



# *Regulatory Impact Assessment*

## *Energy Performance of Buildings Directive Articles 7–10*

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Amendment of the Energy Performance of Buildings  
(Certificates and Inspections) (England and Wales) Regulations 2007



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(Certificates and Inspections) (England and Wales) Regulations 2007

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## Purpose and Intended Effect of Measure

1. The objective of this Regulatory Impact Assessment (RIA) is to estimate the impact of the amendment to the Energy Performance of Buildings Regulations 2007 necessary to align with changes to the implementation of Home Information Packs (HIPs) as announced on 22 May 2007. It should be read in conjunction with the RIA for these HIP changes, which explain the context and reasoning.
2. The main change is:
  - To extend the 3 month age limit and allow EPCs to be up to 12 months old when a property is put up for sale. This change is being made pending a consultation during the summer on the long-term arrangements for the validity of EPCs in HIPs.

Additional transitional changes to smooth implementation are:

- HIPs and EPCs to be implemented on a phased basis commencing with properties having 4 bedrooms or more from 1 August 2007. This is to be extended to properties with less than 4 bedrooms as sufficient energy assessors become available.
  - For a transitional period until 31 December 2007, to allow people to market their properties as soon as they have commissioned a pack - rather than making them wait until they have received them.
3. The Energy Performance of Buildings Directive requires that EPCs are produced for all new homes when they are built, even if they are not put on the market - for example, if a home is built for a social landlord. For homes that are marketed the requirement to produce an EPC for new-built properties will apply when the size of property in question becomes liable to have a HIP as part of the phased roll out of HIPs. The 2006 Building Regulations introduced more stringent requirements for the energy efficiency of dwellings. Properties built to these Regulations require a different form of EPC. The original timetable for the introduction of HIPs provided that this different form of EPC would be required in HIPs from 1 October 2007. These arrangements will now be revised to reflect the new, phased timetable for the introduction of HIPs: the extension of the requirement to produce a HIP (with an EPC) to properties built to the 2006 Regulations will be brought into force with a Commencement Order. In line with this the Directive's requirement that an EPC is produced for all dwellings when they are constructed will now be introduced from 1 January 2008.
  4. This document is supplementary to and to be read in conjunction with the main final RIA for the Energy Performance of Buildings Regulations 2007 published on 29 March 2007.

## Costs and Benefits

5. *Extending EPC validity to 12 months:* The number of EPCs, derived from the Survey of English Housing and HM Land Registry resale data, that could potentially be reused in the first year is less than 4,000. When compared to the number of EPCs required for some 1.9 million market listings per annum, this is negligible. For the purposes of this amendment, it is therefore considered that the impact of the change from 3 months to 12 months upon the costs and benefits set out in the main RIA is negligible.

6. A full public consultation will be carried out this summer on the maximum age of an EPC to be included within a HIP in the longer term. This will be accompanied by an RIA.
7. *Phased Implementation of EPCs in HIPs*: EPCs in HIPs for properties having 4 bedrooms or more will commence from 1 August 2007 with the requirement being extended to properties with fewer than 4 bedrooms as rapidly as possible.
8. Taken over the 13.5 year (162 month) assessment period for residential marketed sales as set out in the main RIA, a short delay represents only a marginal reduction in the order of 2% in costs and benefits for this sector. This equates to a cost saving of around £2.8 million and loss of around 0.02 million tonnes of carbon savings per annum by 2020 for this sector.
9. *Marketing without a HIP*: As a consequence of allowing marketing to start without a HIP for a transitional period, an offer may be made and accepted before a HIP is obtained. Once marketing stops the HIP duties cease to apply and it will not be possible to enforce the duty to obtain an EPC under the HIPs legislation.
10. The EPBD regulations have however been amended to ensure that an EPC is made available no later than exchange of contracts.
11. The impact of this is assessed as being negligible as sellers will be under a duty to obtain an EPC as soon as practicable. In most cases this is expected to be in a matter of days.
12. The consequence of having to update estate agents' particulars with energy rating charts once the EPC is available is again assessed as being negligible. Templates have been made available to do this and the additional impact will be limited to minor reprographics costs only.
13. *Delayed Implementation for EPCs required upon construction of homes*: The combined effect of the revised HIPs regulations and the amending EPBD regulations for EPCs on construction of homes is that EPCs will be included in the phasing in of HIPs for buildings which meet the pre-2006 standards. EPCs for homes to which the more stringent standards set out in Part L 2006 apply (and which therefore meet high standards of energy efficiency) will be brought in through a Commencement Order as part of the requirement to produce a HIP for those properties. There may not be any delay at all compared with the previously intended date (1 October 2007) and any delay will be at most 3 months. EPCs on construction for homes that are not marketed will now be required from 1 January 2008 (rather than 1 October 2007).
14. Taken over the 13 year assessment period for EPCs for construction of new homes as set out in the main RIA, this short delay represents only a marginal reduction in costs and benefits for this sector.
15. The cost of generating EPCs for construction is smaller than the cost of EPCs for existing buildings as it is based on calculations already carried out for compliance with building regulations. The benefits of EPCs for construction are also much smaller as the Code for Sustainable Homes and improvements to energy efficiency standards in building regulations are recognised as being the primary influencing factor in the design of new homes.
16. The impact of this short term arrangement is therefore assessed as being negligible.

## Conclusion

17. From the above, it can be seen that the estimated impact arising from this amendment to the Energy Performance of Buildings Regulations 2007 is considered to make no significant difference to the costs and benefits in the main RIA published on 29 March 2007.
18. The dates for requirement of EPCs for non-domestic buildings, domestic rentals, display energy certificates and air-conditioning inspections are not affected by this amendment and all other aspects of the main RIA remain extant.

## Declaration

I have read the Regulatory Impact Assessment contained in this document, and I am satisfied that the balance of cost and benefit is the right one in the circumstances.

Signed by the responsible minister \_\_\_\_\_

*Baroness Andrews MP  
Parliamentary Under Secretary of State  
Communities and Local Government*

Date \_\_\_\_\_

Copies of this RIA are available online via the Communities and Local Government website: [www.communities.gov.uk](http://www.communities.gov.uk)