

## Minimum Energy Efficiency Standards changes from 1 April 2023

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1 April is of course April Fool's Day but it also happens to be the day that landlords of non-domestic property need to make sure that their properties have an EPC of at least an E or face potential penalties. That is no joke!

### What is changing?

By way of recap, the legislation creating the Minimum Energy Efficiency Standards (MEES) came into force on 1 April 2018, introducing a minimum EPC rating of E but only in relation to the grant of a new lease or the extension or renewal of an existing lease. As of 1 April 2023, the minimum rating of an E will apply to existing leases as well.

### Exemptions

There are some exceptions including leases for a term of more than 99 years and those for a term of less than 6 months (assuming no right of renewal and that the tenant has not already been in occupation for more than 12 months). There are also a range of exemptions available but these are not automatic and must be registered on the PRS Exemptions Register. Temporary exemptions last for 6 months and other exemptions will generally last for 5 years. Registrations are made on a self-certification basis and will apply from the date of registration and exemption expiry dates should be diarised to avoid falling foul of MEES at a later date.

It is also worth noting that if a let property is sold or otherwise transferred with a registered exemption, the exemption will cease to be effective and the new owner will need to either improve the property to the minimum



standard at that point, or register an exemption where one applies, if they intend to continue to let the property.

## Consequences of not complying

Landlords of sub-standard properties (i.e. with EPC ratings of below an E) now have less than two weeks to carry out relevant energy improvement works to bring the EPC rating up to at least an E rating or register an exemption. Failure to comply with the regime, could result in a fine of up to £150,000 as well as the risk of reputational damage as a result of “naming and shaming”.

## What next?

Beyond April 2023, the Government has proposed staged rises in the required EPC rating for commercial properties with the minimum rating likely to be raised to C in 2027 and B in 2030. We are still awaiting a response to the 2021 consultation which proposed this staged implementation. The direction of travel is however clear so don't be fooled. EPC E ratings will not be where the story ends! For many properties it will be extremely difficult to achieve an EPC rating of a B and the extension of the MEES regime will therefore place a significant regulatory, financial and administrative burden on commercial landlords.

As we mentioned in [Roll up your sleeves: MEES is tightening its grip](#) back in November 2022, this is a fast moving sector and further government reforms including decreasing the validity period of EPCs from 10 years, increasing the number of triggers for a new EPC, introducing a property compliance and exemptions database and changes to the rules on listed buildings are being considered amongst a plethora of other initiatives.

We've spent the last few months meeting with clients to discuss the compliance requirements of MEES and the impact that this regime is having and will have on commercial property portfolios. If we can help you through this fast-moving legislative landscape or you would like us to come and talk to you please contact our expert [real estate team](#).



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