

**Updated Nov 2022**

### **A GUIDE TO ENERGY PERFORMANCE CERTIFICATES**

Almost all commercial property over 540 sq.ft. (50m<sup>2</sup>) for sale or to let in the UK requires an Energy Performance Certificate and it is the responsibility of the landlord/vendor to obtain one. The report will show how energy efficient the property is and will give recommendations on how the energy efficiency can be improved. It is now mandatory that a commercial EPC is in place prior to marketing a commercial property. The penalty for failing to make an EPC available is fixed in most cases at 12.5% of the rateable value of the building, subject to a minimum of £500 and a maximum of £5,000.

Energy Performance Certificates (EPCs) contain an efficiency rating for the relevant building from A (the most efficient) to G (the least). Landlords may not grant a tenancy to a new or existing tenant if their property has an EPC rating of band F or G, and from 1<sup>st</sup> April 2023 landlords must not continue letting a property which is already let if that property has an EPC rating of band F or G.

Where a landlord wishes to continue letting property which is currently sub-standard they will need to ensure that energy efficiency improvements are made which raise the rating to a minimum of 'E'. (Landlords may in some circumstances claim exemption from this prohibition if all improvements which can be made have been made and the property remains below a band 'E'.)

Landlords letting sub-standard and inefficient buildings will be breaking the law and could be subject to hefty fines of between £5,000 and £150,000.

#### **2025 & Onwards**

The Government is proposing to increase the minimum energy efficiency rating to a Band D by 2025 and Band B by 2030. This is not yet set in stone but seems likely to be the case.

**If you have a building (with roof and walls) that uses energy to condition the indoor climate in any part of that building (i.e. has heating, air conditioning or mechanical ventilation) then you will need an EPC.**

There are some exceptions to the EPC regulations – as shown on the next page.

You don't need an EPC if you can demonstrate any of the following:

1. The building is temporary only and going to be used for 2 years or less.
2. A detached building of less than 540 sq.ft.
3. Letting is for under six months, subject to a maximum of two such lettings to the same tenant.
4. The building will be used as a place of worship or for other religious activities.
5. Leases where the length is more than 99 years.
6. Lettings where the landlord cannot obtain the necessary consents for the efficiency works. Necessary consents can include planning or building regulation approval: consents from lenders or superior landlords: a consent from a sitting tenant to allow the landlord access to do the works.
7. Where the works cause a material net decrease in the property's capital value.
8. An industrial site, workshop or agricultural building that doesn't use much energy.
9. Due to be demolished and all relevant planning and conservation consents have been granted.
10. Listed Buildings DO need to have an EPC carried out. If the rating falls below the minimum 'E' rating and the improvements include making changes which would affect the listed status, then exemption could apply.

#### Further Information

[www.gov.uk/guidance/energy-performance-of-buildings-certificates-notes-and-definitions](http://www.gov.uk/guidance/energy-performance-of-buildings-certificates-notes-and-definitions)