

Minimum energy efficiency standards (MEES):

What they are, why they are important, and steps for successful implementation

The government uses regulation to spur action and investment. As a powerful lever to drive change in our homes, the government is proposing mandatory Minimum Energy Efficiency Standards (MEES). These set out requirements for a property to achieve a minimum overall level of energy performance. For example, since 2020, landlords in England and Wales can no longer let properties if they have an Energy Performance Certificate (EPC) rating below E,ⁱ unless there is an exemption in place.ⁱⁱ The Energy Security Strategy reaffirmed that the government's will "set clear energy performance standards, varying by building type, phased in over the long-term" – with more details to be announced in May.

The government is considering tightening private rented sector standards to EPC C by 2025/26 for new tenancies and 2028 for all tenancies; and indicated it will consult on introducing MEES for owner occupiers (homeowners - the largest housing segment) as well as socially rented homes.ⁱⁱⁱ In 2017, the government set out an aspiration for as many homes in England as possible to be upgraded to EPC C by 2035, "where practical, cost-effective and affordable".^{iv}

Why they are important

For homeowners, setting a clear minimum energy performance standard allows them to know what they need to do in their homes, enables them to plan ahead and spread associated costs. This results in reduced energy bills, potentially higher house values for early adopters, and healthier, comfortable homes for all. Increasing the roll out of smart meters will help translate the impact of these improved standards into decreased household spending on energy bills.

For businesses and industry, it provides clarity and certainty as businesses plan for the path ahead, supporting the scaling of skills and jobs and enabling a sustainable, stable supply chain.

Key benefits of introducing a MEES for owner occupiers include:

- ⇒ **Boosting investment and innovation through providing long-term clarity to households and industry** – similar to the ban of internal combustion engine cars – enabling property owners to plan for necessary changes; providing a timeline for industry to invest in skills and supply chains; and spurring innovation in new business models and financial products and services
- ⇒ **Enhancing energy security and reducing household bills over the long-term** through supporting lower energy bills and reducing the exposure of households to expensive and volatile international gas markets through significantly reducing gas use in homes. This is particularly important for the private rented sector to address high fuel poverty levels
- ⇒ **Supporting jobs, skills and supply chains**, underpinning green jobs in assessment, design, installation and manufacturing across the country and opening new markets. The government estimates that upgrading homes and workplaces could create new opportunities and support over 240,000 low-carbon jobs by 2035
- ⇒ **Overcoming homeowner inertia** resulting from concerns about potential hassle and complexity of retrofit projects, which is currently a major barrier to action
- ⇒ **Acting as a 'backstop'** to ensure that the UK gets on track for climate targets.

Ultimately, without a MEES, it is unlikely national energy efficiency targets will be met. EEIG's preliminary estimates suggest that current, pledged and planned government policies could result in just a fifth of low performing owner occupier homes achieving a rating equivalent to EPC C or above by 2030.

How to ensure their successful implementation

MEES standards can play an essential role in driving progress towards warmer, healthier homes which cost less to run. To ensure success, it is essential they are announced and introduced with sufficient lead-in time, alongside a supportive package of financial and practical support measures.

- ⇒ **Financial support for households:** Full support should be provided for those on low incomes, which could be provided through scaling up existing policies like the Home Upgrade Grant. To support those on mid to lower incomes, green finance options and a new nationwide subsidy could be made available for energy efficiency upgrades. Concessional financing offered through the UK Infrastructure Bank could support homeowners to undertake deep retrofits. Support might be made available to landlords to support towards the costs of compliance
- ⇒ **Structural incentives that support action and shift behaviour:** An Energy Saving Stamp Duty (ESSD) could spur renovations at the point of purchase, via a rebate mechanism, when people are most likely to undertake works. An ESSD gives choice to homebuyers as well as rewarding those who invest in their homes and allows subsidies to be focused on those without means or access to finance. The government can reduce the running costs of heat pumps by removing legacy policy costs to tip the economics in favour of clean electric heat, rather than gas.
- ⇒ **Supporting the consumer journey through awareness raising and clear, practical advice:** Support and provision of clear, practical advice will be key to ensure that homeowners are aware of the steps they should take to upgrade their homes. This could be provided by accredited local actors, similar to Home Energy Scotland. Accelerating reforms to EPCs to ensure they are fit for purpose will also be key. Requiring smart meters in new build properties and privately rented homes will help strengthen the role of smart meters as a key tool to improving energy efficiency and empowering consumers to cut energy usage.
- ⇒ **Supporting skills and supply chains:** Ensuring we have trained installers and engineers to carry out retrofit services across the country will be essential for supporting the successful implementation of MEES standards. This could include support and incentives for apprenticeships, further education and training opportunities, as well as reforming existing programmes to bake in high standards to prepare for a low carbon future.
- ⇒ **Protecting homeowners and tenants:** Steps must be taken to ensure high-quality and fair implementation of changes, with new protections for vulnerable homeowners and tenants to ensure they are positioned to benefit from warmer, healthier homes.

There will be some homes where for technical or practical reasons they cannot achieve the rating. In all cases there should be assessment of the upgrade options possible, and care taken to determine the suitability of given measures. Hence, as with many policies, an exemption framework would need to be in place. However, even when the standard cannot be fully achieved in a property, there should be a requirement to get as close to it as possible.

Conclusion

As an important regulatory driver to deliver warmer, healthier homes which cost less to run, the government should press ahead with setting appropriate timelines for the introduction of MEES across the different housing tenures, ensuring that timelines are aligned with carbon budgets, and regulation is introduced in a way which addresses concerns related to fairness and affordability.

ⁱ Here 'EPC rating' and 'Energy Efficiency Rating (EER)' are generally used synonymously

ⁱⁱ See [Domestic private rented property: minimum energy efficiency standard - landlord guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance)

ⁱⁱⁱ <https://www.gov.uk/government/publications/heat-and-buildings-strategy>

^{iv} See [Clean Growth Strategy \(publishing.service.gov.uk\)](https://www.gov.uk/government/publications/clean-growth-strategy)