

# ESOS PHASE 4

## Compliance, Strategic Action & Cost Savings

A white paper for clients and partners of Carbon Footprint Ltd July 2026

**31 Dec 2026**

Qualification Date

**95%**

Energy data coverage required



## Executive Summary

The Energy Savings Opportunity Scheme (ESOS) is the UK's mandatory energy assessment regime for large undertakings. We are now in Phase 4. While the formal submission deadline may feel distant, the Qualification Date falls on 31 December 2026<sup>1,2</sup>, and organisations should select a compliant continuous 12-month energy data reference period early and check it against final Phase 4 guidance as it is confirmed.

In Phase 4 organisations are expected to report on progress against previous energy-saving commitments, with explanations where commitments have not been met, subject to final Phase 4 guidance and legislation. The margin for incomplete data has also been cut sharply. Non-compliance carries real consequences: civil penalties can reach £50,000 for certain breaches, daily penalties may also apply where non-compliance continues, and public naming on the Environment Agency's register can carry more reputational cost than the fine itself.<sup>3,5,6</sup>

This paper sets out who qualifies, what has changed, the key dates to plan around, and how to turn a regulatory obligation into a genuine opportunity to cut energy costs.

## Does Your Organisation Qualify?

ESOS operates on a “one-in, all-in” basis: if a single entity within a UK corporate group triggers either threshold below, the relevant UK group undertakings fall into scope and must comply by the Phase 4 notification deadline.<sup>1,3</sup>

Route	Test metric	Rule
<b>A: Employee Test</b>	250 or more employees in the UK <sup>1</sup>	Qualifies on this metric alone — financial thresholds are irrelevant.
<b>B: Financial Test</b>	Turnover > £44m AND Balance Sheet > £38m <sup>1</sup>	Both must be exceeded together. Below 250 employees, both figures must be exceeded.

*Borderline or newly-qualifying organisation? Our Lead Assessors can verify your group legal status — free of charge.*

### Why these matter

Non-compliance isn't a quiet failure. The Environment Agency publishes a public register of non-compliant organisations, and civil penalties can reach £50,000 for certain breaches, with daily penalties also possible where non-compliance continues.<sup>3,5,7</sup> For client-facing businesses, the reputational damage of public naming-and-shaming often outweighs the fine itself.

## Key Dates & the Compliance Timeline

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The absolute final deadline to notify the Environment Agency is 5 December 2027.<sup>4</sup> Waiting until then is a high-risk strategy: demand for certified Lead Assessors historically creates a bottleneck in the final six months of every compliance cycle.<sup>6</sup> Organisations that move early get first choice of expertise and avoid the scramble.

- **31 December 2026:** Qualification Date. Plan early for a compliant continuous 12-month energy data reference period and confirm the selected period against final Phase 4 guidance.<sup>1,4</sup>
- **5 December 2027:** Absolute final deadline to notify the Environment Agency and submit via the MESOS platform.<sup>2,4</sup>

## What's New in Phase 4

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**The *de minimis* allowance has halved since Phase 2 :** As in ESOS Phase 3 you must now account for at least 95% of total energy consumption across buildings, transport, and industrial processes — closer tracking of minor sites and fleet vehicles is unavoidable.<sup>3,6</sup>

**Action Plans now have teeth:** Phase 4 is expected to require organisations to include progress against previous action plan commitments in their ESOS assessment. Where commitments have not been met, participants are expected to provide an explanation, subject to final Phase 4 guidance and legislation.<sup>6</sup>

**The easy routes are gone:** Display Energy Certificates (DECs) and Green Deal Assessments are being removed as standalone compliance routes for Phase 4. For clarity, ISO 50001 still provides a compliance route, provided the certification and organisational boundary meet ESOS requirements, though this is generally viewed as a more resource- and cost-intensive approach.

### If your data isn't audit-ready, Phase 4 will find the gaps.

There are significantly less exemptions and the regulator now expects organisations to show their working, not just their headline number.

## Your Path to Compliance and Savings

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A clear, structured pathway keeps your Phase 4 submission on track and turns a regulatory obligation into a genuine opportunity to cut energy costs:

- Select a compliant continuous 12-month energy data reference period early, covering electricity, gas, oil, and transport fuel, and verify the chosen period against final Phase 4 guidance.
- Schedule on-site audits systematically to avoid operational disruption.
- Calculate energy intensity ratios (e.g. per square metre, per pallet-kilometre) to benchmark performance and surface savings opportunities.
- Present the final report for board sign-off, then log compliance on the MESOS platform.

## Partnering with Carbon Footprint Ltd

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Carbon Footprint Ltd has supported UK organisations through every phase of ESOS since the scheme began, bringing target setting, carbon accounting, and automation together under one roof. Meeting the 95% data coverage target and constructing an enforceable Action Plan takes dedicated technical expertise. We bring over a decade of legislative experience, keeping your business fully compliant while uncovering genuine bottom-line savings.

### Our end-to-end ESOS Phase 4 service includes:

- **Expert qualification check:** we review your corporate structure, joint ventures, and international parent groups to establish your exact compliance boundary.
- **Comprehensive data management:** we collect, clean, and structure your energy data across property portfolios and transport fleets to hit the 95% completeness requirement.
- **Fully accredited Lead Assessors:** we design your audit strategy, oversee data logging, and formally sign off your submission to the Environment Agency.
- **Value-driven energy audits:** tailored site audits identify pragmatic, quick-payback reductions — cutting operational bills by as much as 20%.
- **Action Plan & progress tracking:** we help formulate post-compliance Action Plans and annual updates, integrated with your wider Net Zero and SECR goals.

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## Sources & References

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This white paper draws on the following primary and professional sources, current as of June 2026:

1. GOV.UK “Comply with the Energy Savings Opportunity Scheme (ESOS)”, Environment Agency guidance and the Energy Savings Opportunity Scheme Regulations 2014 (SI 2014/1643), as amended by the Energy Savings Opportunities Scheme (Amendment) Regulations 2023. gov.uk
2. Manage your Energy Savings Opportunity Scheme reporting (MESOS)GOV.UK digital service for ESOS notification, Action Plans, and Progress Updates. manage-energy-saving-opportunities-reporting.service.gov.uk
3. Capital Law, “The Energy Savings Opportunity Scheme: compliance requirements and legal consequences” (2025) qualification thresholds, 95% de minimis requirement, and penalty framework.
4. Taylor Wessing, “The Energy Savings Opportunity Scheme: what you need to know” (2025) Phase 4 qualification date and notification deadline.
5. Linklaters, “UK: Preparing for ESOS Phase 4” (2026) Environment Agency enforcement approach and statutory penalty tiers.
6. data.gov.uk, “Energy Savings Opportunity Scheme” dataset published compliance and enforcement records.

*Figures and thresholds are correct to the best of our knowledge at time of writing but remain subject to change as Environment Agency guidance for Phase 4 is finalised, expected in early 2027. This document is for general information only and does not constitute legal advice; organisations should seek a formal qualification assessment from Carbon Footprint Ltd or a qualified Lead Assessor before relying on it for compliance decisions.*

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### Ready to Confirm Your Phase 4 Scope?

Contact your account manager or reach our Target Setting & Automation team via [carbonfootprint.com](https://carbonfootprint.com) for a free, no-obligation qualification check.

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