



Ministry of Housing,
Communities &
Local Government

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Reforms to the Energy Performance Certificate Regime

24th September 2024

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Value proposition of EPCs



Home buyers / renters

- Clear, trusted source of information on the energy performance of a building, available at the point of making a purchasing decision. EPCs are a key metric in monitoring housing supply



Building owners

- Independent, tailored recommendations on the refurbishment actions owners can take to deliver energy efficiency improvements and bill savings



Business and growth

- Reliable overview of the energy performance of buildings in the UK, giving confidence to businesses to develop suitable products, e.g. energy efficiency technology, green mortgages, low carbon heating, etc. The regime supports investment in skills in the low carbon sector



Government policy

- EPCs underpin many government policies around fuel poverty, warmer homes and net zero. They are incorporated into minimum standard requirements, eligibility criteria for funding and target setting. The comprehensive data is an invaluable resource for evidence led decision making



Issues with the current system

Areas where EPCs could be improved



What EPCs measure (metrics)

- The current EPC metric is driven primarily by cost and is therefore, at best, a proxy for other metrics such as comfort, energy use and carbon and, at worst, can drive perverse outcomes. There have been long running concerns that EPCs measure the wrong things and calls from to improve EPC metrics, including specific recommendations from the Climate Change Committee, Octopus Energy, Citizens Advice and Which?. A wider set of metrics will better meet user needs and support policy, including housing quality/decency and the transition to low carbon heating systems



Trust in the assessment

- There are long running concerns about inaccurate and inconsistent assessments, arising from the EPC assessment methodology and lack of understanding of how to use an EPC. Changes to the system can improve its reliability and accuracy, to deliver consistent results and help solidify EPCs as a trusted source of information for consumers, and that can be used to drive policy outcomes.



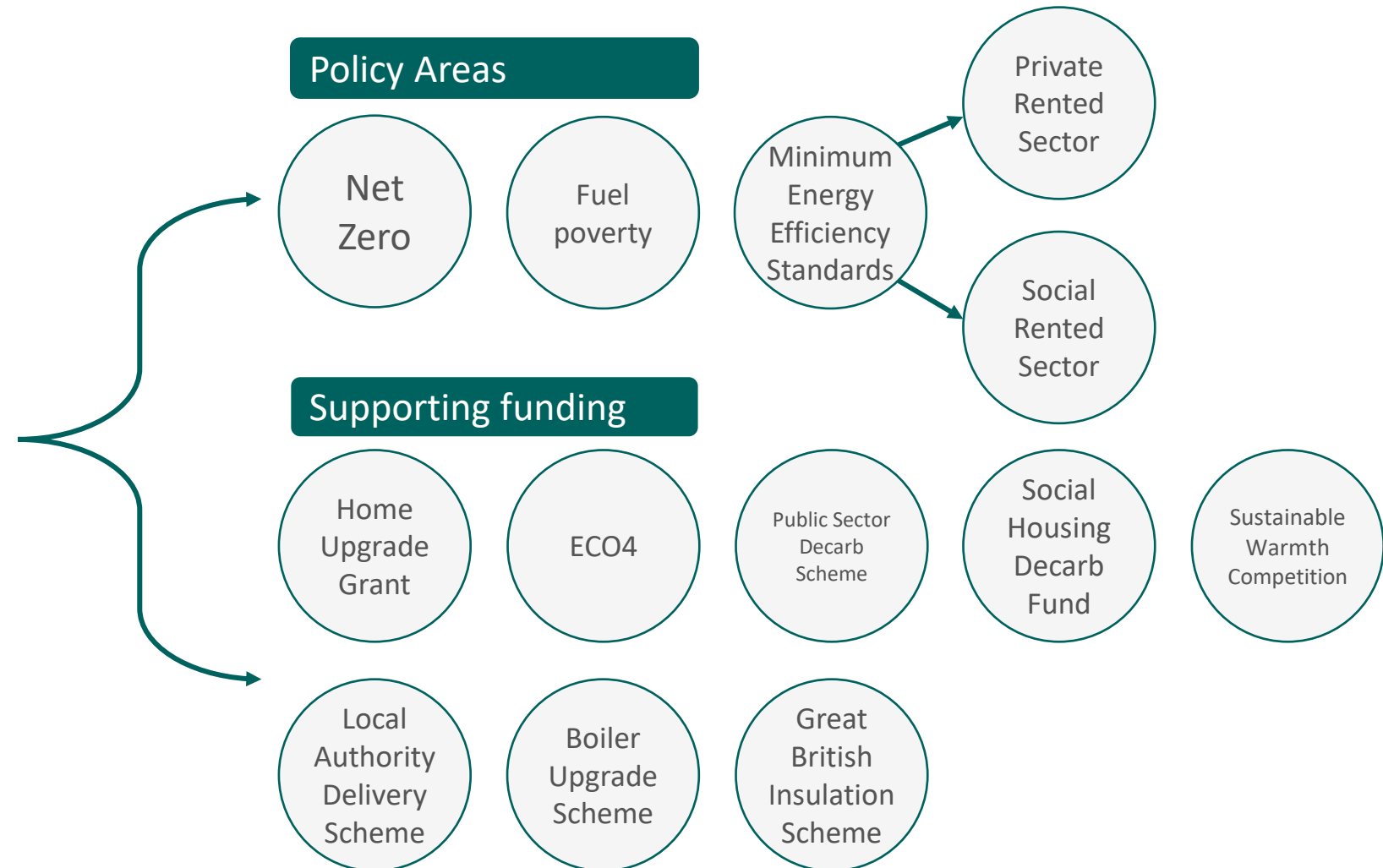
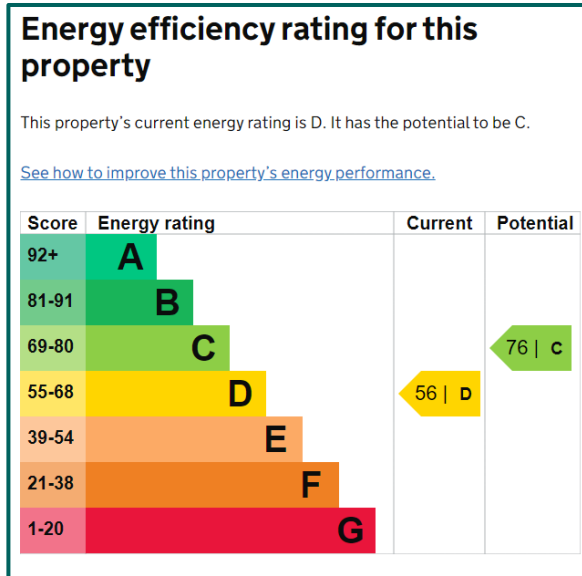
Compliance and enforcement

- Compliance in terms of providing a valid EPC at the point of placing a property on the market for sale/rent is generally high, but enforcement by Local Weights and Measures Authorities is minimal and there is potential for better coordination with other enforcement activities such as for Minimum Energy Efficiency Standards (MEES) in the Private Rented Sector (PRS).



EPCs support of other government activities

The EPC eco-system





EPC Metrics

The headline metric

Current headline metric

- EPCs currently use Energy Efficiency Rating (EER) as the headline metric. It nominally relates to the cost of the energy required under ‘typical use’ of a property.
- The value of the EER determines the alphabetical EPC rating.

Issues with the current metric

- The EER is a measure of energy costs per square metre per year (it is not a direct measure of energy efficiency).
- The Bands A-G aren’t equally sized and difficult to interpret.
- EPC ratings do not correlate to measurable units of energy cost or emissions
- The metric can be out of date very quickly if energy prices are volatile (as seen in recent years)

Score	Energy rating	Current	Potential
92+	A		
81-91	B		89 B
69-80	C		
55-68	D	65 D	
39-54	E		
21-38	F		
1-20	G		



Future EPC metrics

What is the potential benefit of adding new metrics?

What should EPC metrics do?

1. Provide clear, meaningful information
2. Support consumer decisions (buying, renting, retrofit)
3. Inform actions to reduce energy, costs and carbon
4. Track changes in building performance

What metrics can support this?

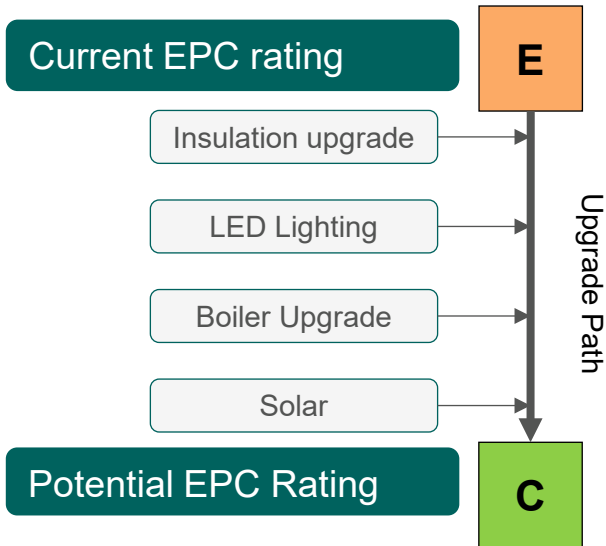
- **Energy costs** (£)
- **Carbon** (tonnes of CO₂)
- **Energy use** (kWh)
- **Building fabric heat loss** “comfort”
- **Low carbon heating score** (ranked by highest to lowest emissions)
- **Smart readiness indicator** (showing how able the property is to benefit from smart electricity tariffs, e.g. does it have solar PV, electric vehicle charging, battery storage, etc.)



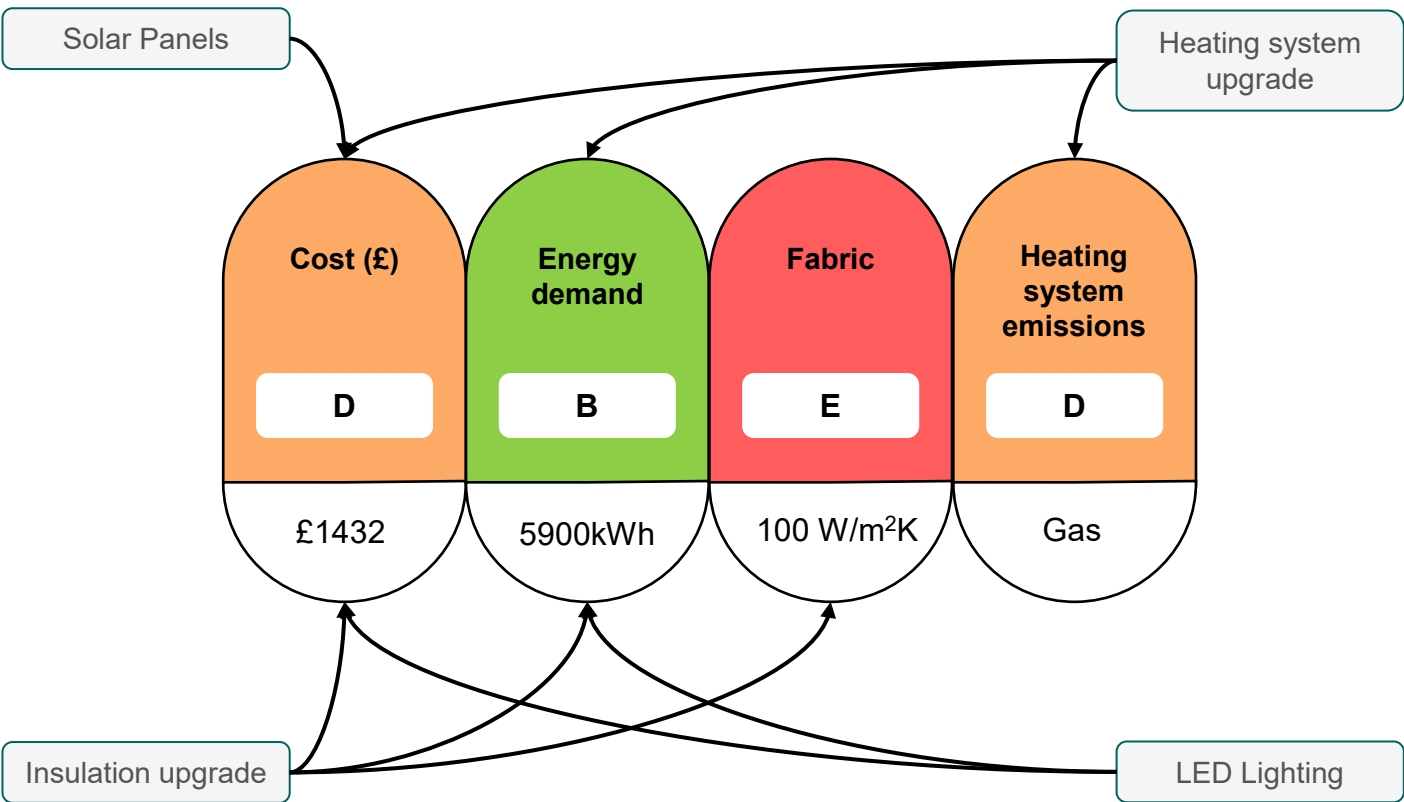
Impact of updating metrics

What further benefits can be shown through metrics changes

Current system obscures the benefit of some retrofit, particularly heat pumps



Additional metric can provide greater clarity on the benefit of upgrades





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Fabric improvements vs. decarbonising heat

Improving fabric and ventilation improves the decency of homes



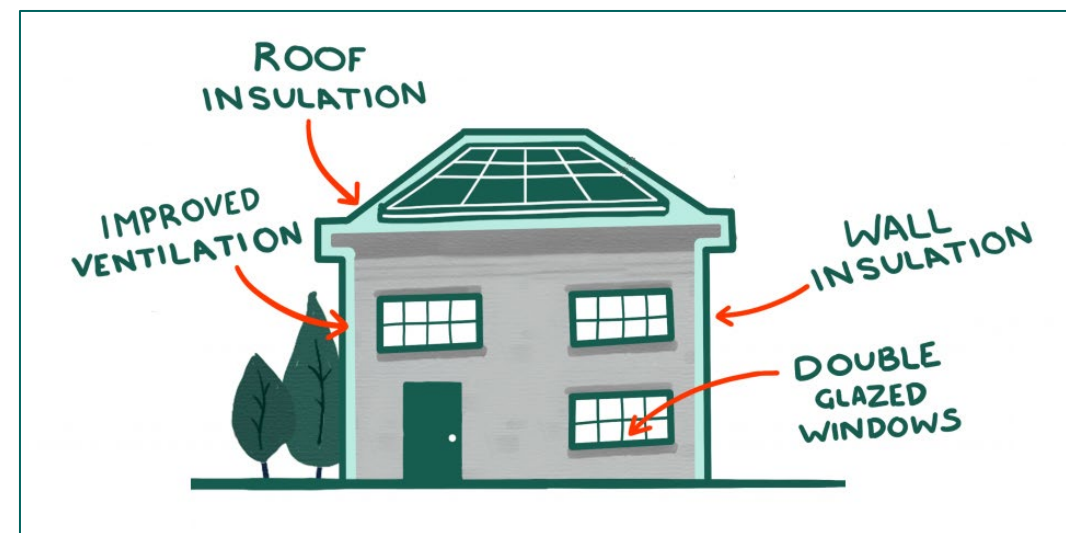
Issues such as damp and mould due to condensation occur when walls are poorly insulated, and the ventilation is inadequate to remove excess humidity from the air.

Installing a low carbon heating system, such as a heat pump, only addresses issues around carbon emissions but leave issues related to decency and housing quality untreated.

The benefits of improving a building's fabric and ventilation that cannot be achieved through focusing just on decarbonisation include:

- ✓ Reduction in condensation related issues such as damp and mould
- ✓ Improved occupant comfort – buildings stay warm for longer
- ✓ Improved indoor air quality
- ✓ Reduced ongoing maintenance costs
- ✓ Reduced in overall energy demand and lower bills

An EPC metric specifically measuring fabric performance can support actions that directly lead to housing quality improvements.





Impact of new metrics on retrofit recommendations

Better tailored recommendations can be made



EPC - E



Kenilworth Conservation Area

Updating metrics also allows for greater flexibility in retrofit recommendations – this is likely to be of particular benefit to heritage buildings

Most EPC improvement recommendations under the current system are not possible for the owner of this house given the conservation status:

Actual EPC recommendations

- Solar panels + solar heating
- Double glazing
- Insulation

Multiple metrics could provide more flexibility while preserving character

Example: Upgrading from a gas boiler to an electric alternative might be one of the only possible routes to decarbonisation in a conservation area, but current EPCs penalise electric heating, hindering decarbonisation in conservation areas.

Using a heating type metric + smart time-of-use rating:

- Allows higher EPC rating for electric heating
- Reduces operational costs
- Supports decarbonization without altering building character



Other EPC reforms

Areas to potentially include within actions to reform EPCs

Changes to when EPCs are required

- Changing the validity period of EPCs from 10 years could provide more up to date information to potential buyers and renters.
- Certain types of property transactions are excluded from requiring an EPC, but including them could lead to more energy efficiency improvements.

Access to EPC data

- The EPC database is one of the most comprehensive dataset on the country's buildings and has value to a range of stakeholders. Updating the rules around how EPC data is accessed can support more people to make decisions around improving energy performance.

Improving EPC assessment quality

- There are options available to reform requirements of EPC energy assessor training with broader focus, which in turn could lead to higher quality, more accurate ratings.
- The arrangements for enforcement of EPC and penalties for non-compliance could be updated

Improvements to DEC and ACIRs

- DECs and ACIRs have historically had lower compliance rates than EPCs and there are changes around how they are implemented and enforced that could improve their value to organisations and help them to reduce their energy costs.



Next steps

Change in administration presents a new focus – What role should EPCs play here?

- Warm Homes Plan
- Tightening of PRS MEES
- Changes to the Decent Homes Standard
- Policies to meet our carbon budget targets and net zero

We are currently reviewing our approach to EPC reforms within this context and plan to confirm our plans in the months ahead.