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A GUIDE TO ENERGY PERFORMANCE CERTIFICATES

All commercial property over 540 Sq.Ft (50m²) for sale or to let in the UK requires an Energy Performance Certificate. It is mandatory for a commercial EPC to be in place prior to marketing a commercial property, the landlord/vendor are responsible for obtaining this report as it will show how energy efficient the property is and give recommendations on how to improve the energy efficiency.

As of April 2023, new and existing commercial lettings require an EPC rating of E or above. Landlords will not be able to continue with an existing tenancy if the EPC is below an E ranking. Where a landlord wishes to continue letting property which is sub-standard, they need to ensure improvements are made to raise the energy efficiency rating to a minimum of (E).

Landlords letting sub-standard and non-compliant buildings for a period of less than three months will be breaking the law. They can be subject to hefty fine of 10% of the rateable value within a minimum of between £5,000 and £50,000. If the property is let for a period exceeding three months, then a fine of 20% of the rateable value within a minimum fine of £10,000 to a maximum of £150,000.

How to prepare for April 2031.

- The Government is proposing to increase the minimum energy efficiency rating to Band B by April 2031 for buildings greater than 1,000 square meters (10,764 sq.ft). Buildings under the 1,000 sq.m (10,764 sq.ft.) threshold only need to achieve the existing Band E requirement.

- The first step is to obtain an up-to-date EPC report from a qualified assessor, if your property has a current rating of D or lower.

- Landlords can apply for an energy efficiency grant through the ECO4 Scheme.

How much will EPC upgrades cost?

It goes without saying that the cost of improving a buildings energy efficiency will depending greatly on the current condition and size. On average landlords could expect to pay between £2,000 and £10,000 for an upgrade. Upfront this may seem like a lot of money but in the long run, however, the good news is that landlords can save money in the long run. It is estimated that around £900 a year is spent on heating, lighting and appliances. Making sure your property meets the new energy requirements will ensure you get the most out of your money.

Key Points

- EPCs recommendations are not statutorily required to be carried out.

- For a building to fall within the requirement for an EPC it must have a roof, walls and use energy to condition the indoor climate by using the following: heating, air condition or mechanical ventilation.

You may not require an EPC if the following can be demonstrated.

1. Leases with a length of more than 99 years.
2. A detached free standing building of less than 540 Sq.Ft
3. Where the works cause a material net decrease in the property's capital value.
4. The building will be used as a place of worship or for other religious activities.
5. An industrial site, workshop or agricultural building that doesn't use much energy.
6. The letting period is under six months, subject to a maximum of two such lettings to the same tenant.
7. The building is only temporary and will be in use for 2 years or less, or it is due to be demolished and all relevant planning and conservation consents have been granted.
8. 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.
9. Lettings where the landlord cannot obtain the necessary consents for the efficiency works. These include planning or building regulation approval, consents from lenders or superior landlords and consent from a sitting tenant to allow the landlord access to do the works.

If any of these exemptions apply, the landlord **must register the exemption** on the **PRS Exemptions Register.**

Further Information

- www.gov.uk/guidance/energy-performance-of-buildings-certificates-notes-and-definitions
- Energy Performance Certificates: A Guide for Business | BEUK (businessenergyuk.com)
- ECO4 Scheme | Get Energy Company Obligation Grant (ukenergysupport.co.uk)
- How to Improve EPC Rating in 9 Easy Steps (2024) - So Eco (so-eco.co.uk)