
Domestic Private Rented Sector Minimum Energy Efficiency Standards Consultation & Energy Company Obligation

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Business, Energy
& Industrial Strategy

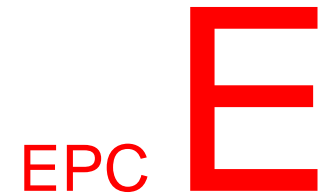
What we will cover today

- What are the domestic PRS MEES?
- Consultation and future of the Regulations
- Future of ECO
- Q&A

What is the domestic PRS MEES?

(Private Rented Sector Minimum
Energy Efficiency Standards)

The Domestic PRS Minimum Standard



- Regulations apply to *all* properties that are:
 - legally required to have an EPC, and
 - let on an assured, regulated or domestic agricultural tenancy.
- Backstop of April 2020.
- Improvements only required where they can be made **at no cost to the landlord** using Green Deal, Energy Company Obligation (ECO) or third party grant funding.
- Compliance through **EPC band E or registering an exemption** where the improvements are not possible or practical (more on this later).
- 280,000 properties across England and Wales

Temporary exemptions

The majority of exemptions are valid for 5 years.

Exemptions are available where:

- A recommended measure cannot be wholly financed at no cost to the landlord;
- All the relevant energy efficiency improvements have been installed and the property remains below an E;
- Wall insulation (cavity wall, external wall or internal wall insulation) is not appropriate for the property due to its potential negative impact on the fabric or structure of the property;
- Landlord cannot obtain required consents/permissions for improvement work, or consent is provided with unreasonable conditions;
- The landlord has obtained written advice from a qualified expert that the measures will reduce a property's value by more than 5%;
- The landlord has only recently become the landlord (six month exemption).

The exemptions register

- Exemptions must be registered on the PRS Exemptions Register;
- Enables landlords to register exemptions against relevant exemption types and upload supporting evidence;
- Provides access to LAs to support monitoring and enforcement;
- Allows members of the public to access high level (non personal) data related to exemptions (from April 2018); and
- Will enable LAs to publish (non personal) information related to breaches and penalties (from April 2018).



The screenshot shows the GOV.UK website for the PRS exemptions register. At the top, there is a black navigation bar with the GOV.UK logo and the text 'PRS exemptions register'. Below this is a blue breadcrumb trail: 'Home > BEIS > PRS'. The main heading is 'PRS exemption register'. Underneath, it says 'Use this service to:' followed by two bullet points: 'register an exemption' and 'end an exemption'. A note states 'Registering an exemption takes around 10 minutes'. There is a green 'Start now >' button. To the right, there is a section titled 'Registered exemptions and penalty notices' with two links: 'Search for registered exemptions' and 'Search for properties with a penalty notice'. Below the main heading, there is a section titled 'Before you start' which says 'You need to know which of the exemptions apply and have the proof ready to upload.' and 'You can find out more about the exemptions and proofs in the [PRS minimum standard](#).'

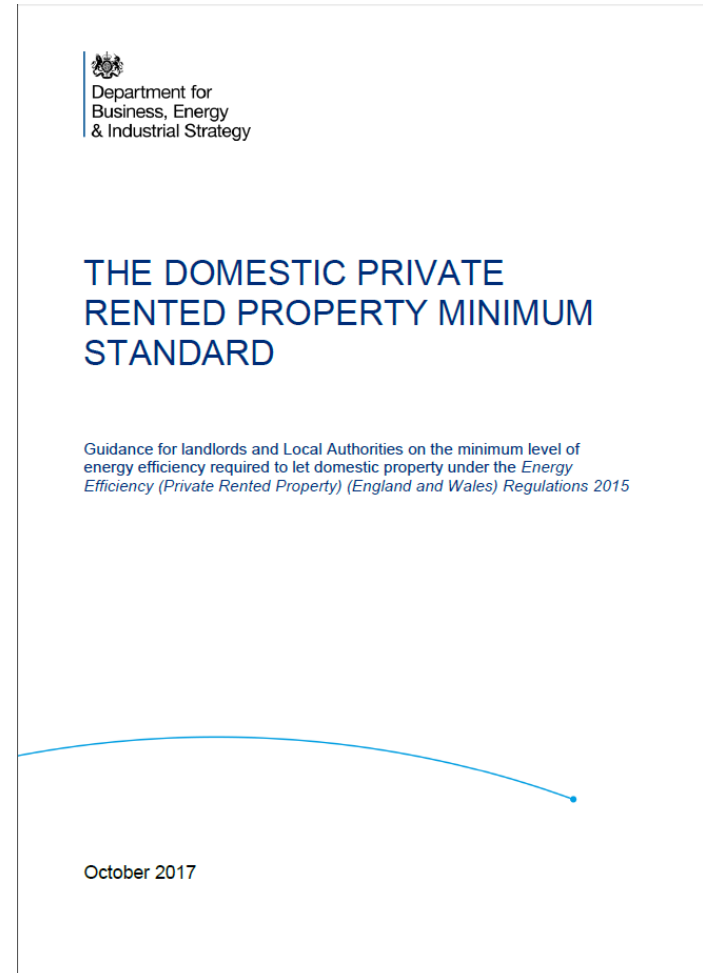
Enforcement

- Local Authorities (LAs) have the power to enforce PRS MEES;
- Each LA is free their own approach to the enforcement of the Regulations and can choose who in the LA enforces;
- We'll be working closely with LAs over the next 18 months to support them to test and imbed enforcement approaches.

PRS Guidance

Detailed guidance on the operation of the PRS MEES regulations can be found at:

www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents



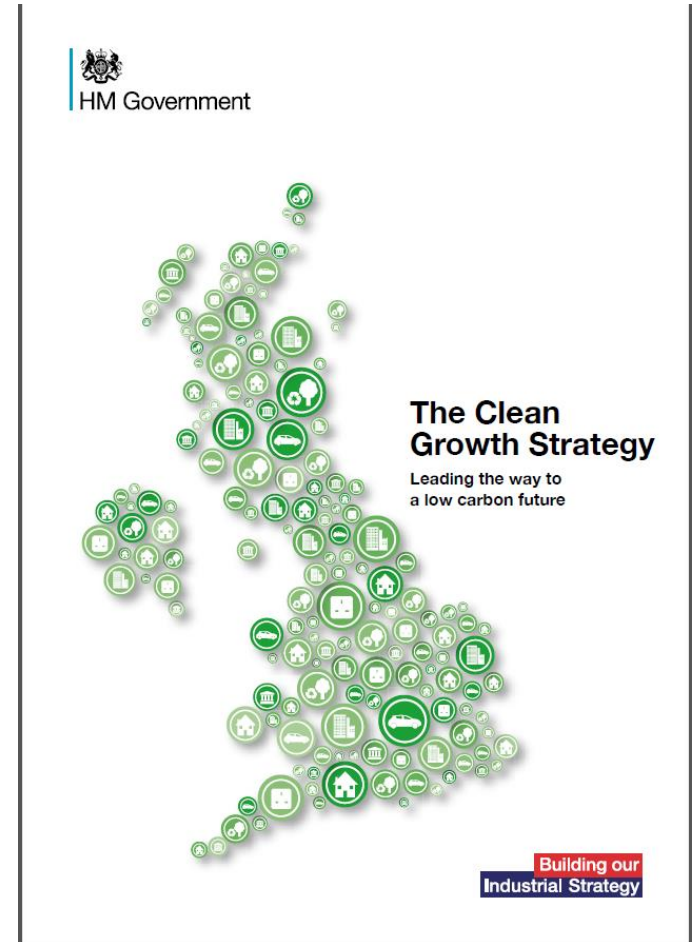
PRS consultation & future policy


Department for
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& Industrial Strategy

Policy context

Clean Growth Strategy announced:

- Consultation to strengthen the current domestic PRS standards;
- Aspiration for as many domestic privately rented properties as possible to reach EPC C by 2030, where practical, cost-effective and affordable.



PRS Consultation - proposed changes

Consultation is open now!

Key proposed changes:

1. Remove 'no cost' to landlord principle
2. Introduce capped landlord contribution
3. Proposed cap set at £2,500, but other options assessed - £1,000, £3,500 and £5,000

Policy options

Cap Level	% of homes reaching Band E or above	Number of homes improved to E	Number of homes insulated by April 2020 (inc those not reaching E)	Ave cost of achieving Band E or above	Ave cost for properties not reaching Band E*:	Estimated ave annual energy savings for tenants
Option 1: £1,000	14%	40,000	129,400	£150	£325	£85
Option 2: £2,500	30%	85,000	139,200	£865	£1,025	£95
Option 3: £3,500	32%	90,000	155,600	£975	£1,430	£109
Option 4: £5,000	42%	120,000	260,400	£1,700	£2,100	£188

Summary of other proposed changes

1. Amount of money a landlord sees invested in their property is VAT inclusive.
2. Costs of energy efficiency improvements made since October 2017 could be counted towards the cap.
3. Cost cap to be inclusive of any third-party funding a landlord can access.
4. Where a landlord intends to register a 'high cost' exemption, they are required to provide copies of three installer quotes demonstrating the cost of the work exceeds £2,500.
5. No regulatory obligation placed on energy suppliers to disclose funding level to landlords – expectation that they can do this voluntarily.
6. Remove exemption a landlord can claim if they are intending to use Green Deal finance to fund improvements but their tenant refuses consent (to the GD charge).
7. Limit the validity of any 'no cost' exemptions registered prior to April 2019 so that they will end on 1 April 2019

Timescales

- Consultation is open until 13 March
- Aim to publish a response by Summer 2018
- Lay amended regulations in Autumn 2018
- Amended Regulations come into force April 2019

Longer term:

- Clean Growth Strategy set an aspiration for as many domestic privately rented properties as possible to reach EPC C by 2030, where practical, cost-effective and affordable;
- We are aiming to consult on trajectory policy options at the end of 2018.

PRS Consultation

Consultation and Impact Assessment available at:

<https://www.gov.uk/government/consultations/domestic-private-rented-sector-minimum-level-of-energy-efficiency>

Respond directly on the website or by sending an email to PRSconsult@beis.gov.uk

Energy Company Obligation Consultation (ECO)

ECO

Current ECO funding

- The Spending Review in 2015 committed to funding ECO until 2022 at a projected cost envelope of £640 million per annum, rising with inflation.
- Between 2015 and 2020, ECO will upgrade around a million homes supporting £3.6 billion of investment.

Clean Growth Strategy commitment

- The Clean Growth Strategy announced that we would extend support for home energy efficiency out to 2028 to at least the current level of ECO funding

Future ECO scheme timetable

- The current scheme (ECO2t) will end in September 2018.
- The future scheme will run for 3.5 years – October 2018 to March 2022.
- We will consult on proposals in the spring.

Proposals for the future ECO scheme

We are currently developing proposals for the forthcoming ECO consultation.

- **Affordable Warmth** – ECO will become a 100% AW scheme so that support is focused on low income and vulnerable households
- **Scheme Eligibility** – increasing the number of households who are eligible for AW to 7 million
- **Local Authority Flexible Eligibility** – proposal to increase the LA Flex part of the scheme from 10% to 25%
- **Innovation** – support for innovation of new measures (e.g. new material or installation techniques). This will help underpin delivery of the Industrial Strategy.

Proposals for the future ECO scheme

Proposals for the heating and insulation measures available under ECO include:

- a 35,000 cap on broken heating system replacements;
- allowing inefficient heating system upgrades when they are delivered alongside insulation measures;
- banning the delivery of oil boilers – in line with the Clean Growth Strategy’s ambition to phase out the installation of high carbon fossil fuel;
- a 5,000 First Time Central Heating minimum – to support FTCH and to compliment Fuel Poor Network Extension Scheme and National Grid’s Warm Homes Fund; and
- a 17,000 Solid Wall Insulation minimum – to support delivery of SWI.

Questions?

Thank you.

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