

Mr Robert Moore  
Energy Performance of Buildings Directive Team  
Department for Communities and Local Government  
2/H2 Eland House  
Bresenden Place  
London  
SW1E 5DU

27 August 2008

Dear Mr Moore,

BCSC welcomes this opportunity to respond to The Next Steps: EPCs and the Establishment of the Green Homes Service Consultation.

BCSC's mission is to promote best practice in the development and management of the retail environment and to foster a professional, socially responsible and progressive retail property industry. One of our primary aims, as embedded in the BCSC Sustainability Charter, is to improve the energy efficiency of buildings in the retail property sector.

We believe that improving the energy performance of buildings ought to be a top government priority. While in agreement with the principles of this Consultation, we have some misgivings about its implementation. We are concerned about how and why information is collected and displayed, about who has access to information and of what kind, and, more generally, about whether the programme achieves its aim of better education on the part of owners, tenants and the general public.

We support the government's attempt to identify poor performing buildings, target owners/landlords with assistance and arm tenants/buyers with the information they need to make effective choices. However, we are not convinced that this will be achieved as outlined in this consultation because the information provided to owners and buyers is not sufficient. Separate from, but related to these issues is our more general stance that EPC modelling and ratings for shopping centres must be refined before the content of EPCs (even limited content) is more widely distributed.

Please find attached the response from BCSC. Please do get in touch with me if you would like any further information concerning our response to this consultation.

Yours sincerely



Michael Green  
BCSC Chief Executive

## BCSC comments on DCLG consultation document:

### 'The Next Steps: EPCs and the Establishment of the Green Homes Service'

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#### Overview

BCSC welcomes the opportunity to comment on the Department of Communities and Local Government (DCLG) consultation document entitled 'The Next Steps: EPCs and the Establishment of the Green Homes Service.' How and with whom the data from commercial EPCs is gathered, shared and used is of vital importance not only to BCSC's membership but also to the success of the programme as a whole.

BCSC fully endorses the need to improve the energy efficiency of buildings, particularly the least energy efficient properties targeted by this proposal. BCSC believes that buyers and tenants ought to have full knowledge of a building's asset rating, and that owners and landlords ought to use the guidance provided by EPCs to improve the performance of their buildings. Effectively conducted by trained, accredited and independent assessors using appropriate information, modelling and benchmarks, BCSC agrees with DCLG that EPCs can and should be "an effective catalyst for behaviour change among buyers and sellers, landlords and tenants."

While BCSC agrees with the aspirations of the proposal, it is concerned about how these intentions are put into place. BCSC endorses making buildings as energy efficient as possible, but notes that the additional assistance recommended here is not defined clearly and appears to duplicate what is already provided in the certification process. In addition, BCSC suggests that it is one thing to share full EPC information among assessors, owners and tenants and another to share only partial information with a public generally unfamiliar with the intricacies of the EPC process. Providing information - even limited information - without context may lead to misinterpretations of EPC ratings and property values.

BCSC's specific comments are:

1. BCSC does not object to the Carbon Trust (the 'Trust') having EPC information but rather fails to see how the Trust's role contributes above and beyond that already played by assessors. Before providing information to the Trust, BCSC members would like to know what specific functions the Trust will perform.
2. Under the proposal, the public (not only an assessor) can see whether an EPC has been conducted by a commercial entity. While the intent of providing (limited) information is evident, BCSC is concerned that it leads to an unanticipated outcome. Not having an EPC may have an unnecessary prejudicial effect on the value of a property. There are many reasons why a building may not have an EPC and these can be entirely unrelated to energy performance. Yet if having an EPC is viewed as a "catalyst for behaviour change," not having one potentially leads the buyer/tenant to believe that the building is either out of date or poor performing.
3. The safeguards on the proposal are not adequately enumerated for commercial buildings providing information to both the Trust and the public.

4. Until EPCs are a reliable indicator and can be effectively benchmarked and evaluated specifically for shopping centres, there is a danger in making their information more widely accessible. EPC implementation is in its initial stages and there are many issues to be rectified before they will represent an accurate measure of a shopping centre's potential performance. BCSC has found, for instance, that the choice of model or the level of information can have large impacts on the EPC rating, *even though that building's performance has not changed*. BCSC's argument is not against the spread of information but rather against the dissemination of bad or incomplete information.

BCSC's concerns are detailed in the following section.

## Review of concerns

### Concern 1:

**BCSC does not object to the Carbon Trust (the Trust) having EPC information but rather it fails to see how the Trust's role contributes above and beyond that already played by assessors.**

BCSC currently works with the Trust on projects and considers it to be a valuable colleague. BCSC exchanges information with the Trust - including information about EPC implementation and building performance - on a regular basis. Currently, the two organisations are involved in a project that seeks to improve the energy efficiency of shopping centres - the same goal outlined in this proposal. BCSC is pleased that the Trust is a partner for helping industry in this initiative.

While BCSC is eager to work with the Trust, it maintains that this proposal does not clearly define the Trust's role. The proposal outlines some services to be provided to the domestic sector by the Energy Savings Trust (letter writing, information sharing on grants, etc.) but says little about the commercial sector and the role of the Trust. All that the proposal indicates is that because the Trust exists to promote energy efficiency in the commercial sector, it "should have access to the register of commercial certificates ... in order to promote energy efficiency in the commercial sector."

Exactly what the Trust will do with EPC ratings, how it will use the information, why it needs EPC ratings of all or many buildings and how it will interact with those providing EPCs are not addressed in the proposal. Industry is being asked to furnish valuable and sensitive information without being told precisely what it can expect in return. BCSC can infer from the proposal that the lowest rated EPC buildings will be the targets of a letter-writing campaign and information sharing about grants and best practices. BCSC would be far more comfortable sharing information if the reasons for doing so were clearly articulated by DCLG and if the exchange of highly valuable information produced more immediate and tangible benefits beyond what is currently available.

The goal of the Trust, as implied in the document, is to "point [building owners] towards available help in their area." But isn't this exactly what an EPC assessor is supposed to do and assess more specifically with the particular building in question? Until and unless the DCLG offers help beyond what is already available by an independent, qualified assessor with a direct knowledge of the building, BCSC fails to see the added value of the initiative.

**Concern 2:**

Under the DCLG proposal the public (not only an assessor) can see whether an EPC has been conducted by a commercial entity. While the intent of providing only limited information is evident, BCSC is concerned that it leads to an unanticipated outcome.

The proposal takes a curious and unexplained turn when it determines who can view the register of EPCs and what information is accessible to whom. Domestic EPCs can be viewed only by EPC assessors who can, under carefully outlined safeguards, view all of the information contained therein. When it comes to EPCs for commercial properties, the standard is both tightened and relaxed at the same time - the entire public can view EPCs but is limited to seeing only their status and not their content.

The proposal does not explain this difference in approach. What it does say is that currently "there is no general public access to the registers in order to preserve the privacy of the owners of properties which have EPCs." Realising there is a need to protect privacy and that "commercial transactions can be long and complex" the DCLG then proposes to make more information available to individuals who may be least able to understand it.

The reason for making such limited information available is to ensure that energy efficiency "is one of the main factors affecting choice ... potential buyers and tenants [would] be able to browse the register by address so that they see immediately whether a given building has an EPC." But equating energy efficiency with the presence (and not the substance) of an EPC establishes a dangerous precedent. Hoping that EPCs will "be an effective catalyst for behaviour change" and encouraging the public to seek out those with EPCs, DCLG is setting up the perception that the absence of an EPC is a measure of apathy at best and concealment at worst. In the case of many buildings, the effect of the programme potentially prejudices owners and building value without merit.

Because the consumer, occupier and building agent do not understand the details of the EPC programme, there is the potential for misunderstanding. For example, even though the EPC label mimics the energy efficiency rating for appliances (wherein nearly all appliances achieve an 'A' rating), there are few, if any, buildings that will attain that rating. Hence, without context for comparison, consumers may attribute a negative value to buildings that are still performing well for their class. In this instance, more information does not lead to education and a better-informed choice.

**Concern 3:**

**The safeguards on the proposals are not adequately enumerated for commercial buildings providing information to both the Trust and the public.**

After detailing specific reasons for providing access to domestic assessors and the conditions under which they may access information, the proposal makes only brief mention of procedural safeguards concerning commercial properties.

As the general public may view the status of an EPC and attach value to its availability, BCSC would want - at a minimum - some explanation of how the program works. In effect, BCSC would like a public explanation that the presence or absence of an EPC is not related to the building's performance.

Overall, BCSC feels the section on access to commercial EPCs needs to be further developed and the information available set in context.

#### Concern 4:

Until EPCs are a reliable indicator and can be effectively benchmarked and evaluated specifically for shopping centres, there is a danger in making information more widely accessible.

This last point is separate from, but impinges heavily upon, the proposal at hand. BCSC's experience to date shows that an EPC rating is influenced by two main components: firstly, how much information is available on the building, and secondly, the accuracy of the model for the building in question. Information on buildings is often lacking, particularly for older buildings where the need for information relating to an EPC could not have been foreseen.

Whenever information is insufficient, absent or assumed, the calculation goes into default and the rating is automatically much lower than what it would have been had the information been provided. BCSC knows of at least one instance where a building's rating improved from a 'G' to a 'B' rating simply on the basis of having more information about the structure in question. In other words, under an asset rating the building is only as good as the information known and nothing more. With such widely possible fluctuations, BCSC is understandably hesitant about the proliferation of results without further review.

Secondly, there is no SBEM model classification for shopping centres. The only possible categories that BCSC's members can use are 'retail' and 'airports,' neither of which fully captures the environment/dynamics of the shopping centre. Before information is shared more widely BCSC would seek the development/refinement of a model that better characterises the performance of assets held by its membership. Rather than have a model that operates as a 'black box' using a prototype for buildings, BCSC would urge the DCLG to consider other approaches, including that taken in the Australian system, which works on a kg CO<sub>2</sub>/m<sup>2</sup> range for buildings and is therefore more adaptable, accurate and easily understood.

Finally, the system currently forces an owner/developer to obtain an EPC for an empty store based on the predicted load of a tenant. There is no requirement for the retailer to obtain a new EPC after fit-out or to comply with the predicted load. In addition, there is no feedback or control mechanism to ensure that the building is operating as projected. A rating based on partial information or projected fit-out can be meaningless from the point of energy efficiency and yet that rating holds enormous weight for the value of the property.

#### Conclusion

BCSC endorses the motives of DCLG in using EPCs to help industry improve their buildings and to assist the public in making informed decisions based on performance. Indeed, these tenets guide our organisation and inform much of the work that BCSC does, including our collaboration with the Trust.

Rather than disagree with the intent of the proposal, BCSC's comments focus instead on implementation. BCSC would like to see the role of the Trust better defined so as to clearly differentiate its value from that already provided by energy assessors. In asking for more information BCSC feels that it is only fair that the reasons for sharing are clearly articulated and demonstrated.

Because the proposal calls more technical information to be circulated to a non-technical audience, BCSC regards safeguards that clearly provide context for the public as extremely important. BCSC agrees that the use of and general education about EPCs needs to be expanded. But it must be done in such a manner where public information does not diminish or misrepresent a full understanding of the EPC programme.

Finally, BCSC is mindful of the limitations of an asset rating scheme that attaches value that can easily be affected by the choice of model and the level of information. BCSC would prefer that DCLG and industry develop better methods of evaluating shopping centres and not release information more widely until the reliability and accuracy of those measures have been improved.

BCSC is grateful for the consideration of its comments.