

ENERGY EFFICIENCY SCHEMES

The Energy Performance Certificate (EPC) has been with us now for some four years. It relates to any property which is being constructed, built, let, or sold on a residential basis; since October 2010 on a business basis; and from the end of June 2011 on any property that is rented out for a period of four months in a twelve month period. Practically speaking, this means that **any property that is used or to be used as a holiday let will need an EPC.**

The idea behind the EPC is to help house owners and occupiers to reduce their energy expenditure. But it seems that about 80% of people who have received an EPC when buying or renting a property have taken little or no notice of it. They have not acted on any of the recommendations made which might have lead to greater energy and efficiency, and as a result the saving of money. In my experience buyers choose a property for a whole variety of reasons. It may be size, location, and proximity of schools for younger families or other facilities for older ones. But practically none of them ever mention energy efficiency as an influencing factor on their decision to buy. That is a topic that may only come up later when a house is improved or updated – but that is now about to change.

The EPC is now compulsory. For those of you who have not seen an EPC – it is a certificate which gives information about the current energy use and emissions. It advises on how to improve energy efficiency and reduce carbon emissions such as loft insulation, energy efficient heating and lighting, and water saving. The only buildings that are exempt from an EPC are places of worship, temporary buildings of less than two years lifespan, and certain types of building for storage.

THE GREEN DEAL

The government is obliged to reduce the greenhouse gas emissions by 34% on 1990 levels within the next nine years, and by 80% by the year 2050. It proposes to achieve

this through **the Green Deal**. This is designed to enable home owners to upgrade their properties without incurring upfront costs. There is to be a **Pay as you Save** scheme that means energy efficiency work could be repaid through a charge on a homes energy meter offset by the savings made on fuel bills.

Consumers are to be “helped” to understand how to access the Green Deal. Information is also to be provided as to whether a property has a Green Deal loan attached to it. It is understood that accredited Green Deal providers will be able to contact home owners with energy performance certificates to offer advice, tailored to each individual property. It is said that the new style certificates are to become a trigger for action and not just another piece of paper in the huge pile of paperwork that we solicitors have to produce these days when acting on behalf of a purchaser.

It is worth pausing to think for a moment how many separate documents there are for an average home purchase starting with:

- (1) the selling agent’s brochure
- (2) memorandum of sale
- (3) the contract with your solicitor
- (4) contract for purchase of the property
- (5) title

Searches for:

- (6) local authority
- (7) water services
- (8) environmental
- (9) planning
- (10) chancel repairs
- (11) transfer of the title itself
- (12) the mortgage offer
- (13) Valuation/Survey Report
- (14) Mortgage Deed
- (15) Stamp Duty Land Tax return form
- (16) Land Registration application
- (17) the correspondence between solicitors, the agent, mortgage lender and client

and-oh yes- I nearly forgot to mention:

(18) the Energy Performance Certificate. This paperwork can easily exceed 250 separate sheets of paper. Yet here we are talking about energy saving!

Then just think for a moment how long it takes to read all that paperwork and the expertise required by your lawyer to identify potential problems and bring them to your attention, let alone comply with all the rules relating to property transactions and mortgage lenders' requirements!

I am sure we all know it makes sense to prevent money being wasted on energy which leaks out of a property. If it leads to reliable data about comparisons of energy efficiency between one property and another similar one, then of course that may influence a buyer as to the desirability of a property. It may influence the price he ought to be paying for it bearing in mind the need to make the property more efficient as the EPC discloses. Did you also know that about 25% of UK carbon emissions come from the energy we use to heat our home and another 25% come from business, industry and workplaces?

SMART METERS

Part of the overall energy efficiency scheme is the introduction of **Smart Meters**. These are said to be able to collect information about energy use electronically. It is suggested that some 53 million Smart Meters will be required in homes and businesses across Great Britain. There will be cheaper overheads for energy providers. No more on site meter readings will be required as the information will be automatically available to your electricity, oil or gas company. It is said that the meter will show us the cost of the energy that we use as we go along. This in turn will influence us in managing our consumption of energy in a more efficient and practical way. The proposal is that every home will have one by 2020. There is a **Golden Rule in the Green Deal**. This provides that the repayment cost of efficiency measures installed will not exceed the estimated energy savings on fuel bills over the finance period. This will decide which efficiency measures will attract Green Deal finance.

It sounds to me as if the new proposals will result in the creation of a whole set of new rules and regulations, inspections, testing and obligations to be imposed on house owners and occupiers.

A cynic might interpret all this as a Government “grand fraternal” exercise or put another way the expenditure of a great deal more energy for all concerned to please “Big Brother’s” insatiable appetite for information.

ACTION

For further information on these schemes, feel to get in touch with me at **Busbys**. If you need help on any property transaction, be it residential or business, **Busbys** can do everything you need doing. Ring me on **01288 35 9000**, email me at **david.helman@busbyslaw.co.uk**.

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