

Guide to Achieving Compliance with the Energy Auditing Compliance Scheme

Information for large enterprises on complying with their legal obligations for undertaking Energy Audits under SI 426 of 2014

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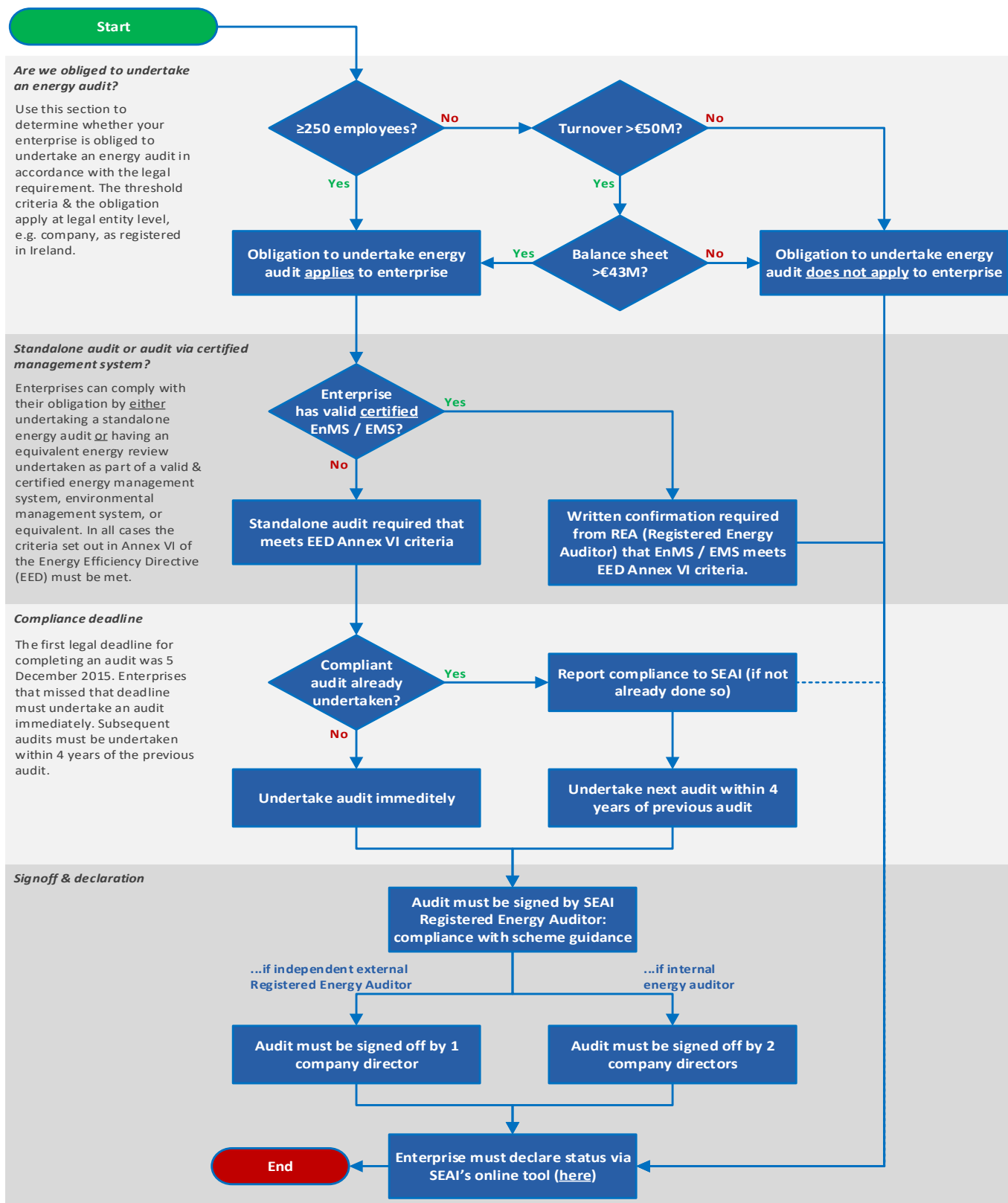
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Scheme Overview – who is obliged and how to comply



Energy Auditing Scheme

Are you obliged to undertake an audit & how do you comply?



Enterprises with an audit obligation are required to have an energy efficiency audit carried out and are required to conduct further energy audits at least every 4 years from the previous audit. Large enterprises, ie those that are not SMEs, have an audit requirement if they are above either of two thresholds:

- Threshold 1: have 250 or more employees, or
- Threshold 2: have an annual turnover¹ over €50 million and an annual balance sheet over €43million.

Figure 1 below can be used to determine the category of an enterprise

| Employ-ees | Turnover | Balance Sheet Total | Outcome |
|------------|----------|---------------------|---------|
| < 250 | ≤ €50m | ≤ €43m | SME |
| < 250 | ≤ €50m | > €43m | SME |
| < 250 | > €50m | ≤ €43m | SME |
| < 250 | > €50m | > €43m | Large |
| ≥ 250 | ≤ €50m | ≤ €43m | Large |
| ≥ 250 | ≤ €50m | > €43m | Large |
| ≥ 250 | > €50m | ≤ €43m | Large |
| ≥ 250 | > €50m | > €43m | Large |

Figure 1: Summary chart for use in determining your organisation category, ie SME or Large Enterprise.

¹ See Article 28 of Council Directive 78/660/EEC of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies (OJ L 222, 14.8.1978, pp. 11-31).

1. Background

The Energy Efficiency Directive or “EED” (Directive 2012/27/EU of the European Parliament and of the Council on energy efficiency) was transposed into Irish legislation under SI 426 of 2014 and amended by SI 626 of 2016 and SI 599 of 2019. This SI contains several measures intended to increase the energy efficiency of enterprises.

One of the measures, under Article 8 of the EED, was the requirement to implement a programme of regular energy audits in large enterprises (non-SMEs). Enterprises needed to be compliant by 5th December 2015 under the first period, with a requirement for an audit to be carried out every four years thereafter. Essentially the requirement, if the regulation applies to your business as a non-SME, is to complete an energy audit and to do further audits every 4 years thereafter. The government has established the Energy Auditing Compliance Scheme, operated by SEAI, to enable compliance with the legislation in the Republic of Ireland. The following content provides information for enterprises in the Republic of Ireland on how the scheme applies to them and is intended to help decision makers to plan accordingly.

Globally and nationally, the improvement of energy efficiency is one of the most cost-effective ways to improve the security of supply, reduce energy-related emissions, assure affordable energy prices, and improve economic competitiveness. At the business level, energy audits have the potential to increase your business’s profitability and competitiveness by identifying cost-effective savings, which, if implemented, will improve energy efficiency.

This document outlines how the Energy Auditing Compliance Scheme operates in Ireland, what the audit needs to cover and report on to demonstrate compliance, as well as the consequences of non-compliance.

2. Who does this apply to - Responsibilities and Obligations

The requirement to carry out an energy audit applies to large enterprises that are above either of the thresholds set out below:

- Threshold 1 (T1): A legal entity with 250 or more employees² on the payroll.
OR
- Threshold 2 (T2): A legal entity³ with an annual turnover in excess of €50 million⁴ **and** an annual balance sheet total in excess of €43 million⁵.

In the case of the public sector the audit requirement also applies to a public body⁶ with individual buildings with a total useful floor area of more than 500m² or an annual energy spend of more than €35,000. This requirement shall not apply to schools who–

(a) have provided their energy data to the SEAI through the Monitoring and Reporting Mechanism as set out in paragraph 5(3), and

(b) who the SEAI are satisfied are pro-actively engaged in exemplar energy management as defined by the SEAI.⁷.

Enterprises that are above either T1 or T2, or in the case of the public sector, those that are above the floor area and energy thresholds above, are considered to have an audit requirement. Those with an audit requirement must undertake an energy audit or ensure their energy management system meets the requirements in Annex VI of the Energy Efficiency Directive. SEAI has now published the minimum criteria for energy audits to comply with SI 426 of 2014 and amended by SI 626 of 2016 and SI599 of 2019 to assist enterprises with interpretation of the requirements.

In summary, the obligation applies to private enterprises, groups of enterprises or companies, partnerships, public bodies, commercial public sector organisations, not for profit enterprises, trusts, and unincorporated associations who meet the criteria to comply. In the case of groups of companies, the requirement is on each facility in that group at the legal entity level.

Enterprises who exceed either threshold and operate with a Greenhouse Gas Emissions Permit (under the Emissions Trading System) are no longer exempted from the requirement to comply with the audit obligation. Such enterprises are required to complete an energy audit or

² An employee is essentially a person who has entered into or works under a contract of employment, in relation to an employer [Terms of Employment (Information) Act, 1994]. AND Annex, Article 5 - http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

³ A legal entity in T2 could have fewer than 250 employees.

⁴ The amount selected for turnover is calculated excluding value added tax and other indirect taxes (ref. Commission Recommendation 2003/361/EC, Art. 4).

⁵ This is the figure before deducting current and long-term liabilities, so it is the gross figure and not the net figure.

⁶ The requirements placed on public sector bodies is outlined in S.I. No. 646 of 2016

⁷ Exemplar energy management means becoming more organised and strategic in your approach and completing energy management training under the SEI's Public Sector Programme

use an alternative route which includes provision that meets the requirements of Annex VI of the Energy Efficiency Directive.

Compliance with the Energy Auditing Compliance Scheme is set at the legal entity level as opposed to the group level. This does not exclude companies who may wish to demonstrate compliance at the group level. So, whether you have an audit requirement depends on whether the legal entity is above the T1 or T2 thresholds set out above. Companies who are SMEs and are part of a group are not legally required to undertake an energy audit but should still consider the value of an audit to help identify opportunities for energy saving, and cost reduction opportunities and thus improve their competitiveness and environmental performance.

If an enterprise exceeds their personnel OR financial thresholds during the year and it now exceeds the compliance requirement threshold, then this does not immediately require an energy audit to be completed. The enterprise keeps the audit requirement status it had at the beginning of the year, and its status will only change if it still exceeds the thresholds at any point in time the following year.

Conversely, if an enterprise was required to undertake an audit but then falls below the threshold, then it keeps the audit requirement status it had, and it will only change if it is still below the threshold at any point the following year.

The assessment period for the criteria of the number of employees and the financial information is the last year of completed financial accounts.

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked fulltime within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

- a) employees;
- b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;
- c) owner-managers;
- d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

3. Compliance Timeframe

Enterprises with an audit obligation who have not previously conducted an audit must do so immediately. Failure to do so means you are in breach of the regulations and subject to

penalties. Those who have previously conducted an audit must carry out an audit not later than 4 years from the previous audit.

If an enterprise is required to comply and an audit has not yet been completed, then arrangements should be made for this audit to be completed as soon as possible, to avoid prosecution in accordance with the legislation, as outlined in section 13 below.

Enterprises are advised to plan their route to compliance as early as possible to avoid auditor congestion. Given that the original deadline for compliance was by 5th December 2015, and audits (or management system routes to compliance) need to be repeated every 4 years, auditor availability may be limited during Q4 for each subsequent anniversary of the deadline of 5th December.

4. Demonstrating Compliance

To comply with the energy audit requirement, an enterprise must undertake a stand-alone energy audit covering a minimum of 85% of delivered energy use every four years.

Where an enterprise has an energy or environmental management system in place that is certified to internationally recognised standards by a recognised body, such as ISO 50001 or ISO 14001, then this system may be used as an alternative route to demonstrate compliance. The audit or management system must cover at least 85% of total delivered energy use by the enterprise, including heat, power and transport uses. This means you can exclude up to 15% of your total energy consumption from any audit or alternative compliance route.

Any alternative route outlined above should be certified by a recognised certification body according to the relevant European or international standards. The auditor who validates the certification should be a registered energy auditor with SEAI and should be reported every 4-year cycle like a standalone energy audit. Alternatively, the relevant section of this alternative route addressing energy use and Annex VI requirements should be validated by a registered energy auditor.

In all cases of demonstrating compliance, the approach taken must meet the minimum audit requirements as set out in the [Minimum Criteria for Energy Audits](#) document and must be certified by a registered energy auditor.

The registered energy auditor may be employed by the certification body, be an independent auditor on the SEAI public register or may be an employee of the enterprise who is registered with SEAI for the purposes of auditing in that enterprise.

The audit report or certification documents should be retained by the enterprise and/or the auditor in a compliance certification file and be available for inspection by the SEAI or its agents on request as part of ongoing quality assurance and scheme management and as required under the directive. Section 4 below outlines the procedures for notification of compliance and reporting requirements for the scheme.

In the case of enterprises operating under the Emissions Trading System, it may suffice to undertake an additional review to ensure that what you have already done meets the EED Annex VI requirements. The consequences of non-compliance are outlined in Section 13.

To demonstrate compliance with the energy audit requirement, the enterprise or the appointed registered energy auditor acting on behalf of the enterprise, must confirm to SEAI that:

- i. the enterprise is compliant regardless of whichever route is taken;
- ii. the 85% of delivered energy use has been audited OR covered by one of the alternative routes; and
- iii. the compliance has been achieved by meeting the requirements set out in Annex VI of the Directive.

When the energy audit is completed by an SEAI registered energy auditor then the audit report should be presented to the senior management team or directors of the enterprise so that they are aware of any opportunities identified to improve the enterprise's energy performance.

Recognising that many businesses have highly qualified auditors in-house, they may undertake the audit to demonstrate compliance. However, the internal auditor should ensure that the audit is signed off by two directors and the internal auditor must be registered themselves on SEAI's Registered List of Energy Auditors.

If the enterprise has completed an audit and has not reported to SEAI then they should do so immediately otherwise the SEAI will assume it is not compliant.

The associated audit report or alternative route evidence, together with the results and data, should be stored for a minimum of four years or until the audit is superseded by the next audit.

5. Notification and Compliance Reporting

In order to facilitate the monitoring of compliance, which member states are required to do under the EED, all enterprises with an audit requirement should notify the SEAI of their status. All obligated enterprises should notify SEAI of their compliance status every 4 years. This should be done either on request or by utilising the online [Energy Audit Compliance Notification System](#), which is available at the Energy Audit Compliance Scheme section of the SEAI website. The notification report should be submitted once the Registered Auditor has confirmed that your audit or alternative certification route is complete, it meets the minimum criteria as outlined in the Minimum Criteria for Energy Audits document and demonstrates that the enterprise is now compliant. The audit report can be appended to the notification system submission or should be available to facilitate a Quality Assurance (QA) assessment by SEAI should they request it. Appendix A provides details of the information to be provided by the enterprise or registered auditor to notify SEAI of compliance.

This notification report can be completed by the SEAI registered energy auditor, the enterprise, or an agent acting on behalf of the enterprise. However, the enterprise is fully responsible for ensuring accuracy of information provided and its final submission.

6. Multi-site enterprises

Enterprises made up of many geographically diverse sites do not necessarily have to audit each site. Sampling is allowed where an enterprise has several facilities with largely homogenous services being provided, such as retail outlets, warehouses, or fast food chains. It is important in the determination of the number and relative size of the individual locations, that the total energy consumption is known for the overall enterprise (even if this has to be estimated from energy costs initially).

It is also acceptable for an enterprise to divide its operations into logical 'clusters'. Under this approach, sites are categorised according to different types of processes or services, with a minimum of 10% of sites in each cluster being audited and the results extrapolated to cover 85% to 100% of energy use. An example might be an enterprise with large groups of offices, some air-conditioned and some not, so that two clusters could be formed (according to whether they have air conditioning or not) and each cluster audited as outlined under the sampling approach. Another example of this is a retailer who has three different sizes of outlets in its chain (e.g. large, medium and small). Each of these would form a cluster. The enterprise may then decide to audit a sample of sites from each cluster. At least one site representing each cluster should be chosen for audit. The number of sites chosen for audit should be decided in discussion with the Energy Auditor to ensure that 85 % of the overall energy use is considered when making this decision.

In the case of enterprises with several similar sites or facilities to which the multi-site procedure has been applied, information must be provided on the total number of sites in the enterprise and on the number of sites where energy audits were performed.

This principle could also be applied to transport fleets where diesel, petrol or electric vehicles might be clustered according to fuel type. The number and selection of the vehicles must be carried out in a manner such that a reliable evaluation of the overall energy situation of the vehicle fleet is achieved.

The following table may be used as a guide to determine the number of sites within an enterprise or cluster to be audited:

| No. of Sites | Determination of the Number of Audits | Audit No. (Range) |
|--------------|---------------------------------------|-----------------------------------|
| up to 15 | 3 sites | 3 |
| 16 to 100 | 10 % of the number of sites | 4 – 10 |
| 101 to 400 | Square root of the number of sites | 10 - 20 |
| > 400 | To be determined by the auditor | Consider sampling and clustering. |

In all cases the results of these sample/cluster audits should be extrapolated out as appropriate to include a minimum of 85% of the delivered energy across all facilities. When the determination is made that a certain number of audits is required, then the facilities with a higher energy usage must be audited first to take advantage of any Pareto impact that this may provide. In most cases it may in fact be easier to apply the results to all (100% of delivered energy) other similar facilities. This type of benchmarking audit can help to identify replicable projects and potential outliers.

In all cases where the application of sampling and clustering is used, the auditor should include a careful record of the rationale for determining the number of audits to be carried out and the selection of the specific sites comprising each cluster or sample. The sites or facilities selected cannot be audited in any consecutive four-year audit cycle until all facilities have been subjected to an audit.

In the case of franchises, where each franchise owner operates independently, i.e. the franchisor has no financial ties with or control over the franchise owner, then the franchisee is considered a legal entity and the standard criteria applies.

7. Appointing an auditor and guidance available

As indicated above, either an SEAI registered energy auditor on the public register or a qualified and registered internal auditor can undertake the energy audit or certify an alternative route to demonstrate compliance. The internal auditor must also be registered as an SEAI registered energy auditor but will not be listed on the public register if they choose not to be. The audit must be carried out in accordance with this the SEAI's Minimum Criteria for Energy Audits document.

If the audit is carried out by a registered energy auditor on the public register, the audit must be signed off by at least one director / director's designee. In the case of an audit being carried out by an internal auditor, the audit must be signed-off by two senior internal authorised signatories, e.g. CEO or senior directors. All audits must be signed by the registered energy auditor also.

A list of SEAI registered energy auditors is available at the [Energy Auditing Compliance Scheme](#) section of the SEAI website.

SEAI has produced an Energy Audit Handbook to assist enterprises in better understanding the approach to and value of energy audits and provide guidance on procuring an auditor and undertaking an energy audit. Other standards such as ISO 50002 Energy Audits: Requirements with Guidance for Use, and EN 162478 Parts 1-4 which addresses audits of buildings, processes and transport; may also be used for reference when completing audits.

⁸ European Committee for Standardisation

The cost of the audit will depend on the scale of operations of the enterprise, and the amount of previous work carried out in understanding energy use. It is exclusively a matter for individual enterprises to select an appropriate auditor and to negotiate fees.

8. Energy Consumption – definitions and scope

8.1 Audit Scope

The audit should cover buildings, processes and transport, (if applicable), and cover at least 85% of delivered energy over a period of 12 consecutive months. The audit should include electricity, thermal energy and transport energy used by the enterprise. There are no fuel type exemptions under the scheme.

Any onsite energy generation of heat or electricity must also be included, e.g. via combined heat and power (CHP), wind turbines photovoltaic (PV) panels, etc. In this case only the incoming fuel, including that used by the CHP plant, as well as any other fuels used and the imported electricity from the mains, needs to be included in the calculation of the total delivered energy consumption up to at least the 85% threshold.

Where other forms of renewable energy are generated on site these should be separated out in the determination of the overall energy consumption of the buildings / processes.

The energy audit should be based on up-to-date, measured, traceable operational data on delivered energy consumption and load profiles (for electricity). Examples of such data include:

- meter readings and schedules for electricity and gas;
- invoices or delivery notes for relevant fuels;
- stock records and readings for liquid and solid fuels.

The Energy audit must include all the enterprise's significant energy users:

- Examples for large industry could include compressed air generation, refrigeration chillers for chilled water production, steam boiler plant and distribution systems, and clean rooms.
- Examples for small industry could include space heating, lighting, process loads etc.
- In buildings, significant energy users would include at a minimum, air conditioning (if present), space heating, boiler plant, and lighting loads.

Where the site layout comprises several independently serviced facilities then the audit should consider any potential benefits that the introduction of district heating to that site may provide. This should take into consideration the benefits of a central system against the losses in the distribution system across a full year of operation.

The energy audit must cover a minimum of 85% of the total energy used by the enterprise:

- Once all significant energy users, as outlined above, have been audited and over 85% of the total delivered energy is covered by the audit, then the scope of the audit may be deemed to be adequate.
- If the 85% threshold is not reached at the point when all the significant users are audited, then the remaining energy users must be considered to fall within the scope of the audit until the threshold of 85% delivered energy is surpassed, but the examination of these may be in less detail.

If the energy or environmental management system does not cover at least 85% of delivered energy; for instance, if ISO 50001 covers only 50% of delivered energy or some specific facilities, then the certification needs to be reviewed to include an additional 35% of delivered energy or an energy audit completed to cover the 35% to achieve the overall compliance requirement of covering 85% of delivered energy.

Where only limited data is available, then well-grounded estimates (to be explained in the audit report) can be made based on available recognised benchmarks, published energy consumption guides, or extrapolated from energy expenditure. For example, actual fuel costs and recorded average fuel price for a fuel can be used to derive fuel use.

The use of energy costs to derive energy consumption data should be based on actual energy prices charged to the enterprise in the most recent billing period or in the absence of this information, the relevant SEAI commercial fuel comparison tables on the SEAI website. Any benchmarks used, or derived energy consumption should be from a reliable source and referenced in the audit report.

For unmetered supplies or for energy users where metered data is unavailable, then energy consumption should be estimated, calculated or identified by means of appropriate benchmarking data or manufacturer's data.

Where any of these methods is used, this needs to be clearly stated in the audit report, along with any recommendations to improve the quality of the energy use data for the next compliance period. For example, where the energy data for regional offices was not available for the report for an audit, then the expectation is that the enterprise will put a mechanism in place to have this data available for the next audit.

Where confidentiality of audit and business information is required by an enterprise they should seek same from their registered energy auditor. SEAI consider the audit and business information as confidential but are subject to Freedom of Information and Access to Environmental Information requirements so cannot provide any guarantee that the information will not be published.

8.2 Transport Energy Use

Any fuel for business transport use that is supplied to the enterprise and consumed and paid for directly by the enterprise for the purposes of any form of transportation should be included in the energy audit. The fuel used in enterprise cars and fleet vehicles for business use, should be included where the fuel costs are recharged to the enterprise, regardless of whether the vehicles are owned or leased.

In most cases this is likely to consist of fuel used by road vehicles. However, for some enterprises this may also include fuel used in aircraft, trains, boats/ships or other vessels. If the enterprise is using and paying for the fuel, then this means it has some measure of control over the fuel and therefore can identify the opportunities for improving fuel efficiency.

The fuel use by an enterprise's transport service provider, where this is a separate enterprise and where the fuel is not recharged directly to the enterprise, need not be included. This includes fuel use by couriers, hauliers, taxis, airplanes, ferries, rail, etc.

For enterprises with an international aspect to their fuel use, i.e. aircraft cargo or ferry boat transport use outside of the Republic of Ireland, then only the fuel included in the audit is the fuel purchased in the Republic of Ireland (or imported to the Republic of Ireland by the enterprise for its own use).

The energy consumption covered by the audit includes energy which is consumed for the purposes of transport by an aircraft or a vessel during any journey which, starts, ends, or both starts and ends in the Republic of Ireland. Journeys which start and end outside the Republic of Ireland may be excluded.

In the case where actual usage data, e.g. litres of fuel, is not available when determining transport energy consumption, then estimates may be used, which are based on verifiable data such as kilometres travelled multiplied by average fuel consumption. Justification should be provided for the method used.

When calculating or estimating total energy consumption from these transport activities, an auditor may estimate energy consumption from other verifiable data (e.g. expenditure) where the actual usage data is not available (e.g. litres).

'Grey fleet' refers to vehicles not owned by the enterprise but are used for business purposes. This includes vehicles directly owned by employees, directors etc. Where the enterprise pays the vehicle owner for the use of their personal vehicle for business purposes on a distance travelled basis, then the related fuel consumption should be included in the energy audit e.g. where a mileage allowance is paid to the employee.

For instance, the number of expensed miles multiplied by an average fuel consumption factor to estimate the usage. Expensed mileage can be converted into energy use by applying standard consumption factors, such as those included in the [UK Government Vehicle Registration Authority \(VRA\)](#) database .

8.3 Obligated enterprises with minimal energy consumption

Enterprises with an audit requirement but minimal or negligible energy consumption, can apply the following interpretation:

- Where bills are included in rental agreement across the whole enterprise e.g. fund managers operating from a small office, then an enterprise director must sign a declaration to this effect and it must be validated by a registered energy auditor. This evidence on headed paper should be retained on file by the enterprise.

- If the enterprise has some energy use and it is low, then a registered auditor should be asked to prepare a short report on this basis, citing the estimate of annual energy consumption and any opportunities for savings identified e.g. lighting and pointing out why the energy use is considered low relative to the values of the audit requirement financial qualifying criteria
- If an enterprise consumes less than 100,000 kWh of energy or their energy bill does not exceed € 35,000 per annum the above criteria will also apply, with the consumption validated by a registered energy auditor and reported to SEAI.

In all cases the enterprise still has an audit obligation (i.e. there is no exemption) and must report to SEAI as having completed a standalone energy audit, the manner of which would be in the format as described in the bullet points above

The evidence will comprise either a letter and/or report, and should be retained on file, and submitted to SEAI via the audit notification system as part of the notification of audit status. The SEAI will determine at that point if any additional auditing or justification is required.

These enterprises are still required to report to SEAI via the [online notification system](#).

9. Rented and leased buildings

9.1 General

In general, where a facility is rented or leased from a landlord then the responsibility for completing the energy audit is determined on the following basis:

- The energy use that is paid for directly by the tenant based on metered use, regardless of whether the energy is being charged by a utility company or a landlord, is the tenant's responsibility, and it is the tenant's responsibility to include this energy in the energy audit.
- Energy use that is paid for indirectly by the tenant through a general service fee is still the responsibility of the party that directly **manages and controls** that energy use and therefore it is the tenant's responsibility to include this energy in the energy audit. It may not always be possible to verify this energy consumption directly from energy bills as the tenant may not have access to this information. In these cases, the energy auditor will use professional judgement to make a reasonable estimate using recognised references of the energy consumption for the purposes of the audit.

9.2 Multi-tenant buildings or partially rented buildings

In the case of a rented or leased building (or facilities or other assets, such as vehicles), responsibility for the energy use will lie with whichever enterprise directly controls the energy use. In cases where energy use may be split between landlord and tenant (such as common areas and occupied areas), energy use is allocated according to who has direct control over that specific use.

For example, energy use in common areas would be allocated to the landlord, and the energy use in the facilities would be allocated to the tenant. If either (or both) the landlord or tenant is required to undertake an audit because it has an audit requirement, that party must include in its energy audit the energy use for which it is responsible.

It is up to the landlord and tenant to jointly determine who is responsible for the energy use based on the information available. They must identify and agree all energy uses in the building and allocate these according to who has control over that energy use. The approach taken to this allocation should be validated by the energy auditor based on energy bill data or professional judgement in the absence of reliable consumption data.

Quantifying energy consumption that a tenant directly controls is likely to be via utility meter or sub-meter. Where metered energy data is not available, then the installation of temporary logging equipment is recommended if this is practicable, particularly where that energy use is to be included in the audit.

If neither metering nor temporary logging data is available, then the reason for this must be noted and a reasonable basis of estimation must be provided. The auditor should include practical recommendations for improving energy data quality for future audits.

Where both landlord and tenant(s) would have an audit requirement or fall into the category of “Non-SME”, consideration should be given to conduct a combined audit of the building / facility.

9.3 Third Party Outsourcing of Heat Energy /ESCO Service

If an enterprise effectively subcontracts a part of its activities to another enterprise and exercises some management control over these activities itself but does not pay for the fuel used by these contractors, the energy used by these activities should be excluded.

Where an enterprise uses an Energy Services Company (ESCO) to provide heat or other forms of energy service, then the fuel used, or energy supplied by the ESCO to the enterprise should be included in the scope of the audit.

10. Energy Used in Plant and Machinery

This applies for both plant and equipment owned or leased (e.g. road repairs/maintenance or fleet vehicles) by the enterprise demonstrating compliance. Any energy or fuel purchased and used in operating the plant and equipment over the audit period must be accounted for in the audit or review.

In cases where the lessor (the company leasing the plant to the organisation) pays for the fuel to maintain the equipment as part of the lease agreement, the enterprise (lessee) should ensure that the provision of energy consumption data by the lessor to the lessee is a contractual requirement and this should be included in the audit.

It is clear from the above that if an enterprise leases plant and machinery for its own use (e.g. road repairs / maintenance activities) then this consumption is counted for the purposes of the audit. The corollary of this is that if a company (lessor) leases out plant and machinery for this purpose, then it makes sense that the fuel used is NOT counted by them as their own consumption should they be required to comply.

11. Energy Used for Capital Projects.

When a large construction enterprise is required to undertake an audit, then the energy use from the assets which it owns and uses, must be included in the audit.

The fuel purchased and consumed in temporary portacabins, excavators, transport, or machinery, whether owned/leased, and operated by the construction enterprise during construction projects will have to be included in their audit regardless of it being consumed on another site, for example energy paid for and used for the enterprise's own business on a site in a stand-by generator. These assets can offer opportunities for energy saving and so must be included.

The fuel/energy consumed directly in the construction of capital projects should not form part of the energy audit where that project is being undertaken by a construction or engineering company on behalf of the obligated enterprise.

The intermittent on-site energy used in construction of a physical project is inside the scope of that construction enterprise's own energy use should they be required to comply with the scheme.

Also, the fuel/energy used in the operation and maintenance of capital projects/facilities does fall within the scope of the audit and must be included.

If they lease the equipment to another private sector body, then the fuel used should be counted by the lessee to remain consistent.

There can be situations where the enterprise operates and maintains equipment items on a construction site with imported grid electricity supplied by the site owner, and the site is separately metered. These meter readings can form the basis for a commercial charge which is typically included in the construction project contract over the course of the construction project. In this situation, the energy use may be included in the calculation of total energy consumption as this is energy use which the enterprise is using and paying for as part of its business or contract. Another example might be the operation of a standby generator which is fuelled by the lessor and charges the lessee as part of the rental contract.

Note: In these situations, the professional judgement of the energy auditor will be important in determining the assets and equipment to be included and the estimation of such energy use and its appropriate allocation.

Whatever the approach selected, the energy audit needs to be done in a way which is most beneficial to the enterprise in terms of identification of energy saving opportunities.

This approach could include a review of the overall activities undertaken by the enterprise, and then identify opportunities that, if implemented across the whole of the enterprise's operations, would lead to identification of wider energy saving opportunities. Hence, a range of construction activities can offer opportunities for these enterprises, such as excavation, site cabin use, on-site generators, etc.

To conclude: ,

- The energy used by an engineering /construction company in the delivery and maintenance of assets should be counted by the asset owner as part of its consumption, not that of the engineering / construction company.
- The energy used by an engineering / construction company in the delivery of a capital project should be counted by the engineering / construction company, rather than the public body or private sector organisation as part of its own consumption.

12. Energy Audit Outcomes

Many energy savings initiatives are very cost-effective and, in many cases, can be achieved through minimal investment. The registered energy auditor should be able to help prioritise the projects and initiatives identified during the audit and to provide a clear path forward with a business case assessment of the costs and benefits.

Registered energy auditors should also be able to advise on any supports or grants⁹ that might be available through the SEAI, or from energy suppliers through the Energy Efficiency Obligation Scheme¹⁰. It is expected that the audit should highlight opportunities from which the enterprise can derive energy and financial gains.

13. Enforcement and Penalties

SEAI can request enterprises to submit the full audit report if they have not attached it to their audit notification. This is in the context of exercising quality control of the energy audits and quality assurance of the scheme in general.

In all cases the audit report and any associated backup documentation provided by the auditor to the enterprise will need to be maintained as evidence of compliance with the legislation.

⁹ <https://www.seai.ie/grants/business-grants/>

¹⁰ <https://www.seai.ie/energy-in-business/energy-efficiency-obligation-scheme/>

The Energy Efficiency Directive (EED) mandates large organisations to complete energy audits every four years. This requirement was transposed into Irish legislation in SI 426 of 2014 and amended by SI 626 of 2016 and SI 599 of 2019.

The EED sets out very clear prescriptive requirements including, amongst other things, the elements that must be included in the audit, as detailed in the [minimum criteria document](#) on the SEAI website.

Compliance assessment will be used to identify where companies have not met their audit obligations and the penalties as provided for in the legislation will apply.

In accordance with the legislation, non-compliant enterprises are liable (on summary conviction) to a Class A fine – currently set at €5,000.

Appendix A: Online Notification System

The information below needs to be provided on the SEAI's online Energy Audit Compliance Notification System by the enterprise or registered auditor to notify SEAI of compliance:

- a) Enterprise details
 - Organisation Name
 - CRO number or Public Body ID
 - Address, Eircode
 - Contact Details
 - Sector
- b) Reporting compliance
 - Confirmation the obligation applies to your enterprise
 - Date of certification validity/date audit completed
 - Route
 - Energy audit
 - ISO 50001
 - ISO 14001
 - % energy audited
 - Breakdown of Energy Consumption covered in the audit
 - CHP details if applicable
 - Project specific details if applicable
- c) Registered Energy Auditor name, registration number

This information facilitates the scheme evaluation and assists in the development of programmes and initiatives for large enterprises. The information will input to national aggregated anonymised statistical data to inform policy. The online notification system will guide you through this process.

Link to the system: <https://www.seai.ie/business-and-public-sector/energy-auditing/eed-compliance-form/>

Sustainable Energy Authority of Ireland

SEAI is Ireland's national energy authority investing in, and delivering, appropriate, effective and sustainable solutions to help Ireland's transition to a clean energy future. We work with the public, businesses, communities and the Government to achieve this, through expertise, funding, educational programmes, policy advice, research and the development of new technologies.

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