



Update on MEEES regulations & Domestic PRS EPC C 2030 trajectory

Helene Bartos, Private Rented Sector Energy Efficiency Trajectory
Policy Lead, BEIS, 26th November 2018



Amending MEES regulations: Government Response published

- Following Consultation last year, in November Government published the Government Response on amending *The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015*;
- MEES regulations to be laid in Parliament shortly; ambition is for the amended requirements to come into force from 1 April 2019 (subject to Parliamentary debate time);
- Key changes to MEES regulations include:
 - Introduce a landlord financial contribution amendment with landlord contribution capped at £3,500 and inclusive of VAT;
 - Any investment in energy efficiency made since October 2017 may be counted within the cap;
 - Any existing 'no cost' exemptions will now end on 31 March 2020.



Amending MEEs regulations: Government Response published

- Any available third-party funding, including Green Deal finance and local authority grant funding, may be counted within the cap;
- Establish a new 'high cost' exemption to be available where substandard property cannot be improved to E for £3,500 or less, and require the submission of three installer quotes where a landlord is registering such a 'high cost' exemption;
- Removal of 'no cost to the landlord' provision, and removal of 'no available funding' exemption option;
- Removal of the consent exemption currently available where a tenant has withheld consent to a Green Deal finance plan (other types of consent exemptions will continue to be applicable).



Amending MEEs regulations: Government Response published

- Once they come into force, the amended regulations will apply upon the granting of:
 - a) a new tenancy to a new tenant, and/or
 - b) a new tenancy to an existing tenant
- From 2020, the amended regulations will apply to all privately rented property in scope of the regulations, in line with the existing regulatory 'backstop' date, even if there has been no change in tenancy.



MEES – Traditional and Historic Buildings

- The amended regulations will apply to historic buildings (if they are let on a relevant tenancy and are legally required to have an EPC);
- Exemptions will apply in the usual way (for instance ‘consent’ exemption; ‘wall insulation exemption’; ‘devaluation exemption’ etc);
- Under *Energy Performance of Buildings Regulations 2012*, listed buildings and buildings in a conservation area may not be legally required to have an EPC if “*compliance with minimum energy performance requirements would unacceptably alter their character or appearance*” – if an individual property is not required to have an EPC, it will not be covered by MEES regulations.



Domestic PRS EPC C Trajectory

Clean Growth Strategy committed Government to *"look at a long term trajectory for energy performance standards across the private rented sector, with the aim of as many private rented homes as possible being upgraded to EPC Band C by 2030, where practical, cost-effective and affordable."*

- We are currently looking at policy options for a Domestic PRS EPC C 2030 Trajectory
- Policy options paper likely to be published this December/January 2019; followed by a Government Consultation in spring 2019
- Expert working group (including NT and CLA) has been running since October 2018 and is looking at some of the overarching policy design questions

Measuring energy efficiency in PRS:

1. Continued use of EPCs, staying with the cost-based metric?
2. Continued use of EPCs, but switch to a carbon metric?
3. 'Improve' EPC 'recommended measures' formula?
4. Alter EPCs to list cost-effective measures that landlords would be 'required' to install?

Energy Performance Certificate (EPC)



17 Any Street, District, Any Town, B5 5XX
 Dwelling type: Detached house
 Date of assessment: 15 August 2011
 Date of certificate: 13 March 2012
 Reference number: 0915-6628-8430-2785-5996
 Type of assessment: RdSAP, existing dwelling
 Total floor area: 165 m²

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Find out how you can save energy and money by installing improvement measures

Estimated energy costs of dwelling for 3 years	£5,367
Over 3 years you could save	£2,865

Estimated energy costs of this home			
	Current costs	Potential costs	Potential future savings
Lighting	£375 over 3 years	£207 over 3 years	<div style="background-color: #4caf50; color: white; padding: 10px; border-radius: 50%; width: 40px; margin: 0 auto;"> You could save £2,865 over 3 years </div>
Heating	£4,443 over 3 years	£2,073 over 3 years	
Hot water	£549 over 3 years	£222 over 3 years	
Totals	£5,367	£2,502	

These figures show how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration.

Energy Efficiency Rating

Very energy efficient - lower running costs

(92 plus) A
(81-91) B
(69-80) C
(55-68) D
(39-54) E
(21-38) F
(1-20) G

Not energy efficient - higher running costs

	Current	Potential
<div style="background-color: #ffc107; border: 1px solid #ccc; padding: 5px; width: 30px; margin: 0 auto;">49</div>	<div style="background-color: #4caf50; border: 1px solid #ccc; padding: 5px; width: 30px; margin: 0 auto;">76</div>	

The graph shows the current energy efficiency of your home.

The higher the rating the lower your fuel bills are likely to be.

The potential rating shows the effect of undertaking the recommendations on page 3.

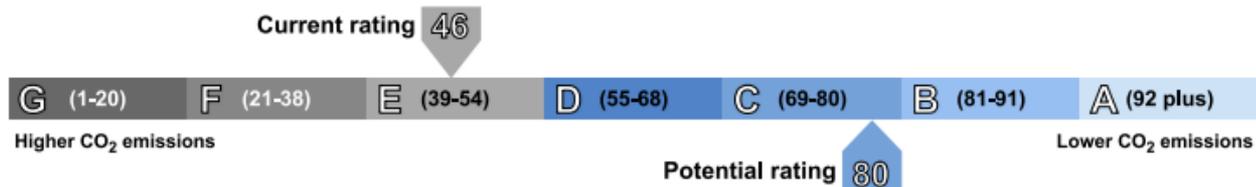
The average energy efficiency rating for a dwelling in England and Wales is band D (rating 60).

Top actions you can take to save money and make your home more efficient

Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Increase loft insulation to 270 mm	£100 - £350	£141	✓
2 Cavity wall insulation	£500 - £1,500	£537	✓
3 Draught proofing	£80 - £120	£78	✓

See page 3 for a full list of recommendations for this property.

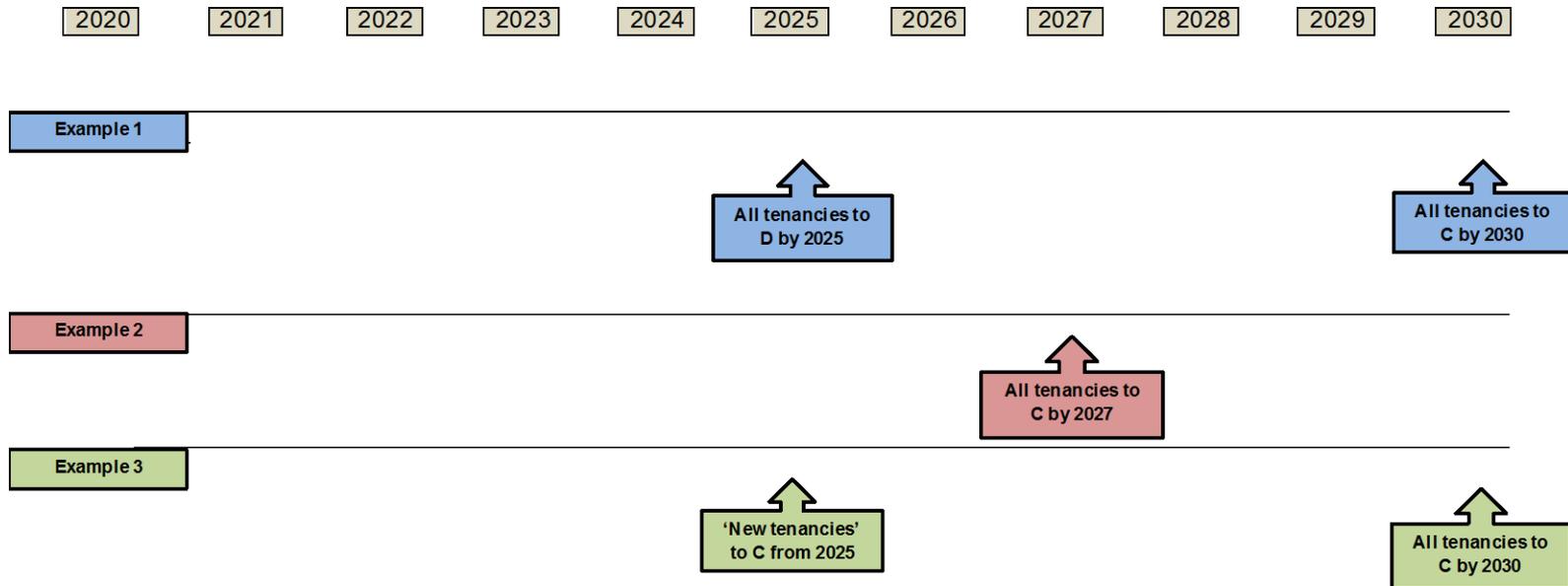
To find out more about the recommended measures and other actions you could take today to save money, visit www.direct.gov.uk/savingenergy or call 0300 123 1234 (standard national rate). When the Green Deal launches, it may allow you to make your home warmer and cheaper to run at no up-front cost.



Policy Options

Possible stages of the trajectory and trigger points:

1. *To EPC D first by 2025 and then to EPC C by 2030?*
2. *A single compliance date by 2027 with no interim points?*
3. *New tenancies' to C from 2025 and 'all tenancies' to C by 2030?*





Policy Options

Possible formulas for landlord spend requirements:

1. *A single national upper spending cap?*
2. *A variable landlord spend requirement, based on rental income?*
3. *A landlord spend requirement, based on council tax band?*
4. *A spend requirement, based on running costs?*



Policy Options

Suggestions for dealing with properties that trail behind in compliance:

1. *Where a property has failed to meet the previous standard, increase the spending cap to one and a half ($\text{£}x + \frac{1}{2}$)?*
2. *Where a property has failed to meet the previous standard, require the landlord to add any previous underspend to the value of the cap ($\text{£}x + \text{underspend}$)?*
3. *Accept that some properties will always fail to meet the standard and not introduce any additional cost requirement?*

Estimated proportion of F or G-rated PRS homes in scope that do / do not achieve Band E by 2020 (final Consultation IA)

	Cost cap of £3,500
Percentage of F and G-rated PRS homes in scope reaching Band E	48%
Percentage of F and G-rated PRS homes in scope not reaching Band E but taking some action	52%



Policy Options

Off-grid properties and listed buildings/buildings in a conservation area:

"Current working assumption is that we should not have a special policy for these types of properties and/or should not automatically exempt them."

What is your view?



Department for
Business, Energy
& Industrial Strategy

Thank you