



Elmhurst Energy's final/draft response to:

The Non-Domestic PRS MEES – Implementation of the EPC B Future Target

Prepared for: BEIS



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Introduction

Elmhurst Energy are pleased that BEIS are seeking consultation on The Non-Domestic Private Rented Sector Minimum Energy Efficiency Standards – Implementation of the EPC B Future Target and as such we are delighted to respond to each question in turn.

The Consultation asked 16 questions over 4 chapters and we have answered them all below. We hope you find the responses considered and useful for taking energy efficiency within the private rented sector forward in a progressive manner.

Questions and Answers

1. Should listed buildings and those in conservation areas which are to be rented out be legally required to have an EPC?

Yes listed buildings and those in conservation areas should legally be required to have an EPC to be rented out. Listed buildings use energy and produce carbon like every other building and should be treated exactly the same when it comes to energy assessment and EPCs. The EPC provides an assessment and measurement of the buildings fabric and services and provides recommendations on how to improve this. It does not mandate any improvements and has always required local authorities to approve improvements before implementation. We should not be limiting opportunities for listed building improvements when recommendations on lighting and roof insulation for example would likely be acceptable as a measure to improve the building. Excluding listed buildings will result in missed opportunities in energy and carbon savings. It also misses the opportunity for improving costs for occupiers. Improving listed buildings (where appropriate) should be required.

Furthermore, new developments in technology and systems could result in further improvements to listed buildings. The current methodology will need to be kept up to date with any innovations and new technologies.

2. Do you support the Government's proposal to introduce an EPC C interim milestone in 2027? If so, are there any amendments you would make to the proposals? If you disagree with the proposal, please explain why and what your preferred approach would be. Please provide evidence where you can.

Elmhurst believe that it is essential to have phased milestones for compliance. The data from the introduction of MEES shows that most building owners only act when, or just after, they have to. Leaving implementation until one single date in the future will delay and suppress compliance.

Having a phased implementation will allow;

- Policy to be reviewed to ensure that it is both effective and there are no unintended consequences.
- It will give an opportunity to consider innovation in building design, technology and the assessment methodology.
- The supply chain to smooth out the spike of workload

Elmhurst strongly recommends that whilst milestones should be enforced, building owners should be rewarded for "going early" and achieving the higher standards earlier than they are required to. Incentives should reward the decision maker, usually the owner, and might include changes to VAT, Stamp duty or Council charges.

3. Do you support the Government's proposal to improve the implementation and enforcement of non-domestic MEES by introducing compliance windows? If so, are there any amendments you would make to the proposals? If not, please outline why, stating what your preferred approach would be. Please provide evidence where you can.

Yes we support the proposal to improve enforcement by compliance windows. It allows for flexibility to ensure work is completed, rather than a deadline that tends to get missed or left to the last minute as explained in the previous answer. We would recommend a further window sooner for D ratings to optimise the chance to make improvements and reduce carbon.

4. Do you support the introduction of a six-month exemption for shell and core let properties? If so, are there any amendments you would make to the proposals? If you disagree with the proposal, please explain why and what your preferred approach would be. Please provide evidence where you can.

Yes support the six-month exemption for stripped back buildings. The exemption should apply to stripped back buildings whereby the tenant is required to remove the fit out when they leave. The proposed process allows for tenants to agree a lease and fit the building out. This could be incorporated with the requirement for the fit out to have a building regulations check, via SBEM for compliance purposes with the EPC being issued as part of the building compliance process. This would push the EPC requirement onto building control and assist with enforcement.

5. We welcome views on where improvements could support the transition from the current EPC E requirement, to the proposed new implementation and enforcement framework.

We feel a staggered approach would support the transition between the current E rating requirements to the proposed new B rating. If the approach were to be increased up a rating category every 2 years, then the transition period would be more effective.

6. Do you agree with the proposals to amend EPC requirements to support non-domestic MEES under the PRS Regulations? If not, please explain why.

Yes Elmhurst agree with the proposals. Examples such as post-improvement EPCs and the continual requirement to have an EPC on a property being let are important for ensuring that the continued measurement of the building is made. This allows for better decision making and shows the building is actually compliant making enforcement more efficient.

Elmhurst also recommend that additional triggers are added to the EPC requirements, such as the change of a heating system or changes to building use. The current process allows for a building to have an EPC and a change in the entire heating system without the need for a new EPC. Under the current process, this EPC would then be valid for 10 years and not represent the building at all. There are major implications to this being missed as part of the MEES procedure, in regards to monitoring carbon emissions and energy savings.

7. Do you support the introduction of a PRS property compliance and exemptions database to support enforcement of the PRS Regulations under the new EPC B framework? If not, please explain why.

Yes – by expanding the scope of exemptions register as well as a database to make information more accessible, it makes the process of PRS Regulation compliance assurance much more efficient and simpler, which is important as future changes are implemented. By simplifying the process, it makes it more accessible for all stakeholders.

Elmhurst recommends that the existing Energy Performance of Buildings Register (www.find-energy-certificate.digital.communities.gov.uk) should be utilised to assist in this database to ensure consistency of data.

8. Do you agree with the proposed landlord registration fee for the PRS property compliance and exemptions database? If not, please explain why.

No strong opinion.

9. Do you agree that £5,000 is a suitable maximum limit to set as the penalty for non-compliance with the new framework requirements? If not, please explain why.

We feel that a case by case approach would be more suitable, instead of a specific penalty. For example it may be better that the limit be set at 10% of the annual building lettable value, so that it takes into consideration individual circumstances.

10. We welcome views on the clarity of the current PRS Regulations in relation to enforcement of penalties for non-compliance with MEES.

It is important that penalty enforcement is as transparent a process as possible, so further clarity may be beneficial for stakeholders.

11. Should the Government allow local authorities to issue a request to landlords and tenants to inspect properties for compliance under the PRS Regulations? If not, please explain why.

Elmhurst agree however request that for buildings that should have an EPC but do not, then they local authorities should have the authority to inspect and establish any breach of the regulation.

Elmhurst are keen to ensure that those inspecting properties are train, qualified and accredited as Non-Domestic Energy Assessors. This would ensure that inspectors understand the EPC assessment process and requirements to a high standard. Elmhurst request that local authorities work with accreditation schemes to ensure the process is correctly monitored and an audit trail is recorded.

If there is an EPC that the local authority has reason to believe is incorrect or poor quality then the matter should be raised with the energy assessor identified on the EPC and, if satisfaction cannot be achieved, with their accreditation scheme. This follows the current procedure in the EPC industry as defined by Government.

12. Do you agree that all exemptions should be reviewed at the start of each compliance window? If not, please explain why.

Yes – by reviewing all exemptions at the start of each compliance window, it is ensuring continual energy efficiency improvements which is important when trying to meet targets and regulations. It allows for new technologies or reduced costs to be implemented.

13. Do you support the introduction of a standardised calculator to simplify the requirements for the payback test? If not, please explain why.

Whilst the introduction of a standardised calculator would make it simpler for landlords to view purchase and installation cost of energy efficiency measures, it may not be representative of the costs, depending on the area the building is located in (some areas will be more expensive than others). It may be useful to identify a location based cost system. Elmhurst recommend that the calculator be updated regularly to include changes in costs and new technologies. If the exemptions are reviewed at each compliance window, the costs should also be reviewed to allow some buildings to now improve at the review stage if the payback changes.

14. What are your views on whether the three quotes requirement should be kept for certain circumstances, for example where landlords wish to dispute the standardised costs, and how would the requirement work in such circumstances?

We feel that the three quotes requirement should be kept for certain circumstances and this should be used in conjunction with a standardised calculator.

15. Should the Government seek primary powers to introduce tenant responsibilities duties for MEES compliance under the PRS Regulations for non-domestic properties, and to introduce duties of mutual cooperation for landlord and tenant? If not, please explain why. If so, what do you think these duties should consist of? Please explain your reasons and give examples.

By introducing tenant responsibilities it would be raising the profile of the issues and MEES, which is a positive. If the tenant is paying the energy bills there is a benefit to energy efficiency improvements and the tenant should contribute. When the tenant is paying a service charge which includes the bills as a fixed rate then there may be complications if introducing tenant responsibilities. In this circumstance the landlord should be required to review service charges.

16. Do you think that smart meters could play a role in supporting landlords to meet Government energy efficiency requirements such as the non-domestic MEES under the PRS Regulations? What are the key benefits/barriers of smart meters playing a role?

Smart meters allow consumption monitoring to be more efficient and easier to follow than traditional metering methods. It also helps to provide insights on energy usage for improving tariffs, again providing further benefits to the user as well as helping landlords to meet MEES. Smart metering improves quality of data for in-use performance assessment methodologies such as Display Energy Certificates (DECs). We welcome any methods that highlight energy usage and encourage improvements in behaviour.

It may be useful to identify an improvement factor for building that could be added to the EPC and SBEM methodology calculation to incentivise the adoption of smart meters.



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