



## Minimum Energy Efficiency Standards Required for Lettings of Commercial Property from April 1<sup>st</sup> 2018.

On the 26<sup>th</sup> 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 Since 1<sup>st</sup> April 2018 the regulations 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.

### Listed Buildings update:

Elmhurst now advise that a Listed Building going to the market should have an EPC unless “compliance with certain minimum energy performance requirements would unacceptably alter their character or appearance”. In most cases there is no reason why a new condensing boiler or LED lighting should not be recommended

## Key Facts Minimum Energy Efficiency Standards (MEES)

### What are the Minimum Energy Efficiency Standards?

From 1<sup>st</sup> April 2018 changes to legislation 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?

Landlords/property owners need to ensure that the property meets MEES before the lease is granted. It does not apply to sales or licenses. However, many banks will not lend on F or G rated buildings and a new owner will not be able to rent them out

### 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 is next the key date?

**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.

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.

### 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.

### Simple 7-year Payback Rule

Installation of energy saving measures will only be required if they pay for themselves within 7 years. LED lighting can make a huge difference, especially if there is air-conditioning.

For full information from the Government click here

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/656541/Non-Dom\\_Private\\_Rented\\_Property\\_Minimum\\_Standard\\_-\\_Landlord\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/656541/Non-Dom_Private_Rented_Property_Minimum_Standard_-_Landlord_Guidance.pdf)

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. April 2018