

# MEES



Are you ready for MEES?  
(Minimum Energy Efficiency Standards)



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- Peter Bladen
- Dip HI, DIP DEA, Dip DEC, Dip NDEA, Dip GDNDEA, ESOS Assessor



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## Introduction

- 1. MEES explained
- 2. Our opinion
- 3. Benefits
- 4. Risks
- 5. Implementations
- 6. The way forward

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## MEES Explained

### 2011 Energy Act

- Required the Government to set minimum energy performance standards
- Domestic & non-domestic rented property
- The 2015 Energy Efficiency Regulations set out (MEES) for England and Wales



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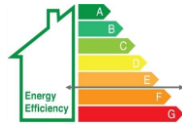
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## Scope

- The MEES will be set at an 'E' EPC rating
- 'F' & 'G' Rated buildings will be unlawful
- Exemptions (only lasting for 5 years)
- Sub-letting would trigger
- Freeholder issues



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## Key dates

01 April 2018 – Minimum 'E' EPC for new leases and renewals/extensions

01 April 2023 – Minimum 'E' EPC for all leases

2030 – Clean Growth Strategy - Minimum Band 'C' EPC



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## Policing

- Local authorities will enforce the provisions via Local Weights & Measures Authorities, Trading Standards Officers or Environmental Health Officers
- The penalty for renting out a commercial property for a period of fewer than three months in breach of the MEES Regulations will be equivalent to 10% of the property's rateable value, subject to a minimum penalty of £5,000 and a maximum of £50,000. After three months, the penalty rises to 20% of the rateable value, with a minimum penalty of £10,000 and a maximum of £150,000.



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## What are the exemptions?

Landlords can let a building to which the MEES Regulations apply but which is below the minimum standard if any of the exemptions apply. These are:

- **New Landlord:** where a property suddenly becomes owned by a new Landlord unexpectedly (as in inherits), they get a temporary derogation.
- **Devaluation:** where an independent surveyor determines that the relevant energy efficiency improvements that could be made to the property are likely to reduce the market value of the property by more than 5%.
- **Third Party Consent:** where consent from persons such as a tenant, a superior landlord or planning authorities has been refused or has been given with conditions with which the landlord cannot reasonably comply.

Exemptions must be registered on the central government PRS Exemptions Register. The register only went live on 1 April 2018.

The exemptions are valid for five years only and cannot be transferred to a new landlord.

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## How many properties

- In 2016, 'F' and 'G' ratings made up 18% of the total commercial building stock - around 75,000 premises
- A further 65,000 with an 'E' certificate
- An estimated 30,000 properties still not compliant

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## How much will it cost?

- Improvements typically lighting, less frequent boilers and rarely fabric
- D-rating is often more cost effective
- For most, obligations are <12 months rent
  - Not all EPC's are correct
  - Verification suggested on 'F' and 'G' EPC's

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## Landlord benefits of a new EPC

- Accurate, high quality EPC ratings increase appeal to tenants/occupiers
- Lenders reluctance to lend on buildings E & below.
- Understanding of risks

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## Tenant benefits

- A tenant always able to request consent to install energy efficiency measures at a property, now demand landlord action
- Lower energy running costs
- Productivity / health benefits & staff retention

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## Penalties

- Non compliance fines £5k to £150k
  - £5k for non-compliance up to 20% rateable value (min £10,000) for renting out over 3 months non-compliant
- 'Publication' penalty
- Valuation & rental values, inability to borrow
- Retention of occupiers
- Legalities with tenants

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## Tenant issues

- Tenant's covenant requiring the tenant to fund any works required by MEES
- Contractual & legal obstacles
- Improvements could cause business interruption
- Better energy rating > higher rent

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## What to do

- Review portfolio lease renewal key dates and lease terms, break dates, refit periods
  - plan ahead to 2023
- Review asset management plan
  - linkage - establish EPC ratings
- Verify existing EPC ratings
- Set targets – will it be 'E' or lower?
- Appoint 'MEES' implementation team with 'good' NDEA to advise

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## What to do

- Determine cost effective energy efficiency strategies for specific estate/building
- Modelling in iSBEM
- Test strategies before roll out (actual costs & savings)
- Review & refine
- Final strategy

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## What to do

- Develop specifications to deliver energy savings
- Tender
- Implement
- Commissioning
- Training

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## What then?

- Measure energy impacts
- Verify savings
- Feedback effectiveness of measures

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## Recap

- Act now
- MEES regulations places obligations on landlords but will effect tenants
- Review property portfolios **now** to identify 'F' & 'G' properties
- Develop strategy

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## Domestic MEES

- Very similar
- Penalties £1000 to £5000
- £2500 maximum cost
- Lots of free or reduced cost possibilities
- Energy Assessor can say its not viable

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