

Insights

NON-DOMESTIC MEES: GOVERNMENT CONFIRMS EPC B TARGET FOR LARGER COMMERCIAL BUILDINGS

Jun 24, 2026

Summary

After years of regulatory limbo, last week the Government finally published an [interim response](#) to its 2019 and 2021 consultations on non-domestic MEES. The update confirmed a target of EPC B for larger commercial buildings (measuring over 1,000 sq m) in England and Wales from 2031. This builds on the announcements at the end of 2025, that the next rung in the MEES ladder for the domestic sector would be EPC C by 2030. It is significant that this will be the first time since the regime was introduced that non-domestic MEES has not tracked the same target as domestic MEES (albeit on a delayed basis).

Last week's interim response sets out how Government intends to implement a targeted approach to strengthening non-domestic MEES, highlighting the benefits this will bring for energy security and carbon emissions and for businesses that rent larger premises, as opposed to the burden it will place on their landlords. In practice, this signals a clear fork in the road: from 2031, all privately rented buildings over 1,000 sq m in England and Wales will need to reach EPC B, where cost effective. Meanwhile, buildings measuring below 1,000 sq m will continue to be subject to the current minimum standard of EPC E. What do we know so far, and what information is still to come?

The consultations introduced the concept of milestones and compliance windows to give the market a framework to catch up - will we see this?

No. As widely expected (particularly given how long it has taken Government to get this far), the previously proposed interim compliance windows will not be implemented.

What exemptions will apply and what does "cost-effective" mean in this context?

The response states that "existing flexibility mechanisms, including the 7-year payback test and exemptions, will remain in place ensuring that only improvements that are practical, affordable

and cost-effective will be required". This is helpful but begs the question whether any of the changes mooted by the consultations will be implemented. For example, in 2021, there was an acknowledgement that the current requirement to obtain three quotes in order to prove the payback test was not workable. The consultation suggested that landlords might instead be able to use a payback calculator which would assess in scope measures based on the building's characteristics, with pre-populated cost and payback assumptions.

What is the significance of 1,000 sq m?

This isn't clear from the update, but it seems likely Government has taken a steer from the definition of "major development" in article 2 of the Town and Country Planning (Development Management Procedure) (England) Order 2015. This lists five criteria (if any one of them is met then the classification will apply) including "the provision of a building or buildings where the floor space to be created by the development is 1,000 square metres or more". This would also suggest that the trigger is intended to be "1,000 sq m **or larger**" - though this isn't set out in the update. (If you're struggling to picture 1,000 sq m, given Wimbledon is nearly upon us, try picturing the extent of the grass on Centre Court which is pretty close at 902 sq m!)

What is meant by a "building"?

When it comes to statutory interpretation "building" doesn't always mean building as we would ordinarily understand it. [Regulation 2](#) of the Energy Performance of Buildings (England and Wales) Regulations 2012 already contains a definition of building which the [non-domestic EPC guidance](#) expands on:

"A building can be either the whole of a building or part of a building, where the part is designed or altered to be used separately. A part of a building designed or altered to be used separately is where the accommodation is made or adapted for separate occupation. This could be indicated by the accommodation having its own access, separate provision of heating and ventilation or shared heating and ventilation, but with the ability by the occupier to independently control those services. For a non-dwelling the part could be deemed to be separate even if some facilities (i.e. kitchen and toilet facilities) were shared. An example might be a unit in a shopping centre or a floor in an office building."

The ability to sub-divide may be helpful for landlords of sub-standard space, but could equally present challenges where tenants apply for consent to merge units that would result in such a unit stretching over the 1,000 sq m line.

Are EPCs the right indicator?

Government has been consulting on changes to the EPC regime for several years. A [2024 consultation](#) outlined proposed reforms that included updating EPC metrics, refining requirements for Energy Performance Certificates (EPCs), improving data management protocols and

strengthening quality control. A [partial response](#) to that consultation in 2024 (updated in 2026) indicated some reforms would go ahead, but not until the second half of 2027.

The changes announced so far will include a change in approach for the metrics behind domestic EPCs. The existing single cost metric will be replaced with four new headline metrics: energy cost, fabric performance, heating system and smart readiness; plus a secondary energy demand metric based on delivered energy (to provide information on modelled energy usage of a building) and retaining a secondary carbon-based metric (to provide a snapshot of modelled emissions produced by the building).

Meanwhile non-domestic EPCs will retain the single carbon-based Environmental Impact Rating (EIR) as the headline metric.

What effect will this have on the market?

We've previously commented on the extraordinary silence from Government on commercial MEES since the 2021 consultation - noting that it seemed remarkable that there had been nothing concrete from Government, and that in reality this lack of certainty has meant that investors and developers have had to make their own predictions as to the future trajectory of the legislation. At the higher end of the value chain that has been assumed to be EPC B. That vacuum has now been at least partially filled for the non-domestic sector, even if a full consultation response and ultimately draft legislation is still to follow.

Meanwhile landlords of smaller, sub 1,000 sq m premises are given some more breathing space. Perhaps that flexibility is a pragmatic concession to the current challenging economic conditions? The update specifically mentions flexibility for SMEs and high street landlords of smaller properties. Of course MEES only directly affects the rental sector so the SMEs would need to be wearing landlord hats in order to "benefit", unless the Government is working on the premise that tenants of sub-standard properties are being expected to contribute towards the capital cost of energy saving improvements in their buildings.

What this means for the much discussed bifurcation of the commercial property market is significant. BCLP's own [research](#) shows that sustainability credentials are given considerable weighting when corporate occupiers are deciding on space - ranking only behind state of repair, user experience and location - partly as it goes to a corporate's own ESG strategy and partly because it helps with employee recruitment and retention. The confirmation of an EPC B requirement for larger buildings will reinforce the green premium already being priced into the market, with sophisticated occupiers increasingly treating compliance as a baseline rather than a differentiator. For assets on the wrong side of the threshold the trajectory towards obsolescence may sharpen.

The reaction of lenders to this announcement will also be telling given that we have already been seeing pressure from lenders on sustainability criteria, in a move to protect their own investments

from becoming at risk. That pressure is unlikely to respect the 1,000 sq m dividing line for non-domestic properties, and may not distinguish between domestic and non-domestic, particularly in a prime or mixed use scheme. Ultimately the market may yet fill the regulatory gap that Government has left open.

Related Capabilities

- Real Estate
- Commercial Real Estate
- Sustainable Real Estate

Meet The Team



Victoria Duxbury

Lead Knowledge & Innovation Counsel,
London

victoria.duxbury@bclplaw.com

[+44 \(0\) 20 3400 3190](tel:+442034003190)

This material is not comprehensive, is for informational purposes only, and is not legal advice. Your use or receipt of this material does not create an attorney-client relationship between us. If you require legal advice, you should consult an attorney regarding your particular circumstances. The choice of a lawyer is an important decision and should not be based solely upon advertisements. This material may be “Attorney Advertising” under the ethics and professional rules of certain jurisdictions. For advertising purposes, St. Louis, Missouri, is designated BCLP’s principal office and Kathrine Dixon (kathrine.dixon@bclplaw.com) as the responsible attorney.