Minimum Energy Efficiency Standards in the Private Sector

Prepared for ALEO East Pennines

17th November 2017
The Minimum Energy Efficiency Standards (MEES)
What, Where and Why?

What?
From April 2018, these Regulations make it unlawful to let residential properties with an EPC Rating of F or G

Where?
• 2011 Energy Act
• The Energy Efficiency (Private Rented Sector) (England and Wales) Regulations 2015

Why?
To help UK meet our 2020 and 2050 Carbon Reduction targets
Government data shows 25% of properties in England and Wales have an E rating or below
The Minimum Energy Efficiency Standards (MEES) Timelines and Key Dates

<table>
<thead>
<tr>
<th>1st April 2016</th>
<th>1st April 2018</th>
<th>1st April 2020</th>
<th>1st April 2023</th>
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<td>Domestic tenants can request energy efficiency improvements to properties – reasonable requests cannot be refused.</td>
<td>All privately rented buildings where new leases are granted or are renewed must have an EPC with an ‘E’ rating or above.</td>
<td>All privately rented domestic buildings must have an EPC with a rating of ‘E’ or above.</td>
<td>All privately rented non domestic buildings must have and EPC with a rating of ‘E’ or above.</td>
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The Minimum Energy Efficiency Standards (MEES)  
Are there exemptions to the Regulations?

**Possible exemptions**
- Reduction in capital value
- Economic Efficiency
- Consents
- Negative Impact on the Fabric
- EPC Exempt
- Lease Term

**Exemptions Register**
- In order to rely on any exemption, the landlord must register details of the exemption with supporting information.
- A registered exemption will remain valid for five years (or until the end of the current tenancy).
The Minimum Energy Efficiency Standards (MEES)
What are the penalties and risks?

Penalties and Enforcement

• Enforced by Trading Standards
• Suspected breach – compliance notice served
• Failure to comply – Penalty notice issued
• For a breach less than three months a fine of £2,000 can be imposed.
• For a breach exceeding three months a fine of £4,000 can be imposed
• Fines of up to £1,000 for false or misleading information to the PRS Exemptions Register
• Penalties are cumulative up to £5,000 max per offence
• Potential publication of failure “Naming & Shaming”
The Minimum Energy Efficiency Standards (MEES)
Impact on financial lenders

What does it mean for financial lenders?
The regulations pose a significant risk for lenders:

- A negative impact on property value and a consequent increase in the loan to value ratio
- Increased void rates, impacting the ability of the borrower to pay back the loan
- Taking possession following default – regulations then apply to the lender
- Requiring additional capital expenditure to raise the property above the minimum standard

What does it mean to future lending?

- EPC grading with valuers flagging non-compliant properties
- Improvement works as a condition of the loan
What can EON Energy Installations Services do for you?

Services that can support private landlords

• Assess current energy efficiency and energy performance risk across your portfolio and for individual assets.

• Produce a bespoke risk management plan for your properties to implement any necessary energy efficiency improvements.

• Provide a fully costed investment proposal for achieving the minimum standards required.

• Install any necessary improvement works required.

• Provide energy performance reports and ratings for statutory compliance and marketing purposes.

Offer – for energy improvement measure installed by E.ON

• A free EPC
• A free smoke alarm
• A free Carbon Monoxide alarm
• Free RLA membership

Finance available - 0% interest on boiler replacements
E.ON have recently launched an online portal for private landlords. Submit change of tenancies at your convenience without having to call. The portal allows you to register your property portfolio, submit readings and process change of tenancies. E.ON have also launched a dedicated landlord tariff offering private landlords up to 30 days **FREE** energy during the void period (terms apply).
For more information contact:

Alan Jones
Business Development Manager
E.ON Energy Installation Services

Tel: 07966 636 736
Email: alan.jones2@eonenergy.com