



Minimum Energy Efficiency Standards

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Key dates

- Parts 1 and 2 (Tenants' energy efficiency improvements) of the *The Energy Efficiency (Private Rented Property) England and Wales Regulations 2015* came in to effect 1st April 2016
- Part 3 (Minimum level of energy efficiency) came in to force 1st October 2016, and the regulations take effect 1st April 2018
- From 1st April 2020-a prohibition on continuing to let sub-standard domestic privately rented properties
- From 1st April 2023-a prohibition on continuing to let sub-standard non-domestic privately rented properties
- **Sub-standard means any EPC rating below band E**
- *The Secretary of State is considering further raising of standards: Minimum Band D-2022, Band C-2026, but this is not confirmed yet*

Domestic and non-Domestic MEES Introduction



- Came in to effect 1st April 2018
- Applies to domestic and non-domestic Private Rented Property
- Prescribes a minimum level of energy efficiency for Private Rented Properties of EPC band E

Domestic MEES Introduction



- 'A landlord of a **domestic** private rented property must not grant a new tenancy of the property after **1st April 2018**, and must not continue to let the property after **1st April 2020**, where the energy performance of the property is below the minimum level'

Non-Domestic MEES Introduction



Subject to some exceptions:

- 'A Landlord of a **non-domestic private property** must not grant a new tenancy of the property after **1st April 2018**, and must not continue to let the property after **1st April 2023**, where the energy performance of the property is below the minimum level'

Non-Domestic MEES Definitions



- A non-Domestic property, with a valid EPC with a rating below the minimum level, is classed as 'sub-standard'
- Minimum level is currently classed as band E
- 'A valid EPC' is when there is a lodged EPC of less than 10 years of age, and no subsequent EPC has been lodged.



Non-Domestic MEES Definitions



- A non-domestic Private Rented Property is a non-dwelling that is let under a tenancy
- Properties let under licence or 'agreement for lease' arrangements are unlikely to be required to meet the minimum standard

Non-Domestic MEES Definitions



- It is not a Private Rented Property that falls in to the MEES regulations if it is a property:
 - That under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 is not required to have a valid EPC
 - That is under lease for less than 6 months (unless that lease has provisions to extend)
 - The lease is over 99 years

Non-Domestic MEES **Prohibition on letting**



- A landlord of a sub-standard Private Rented Property must not let the property unless all relevant energy efficiency improvements have been undertaken or one or more the exemptions applies

Non-Domestic MEES **Requirements for non-domestic EPCs**



- MEES only apply to those non-domestic properties which are legally required to have an Energy Performance Certificate (EPC)
- This includes individual properties, such as retail units situated within larger buildings which are required to have their own EPC

Non-Domestic MEES

Requirements for non-domestic EPCs



- Since 2008 an owner or landlord has, on sale, letting or construction been required to make an EPC available to the prospective buyer or tenant
- In the case of construction, typically this is provided by the person doing the work
- Also if significant modifications are made to a building, where the impact on heating, lighting and conditioning are made, a new EPC is recommended

Non-Domestic MEES

Requirements for non-domestic EPCs



- If the building or unit falls in to the requirements for an EPC, to not have one is unlawful, and can be subject to penalties
- If a building is exempt from having an EPC, but a landlord or owner has obtained one voluntarily, compliance with MEES is not mandatory

Non-Domestic MEES Listed Buildings



- Listed Buildings to let are NOT exempt from MEES
- Protected from changes to character and appearance
- EPC survey is non-invasive
- Some measures may be achievable
- But some measures MAY be exempt (consent/value)



Non-Domestic MEES Relevant improvements



- There is no Green Deal for non-domestic buildings
- Only recommended measures need to be considered
- Any measures appropriate must be calculated and have a payback within 7 years

Non-Domestic MEES

Relevant improvements



- Green Deal measures/PartL2B measures
- Only recommended measures need to be considered
- Any measures appropriate must be calculated and have a payback within 7 years

Non-Domestic MEES

Relevant improvements



1. Upgrading heating systems >15 years old
2. Upgrading cooling systems >15 years old
3. Upgrading air handling systems >15 years old
4. Upgrading lighting systems in areas >100m²
5. Installing energy metering
6. Upgrading thermal elements that perform below a specified level
7. Replacing windows and doors that perform below a specified level
8. Install renewables
9. Measures in an NDEPC Recommendation Report

Non-Domestic MEES

Payback



- These measures must payback within 7 years
- Measures can be combined
- Calculations can be done by qualified individual, such as non-Domestic Energy Assessor

Domestic and Non-Domestic MEES

Declare relevant measures undertaken



- This declaration applies where the landlord has made all the relevant energy efficiency improvements to the property
- Or there are no relevant energy efficiency improvements that can be made
- Or all appropriate improvements have been made and the property remains sub-standard

Domestic and Non-Domestic MEES

Relevant measures undertaken



- If those 3 steps have been taken, the building is now exempt from the requirements for a period of 5 years.
- If sub-standard and then after 5 years the landlord tries again, an exemption can again be made.

Non-Domestic MEES

Exemptions



- In any of the cases where an exemption is claimed, the landlord must register it on the PRS Exemptions Register



Non-Domestic MEES Exemptions



3 categories of exemption

- Consent
- Devaluation
- 7 year payback rule

Non-Domestic MEES Consent Exemptions



- The prohibitions to letting do not apply when the landlord has within the last 5 years been unable to bring the EPC rating to an E or above because:
 - Tenant or other party refuses consent
 - Confirmation of information required for Green Deal can not be provided
 - A 3rd party refuses consent or only allows consent on conditions that are unreasonable (all requests must be done in writing)

Landlord must seek to make 'reasonable efforts' to gain consent...

Non-Domestic MEES Devaluation Exemption



- If the EPC can not be improved to 'E' or better because the landlord has a report from an independent surveyor which states that the improvement would result in a reduction of 5% or more in market value
- This exemption only applies to the measure which is claimed to cause the devaluation

Non-Domestic MEES Payback Exemption



- Any measure that does not meet the 'golden rule' can be registered as an exemption
- The Golden Rule says that savings from a measure must pay back capital investment in 7 years
- 3 impartial quotes for any appropriate measure must be obtained to support payback calculations



Non-Domestic MEES **Exemptions**




- Exemptions are not transferable
- If ownership of the property transfers, efforts to improve the property or register exemptions must be completed again

Non-Domestic MEES **Enforcement**




- Non-Domestic-Weights & Measures Department of Local Authority, or Borough, County or Metropolitan Council
- Non-compliance can result in financial penalties

Non-Domestic MEES
Breaches



Infringement	Penalty
Registering false or misleading information on the PRS Exemptions Register	£5,000 Publication of non-compliance

Non-Domestic MEES
Breaches



Infringement	Penalty
Renting out a non-compliant property (less than 3 months at time of notice)	10% of rateable value, Minimum £5,000 Maximum £50,000 Publication of non-compliance
Renting out a non-compliant property (more than 3 months at time of notice)	20% of rateable value, Minimum £10,000 Maximum £150,000 Publication of non-compliance

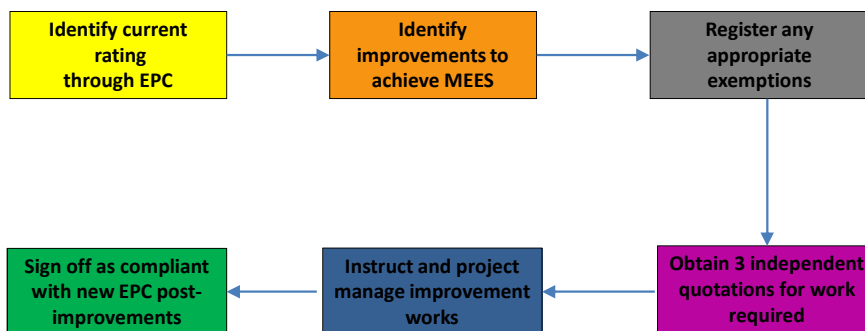
An opportunity...



- Support the landlord in maintaining max revenue
- Assist the landlord in improving the building
- Show understanding of legislation and it's impact
- Project manage the improvements



Process



Someone has to manage this process....

So remember...



- Do not ignore this
- Exemptions can be registered now
- You need to be compliant now for any property coming to market/new lease, so check your stock
- Existing EPCs are valid for 10 years

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