



Minimum Energy Efficiency Standards Required for Lettings of Commercial Property from April 1st 2018.

On the 26th March 2015, the Energy Efficiency Regulations, better known as the Minimum Energy Efficiency Standards (MEES) passed into law.

Six things you need to know:

- 1 All non-domestic property types which require an EPC are in the scope of the regulations
- 2 The minimum energy efficiency standard will be set at an “E” EPC rating.
- 3 It is estimated that up to 20% of non-domestic properties in England and Wales have an F or G EPC rating. For residential properties this is 25%
- 4 From April 2018 the regulations will apply upon the granting of a new lease (as well as lease renewals) and sublets. For domestic properties it came into effect in April 2016
- 5 From April 2023 – The regulations will apply to all privately rented property in scope of the regulations, including where a lease is already in place and property is occupied by a tenant. For domestic this is April 2020
- 6 Financial penalties for non-compliance could be as much as £150,000.

November 2017 update:

Elmhurst now advise that a Listed Buildings going to the market should have an EPC unless “compliance with certain minimum energy performance requirements would unacceptably alter their character or appearance”. Whether this applies to the MEES regulations in 2023 is unclear

Key Facts Minimum Energy Efficiency Standards (MEES)

What are the Minimum Energy Efficiency Standards?

From April 2018 changes to legislation will make it unlawful to agree a new lease for a commercial property with an Energy Performance Certificate (EPC) rating of F or G.

Who will MEES apply to?

After the 1 April 2018, the landlord/property owner will need to ensure that the property meets MEES before the lease is granted of >99 and <6 months. However, as of 1 April 2023 **all** privately rented property will be required to meet MEES. It does not apply to sales or licenses.

Who will MEES not apply to?

Properties that do not require an EPC under current regulations will not be required to meet MEES. Moreover, MEES does not apply to short term lettings (of 6 months or less) and to lettings over 99 years or more.

Are there any penalties for non-compliance?

Financial penalties for non-compliance are linked to the rateable value of the property, and could be as much as £150,000. For domestic this is up to £5,000

What are the key dates?

April 2018 – The regulations will be enforced upon the granting of a new lease as well as lease renewals, assignments and sublets.

Why is it being enforced?

The Energy Act 2011 contains a number of provisions that will affect owners of property; the most significant of these is MEES, which aims to improve the energy efficiency of the most energy inefficient properties.

April 2023 – The regulations will apply to all privately rented non-domestic property, including where a lease is already in place and a property is occupied.

MEES also contributes to the UK legislative targets of reducing CO2 emissions for all buildings to around zero by 2050.

Are there any exemptions?

Landlords can be made exempt from MEES if they are able to demonstrate one of the following:

- They have carried out all cost-effective energy efficiency improvements. This is likely to be particularly relevant for Listed buildings
- Measures identified by Green Deal or an alternative government scheme are not cost effective (and devalue the property by 5% or more. Fail to raise the EPC rating above an F).
- Or if third-party consents are not available despite reasonable effort.

All of these exemptions are likely to have a time constraint attached to them.

Given the risks to landlords it is clear that a full understanding of energy efficiency is required for your property assets, in order to see if you are meeting MEES.

UK Energy Surveys can assess a property's energy efficiency and produce an EPC to ensure you have an understanding of your properties energy efficiency rating.

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UK Energy Surveys have based this briefing note on advice from our accrediting body however we cannot be responsible for any action taken as a result. February 2017