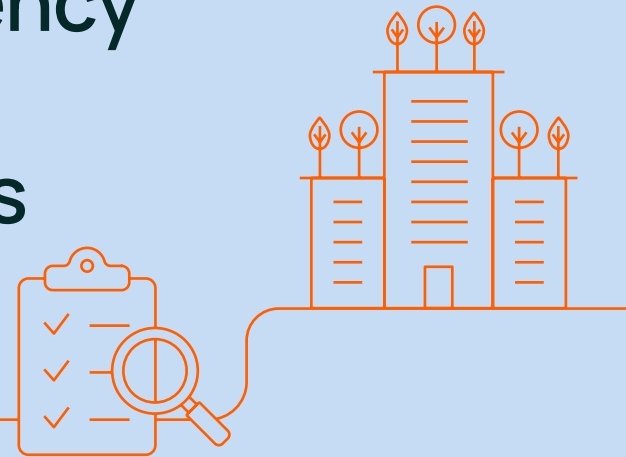


Minimum Energy Efficiency Standards (MEES) for non-domestic buildings

Maximise the energy efficiency of your buildings and maintain compliance.



We can ensure compliance with Minimum Energy Efficiency Standards (MEES), guiding organisations to improve energy efficiency and avoid heavy fines. Our comprehensive service manages the whole process from survey through to identifying and implementing cost-effective improvements to enhance the EPC rating, increase property value, and ensure compliance.

Introduction

The Energy Act 2011 commits the Secretary of State for Energy and Climate Change to enforce regulations that aim to improve the energy efficiency of buildings in the non-domestic private rental sector. As a result of this, from April 2018, it became unlawful to grant new leases for properties in England and Wales which do not meet the Minimum Energy Efficiency Standards (MEES). These regulations extend to all privately rented properties from April 2023, and any non-compliance could result in heavy fines.

These changes to legislation now make it unlawful to agree a new lease for a non-domestic property with an Energy Performance Certificate (EPC) rating below an E (i.e., any property with a rating of F or G).

It has been estimated that up to 20% of non-domestic properties could have an EPC rating below E, meaning that unless they were upgraded to meet the minimum standards it is illegal to rent them.

Important to know

The aim of MEES is to improve the energy efficiency of the national building stock. The minimum standard is currently an E rating.

The Government has said the minimum standard will be C rating by 2027 and then a B rating by 2030 to be legally compliant.

If your building doesn't achieve the minimum MEES standard, this will have a major impact on the value of the property and ability to lease it. You need a plan.

What are the rules for EPCs and MEES?

The EPC regulations require that an EPC is provided:

- Where an existing building is to be sold or rented out (which includes the assignment of an existing lease)
- Following the construction of new buildings
- When certain refurbishment works are undertaken.

Properties that do not require an EPC under current regulations will not be required to meet MEES. However, the government is proposing that all non-domestic properties will require an EPC from 2025, regardless of a sale or lease

The MEES regulations prohibit landlords from granting any new leases of buildings with an energy efficiency rating as shown on an EPC of below an E unless an exemption applies, and that exemption has been registered.

The prohibition on granting leases of properties with a rating below an E also applies to renewal leases and extensions of existing tenancies. MEES only applies to leases between 6 months to 99 years and includes local authority and public body landlords, but excludes social housing.

From 1 April 2023, it will be against the law to continue to let commercial properties with an EPC rating of F or G. This includes all current leases regardless of when they were agreed and have occupants in the building.

The Plan

Know your rating. Get an EPC now. You can't manage it if you don't know the rating



If required, install the improvements. We can manage the process and even source the funding

The Result

A more efficient building that has increased in value.



Occupants will save money.



The building is legally compliant and can be sold/leased

Engage Zenergi to help you manage your route to an Asset Rating of B for all your properties by 2030

What are the exemptions to MEES?

If a property falls within the scope of MEES, the landlord may still let it (even with an EPC rating below E) if one of the following exemptions applies.

Consent exemption

Within the preceding five years, a consent required to carry out the relevant energy efficiency improvement works has been refused (despite reasonable efforts by the landlord to obtain such consent). For example, if planning permission or listed building consent was refused for the alterations, or if superior landlord would not approve the works.

Devaluation exemption

The landlord has obtained a report from an independent surveyor that confirms making the relevant energy efficiency improvements would result in a reduction of more than 5% of the market value of the property (or the building of which it forms part).

Temporary exemptions

Where someone has become a landlord unexpectedly, it is deemed unreasonable and inappropriate to expect them to comply immediately with the standard. A temporary six-month exemption may be used in this case.

The cost of the energy improvements isn't effective

If the payback period on energy efficiency improvements is over seven years, then the property can be exempt from MEES.

An exemption to MEES must be entered on the PRS Exemption Register which will then last for five years. Exemptions are personal, which means if a property is sold the new owner must apply for a fresh exemption.

Penalties for non-compliance

Financial penalties for non-compliance are linked to the rateable value of the property but could be as much as £150,000.

Property valuation

When valuing properties, valuers will assess the level of risk posed by MEES and consider the extent to which the market rent, yield and possible rental growth will be affected. Properties of poor specification and low energy efficiency, even if currently compliant, may reduce in value. In many cases, valuers may need to work with energy experts and/or building surveyors to assess the works likely to be required and the costs of upgrade to reflect this accurately in their valuations.

Without knowing the EPC rating of your building, you could face a major issue when you decide to sell or lease the property if it is below the minimum MEES standard.

If you don't have the funds to install the improvements, then we can even source the funding for you and manage the install.

When you engage us to manage the design and install of the recommendations we can provide the EPCs free of charge.

Zenergi MEES procedure

Following an initial survey of your property, we can produce a draft EPC (not lodged on the central register) which we can cross-reference with any existing EPC against the property. This will enable us to gain a full understanding of the building components.

If the draft EPC is non-compliant or borderline compliant with current MEES regulations, we will consult with you before we proceed with the recommendation calculations.

We can produce an in-depth energy model of your property and demonstrate cost-effective improvements which are achievable and within the recommended seven-year payback.

Our Energy Freedom team can then work with you to implement the improvements in the most cost-effective way. If you don't have the funds to install the improvements, then we can even source the funding for you and manage the install.

Once installed, we can produce the EPC to ensure that you are MEES compliant.

How can we help and how are we different to other EPC assessors?

We can provide your EPC like many other qualified EPC assessors. However, with MEES you need more than simply the EPC. You need to know how to improve the EPC rating, then you need a managed service to actually tender, design and install the improvement recommendations. This is where our technical division can help to take advantage of our wide range of services.

We will work with you to identify the improvements required, and even source the finance required for the installations and manage the process for you. Once these have been done, the EPC can be produced again to show the improved rating that meets the minimum standard of MEES.

The end result is that you have a more energy-efficient building that has increased in value, the occupants will save money on energy and, importantly, you will legally be able to sell/lease the property.

When you engage us to manage the design/install of the recommendations we can provide the EPCs free of charge.

Note on TM44 - If your property has an Air Conditioning system over 12kW then you are also legally required to have a TM44 certificate and report. We can produce this at the same time as the EPC survey, helping you to save money by only paying for the time of one survey instead of two.

Minimum Energy Efficiency Standards (MEES) flowchart

