Section: Planning

Task 7: We determine strategic risks and opportunities to ensure that our organization can achieve the intended outcomes of our energy management system and energy performance improvement. We plan and implement actions to address these risks and opportunities and evaluate the effectiveness of the actions taken.

Getting It Done

1. Identify the risks and opportunities pertaining to the ability of your energy management system (EnMS) to achieve its intended outcomes.
2. For each of the identified risks and opportunities, plan and implement actions to address them using the processes of the EnMS, and record this information.
3. Plan for how the actions taken will be evaluated for effectiveness. Perform an effectiveness evaluation.

Task Overview

The risk-opportunity approach of this task is intended to help your organization mitigate risks and take advantage of opportunities to position your energy management system (EnMS) for success.

This task is concerned with planning the EnMS from a strategic perspective and should be reviewed on an annual basis. It involves anticipating the potential consequences to the EnMS and energy performance improvement from the risks and opportunities identified in previous tasks. This part of EnMS planning allows potential negative consequences to be addressed before they occur and potential positive consequences with beneficial outcomes to be identified and pursued.

Begin by identifying the risks and opportunities arising from the strategic external and internal issues identified in Task 1 An EnMS and Your Organization and Task 2 People and Legal Requirements Affecting the EnMS. Remember to limit your review of these issues to identifying the risks and opportunities that need to be addressed to ensure that continual improvement of the EnMS and energy performance improvement can be achieved. Once identified, develop actions to address the risks and opportunities and plans to evaluate action effectiveness.

This guidance is relevant to Section 6.1 of the ISO 50001:2018 standard.

Associated Resources Short Description

no resources for this questions

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Full Description

Determine the risks and opportunities associated with the strategic issues identified in An EnMS and Your Organization and the requirements identified in People and Legal Requirements Affecting the EnMS

The process of planning the EnMS starts at a strategic level and, based upon the analysis performed in this task, finishes in tactical actions that are described in subsequent 50001 Ready Navigator tasks. The analysis conducted in this tasks makes use of the outputs from Task 1 An EnMS and Your Organization and Task 2 People and Legal Requirements Affecting the EnMS to determine the strategic risks and opportunities that can affect what you want to achieve with your EnMS; in other words, the strategic business risks and opportunities that need to be addressed to prevent or reduce negative impacts on the EnMS and to ensure that the EnMS is continually improved and energy performance improvement is achieved.

The phrase “risks and opportunities” broadly refers to something that poses a threat having a detrimental or negative effect, or alternatively, something that has the potential for a beneficial or positive effect. Your organization decides on the means or method to determine what are and are not risks and opportunities. The identification process can be formal or informal, quantitative or qualitative. The optional Playbook worksheet can be used to assess previously identified risks and opportunities associated with specific issues and interested parties’ requirements.

Consider adding the output of your analysis to the Task 1 An EnMS and Your Organization Playbook worksheet. Although documenting this information is not required by ISO 50001, it is helpful for future reference. Most organizations develop some kind of documented information to at least capture the planned actions. The Playbook worksheet for this task can be a helpful “one-stop shop” to capture the issues you identified in Task 1 An EnMS and Your Organization and the guidance in Task 2 People and Legal Requirements Affecting the EnMS, along with information on the associated risks and opportunities and actions to address them.

The risks and opportunities information should be developed by the energy team with input or review from top management. Your organization may have already performed risk and opportunities identification activities such as Strength/ Weakness/ Opportunities/ Threats (SWOT) analyses, PESTLE (political, economic, social, technological, legal, and environmental factors) analyses, “What If” analyses, and structured brainstorming.

Plan actions to address these risks and opportunities and how those actions can be integrated into your EnMS

Once the risks and opportunities arising from your organization’s strategic external and internal issues and legal and other requirements have been determined, actions to address them must be planned. However, before considering new actions, consider whether these risks are already managed or the opportunities are already being leveraged. Your organization may already have objectives, action plans, projects, programs, operational controls, or other relevant actions or initiatives in place.

Note that these different types of planned actions should use the processes and mechanisms within the

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EnMS. This is how the actions are best integrated into your EnMS. The optional Playbook worksheet illustrates one approach to capturing information on the planned actions, whether those actions are new or already in place.

There is no requirement that planned actions have to be action plans, as discussed in Task 13 Action Plans for Continual Improvement. Action plans can be a useful approach if the actions to be taken are new and it is appropriate to define more fully what is to be done, when, by whom, the resources required, and the method of verifying the results. But, in some cases, an operational control (e.g., documented procedure, physical device, training, competence of personnel) could be sufficient to mitigate a risk or leverage an opportunity.

Information on (or references to) the planned actions can be added to the optional Playbook worksheet.

Implement the actions and evaluate their effectiveness

Regardless of the approach taken, using the processes of the EnMS to implement the actions supports their integration into your organization's daily activities and operations. When planning and implementing the actions to address risks and opportunities, be sure those actions are integrated into the EnMS and energy performance processes and evaluate them for effectiveness.

Evaluating effectiveness of the actions taken is concerned with whether the intended results have been or are being achieved (i.e., mitigation or elimination of the risk, taking advantage of the opportunities). Common approaches can include the use of measuring and monitoring techniques (see Task 20 Monitoring and Measurement of the EnMS, internal audits (see Task 22 Internal Audit and management review (see Task 23 Management Review).

Decarbonization

The risk-opportunity approach of this task is intended to help your organization mitigate risks and take advantage of opportunities to position your energy management system (EnMS) for success.

This task is a continuation of Task 1: An EnMS and Your Organization and Task 2: People and Legal Requirements Affecting the EnMS. Identifying the strategic internal and external issues related to energy and energy-related GHG emissions in those tasks will help ensure you properly assess how to address those issues in this task.

A variety of approaches may be used to assess energy and energy-related GHG emissions-related risks and opportunities. If your organization has substantial sustainability initiatives or significant GHG reduction goals, it may have already developed assessment activities related to energy management, GHG emissions, corporate social responsibility, or on broader issues that can be adapted and leveraged for this task.

The Task Force on Climate-related Financial Disclosures (TCFD) also recommends that organizations use scenario analysis to assess climate related risks and opportunities. If your organization has, or is

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planning to use, scenario analysis, the energy team can adapt and leverage the results of the analysis for this task.

In addition, various resources, including those listed below, summarize issues for corporate social responsibility (CSR) and/or Environmental, Social and Governance (ESG) initiatives, which typically include GHG emission reduction initiatives. If your organization has a CSR or ESG initiatives, the strategic issues identified by this program can also be adapted to assess whether those issues affect your EnMS and whether your organization's practices already address some risks and opportunities that are relevant to your EnMS.

As the energy team completes this task, it will want to decide on a means or method to determine which GHG emissions-related strategic business risks and opportunities to addresswith the EnMS. Before considering new actions to address risks or opportunities, consider whether some may already be managed or leveraged by other departments within your organization. Some of the broader issues listed in Task: 1 An EnMS and Your Organization may be important to include as context as to why the organization is managing energy-related GHG emissions.

Establishing a new EnMS prioritizing decarbonization

If you do not have an existing 50001 Ready-based EnMS and want to build one that helps your organization manage energy-related GHG emissions, for this task you should follow the guidance in the "Full Description" tab keeping the following in mind:

1. **Identify the risks and opportunities pertaining to the EnMS.** Make sure to include energy-related GHG emissions in Task 1: An EnMS and Your Organization and Task 2: People and Legal Requirements Affecting the EnMS. Use the outputs from those two tasks, as well any of the documents or approaches listed above, to assess energy-related GHG emissions risks and opportunities
2. **Plan and implement actions to address risks and opportunities.** Plan actions to address any new risks or opportunities. However, before considering new actions, consider whether these risks are already managed or the opportunities are already being leveraged. Your organization may already have objectives, action plans, projects, programs, operational controls, or other relevant actions or initiatives in place.

Adapting an existing EnMS to prioritize decarbonization

If you have an existing 50001 Ready-based EnMS and want to adapt it to also manage energy-related GHG emissions, for this task you should:

1. **Identify the risks and opportunities pertaining to the EnMS**. Make sure you have updated Task 1: An EnMS and Your Organization and Task 2: People and Legal Requirements Affecting the EnMS to include energy-related GHG emissions. Use the outputs from those two tasks, as well any of the documents or approaches listed above, to assess energy-related GHG emissions risks and opportunities. Update documentation where relevant to reflect results of this assessment. If there are significant changes to the risks and opportunities, review the new list with top management and obtain necessary approvals.

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2. **Plan and implement actions to address risks and opportunities**. If needed, plan actions to address any new risks or opportunities. However, before considering new actions, consider whether these risks are already managed or the opportunities are already being leveraged. Your organization may already have objectives, action plans, projects, programs, operational controls, or other relevant actions or initiatives in place.
3. **Plan for how the actions taken will be evaluated**. For any new planned actions developed, be sure they are integrated into the EnMS and energy performance processes and evaluate them for effectiveness. Common approaches can include the use of measuring and monitoring techniques (see Task 20: Monitoring and Measurement of the EnMS), internal audits (see Task 22: Internal Audit) and management review (see Task 23: Management Review).

Commercial ERP

The guidance for this task is from the following sections from the ERP Framework: ERP Framework Milestone 1.

In parallel to defining evaluation criteria, stakeholders should identify internal and external strategic opportunities and risks that may impact or improve the organization's ability to develop and achieve the intended outcomes of the ERP and work with stakeholders to implement actions to address these risks. Example opportunity and risk analysis may include the following (Milestone 1):

- Identify tax credits and incentives that can be leveraged for decarbonization projects.
- Review potential risks for increasing GHG emissions due to acquisitions or new construction.
- Identify current and future federal, state, and local legal and regulatory requirements that may apply to the organization's building energy or GHG emissions, and ensure the ERP supports compliance.
- Assess voluntary commitments the organization has made and consider how they may overlap or conflict with planning, data collection, and governance of the ERP.

Industrial ERP

Risks to and opportunities for impactful emissions reduction may be significantly different than risks to and opportunities for a successful energy management system, and potentially in conflict. So, care should be taken to identify all possible risks and opportunities and to properly plan how they will be addressed.

The guidance for Task 7 is found within the following sections of the ERP Industrial Framework:

Milestone 1:

Sustainability and project management teams can identify opportunities and provide risk assessments, and understand regulatory and reporting requirements.

An ERP should always be developed with all targets in mind, since the strategies to achieve short-term targets may not necessarily set an organization up to achieve their long-term targets cost-effectively.

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Milestone 3:

Portfolio-level GHG Emissions Reduction Assessment – Conduct a portfolio-level GHG emissions reduction assessment to identify, quantify, and prioritize ERMs that are implemented, led, and/or approved at the portfolio level, such as strategic energy management, clean energy procurement, demand management/load flexibility, circular economy strategies, or strategic business changes. This can also help companies understand the risks and opportunities associated with transitioning to a low-carbon economy.

Ongoing Implementation:

Develop a work plan for the ERP that outlines actions, sets timelines, and assigns personnel and capital. This provides accountability for the projects being implemented. Quantify risks and constraints for ERMs to predict potential delays in implementation. Build in time and resources for analysis, design, implementation, testing, and training for new projects.

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