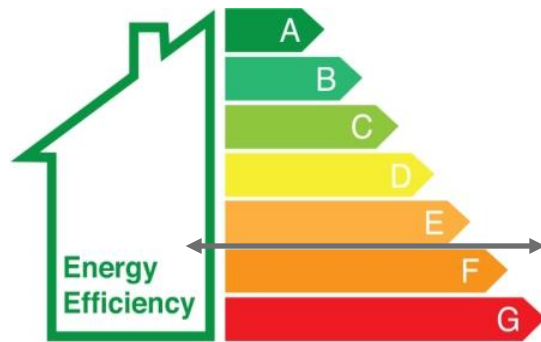


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Are you ready for MEES?

(Minimum Energy Efficiency Standards)

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Introduction

1. MEES explained
2. Our opinion
3. Benefits
4. Risks
5. Implementations
6. The way forward



MEES Explained

Where have they come from?

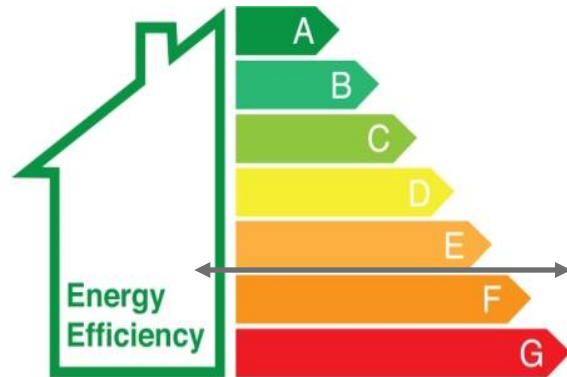


Department
of Energy &
Climate Change

- 2011 Energy Act
- Required the government to set minimum energy performance standards
- Domestic & non-domestic rented property
- The 2015 Energy Efficiency Regulations set out (MEES) for England and Wales

MEES Explained

Scope



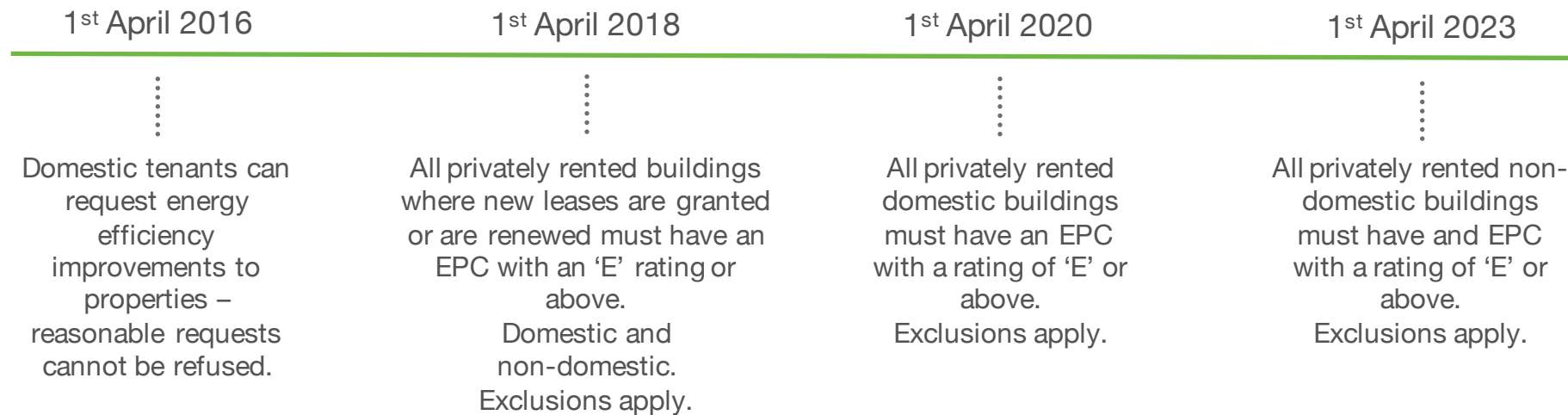
- The MEES will be set at an 'E' EPC rating
- 'F' & 'G' Rated buildings will be unlawful
- Exemptions (only lasting for 5 years)
 - *Paybacks exceed 7 years*
 - *If works devalue the property (-5%)*
 - *Consent is denied*
 - *Very short/long leases*





MEES Explained

Key dates



01 April 2018 – Minimum ‘E’ EPC for new leases and renewals/extensions

01 April 2023 – Minimum ‘E’ EPC for all leases



MEES Explained Policing

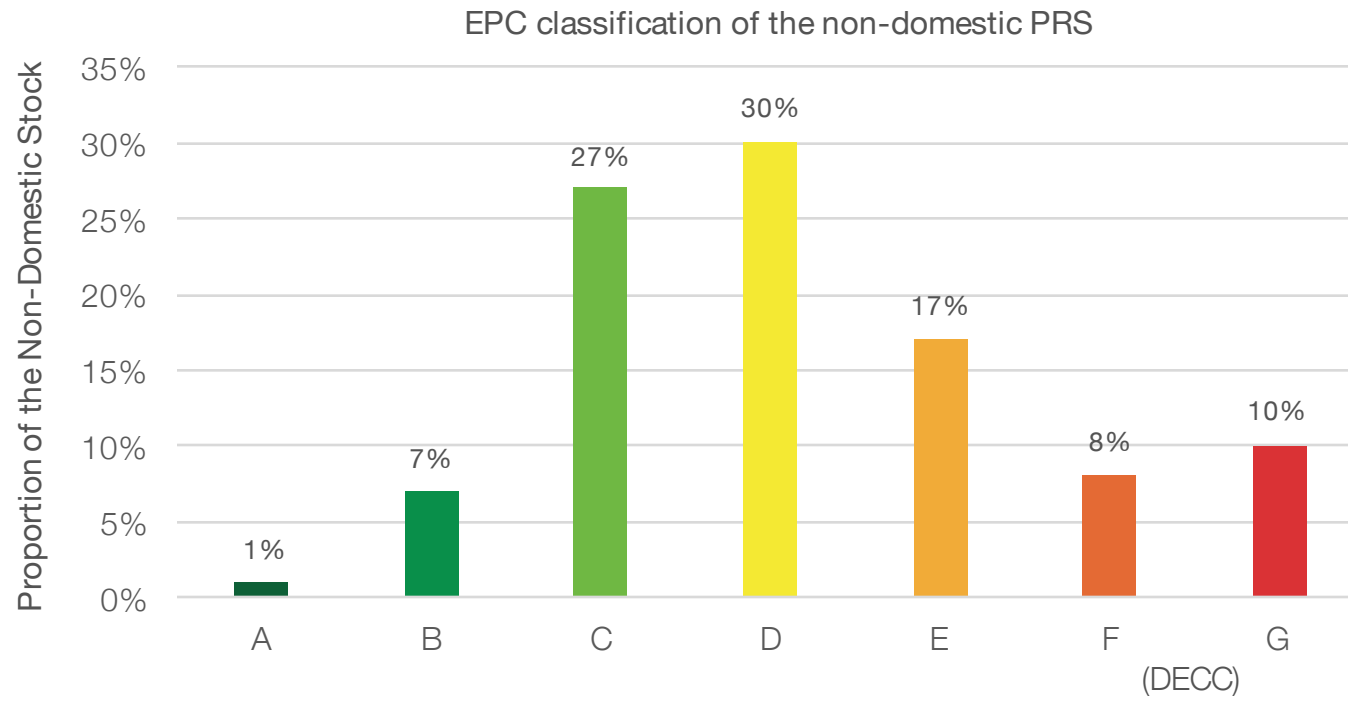


- Local authorities will enforce the provisions via Trading Standards Officers



MEES Explained

How many buildings will this apply to?



- 'F' and 'G' ratings make up 18% of the total building stock around 75,000 premises
- A further 65,000 with an 'E' certificate



MEEES Explained

Likely costs

Property	Capex with 7 years payback (£ft ²)	EPC post effective measures	
		E	D
Industrial	£2 - £6	Often	Yes
Retail	£1 - £9	Yes	Yes
N/V office	£1 - £9	Often	Yes
A/C office	£0 - £9	No	No

- Improvements typically lighting, less frequent boilers and rarely fabric
- D-rating is often more cost effective
- For most, obligations are <12 months rent



MEES Explained

Our opinion

“In my opinion DEC’s (Display Energy Certificates) are a better measure of energy performance as they use real energy data with real building occupants whereas the EPC is a theoretical computer modelled assessment”

– Paul Bennett BSSEC

- Not all EPC’s are correct
- Verification suggested on ‘F’ and ‘G’ EPC’s

MEES Benefits Landlord



- Accurate, high quality EPC ratings increase appeal to tenants/occupiers
- Understanding of risks

MEES Benefits Tenant



- A tenant will be able to request consent to install energy efficiency measures at a property
- Lower energy running costs
- Productivity/health benefits



MEES Risks Landlord

Penalties for non-compliance of Minimum Energy Efficiency Standards: Commercial Properties

Non-compliance	Fine of £5,000 and publication of non-compliance
Providing misleading information	Fine of £5,000 and publication of non-compliance
Renting out a non-compliant property for up to 3 months	10% of ratable value with a minimum penalty of £5,000, a maximum penalty of £50,000 and publication of non-compliance
Renting out a non-compliant property for more than 3 months	20% of ratable value with minimum penalty of £10,000, a maximum penalty of £150,000 and publication of non-compliance

- Non compliance fines £5k to £150k
- Valuation & rental values
- Retention of occupiers
- Legalities with tenants

MEES Risks Tenant



- Tenant's covenant requiring the tenant to fund any works required by MEES
- Contractual & legal obstacles
- Improvements could cause business interruption
- Higher energy rating > higher rent

MEES Implementation

Step 1 | Masterplan



- Review portfolio lease renewal key dates
– *plan ahead from 2016 – 2023*
- Review asset management plan
– *linkage establish EPC ratings*
- Verify existing EPC ratings
- Set targets – will it be ‘E’ or lower?
- Appoint ‘MEES’ implementation team

MEES Implementation

Step 2 | Develop technology strategy

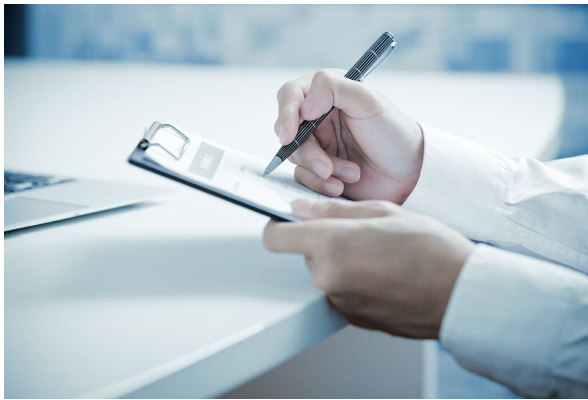


- Determine cost effective energy efficiency strategies for specific estate/building
- Test strategies before roll out (actual costs & savings)
- Review & refine
- Final strategy



MEES Implementation

Step 3 | Project management & implementation



- Develop specifications to deliver energy savings
- Tender
- Implement
- Commissioning
- Training

MEES Implementation

Step 4 | Measure & monitor savings



- Measure energy impacts
- Verify savings
- Feedback effectiveness of measures



The way forward

- Act now
- MEES regulations places obligations on landlords but will effect tenants
- Review property portfolios now to identify 'F' & 'G' properties
- Develop strategy

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Thank you for your time.



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