

ENERGY PERFORMANCE CERTIFICATES FOR COMMERCIAL BUILDINGS BEING MARKETED FOR SALE OR TO LET

Introduction As part of the Europe-wide drive to reduce carbon emissions (the Energy Performance of Buildings Directive), regulations have recently been implemented in Britain relating to the energy consumed by Commercial Property. There is now a requirement that (subject to some minor exceptions) all buildings being built, offered for sale or to let, must have an Energy Performance Certificate (EPC). To some, this might seem merely an irritating new procedure. But, as with a mortgage valuation or building survey, these EPCs do provide useful information which can help the purchaser/tenant understand the physical status of their proposed building. And, of course, it forms part of the wider international objective to ensure that we all reduce carbon emissions. Unlike obtaining a survey, the responsibility for obtaining an EPC lies firmly with the landlord or vendor of the property being marketed.

What is an EPC? Essentially an EPC is a document indicating the carbon emissions rating of the assessed building. It is printed in the form of a bar chart - similar in appearance to that found on fridges - indicating the Banding of the property. It also incorporates recommendations for how the performance might be improved, e.g. by replacing the boiler or light bulbs or by increasing insulation.

Who Prepares the EPC? Only an accredited Commercial Energy Assessor (CEA) may prepare an EPC. There are various accreditation organisations, and they each have a website available to the public wishing to find a CEA in their area.

What is Involved? The assessor needs to inspect the property internally and externally. The most time-consuming part of the work is obtaining detailed measurements of the internal and external walls, floors, windows, etc. If plans are available, this can cut down the amount of time required on site but nevertheless the assessor must always inspect the actual property to check that the plans remain accurate. The assessor also obtains details of the heating, cooling, lighting and ventilation provision for the property. The more information the client can provide in advance of the inspection, the easier the inspection will be and – all other things being equal – this should help to reduce fees. In the office, the site data has to be transferred to Government approved software, which calculates the energy performance of the building and also provides some (admittedly very standardised) recommendations. The completed EPC is then lodged by the assessor with the Government's designated whereupon the EPC can be provided to the client in electronic and printed format.

Who is Responsible for Obtaining the EPC? The responsibility for obtaining the EPC lies with the vendor or landlord. Clearly, they may delegate the task to their agent but the legal liability remains with the owner/landlord.

When Does the EPC have to be Obtained? The EPC must be available as part of the sales/letting particulars being distributed by the agent. In the case of urgency, a property can be marketed for a very short time without an EPC, but this must be provided at the very latest with the contract documentation. In any event, this circumstance is intended to be the exception rather than the rule.

How Much Does it Cost? The cost obviously varies depending on the size and complexity of the property. For a very simple unit, the fee may be as low as £150. For a major building, the fee is likely to run into several thousands of pounds. The cost is not driven only by size. It is also a matter of shape, layout and accessibility. Every property is different and therefore every fee quote is likely to be different.

What Penalties are there? If it is found that a property is being marketed without an EPC being made available to interested parties, the owner/landlord is liable for a fine based on 12.5% of the Rateable Value subject to a minimum of £500.

Do the Recommendations have to be Implemented? No. Whilst current legislation does not incorporate any compulsion on any party to carry out any of the recommendations in an EPC, this can be expected to change. Following the passing, by the British Parliament, of The Climate Change Bill, it is more than likely that new recommendations will start coming forth, which undoubtedly will incorporate a requirement for all or some recommendations to be implemented – perhaps subject to conditions.

Why does it Matter? From a narrow financial perspective, EPCs should help occupiers reduce costs. If a building is inefficient, this means that the occupier is using too much gas, electricity or oil. If the CEA's recommendations are implemented, these energy costs should reduce. Looking further afield, it is not difficult to see that the provision of an EPC is only a small part of an all-embracing international drive to reduce carbon emissions. Even for those sceptics who do not see themselves playing a part in "saving the planet", there nevertheless looms the realisation that implementation of recommendations will soon become mandatory. When will this be? How long before EPC's are linked to business rates? When will potential occupiers consider a good EPC Rating to be a major factor in their choice of property? We do not yet know the answers to these questions. But what we do know is that the reduction of carbon emissions plays a vital part in arresting the impact of global warming on our lives and those of our families.