in specific sectors, such as in industry, to implement energy-saving measures that are financially recoverable within a five years.

The exact content and scope of the energy savings obligation can differ from one EU member state to another, as they are determined by EED policy measures at national level.

Dutch legislation, for instance, requires companies to implement energy-saving measures that pay for themselves in five years or less. This applies to companies – both SMEs and companies with more than 250 fte – that consume more than 50,000 kWh of electricity and 25,000 m³ of natural gas (equivalent) per year. Furthermore, these companies are required to perform an energy audit once every four years and must submit a report to the Netherlands Enterprise Agency (RVO).

Tightening the energy savings obligation

The energy savings obligation is being tightened even further for companies and institutions as of 1 July 2023.

What does this mean?

- The target group has been extended to also include companies and institutions that fall under the European Union Emissions Trading System (EU ETS). Greenhouse horticulture and businesses requiring an environmental permit are also subject to the obligation from 1 July 2023.
- In addition to the amended energy-saving measures, there are also plans to for an obligation to produce or switch to renewable energy (carriers) in the near future. But here, too, if they have a payback period of five years or less and a reduction in CO₂ emissions must be guaranteed.

Report content

Among other things, the report should include the following components:

- **General description:** An introduction about the company and its operations, a description of its processes, plant, building and transport.
- **Energy consumption:** An overview of the company's total energy consumption for the past financial year, broken down by energy source and (sub-)activity. Energy consumption should be reported in kWh for electricity, m³ for natural gas and litres for other fuels.
- **Energy-saving measures:** A summary of the energy-saving measures that have been taken in the last four years, including the expected and achieved energy savings. In any case, the savings on the Recognised Energy Saving Measures List (EML) with a payback period of 5 years or less, must have been implemented.
- **Energy-saving targets:** The company's energy-saving targets for the coming four years.
- **Monitoring and verification:** The methods that the company uses to monitor and verify the energy efficiency of its operations.

Recognised Energy Saving Measures List (EML)

The Recognised Energy Saving Measures List (EML) shows the measures to meet the energy savings obligation mandated by the government. In case not all the measures in the EML are implemented, the alternative measure must save an equivalent amount of or more energy than the measure proposed in the EML.



Exceptions to energy savings obligation

There are companies that fall under the energy savings obligation that are not required to report every four years:

- Companies that already participate in a certified energy management system (such as ISO 50001) do not need to have another energy audit done. They are, however, still required to report on their energy performance every year.
- Companies already participating in a sectoral initiative equivalent to the requirements of the EED.
- Companies that can demonstrate that they already meet the requirements of the EED by means of an approved alternative system.

Energy scan

As part of the energy audit, an energy scan can provide insight into the energy management. It involves a systematic evaluation of the energy consumption and energy efficiency of a building, process or system. An energy scan can consist of several components:

- **Identification of energy-saving opportunities:**
Inefficiencies and potential savings opportunities in energy consumption become apparent. This can range from simple improvement measures such as optimising the lighting and heating systems to more complex measures like improving processes and replacing equipment.
- **Quantification of energy savings:**
An energy scan can help to quantify the potential energy savings, both in terms of the units of energy and energy costs. This enables you to assess and prioritise the potential return on investment (ROI) of energy efficiency projects when implementing the measures.
- **Creation of energy efficiency plans:**
A detailed energy efficiency plan can be developed based on the results of an energy scan. It helps to determine, among other things, specific improvement measures, timelines, responsibilities and expected outcomes to promote energy efficiency and meet EED requirements.

- **Monitoring and reporting:**
An energy scan can also be very helpful when setting up a monitoring and reporting system to track the progress on energy efficiency measures and report the results to relevant stakeholders. It even includes compliance with EED requirements and other legal obligations.
- **Employee awareness and engagement:**
Finally, an energy scan often leads to increased awareness of employees regarding energy efficiency. It encourages them to take responsibility in identifying savings opportunities and implementing measures, thus contributing to creating an energy-conscious work culture and supporting the company's sustainability efforts.

To sum up: An energy scan can support companies in identifying energy-saving opportunities, draw up energy efficiency plans and monitor the progress of energy efficiency measures. This can help them to meet the requirements of the EED and reach other energy efficiency targets.



What can Vicoma do for you?

Vicoma can play a role in supporting companies who need to meet the Energy Savings Obligation (ESO). We can do this in several ways:

- perform an energy scan
- assist in preparing the four-yearly report
- carry out a specific component of the energy saving obligation

Examples:

- identifying all relevant alternative energy-saving measures
- clarifying all electric drives
- analysing the heat management of processes
- setting up a system for measuring, recording and reporting on energy consumption.
- advising on grant schemes and other support options available.
- providing support in setting priorities or developing a roadmap for implementing the measures.



From assessment to engineering

Vicoma's engineers have all the knowledge and expertise to support businesses in a wide range of projects from start to finish, and also take care of the engineering. We also act effectively thanks to our flexible teams and short lines of communication.

Vicoma can provide support with the Energy Savings Obligation because after the initial assessment, measures often follow that need to be implemented. Companies are therefore at the right place with Vicoma for a quick and clear process with a single point of contact for both reporting and implementation.

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An innovative, flexible, and independent Consultancy & Engineering firm

Our consultancy and engineering firm has been working for 60 years with a wide array of clients on single and multidisciplinary projects. What can you expect from us? A pragmatic and flexible approach.

Our engineers are capable of overseeing diverse projects from start to finish, handling the engineering aspect efficiently. We also operate swiftly with flexible teams and streamlined communication channels. Being an independent family-owned business, it's inherent for us to prioritize your interests alone. As such, we are not publicly listed and are not tied to specific contractors.

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