



EPCs and the MEES Regulations – A Guide to Compliance

The introduction of the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (SI 2015/962) (MEES Regulations) created a requirement that in certain circumstances properties in England and Wales can only be let if a minimum energy efficiency standard has been met.

Further changes are due to be implemented through the MEES Regulations, which will bring further obligations on landlords, developers and lenders. It is therefore important to be aware of the current and future requirements to avoid penalties.

What is an EPC?

An energy performance certificate (EPC) is a rating scheme which summarises the energy efficiency of buildings. It contains information about a property's energy use and typical energy costs and provides recommendations about how to reduce energy use and save money.

EPCs are valid for 10 years and provide an energy efficiency rating between A and G (A rating being the most efficient and G being the least efficient).

They are required whenever a property is built, sold or rented and must be obtained before a property is marketed.

What buildings do EPCs apply to?

EPCs are applicable to:

- Domestic Properties (Residential);
- New Build properties;
- Existing properties where substantial alterations have been made; and
- Non-Domestic Properties (Commercial).

EPCs are not required for:

- Places of worship;
- Temporary buildings that will be used for less than 2 years;
- Stand-alone buildings with total useful floor space of less than 50 square metres;
- Industrial sites, workshops and non-residential agricultural buildings that do not use a lot of energy;
- Some buildings that are due to be demolished;
- Holiday accommodation that is rented out for less than 4 months a year or is let under a licence to occupy;
- Listed buildings (if the work would alter the building's character); and
- Residential buildings intended to be used less than 4 months a year.

There are however exemptions to the above which are detailed further below.

What are the current EPC requirements for renting?

'Residential' Properties

From 1 April 2018, landlords of privately rented residential property in England and Wales must ensure that their properties reach at least an EPC rating of E before granting a new tenancy to new or existing tenants. Without a valid EPC rating of E or above residential properties cannot be let.

On 1 April 2020, this was also made applicable in scenarios where a landlord continues to let a property under an existing tenancy.

'Commercial' Properties

The above requirements also apply to commercial 'non-domestic' properties, with the exception that the requirement to hold an EPC with at least an E rating will apply to existing tenancies from 1 April 2023.

On top of this, for commercial properties, landlords must display an EPC at the building if all of the below apply:

1. The total useful floor area is over 500 square metres;
2. The building is frequently visited by the public; and
3. An EPC has already been produced for the building's sale, rental or construction.

If a property falling under the MEES regulations is empty, and there are no plans to let or sell it, no action is required to be taken to improve its EPC rating until it is let again or sold.

Exemptions

There are some exemptions to the requirements set out under the MEES regulations. Valid exemptions include:

1. All relevant improvements made exemption;
2. High-cost exemption; Domestic Only
3. Listed Buildings Exemption;
4. 7-Year Pay Back Exemption; Non-Domestic Only
5. Wall Insulation Exemption;
6. New Landlord Exemption;
7. Third-Party Consent is not available Exemption; and
8. Devaluation Exemption.

Further details of each exemption can be found [here](#).

Any valid exemption must be registered by the Landlord on the [PRS Exemptions Register](#) before it can be relied upon.

Penalties for not having a valid EPC

If a local authority confirms that a property is (or has been) let in breach of the MEES Regulations, they may serve a financial penalty up to 18 months after the breach and/or publish details of the breach for at least 12 months.

The maximum penalty amounts apply per property and per breach of the Regulations so costs can quickly accrue if landlords hold large property portfolios.

These penalties include:

- up to £2,000 and/or publication penalty for renting out a non-compliant property for less than 3 months;
- up to £4,000 and/or publication penalty for renting out a non-compliant property for 3 months or more;
- up to £1,000 and/or publication for providing false or misleading information on the PRS Exemptions Register; and
- up to £2,000 and/or publication for failure to comply with a compliance notice.

The maximum amount landlords can be fined per property is £5,000 in total.

Future MEES regulations

Currently, the Minimum Energy Performance of Buildings (No. 2) Bill is going through parliament which aims to amend the current MEES regulations and impose stricter requirements.

Proposals include:

- All domestic properties should achieve at least EPC B and C ratings by 2035, where practical, cost-effective and affordable;
- All new tenancies must have an energy efficiency performance of at least EPC C from 31 December 2025;
- All existing tenancies must be at least EPC C from 31 December 2028;

- All rented non-domestic buildings must be EPC Band B by 2030; and
- All mortgage lenders must by 31 December 2030 ensure that the average energy performance level of their domestic portfolios is at least EPC B or C.

Landlords and developers may wish to implement any future energy improvement work with these proposals in mind.

For further advice on property regulations, please contact our [Real Estate](#) team.