

Insights

ENERGY PERFORMANCE OF BUILDINGS REGIME - MHCLG AND DESNZ SET OUT AMBITIOUS TARGETS IN A NEW CONSULTATION BUILDING ON THE PREVIOUS MEES CONSULTATIONS

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SUMMARY

The UK government has launched a consultation to reform the Energy Performance of Buildings (EPB) regime, a crucial step towards achieving the nation's ambitious net-zero targets by 2050. This extensive consultation, which runs until 26 February 2025, seeks to gather input on several key areas of the EPB framework. Here, we delve into the background leading up to this consultation, the key areas being consulted on, and likely next steps.

BACKGROUND

The EPB framework, established under the Energy Performance of Buildings (England and Wales) Regulations 2012, has been instrumental in improving energy efficiency and reducing carbon emissions in buildings. EPC ratings have been used as the basis for targets such as minimum energy efficiency standards (MEES) and as an eligibility requirement for funding. However, with the evolving landscape of energy performance, the pressing need to meet net-zero targets and the helpful backdrop of the Energy Act 2023, the government has recognised the need for an update.

KEY AREAS

The consultation outlines several critical areas where changes are proposed:

Updating EPC Metrics & Design

Domestic EPCs are based on an Energy Efficiency Rating (EER) which uses model energy costs per m² based on standardised heating patterns, temperatures and fixed fuel price assumptions. Non-domestic EPCs are based on the Environmental Impact Rating (EIR) which takes into account CO₂ emissions per m². The consultation acknowledges that the current metrics are flawed for a number

of reasons including fluctuating fuel costs (for EER) and the carbon intensity of the grid (for EIR). New EPC metrics are proposed which would aim to provide a more comprehensive assessment of a building's energy performance to include:

- energy cost (potentially on non-domestic EPCs too)
- carbon emissions (should EIR be displayed on domestic EPCs?)
- energy use (could be primary energy use (currently used in targets under the Building Regulations 2010) or final consumption (seen on energy bills))
- building fabric performance (potentially based on the Fabric Energy Efficiency Standard which is used new homes under the Building Regulations 2010)
- heating systems (looking at carbon emissions but also overall efficiency of the system, fuel availability and sustainability); and
- smart readiness (helping occupiers to be more energy self-sufficient and encouraging smart meters also known as SMETERS)

These changes, if adopted, could bring EPCs more in line with other 'in occupation' metrics and accreditations seen across the sector and allow for easier benchmarking.

Refining EPC and Display Energy Certificate (DEC) Requirements

This includes:

- reducing the validity periods of EPCs from the current ten years to a much shorter duration (potentially under two years), to more accurately reflect the current state of a property and provide more regular prompts to owners to consider recommendations
- requiring a valid EPC throughout a tenancy—this is not unexpected as it mirrors a suggestion we saw in the 2021 consultation on the next steps in the MEES regime (the response to which has been promised in early 2025)
- a tightening of the rule around requiring an EPC on day one of marketing a building for sale or rent—removing the current 28 day grace period
- changing the rule around only requiring an EPC for a House in Multiple Occupation (HMO) where the whole house is let and instead applying it where a single room is rented out—bringing all let HMOs within the MEES regime
- bringing all short-term rental properties within the regime regardless of length of letting and whether the occupier is responsible for meeting the energy costs

- mandating EPCs for all heritage buildings even where there is a relevant MEES exemption
- reducing DEC validity periods from ten to seven years for smaller public authority buildings and from seven to five years for larger buildings; and
- removing the ability to opt-out an EPC from the address search function on the EPB Register

Improving Data Management

Enhancements to data collection, storage, and usage protocols are also being considered. These improvements aim to ensure better quality and accessibility of EPC and DEC data, facilitating more informed decision-making by building owners, tenants, and policymakers.

Strengthening Quality Control

To improve the accuracy and reliability of EPC assessments, the consultation suggests measures such as better training and oversight of energy assessors. This includes stricter accreditation processes and regular audits to maintain high standards of assessment and deter fraud, plus assistance to Local Weights & Measures Authorities (LWMA) to fulfil their EPC enforcement obligations. This has been a well publicised issue with the EPC regime to date (arguably it is a lack of resource and incentive that has been the root problem) the consultation doesn't go as far as suggesting it will plug that gap though does acknowledge that the lack of ringfencing of the funds that were originally allocated to LWMA for enforcement meant they were used elsewhere. Also the fact that MEES are enforced by local authorities not LWMAs creates a disconnect. EPC penalties may be increased at least to reflect inflation, if not doubled. The latter increase would result in a non-domestic EPC cap of £10,000 and a domestic EPC cap of £400, with a DEC cap of £2,000.

Revising Air Conditioning Inspection Reports (ACIRs)

The consultation also proposes changes to the format and effectiveness of ACIRs and an increase in the penalty for failing to inspect systems over 12kW at least every five years from £300 to £800 (against an average assessment cost of £400).

Following the consultation period, the government will analyse the responses and publish a summary of the feedback. Any updates to the EPC metrics are anticipated to be introduced in the second half of 2026. This could be the first step in the journey towards modernising the EPB framework, renewing industry confidence and ensuring it meets the needs of a rapidly changing energy landscape. Whether it will succeed in this ambition remains to be seen and certainty on the future of MEES must form part of the strategy.

This article was first published by LexisNexis on 18 December 2024

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MEET THE TEAM



Victoria Duxbury

London

victoria.duxbury@bclplaw.com

[+44 \(0\) 20 3400 3190](tel:+442034003190)

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