

## An ABC introduction to EPCs



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TFT is an independent property and construction consultancy.

We asked Mat to provide a general introduction and overview of Energy Performance Certificates (EPCs).

### What is an EPC?

“An EPC is an asset-level energy rating. It provides an indication of a theoretical energy performance of a building”.

### Theoretical? How good a measure of energy performance is it?

“Not great. EPCs do not take into account unregulated energy, such as the energy you use to run computers or other electrical equipment. What this means is that you can have a building that has a EPC B or C rating but in terms of its energy performance in use it is actually pretty poor.”

### The Government have been reviewing EPCs. Are they getting better?

“There have been some definitive improvements to the EPC regime.

Firstly, the [EPC register](#) has been improved and is now a more user-friendly resource.

Secondly, the EPC methodology for non-domestic buildings now factors in the decarbonisation of the grid, so that it more accurately reflects emissions and encourages people to switch from gas to electricity, which is clearly a positive thing. However, the current methodology for residential is based on energy costs rather than carbon emissions and does not consider the decarbonisation of the electricity supply and, therefore, disincentivises people from switching from gas to electricity

It is also worth noting that, for all its limitations, EPCs have been a good tool to drive the right kind of behaviours in terms of upgrading buildings, encouraging retrofitting, and putting more efficient heating, cooling and ventilation installations in place.”

### How do you get an EPC?

“On the [EPC register](#), there is a function to allow you to find an EPC assessor. Or you can visit the [CIBSE website](#) and find an assessor there.”

### How accurate are EPC ratings?

“A lot of the work that we do at TFT involves verifying a baseline EPC rating. Quite often, for example, given the changes I’ve already mentioned around decarbonisation of the grid, an older EPC may no longer be accurate. One of the things that we’ve seen since the introduction of EPCs is that ratings can change as building regulations changes, as the EPC software is updated or as refurbishments and refits of buildings take place. So it is important to verify that EPCs are accurate.”

### How old can an EPC rating be? How long do they last?

“EPCs last ten years. It will say on the register whether an EPC is valid or not, or whether an EPC has expired.”

## What are the requirements for landlords around EPCs?

“There are two important points to note.

An EPC is required when there’s some sort of transaction, subject to certain limitations. So if a property is let or sold then essentially there must be an EPC. If not, then one will need to be produced. This is what we call a triggering event.

An EPC is also required where certain works are undertaken. For example, if you have a large retail space which is then sub-divided into 3 units, and each unit is going to have services, then you will need an EPC for each unit.”

## What are MEES?

“MEES are Minimum Energy Efficiency Standards set out by the Government for commercially let properties.”

## What are the minimum standards?

“For non-domestic buildings, the minimum standard is an EPC E rating. This applies to new lettings and renewals. From April this year it applies to all leases.

For domestic buildings, the minimum standard is an EPC E rating and this applies to all leases.”

## Are there exemptions from MEES?

“There are a number of exemptions.

There is an exemption around value. If the work required to improve an EPC rating to at least an E would reduce the market value of that property by 5% or more, then an exemption can apply.

There is also an exemption around third party consent. For example, if a landlord needs to upgrade services, such as lighting, in an occupied space to meet the MEES regulations and the

occupier does not provide consent for the necessary work to take place, then that landlord can seek a third party consent exemption. Third party consent exemptions can also apply where listed building consent or planning consent is refused.

Another exemption is around the cost-effectiveness test. If the improvement works take longer than seven years to pay-back, then an exemption could apply. On that one though, I would say that the evidential requirements are very challenging because you need to provide three competitive quotes for each of the alterations and also any individual works that are cost-effective still have to be undertaken.

Exemptions are valid for five years. Or in case of occupier consent, until the lease ends or for five years.”

## Are the minimum standards changing? What is the Government proposing?

“In relation to non-domestic buildings, the Government has talked about setting a minimum standard of EPC B by 2030, although we are still waiting for a full response to the most recent **consultation**. There has been some talk of an interim minimum standard of EPC C by 2027 but that does not seem to have much support from industry. In our experience, clients are focussing on achieving the EPC B standard by 2030.

In relation to domestic properties, the **proposal** is EPC C by 2025 for new leases and lease renewals and 2028 for all leases.

It’s also worth noting that the Government is looking at an **operational rating system** to deal with the performance gap issue between EPC ratings and in use performance.”

