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trading standards law explained

Energy efficiency of rented property: non-domestic

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In this guide, the words 'must' or 'must not' are used where there is a legal requirement to do (or not do) something. The word 'should' is used where there is established legal guidance or best practice that is likely to help you avoid breaking the law.

This guidance is for England and Wales

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 were introduced to improve the standard of energy efficiency in both the domestic and non-domestic private rented sector in England and Wales.

This guidance covers the requirements for non-domestic property (those that are not dwellings). Information about domestic property can be found in 'Energy efficiency of rented property: domestic'.

What is the minimum level of energy efficiency?

The Regulations prohibit the letting of substandard (lower than band E) non-domestic property, as follows:

- Landlords of non-domestic private rented properties (including public sector landlords) may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G (shown on a valid EPC for the property), unless a valid exemption applies
- Landlords must not continue letting a non-domestic property that is already let if that property has

an EPC rating of band F or G, unless a valid exemption applies

Which properties are covered?

The Regulations only apply to those properties that are legally required to have an EPC. The majority of non-domestic properties are required to have an EPC, but there are exceptions if the property is:

- Listed or officially protected and the minimum energy performance requirements would unacceptably alter it
- A temporary building that is only going to be used for two years or less
- Used as a place of worship or for other religious activities
- An industrial site, workshop or non-residential agricultural building that doesn't use much energy
- A detached building with a total floor space of less than 50 m^2
- Due to be demolished by the seller or landlord, and they have all the relevant planning and conservation consents

See the 'Energy Performance Certificates' guide for more details.

Private, local authority and other public body landlords are all covered, as well as a tenant who sublets a property falling within the scope of the Regulations. The Regulations do not apply to properties let on a tenancy of less than six months or more than 99 years.

The Regulations contain similar requirements for domestic properties. Where a property is of mixed use, in that it contains both residential and commercial units (such as a shop with a flat / flats above), and these are let separately, the relevant provisions for domestic property will apply to the flats, and the non-domestic requirements to the shop. If the property is let as a whole, the landlord will need to examine the tenancy to determine whether it is a residential or commercial lease.

What if the property is currently an F or G rating?

If the EPC for the property currently shows a rating of F or G, the landlord must either make sufficient energy efficiency improvements to raise the rating to at least band E, or have a valid exemption, before letting the property.

If the tenant has a right to renew under the Landlord and Tenant Act 1954, the Regulations do not interfere with these rights; therefore, neither the tenant nor the landlord can use the non-compliance as a justification for refusing to renew, or terminating the lease early.

To improve the energy efficiency of a building, there are a number of possible improvements that may have been recommended by the energy assessor compiling the EPC, or can be obtained through a surveyor or other energy efficiency advisor. This may include improvements or extensions to heating and ventilation systems, insulation, glazing, etc.

A tenant of a non-domestic private rented property may request the landlord's consent to carry out relevant energy efficiency improvements. Where the proposed improvements can be carried out at no cost to the landlord (for example, through grant funding or third-party finance), the landlord must not unreasonably refuse consent.

Any necessary planning permission, building control approval or other statutory consent will still be required.

How much will it cost?

The Regulations are intended to have zero cost implications for landlords; they only require energy efficiency improvements that meet the 'seven-year payback' test to be made. The seven-year payback test means that the expected value of the savings on energy bills that the improvement is expected to achieve over seven years is greater than the cost of repaying it.

The value of savings must be calculated using the approved methodology, which is the methodology for calculating EPCs, and using relevant energy prices. Although the Regulations do not specify who should make the calculation, the guidance from the Department for Energy Security and Net Zero (DESNZ) refers to "a competent non-domestic energy assessor, such as a level four accredited non-domestic energy assessor (NDEA)". A link to the guidance can be found in 'Further information' below.

Landlords can find an assessor via the GOV.UK website.

If, having completed the calculation, the value of savings on energy bills is less than the cost of the improvement, then it will not meet the payback test; therefore, the improvement will not be a relevant improvement for the purposes of the legislation, and it will not be required to be installed. However, if the value of savings is more than or equal to the cost of the improvement then the landlord will have to make the improvements before the property can be let (unless exemptions apply).

Further information and worked examples of the calculations are included in the DESNZ guidance.

Are any properties exempt from the requirements?

There are certain circumstances where a landlord can seek an exemption from the requirements:

- Where all relevant improvements have been made, but the property remains below E rated
- Where a property is below an E and there are no improvements that can be made
- If the landlord has obtained expert advice in writing (ideally from an architect, chartered engineer or surveyor, but it can be provided by an independent installer of the insulation system), which states that cavity / internal / external wall insulation is not appropriate because it will have a negative impact on the fabric or structure of the property (or the building if the property forms part of a larger building)
- If third-party consent is required before improvements can be installed (for example, planning consent for solar panels or external wall insulation, consent from mortgage lenders or existing tenants) the landlords must make reasonable attempts to obtain consent. The exemption will last for five years or until the end of the tenancy (if it relates to obtaining tenants' consent)
- Where the landlord has obtained a report from a registered valuer (on the register of the Royal Institute of Chartered Surveyors (RICS)) that the installation of specific improvements would reduce the market value of the property (or the building it forms part of) by more than 5%. This exemption will last for five years

There is also an exemption when a person becomes a landlord suddenly, due to one of the circumstances below, and it would be inappropriate or unreasonable to be required to comply immediately:

- A lease has been granted due to a contractual obligation
- The tenant becomes insolvent and the landlord has been the tenant's guarantor
- The landlord has been a guarantor, or a former tenant, who has exercised the right to obtain an overriding lease of a property under section 19 of the Landlord and Tenant (Covenants) Act 1995
- A new lease has been deemed created by operation of law
- A new lease has been granted under Part 2 of the Landlord and Tenant Act 1954

- A new lease has been granted by a court order, other than under the Landlord and Tenant Act 1954

A landlord can also use this exemption if, when purchasing an interest in the property, it was let on an existing tenancy. This exemption lasts for six months.

How do I register an exemption?

All exemptions must be registered on the national PRS Exemptions Register (PRS meaning 'private rented sector').

Landlords can self-certify their exemptions and the register will be monitored by local authorities as an enforcement tool, and also by DESNZ to monitor the impact of the legislation. There is public access to some information, including addresses of properties where exemptions have been registered, names of landlords (except where the landlord is an individual), the nature of the exemptions, as well as valid EPCs for properties.

In order to register, landlords will need to have details of the address of the property, which exemptions are to be registered and a valid EPC for the property. Depending on the exemption sought, the landlord will also need any expert advice or reports in writing that provide evidence to support the reason for the exemption.

The EPC for a property can be transferred if the property is sold; however, any registered exemptions will not be transferred and will cease to apply once the property is sold.

Further information

DESNZ has produced comprehensive landlord guidance documents for non-domestic property and guidance on PRS exemptions and Exemptions Register evidence requirements.

Trading Standards

For more information on the work of Trading Standards services and the possible consequences of not abiding by the law, please see 'Trading Standards: powers, enforcement and penalties'.

In this update

General detail added.

Last reviewed / updated: May 2026

Key legislation

- Landlord and Tenant Act 1954
- Landlord and Tenant (Covenants) Act 1995
- Building Regulations 2010
- Energy Performance of Buildings (England and Wales) Regulations 2012
- Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015

Please note

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.

The guide's 'Key legislation' links go to the legislation.gov.uk website. The site usually updates the legislation to include any amendments made to it. However, this is not always the case. Information on all changes made to legislation can be found by following the above links and clicking on the 'More Resources' tab.

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