

## Energy Performance Certificate Guidance Note

### Introduction

As energy prices rise, the energy performance of a building becomes increasingly important factor in renting or purchasing decisions. Energy efficient buildings are becoming more attractive but prospective tenants and purchasers require a reliable source of information to be able to compare performance.

The EU Directive on the Energy Performance of Buildings, which came into force in 2002, is intended to inform potential buyers or tenants about the energy performance of a building.

New or converted buildings and buildings being sold or rented out will have an requirement to provide an Energy Performance Certificate (EPC). Owners have to make an EPC available to prospective tenants or purchasers. This certificate must have been granted within the past 10 years.

### What is an Energy Performance Certificate?

An Energy Performance Certificate (EPC) grades the energy performance of a building. The certificate uses a scale of A - G, where A is the best; broadly similar to the system used for grading white goods such as refrigerators and washing machine.

The energy performance of a building is shown as  $\text{kgCO}_2/\text{m}^2$ . An EPC will provide an energy rating for a building which is based on the theoretical performance of the building itself (the fabric) and its services (such as heating, ventilation and lighting). This is known as the asset rating.

The asset rating reflects the inherent energy performance and is set against standard criteria to enable one building to be compared with another of a similar type. Each building certificate is always accompanied by a Recommendation Report that provides recommendations on the cost-effective measures and alterations to the building that would improve energy performance, the rating that would be achieved if all the recommendations were to be implemented, and an indication of the payback period.

By law, Energy Performance Certificates can only be produced by an accredited Energy Assessor. EPCs have a unique reference number and must be registered at [www.EPCregister.com](http://www.EPCregister.com). This can only be done by the energy assessor in conjunction with the relevant accreditation scheme.

### Buildings Requiring an Energy Performance Certificate

EPCS are required for most buildings. They are not required on construction, sale or rent for:

- Places of worship
- Temporary buildings with a planned time use of less than 2 years
- Stand alone buildings with a total useful floor area of less than  $50\text{m}^2$
- Industrial sites, workshops and non residential agricultural buildings

A building can either be the whole of a building or part of a building, where the part is designed or altered to be used separately. In terms of the requirement for an EPC in a building, the following should be considered:

- **Selling or letting a building as a whole** - The EPC can be prepared for the whole building, even if the building is divided into parts designed or altered to be used separately with separate heating systems.
- **Selling or letting part of a building:**
  - Buildings with a common heating system - The prospective landlord or seller can prepare an EPC for the whole building or prepare an EPC for a part designed or altered to be used separately being offered for sale or let. The

assessment may be based on energy use per square metre for the whole building.

- Buildings with separate parts and separate heating systems - The EPC should be prepared for each part of a building that is being offered separately for sale or let. The EPC should reflect the services in those part(s) being offered for sale or let. The EPC may also be based on an assessment of a similar representative unit in the same building.
- **Shared or communal areas in buildings with independent heating systems** - In buildings where there is an independently conditioned shared or communal area and where the purpose of the conditioned space is mainly for access to a unit or part of a building that has been altered to be used separately; the energy consumption of the shared space is allocated to each unit in accordance with the proportion of the floor area unit to the total useful floor area of all units.

As a general rule, the EPC provided should reflect the energy performance of the space being offered for sale or let.

### What is a Display Energy Certificate?

Display Energy Certificates (DECs) show the actual energy usage of a public building; that is the operational rating as well as the asset rating. The operational rating is based on the actual energy consumption of the building. A DEC will grade the building on a scale A - G similar to the EPC. It is designed to help the public know the energy efficiency of the building and as such, must be displayed in a prominent place where it is clearly visible. A DEC is also accompanied by an Advisory Report that lists cost-effective measures to improve the energy rating of the building, and further capital measures, including renewable energy systems, which could be adopted.

By law, Display Energy Certificates can only be produced by an accredited Energy Assessor for that type of building, in line with the approved method. DECs also have a unique reference number and must be lodged in a national register by the energy assessor.

### Buildings Requiring a Display Energy Certificate

A DEC and advisory report is required for public buildings, which means it must fulfil the following criteria:

- The building (or part of a building which is designed or altered to be used separately) with a total useful floor area greater than 1000m<sup>2</sup>,
- The building is occupied by public authorities or provides public services,
- The building is frequently visited by the public (the public have a right of access),
- Public funding is used in the operation of the building.

### EPC in Scotland and England & Wales

There are slight variations on the implementation of Energy Performance Certificates between Scotland, England and Wales. These are summarised in the table below.

	<b>Scotland</b>	<b>England &amp; Wales</b>
<b>Legislation</b>	The Building (Scotland) Regulations 2004 Act	Energy Performance of Buildings (Certification and Inspection) Regulations 2007 Act
<b>Enforcing Authority</b>	Buildings Control and Solicitors would require the certificates when finalising sale/let transactions	Trading Standards Office and Solicitors would require the certificates when finalising sale/let transactions.
<b>Exemptions</b>	Stand alone buildings with a total useful floor area of less than 50m <sup>2</sup>	Places of worship Temporary buildings with a planned time of use less than two years Stand alone buildings with a total useful floor area of less

		50m <sup>2</sup>
<b>Dates of Implementation</b>	<p>1 May 2007 for all new constructions</p> <p>4 January 2009 for all existing properties when sold or let</p> <p>4 January 2009 for all public buildings</p>	<p>6 April 2008 for all buildings with a floor area greater than 10,000m<sup>2</sup> on construction, sale or let.</p> <p>1 July 2008 for buildings with a floor area greater than 2500m<sup>2</sup> on construction, sale or let.</p> <p>1 October 2008 for all remaining buildings on construction, sale or let.</p> <p>1 October 2008 for public buildings occupying a space in a building with a floor area greater than 1000m<sup>2</sup> will require a DEC</p>

### Who is Responsible?

The seller or landlord is responsible for providing an EPC for the building to the prospective purchaser or tenant that is offered for sale or let, even if an agent or another service organisation is acting on their behalf.

When construction of the building is completed, the main building contractor is responsible for providing an EPC and a recommendation report to the building owner before a final building control completion certificate is issued. This will also apply for major refurbishments.

For prospective buyers or tenants, it is important to ensure that the landlord has provided an EPC and the accompanying recommendations report before finalising sale or let.

### How much will it cost?

The cost of producing an EPC and recommendations report is estimated to be in the range of £200 - £500 for small non-domestic buildings and up to £2,000 for larger buildings but this will vary according to the size, complexity and use of the building.

The penalty for non compliance is fixed, in most cases, at 12.5% of the rateable value of the property, with a default penalty of £750 where the formula cannot be applied. The range of penalties under this formula is capped at a minimum of £500 and a maximum of £5,000.

### Conclusion

The regulations will affect SMEs whenever they buy or rent a building. They will also be affected if they own or occupy buildings with a heating system or with air conditioning equipment requiring inspection. SMEs that occupy small premises may be exempted. For those that frequently occupy buildings that have multiple owner occupants, the compliance costs will be shared between the occupants of the buildings.

Finally, if a building's energy performance can be measured consistently and objectively, it can be appropriately managed and priced. Higher performers should attract a premium, thereby increasing the business case for energy efficient buildings.