

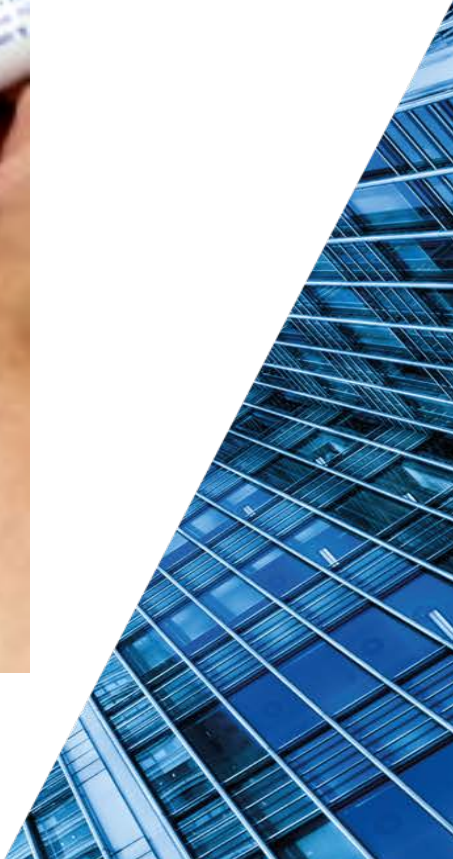
MINIMUM ENERGY EFFICIENCY STANDARDS (MEES)

A 12 MONTH PLAN FOR COMPLIANCE






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A BRIEF RECAP – WHAT ARE MEES?

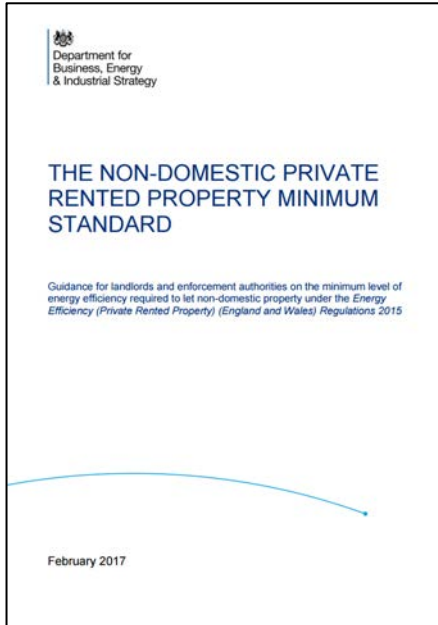


MEES TIMELINE

Year	Date		Action
2011	14 th October	 Energy Act 2011	The Energy Act 2011 places a duty on the Secretary of State to bring into force regulations to improve the energy efficiency of buildings in the domestic and non-domestic private rented sector in England and Wales.
2016	26 th March		Energy Efficiency Regulations were passed by the Government into law in England and Wales and introduced MEES (Minimum Energy Efficiency Standards)
2017	5 th February		Guidance document issued by BEIS The Non Domestic Private Rented Property Minimum Standard (NDPRPMS)
2018	1 st April		From 1st April 2018 , landlords of non-domestic private rented properties (including public sector landlords) may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G
2023	1 st April		From 1st April 2023 , landlords must not continue letting a non-domestic property which is already let if that property has an EPC rating of band F or G. *

* Except in certain circumstances

FEBRUARY 2017 GUIDANCE DOCUMENT

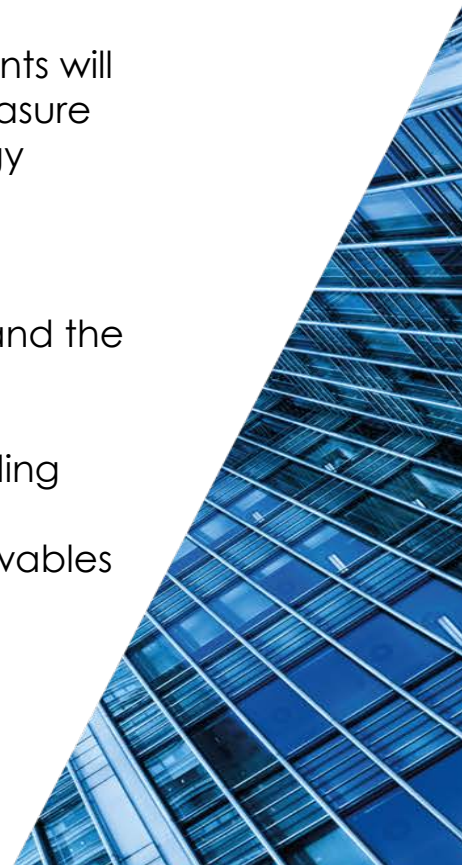


The 7 year test;

- The installation of energy efficiency improvements will only be required where the recommended measure (or a package of measures) achieves an energy efficiency payback of seven years or less.

Further Exemptions;

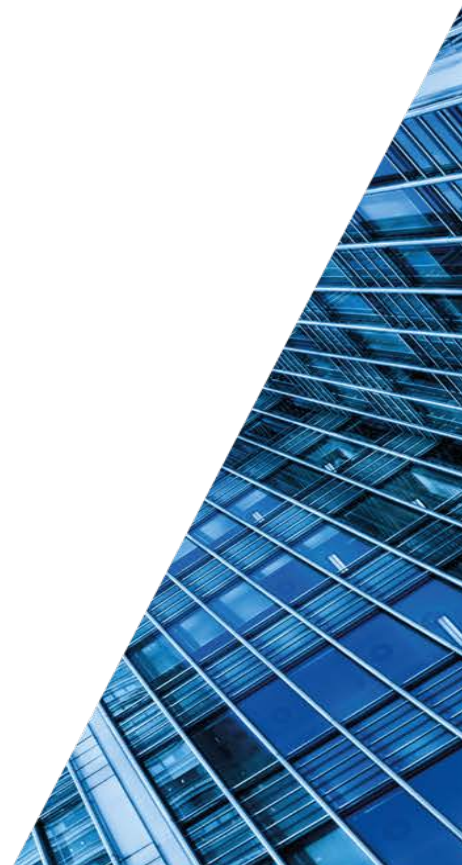
- If all possible improvements have been made and the building remains below an EPC E
- A RICS surveyor deems that the available improvements will reduce the value of the building
- Consent from a third party is not granted – e.g. planning permission for building mounted renewables



IMPROVEMENTS AND PAYBACK

Comparing the Cost of Measure with the Cost of Savings – Worked Examples

Measure	Gas Saving ²⁵ (kWh/y)	Savings over 7 years (S)	Capital plus installation cost (C)	Interest Rate Factor (F) (based on 0.5% base rate)	7 year repayment cost (R) (CxFx7)	Meets 7 year Payback
Condensing boiler ('A' rated)	6,609	£1,750	£2,000	0.145729	£2,040	NO
Thermostatic radiator valves	4,213	£980	£600	0.145729	£612	YES
Package of measures (boiler plus TVRs)	10,822	£2,730	£2,600	0.145729	£2,652	YES



MEES EXCLUSIONS AND EXEMPTIONS

Exemption Due to All Improvements Being Made and Building Remains Below an EPC E

Exemption Due to No Improvements Being Possible

Exemption Due to Improvements Not Meeting the 7 Year Rule

Exemption Due to Wall Insulation Having a Negative Impact Upon the Property

Third Party Consent Exemption

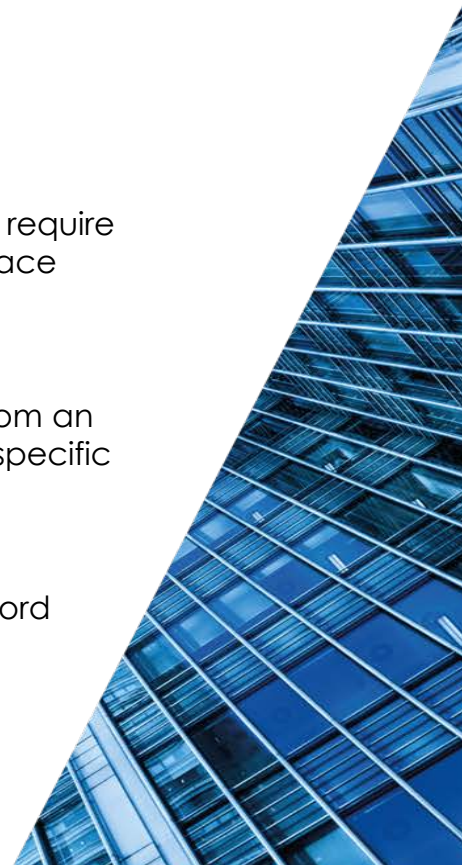
Certain energy efficiency improvements required to lift a building above EPC E may legally require third party consent. Exemption lasts for either 5 years or the length the tenant remains in place (depending upon third party consent required)

Property Devaluation Exemption

A temporary exemption of five years will apply where the landlord has obtained a report from an independent surveyor who is on the RICS register of valuers advising that the installation of specific energy efficiency measures would reduce the market value of the property.

Exemption Due to Recently Becoming a Landlord

A temporary exemption of six months will apply where a person may have become a landlord suddenly.

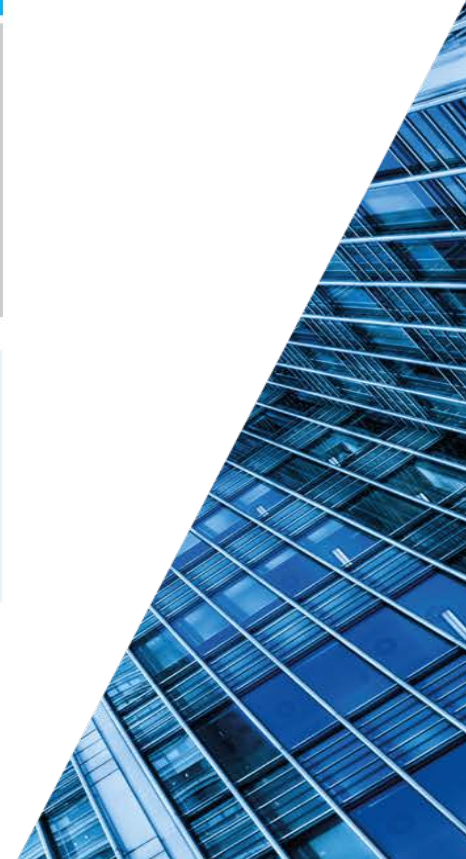


ENFORCEMENT AND FINES

Enforcement is via the Local Measures and Weights Authority (LWMA) part of Trading Standards

Infringement	Penalty (less than three months in breach)	Penalty (three months or more in breach)
Renting out a non-compliant property	<ul style="list-style-type: none">• Up to either:<ul style="list-style-type: none">○ £5,000, <i>or</i>○ 10% of rateable value, with maximum penalty of £50,000Whichever amount is the greater.• Publication of non-compliance	<ul style="list-style-type: none">• Up to either:<ul style="list-style-type: none">○ £10,000, <i>or</i>○ 20% of rateable value, with maximum penalty of £150,000Whichever amount is the greater.• Publication of non-compliance
Providing false or misleading information, or failing to comply with a compliance notice	Up to £5,000 Publication of non-compliance	

101. It is important to note that the maximum penalty amounts apply **per property**, and **per breach of the Regulations**.



THE PROCESS FOR EFFECTIVE COMPLIANCE



Where are you in this journey?

EXAMPLES & DISCUSSION

Building	EPC Rating	EPC Expiry	EPC Method	Lease Expiry	Sale in 12mths?	Rateable Value (£000's)	Combined Payback to achieve EPC E
Building A	E	2018	DSM	2025	No	£1,000	ZERO
Building B	F	2018	SBEM	2017	Unlikely	£1,000	6 Years
Building C	F	2020	DSM	2025	Very Likely	£350	3 Years
Building D	F	2024	DSM	2019	No	£2,000	9 Years
Building E	G	2019	SBEM	2017	Likely	£1,200	7 Years
Building F	G	2018	SBEM	2025	No	£500	3 Years
Building G	G	2021	DSM	2021	Yes	£200	6 Years



BENEFITS OF MEES

INVESTORS

Benefits

Higher Asset value / Lower costs / Better ROI / Improved CR

MANAGING AGENT / FM

Benefits

- Easier to let
- Higher occupancy
- Lower voids
- Engaged tenants
- Lower complaints
- Lower debt
- Reduced admin
- Lower maintenance
- Accurate budgeting
- Better FiT rates



TENANTS & USERS

Benefits

- Improved conditions
- Happier Staff
- Improved output
- Lower sickness rates
- Improved retention
- Lower consumption
- Lower service charge
- Improved CR

THANK YOU

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