

Commercial Property Energy Efficiency Standards

What is an EPC?

An Energy Performance Certificate (EPC) rates how energy efficient a building is using grades from A to G with 'A' being the most efficient rating. They were originally introduced by the European Union (EU) and continued by the UK Government as part of their aim to achieve net zero emissions by 2050.

Why you must have an EPC

An EPC is required if you want to let out a commercial property. It also applies to new builds.

Since the 1st April 2023 the minimum energy efficiency standard for commercial property is set at an 'E' rating. This means that if the energy performance rating in the recommendation report is 'F' or 'G' then it will be **against the law** to renew a lease for the property until the rating has sufficiently improved.

The EPC rules are being extended to include all properties that are leased; not just when a lease is granted or renewed but also any leases that are currently in place.

It has also been proposed to increase the minimum EPC rating to C or higher by 1 April 2027, rising to a B or higher rating by 2030.

In the EPC report, some of the recommendations for improvements to the energy efficiency of a building may be 'quick fixes' but others will take longer. It is for this reason that you may need to take urgent action.

When you must display an EPC

You must display an EPC by fixing it to the commercial building if:

- the total floor area is over 500 square metres
- the building is visited frequently by the general public, or
- an EPC has been produced for the sale, rental or construction of the building.

EPC exemptions

Your property may be exempt if it is:

- listed or officially protected and the minimum energy performance requirements would unacceptably alter it
- a detached building with a total floor space *under* 50 square metres
- an industrial site, workshop or agricultural building that uses minimal electricity
- a property due for demolition and holds relevant planning and conservation consents.



Penalties for non compliance

You can be fined up to £150,000, based on the rateable value of the building, if you do not hold an EPC certificate of 'E' band or above, or you fail to make one available to any prospective buyer or tenant.

What else should you know?

This leaflet only covers a fraction of the information you will need to know about EPCs.

You will probably want to know more about whether it applies to you, the various exemptions, the cost of obtaining one, the timescales involved, providing information to buyers and tenants and what you need to do after the recommendation report is produced.

For more information please refer to the Government website on EPCs and the guidance brochures available.

How long is an EPC valid for?

An EPC is valid for 10 years, after which time a new EPC certificate is needed and a new assessment and recommendation report will be required.

Impact on your retirement plan

If you have a self invested pension with Dentons and currently hold, or are thinking of holding commercial property, you need to be aware of the new rules and how they could affect your retirement plan.

IMPORTANT RISK WARNINGS

If you need advice you should speak to a commercial energy assessor or contact the approved accreditation scheme they belong to. The information contained in this factsheet is only a small fraction of the knowledge you may require to understand how it may affect your situation and the commercial property you own. Your pension consultant may be able to supply further information but he/she is not an expert and is no substitution for dealing with a qualified commercial energy assessor.



Dentons Pension Management Ltd
Sutton House, Weyside Park
Catteshall Lane, Godalming
Surrey GU7 1XE

T 01483 521 521
F 01483 521 515
E enquiries@dentonspensions.co.uk
W www.dentonspensions.co.uk

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