



Section: Context of the Organization

Task 1: We determine the strategic issues that affect our ability to improve energy performance and achieve the goals of our 50001 Ready energy management system.

Getting It Done

1. Identify the external and internal strategic issues that affect your organization's ability to improve its energy performance and achieve the intended outcomes of the energy management system (EnMS).
2. Record this information.

Task Overview

In this task, you develop information to ensure your energy management activities support your organization's foundational needs, allowing you to more fully customize your energy management system (EnMS) to your business realities.

Understanding your organization's overall strategic goals and objectives enables you to look broadly at what strategic issues may affect the EnMS. This information influences the design of the EnMS and ensures that it is more closely aligned with existing strategic priorities and direction. This, in turn, facilitates the successful integration of the EnMS into your organization's existing business processes.

The information to be developed involves identifying, from a strategic perspective, the external and internal issues that may affect your organization's ability to improve its energy performance or to achieve the intended outcomes of the EnMS. The intended outcomes of the EnMS are (or will be) what your organization plans to achieve by implementing its EnMS, such as reducing energy costs and greenhouse gas emissions or meeting sustainability goals. Strategic issues can have a positive or negative impact on the EnMS.

The outputs of this process will be used in Task 7 [Risks to EnMS Success](#) to determine the risks and opportunities that need to be addressed by your EnMS.

This guidance is relevant to Section 4.1 of the ISO 50001:2018 standard.

Associated Resources

Short Description

50001 Ready Playbook Task 01	An EnMS and your Organization
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Full Description

SEEC Tips

Across the world, sustainability is increasingly becoming core to organizational strategic planning, critical to staying competitive in the global market. Saudi companies are expected to increasingly be required by their customers to demonstrate good sustainable practices and/or to report their energy and greenhouse gas emissions to global reporting systems. The ISO 50001 energy management system standard is the world's best practice for organizational energy management. It is the most effective energy management framework to help organizations achieve energy efficiency and greenhouse gas emission reduction goals.

A key external strategic issue to be considered for Saudi organizations is the Saudi Vision 2030 program (<https://vision2030.gov.sa/en>). The Vision aims to reduce the rate of unemployment, increase the competitiveness of the energy sector, increase the private sector's contribution to 65% of the Kingdom's GDP, and raise the share of non-oil exports in non-oil GDP. Establishing a strong energy management system at your organization will help the Kingdom in achieving these objectives.

Energy in particular is a key issue of direct relevance to [Vision 2030](#)'s Pillar 2: A Thriving Economy. Regarding increasing the competitiveness of the energy sector, the Vision 2030 blueprint states the following:

We plan to raise the efficiency of the government's support system and make the best use of its benefits by redirecting it and targeting eligible citizens and economic sectors. For example, we understand that providing subsidies with no clear eligibility criteria is a substantial obstacle to the energy sector's competitiveness. Free market prices shall, in the long term, stimulate productivity and competitiveness among utility companies and open the door to investment and diversification of the energy mix in the Kingdom. We will also seek to set clear subsidy criteria based on the maturity of economic sectors, their ability to compete locally and internationally and their actual need for subsidies, without endangering promising and strategic sectors.

The increasing importance of energy efficiency and energy management in the Kingdom is also made clear by the [recent activities](#) undertaken by SEEC and through the implementation of the Saudi Energy Efficiency Program (SEEP), a comprehensive national program aiming to rationalize energy consumption and reduce overall economy's energy intensity growth. SEEP focuses on three sectors - Industry, Buildings, and transportation - representing over 90% of the energy consumption in the Kingdom.

Lastly, Saudi organizations should also bear in mind that Saudi Arabia is a signatory to the Paris Climate Agreement. On 10th November 2015, the Kingdom of Saudi Arabia submitted its plans to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat, to achieve annual avoidance of GHG emissions of up to 130 million tons of CO₂-equivalent emissions. Saudi Arabia's Intended Nationally Determined Contribution (INDC) submission can be viewed in detail [here](#). The submission includes specific mention of several strategic issues of importance to organizations in Saudi Arabia, detailing several actions and plans to generate mitigation co-benefits and contribute to economic diversification:



- **Energy Efficiency:** The INDC submission references the importance of energy efficiency support initiatives *“that will produce far-reaching co-benefits, such as the introduction of efficiency standards in the building and transportation sectors as well as the implementation of energy efficiency measures, in the various industrial establishments”*.
- **Renewable Energy:** The INDC submission states plans to *“invest and implement ambitious programs for renewable energy to increase its contribution to the energy mix. The scope will include solar PV, solar thermal, wind and geothermal energy and waste to energy systems.”* These plans are being implemented in [The National Renewable Energy Program \(NREP\)](#), which is a strategic initiative under Vision 2030 and the King Salman Renewable Energy Initiative. The program aims to maximize the potential of renewable energy in Saudi Arabia.
- **Increasing Natural Gas Usage:** Saudi organizations should also note that the Kingdom is encouraging greater natural gas utilization: The INDC submission states plans to *“encourage investments on exploring and producing natural gas to significantly increase its contribution to the national energy mix significantly increase its contribution to the national energy mix”*.

Determine the strategic external and internal issues that may affect your organization’s ability to improve energy performance and achieve the intended outcomes of your EnMS

To determine strategic issues that may affect your organization’s ability to improve its energy performance and achieve the intended outcomes of the EnMS, information about the organization’s strategic objectives and challenges are needed. This information may have already been identified as part of the organization’s strategic or long-term planning process. Having management input into the determination of the relevant issues is desirable, not only to expedite the process but also to show management that the EnMS considers strategic issues facing the organization. However, it is not unusual for management to not be involved in this process and for the energy team to develop this information on its own. In this case the information should be presented to top management for their review and input. This approach presumes that the energy team has access to the relevant information about the organization’s strategic direction, goals, and challenges.

Examples of strategic external issues may include:

- Economic and financial conditions
- Competitive circumstances
- Legal and regulatory requirements
- Technological developments
- Political, social, and cultural conditions
- Environmental conditions
- Restrictions on energy supply
- Effects of climate change

Examples of strategic internal issues may include:

- Core business objectives and strategies
- Governance and organizational structure
- Information flows and decision-making processes
- Organizational culture and knowledge



- Organizational policies
- Financial resources
- Technological maturity
- Sustainability goals

In performing this task, keep in mind that the relevant issues are those that may affect your organization's ability to achieve the intended outcomes of your EnMS and energy performance improvement.

The [50001 Ready Playbook Task 01](#) worksheet is for your optional use. As with most of the optional Playbook worksheets in the Navigator, you can adopt this resource for your EnMS or simply use it to generate ideas on how you may want to capture the information generated by this task.