



# KJ Tait

Closing the performance  
gap in buildings

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## Minimum Energy Efficiency Standards

# MEES 2031

A Practical Guide for Commercial Landlords and Asset Owners

Updated to reflect UK Government MEES Interim Response (June 2026)

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Closing the performance gap in buildings



# What MEES Is and Why It Matters

Minimum Energy Efficiency Standards (MEES) are UK regulations that set a minimum energy performance threshold for rented commercial buildings. The standard is based on Energy Performance Certificate (EPC) ratings – not actual measured energy use – and forms a key pillar of the UK's wider net zero carbon strategy.

## Prevents Poor Lettings

Buildings below the minimum EPC rating cannot legally be leased.

## EPC-Based Standard

Compliance is determined by the EPC rating, not by actual operational energy consumption.

## Net Zero Strategy

MEES sits within the UK government's broader commitment to decarbonise the built environment.

## Why MEES Exists

Reduce carbon emissions from the existing commercial building stock

Improve energy efficiency across underperforming properties

Drive targeted investment into assets that need it most

### ⚠️ Key Insight

MEES is not an energy strategy. It is a compliance threshold. Treating it as a tick-box exercise creates long-term commercial and financial risk.

### 📌 Key Insight

Upcoming MEES changes will target larger buildings first. Understanding asset size is now as important as EPC rating in assessing risk.

## Current Minimum Standard: EPC E

The EPC scale runs from A (most efficient) to G (least efficient). **EPC E is the current legal minimum.** Buildings rated F or G cannot lawfully be let without a registered exemption.

# Who MEES Applies To

## England and Wales



MEES applies to commercial properties in England and Wales. It does not currently apply to Scotland or Northern Ireland under the same framework.

## When a Property is Leased



MEES is triggered at the point of letting. It applies to new lettings, lease renewals, and — since April 2023 — to all ongoing commercial leases.

## Sub-lettings and Multi-Let



Sub-lettings and multi-let buildings are also within scope. Landlords cannot circumvent MEES through lease structure.



## Since April 2023

It is unlawful to *continue* letting a commercial property with an EPC rating below E — not just to grant new leases. Existing leases are now captured.

# Understanding EPCs

Energy Performance Certificates are the mechanism through which MEES is assessed. Understanding how they work — and their limitations — is essential for any landlord managing compliance risk.

## What an EPC Is

- Rates buildings from **A (best) to G (worst)**
- Valid for **10 years** from date of issue
- Based on **modelled energy performance**, not actual consumption data
- Heavily influenced by building services, fabric, and modelling assumptions

## Key Limitations



### Key Insight

A valid EPC does not mean compliance. The *rating* is what matters. An EPC issued ten years ago against an E-rated building may now represent an unlawful letting position if the rating has not been maintained.

- Does not reflect real operational performance
- Can be improved through modelling methodology — not just physical works
- Modelling assumptions around occupancy and hours of use affect outcomes

## EPC Modelled Rating

Based on building fabric, HVAC systems, and modelling assumptions. Does not reflect how the building is actually used.

## Real Energy Use

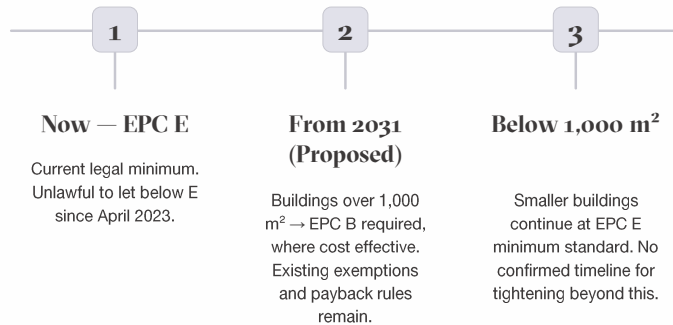
Driven by occupancy patterns, hours of operation, and tenant behaviour. Often differs significantly from the EPC rating.

EPCs measure modelled performance, not real energy use. Landlords should not assume a good EPC reflects an efficient building in operation — or vice versa.

Future MEES changes will introduce a distinction based on building size, with larger properties subject to earlier tightening.

## Where MEES Is Going

The trajectory for MEES has now been clarified through the 2026 government interim response. The approach is no longer universal. It is targeted.



**Key Insight**  
EPC E remains legally compliant, but for larger buildings it is now clearly a transition position toward EPC B from 2031.

*The government has confirmed a targeted approach to MEES tightening. These changes are subject to secondary legislation but represent the clearest direction of policy to date.*

## Exemptions Explained

Where a landlord cannot achieve EPC E despite making all relevant improvements, exemptions are available. These must be properly understood — and not treated as a permanent solution.

### 7-Year Payback Rule

Improvements with a payback period exceeding seven years are not required to be made.

### All Improvements Made

Where all relevant improvements have been carried out and the property still falls below E.

### Third Party Consent

Where consent from a tenant, lender, or superior landlord has been sought and refused.

### Devaluation

Where a registered independent valuer confirms works would reduce the property's market value.

### What You Must Know

- Exemptions must be formally **registered** on the PRS Exemptions Register
- Valid for **5 years** — after which the property must meet the standard or re-qualify
- Exemptions do **not transfer** automatically on sale or change of tenancy

**Warning**  
Exemptions are temporary. They delay the compliance issue rather than resolve it. Relying on exemptions as a long-term strategy leaves the asset exposed as standards tighten.

## Enforcement and Risk

Enforced by **local authorities** with powers to investigate and prosecute

**Financial penalties** apply — up to £150,000 for commercial properties depending on duration

Non-compliance can be **publicly listed** on the national register

**Practical Reality**  
The biggest risk is not fines. It is being unable to lease space. An unlettable asset generates no income, erodes value, and triggers lender scrutiny.

# What Has Changed in 2026

The 2026 government interim response has materially changed the MEES trajectory for commercial landlords. The key shifts are:

## **EPC B No Longer Universal**

Now focused on buildings over 1,000 m<sup>2</sup> only

## **Compliance Date: 2031**

The proposed requirement date has shifted to 2031

## **EPC C Milestone Removed**


The previously anticipated ~2027 EPC C threshold has been dropped

## **Smaller Buildings: EPC E Remains**

Properties below 1,000 m<sup>2</sup> continue at the current EPC E minimum standard

## **Cost Effectiveness Test Applies**

EPC B required only where cost effective; existing exemption and payback rules remain

 **These changes are subject to secondary legislation.** Landlords with larger assets should treat 2031 as a firm planning horizon and act now.

# How to Approach MEES

01

## Audit Your EPCs

Confirm ratings across your entire portfolio. Identify high-risk assets rated F or G, and low E buildings that are close to non-compliance. Check expiry dates — a lapsed EPC is a compliance gap.

03

## Plan at Portfolio Level

Align works with lease events, break clauses, and vacant possession opportunities. Integrate MEES improvement costs into capital expenditure planning and asset business plans.

02

## Develop Improvement Plans

Focus upgrade activity on HVAC, lighting, and building controls — the systems that most influence EPC ratings. Avoid isolated upgrades undertaken without an overall compliance strategy, as these rarely deliver the required rating improvement cost-effectively.

04

## Engage Tenants Early

Coordinate works with occupiers to manage disruption and programme delivery. Tenant engagement also presents opportunities to agree green lease provisions and align on longer-term sustainability commitments.

## Impact on Asset Value

Poor EPC ratings **reduce lettable** — an unlettable building produces no income

Investors and purchasers **price in upgrade costs**, depressing sale values and yield profiles

Risk of **stranded assets** increases as standards tighten — assets that cannot be improved to meet future thresholds face fundamental value impairment

**Key Insight**  
MEES is now a value issue, not just a compliance issue. Any asset review, acquisition appraisal, or portfolio strategy that does not address MEES risk is incomplete.

## Action Checklist

Use this checklist to assess your current position and prioritise next steps.

- Review all EPCs across the portfolio — confirm current ratings and expiry dates
- Identify non-compliant assets (F and G rated) and near-threshold assets (low E)
- Check whether any exemptions are in place — confirm they are registered and valid
- Commission improvement feasibility studies for at-risk assets
- Plan upgrades to achieve EPC C in advance of anticipated ~2027 standard
- Prioritise upgrades to achieve EPC B for buildings over 1,000 m<sup>2</sup> ahead of the proposed 2031 requirement
- Segment portfolio by building size to identify assets likely to fall within the >1,000 m<sup>2</sup> threshold
- Engage tenants and legal advisors on green lease provisions and works access

**Landlords who act early on larger assets protect value and reduce compliance risk.** Those who delay face increased cost and reduced flexibility as targeted regulation takes effect.

This guide has been prepared by building services and sustainability consultants to provide practical, plain-English guidance on MEES obligations. For asset-specific advice, a formal EPC review and compliance assessment is recommended.