Carbon Emissions Reduction, MEES and Brexit

In June 2016 the Committee for Climate Change issued its 8th Annual Report on the progress of the UK towards the carbon emissions reduction targets set out in response to the Climate Change Act 2008. The Act is a UK initiated legislative framework to drive emissions reduction to 2050, and it is therefore not affected directly by the decision to leave the European Union.

In October the government released its response to the Annual Report, which sets out its plans for meeting the commitments set out in the Climate Change Act. In effect this is an interim statement of intent before the publication of the Emissions Reduction Plan, which was called for by the CCC in June, and which is now expected to be published in the new year.

For the non domestic sector the response commits the government, or re-affirms existing commitments to:

> "keeping [energy] bills down for businesses"
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> The "roll out" of non domestic smart meters to "put small businesses in control of their energy use";
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> Re-affirmation of the 2015 Spending Review commitment to spend £295m on improving the energy efficiency of schools, hospitals and other public sector buildings
>
> Minimum Energy Efficiency Standards for private rented non-domestic property.

The final commitment is welcome, and it also gives an insight into the thinking of the government in relation to at least one small aspect of leaving the EU. Minimum Energy Efficiency Standards, or MEES, are required to be introduced by enabling legislation in the Energy Act 2011. They are, therefore, a domestic, not a European, requirement. However, the scope of MEES is defined by reference to the EPC rating of a building offered for rent. And EPCs are the subject of legislation, the Energy Performance of Buildings Regulations, made under Section 2(2) of the European Communities Act, which implement the Directive of the same name.

So a commitment to MEES as a key element of forward policy in England and Wales implies a commitment to retain EPCs and the associated requirements. This at least provides a tangible clue that energy performance certificates are set to have a life and a role beyond the EU.

This clearly makes good sense. The CCC 8th Annual Report makes clear the shortfall between current emissions reduction policy measures and the target of a 57% reduction in emissions by 2032, noting that measures to reduce emissions by a mere 100Mt of CO_2 equivalent will be required to deliver the target set by the 5th Carbon Budget.

Any decision to dispense with emissions reductions policies purely because they come from an EU requirement will merely make it harder to achieve the fifth carbon budget. Any removal of EU inspired measures will merely require alternatives to replace the emissions reductions. This does not seem to be a very sensible way to proceed, and, thankfully, the indications so far suggest that it is not the preferred way forward.

For those who have been busy preparing for the introduction of MEES, checking the ratings of their stock and in some cases investing in improvements or disposing of F&G rated assets this will come as something of a relief. Whilst the current policy position is not yet absolutely fixed, it does seem that a large element of the Energy Performance of Buildings Directive is here to stay.