

How to make money, save money and not be sued: The new Energy Efficiency Regulations

Presentation to
Five Counties Conference

28 February 2018
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Lambert Smith Hampton career highpoint



Running order

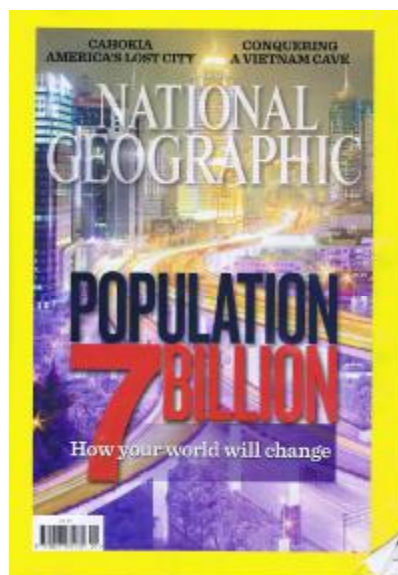
- The energy trilemma
- EPCs “the basics”
- Why upgrade
- How to upgrade
- Vital EPC Plus solution



Look out for these



COMPETITION!



No. 1 Cost

Oil - price volatility

- 1999 - \$17 a barrel
- 2007 - \$65 a barrel
- July 2008 - \$144 a barrel
- **July 2009 - \$65 a barrel!**
- 2011-14 - \$100+ a barrel
- Today - \$67 a barrel



No. 1 Cost

Passat horror!



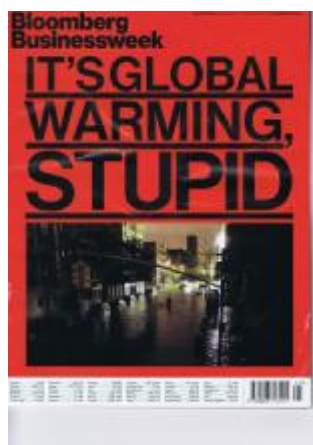
No. 1 Cost

Go electric



No. 2 Carbon

Carbon emissions priced in



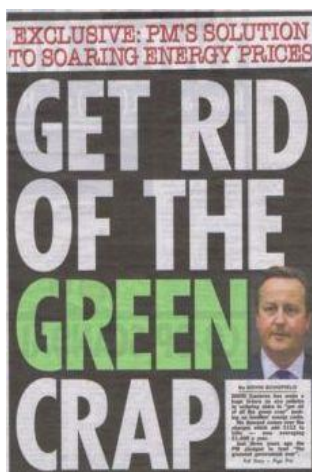
No. 2 Carbon

We're all saved



No. 2 Carbon

Politicians u-turn



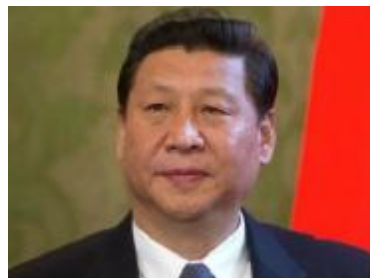
No. 2 Carbon

How does Climate Change impact me?



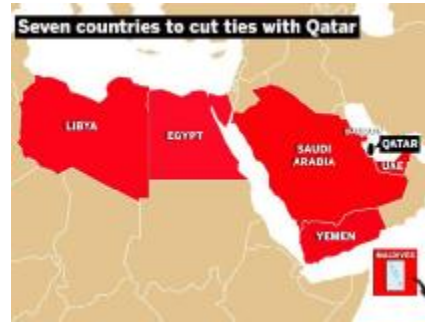
No. 3 Security (sorry, that should read TOTAL INSECURITY)

Britain's new 'best friends'



No. 3 Security

When you fall out with your neighbours



An EPC is just a label



EPCs “the basics”

- Estimated energy performance CO₂ emissions
- 2008 – EPCs from FIRST DAY OF MARKETING
- Valid for 10 years
- Landlord and agent have legal responsibility
- EPC grade on all property advertising



How we calculate an EPC



- Site visit or from plans
- Build 3D model
- Building envelope
- Lighting
- Heating and cooling
- Proposed use
- Draft result
- Lodge on database



When is an envelope not an envelope?!



WHY UPGRADE?



Impact on lending



Impact on value



- RICS paper 2013
- Investment bench-marking
- How can you value without an EPC?



Marketing – residential house builder



Upgrade to protect value



Peer pressure



- Minimum Grade C for refurbishments
- 15% of bonus for sustainability performance
- NEST mandate



The Energy Efficiency Regulations 2015

- Energy Act 2011
- Minimum Energy Performance Standard (MEPS)
- Minimum Energy Efficiency Standard (MEES)
- *"That F & G thing"*
- *"That 2018 thing"*
- The Energy Efficiency (Private Rented Property) (England & Wales) Regulations 2015



10 years in the planning – 4 weeks to go



Biggest impact - commercial



The Energy Efficiency Regulations 2015 Commercial

- Grade E-17%, Grade F-9%, Grade G-10%.
- Landlords must upgrade sub-standard F & G buildings.
- 1 April 2018 new lettings & renewals – T-minus 4 weeks
- 1 April 2023 all other commercial leased buildings.
- £150,000 fines for non-compliance.



What about exemptions?

- Licences
- Capital upgrade actioned (7 year payback rule) and still F or G
- Consent refused
- Devaluation or property damage
- Public Exemption Register five years max



Regs and more Regs!

Energy Performance of Buildings Regs 2007	Energy Efficiency Regs 2015
Purpose: Energy efficiency labelling roll-out	Purpose: To force landlords to improve the worst buildings – EPC F & G
Effective from: April 2008	Effective from: April 2018
Trigger: Sales and fresh lettings but <u>not</u> lease renewals	Trigger: Fresh lettings and lease renewals but <u>not</u> sales
Listed Buildings From 2008 – December 2012 EPCs were required. From Jan 2013 onwards EPCs no longer required.	Listed Buildings: Regs only apply if Listed building has existing EPC <u>and</u> it was done between 2008 - December 2012 <u>and</u> it is Grade F or G
Fines: Max £5,000	Fines: Max £150,000



Really important for tenants as well

- Cannot do lease renewals as from April 2018
- Cannot sublet F and G buildings from April 2018
- Rent review angles
- Answer – do EPC Portfolio Audit NOW and de-risk the problem
- *“signing a lease TODAY on F & G is suicide”*



PI insurance



- Known since 2011
- No advice, no defence
- Licence for alterations
- Add to templates



Lessons learnt over past 10 years



- Average Grade D
- Grid electricity is an EPC killer
- Building age – post 2002, 2006, 2010, 2014
- 'Old' EPCs - 2008-11
- 'New' EPCs - April 2011



HOW TO UPGRADE

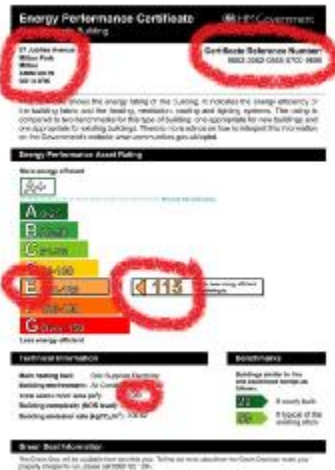


Step 1

Manage and measure



Step 1 How to read an EPC – beware of forgeries



Administrative Information

This is an Energy Performance Certificate as defined in R. 2007/811 as amended.

Assessment Software: **HMN v3.0.0** (http://cebs.hm.gov.uk/ENR/v3.0.0)

Property Reference: **0000000000**

Assessment Name: **Basic** (no assets)

Assessment Number: **0000000000**

Assessment Scheme: **CRN**

Employment/Trading Name: **HMN Energy**

Employment/Trading Address: **HMN Energy, International Business Centre, S1 1BP**

Issue Date: **18/04/2018**

Valid Until: **18/04/2028** (unless superseded by a later certificate)

Assessor Name: **Mr Anthony M Jones**

Recommendations for improving the property are contained in Report Reference Number: **00000000000000000000**

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get more details of the accreditation scheme from the Department's website at www.communities.gov.uk/energy together with details of the procedures for lodging a complaint or checking a certificate and for making a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Let the Green Deal's first funded advisers take care of your property, recommend measures that will reduce your bills and help you access a range of accredited installers. Responsibility for payments stays with the property - whoever pays the energy bills benefits as they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0800 013 1234.



Step 1 EPC Portfolio Audit



Address that the client knows the building as	Address as stated on the <u>actual</u> EPC including postcode	Size of building from client's records	Size of building as stated on the <u>actual</u> EPC (EPCs are measured gross internal)	EPC Grade A – G	EPC Score	Full date of EPC (EPCs are valid for 10 years)	RRN/CRN 24 digits including hyphens
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Proactively do this for your clients and make fees.



Step 2

Insulate
Draft-proof



Step 2

Reskin & add insulation



Step 3

Building services

Heating, cooling, ventilation, hot water,
lighting



Step 3

Lord Foster Buildings



Kingswood, Ascot
Grade D – 84



270 Bath Road, Slough
Grade G - 164



2000 Hillswood Drive, Chertsey
Grade E – 108



Stansted Airport
Grade E



Step 3

Arnie's transport of the past

HUMMER



CEO transport of today and the future



Step 3

LED to the rescue



Step 4

Controls and metering



Step 4

Big office - lighting controls



Step 4

Little office – heating controls



Step 5

When you have done everything else

Renewables



Step 5

Renewables - we'll have everything!



Makes sense to Billionaires



COMPETITION WINNER



EPC labelling roll-out

- As at February 2018

Residential EPCs	17,714,316
Commercial EPCs	773,224

- 60% of all stock now assessed



All residential and commercial EPCs
for England & Wales can be found at



epcregister.com
ndepcregister.com

Top Tip: 1/3 of postcodes are wrong so use



“I don't know postcode”
button on these websites

Be curious - click around a bit



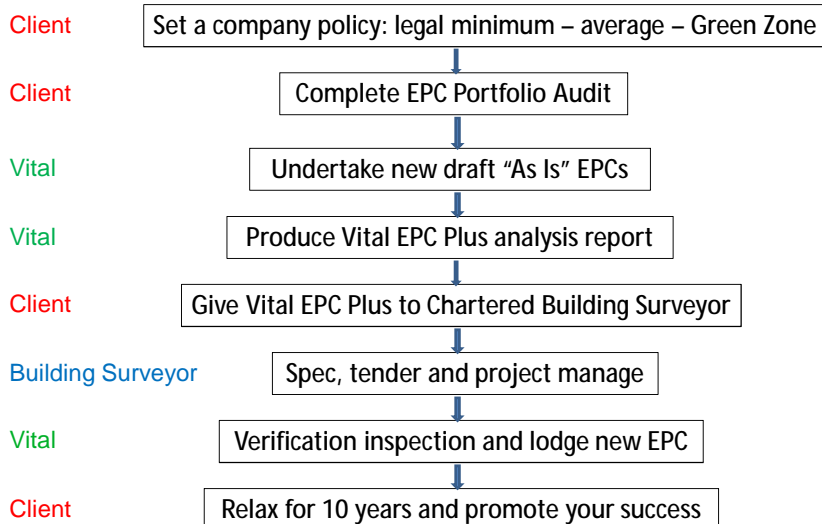
Let's go through the keyhole



Haven't they done well



How to get it sorted



Vital's unique "EPC Plus" service



- Matrix of options
- EPC Grade enhancement
- Running cost reduction
- Capital cost
- Carbon reduction
- Payback period/ROI
- UK wide service



Do it in draft..... Private & Confidential



Don't forget your own home



Your own home – top tips

- Difficult to get future mortgages for you/purchaser
- Check out www.epcregister.com
- Commission draft EPC and Vital EPC Plus
- Philips/GE LED Lamps
- £4 Amazon thermometers
- Insulation boosts thermal comfort
- Nest thermostat/Honeywell Evohome
- Read meters monthly record on Excel



Home ventilation - Nuair



Top Tips for Property Professionals

1. Do an EPC Portfolio Audit for the buildings you are working on. Jump on to www.ndepcregister.com
2. Commission Vital EPC Plus for E, F & G buildings.
3. Do predicted EPC prior to any refurbishment
4. Be very careful with PI risk. All advice refer to EPCs.
5. Make hay. Wonderful business opportunities.
Send out 1 page flyer to your existing client base



Sales Plug

Vital provides:

- Energy Performance Certificates
- EPC Plus analysis reports
- Asbestos Surveys
- Fire Risk Assessments
- Air-conditioning Certificates
- National service at competitive rates



Do it for Queen & Country!



Thank you for your attention
Questions please

For FREE advice contact
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