

# Energy performance certificates - why you should get your house in order now

In late November 2022, the Department of Mineral Resources and Energy (DMRE) granted a three-year extension for non-residential building owners to submit and display an energy performance certificate (EPC). As the law is currently gazetted, those found not to be in compliance face fines of up to R5m or prison sentences of up to five years.



Kagiso Mahlangu, director and head of real estate and conveyancing at corporate law firm, CMS South Africa

“The extension was welcomed by a lot of industry bodies,” says Kagiso Mahlangu, director and head of real estate and conveyancing at corporate law firm, CMS South Africa. “As the deadline drew closer, it became apparent that not a lot of people had complied. There was a need to extend it because the intention wasn’t for a lot of building owners to be fined or imprisoned for non-compliance.”

Mahlangu cautions that the extension should not, however, be seen as an opportunity for property owners to keep kicking the can down the road. Instead, they should do everything in their power to get an EPC as soon as possible.

Doing so not only puts them on the right side of the law when the deadline does come into play, but it also allows them to demonstrate to their tenants that they’re making an active effort when it comes to promoting energy efficiency. Remember, the built environment accounts for 40% of global emissions and 28% of energy consumption, making it a crucial sector for tackling the effects

of climate change.

But what steps, exactly, should property owners put in place when it comes to obtaining the certificates? And how can property practitioners help them?

## Understanding EPCs

Before digging into how non-residential property owners can ensure that they’re properly certified, it’s worth remembering what the certificates are designed to achieve and who is required to have them on display.

In essence, EPCs are designed to show anyone who looks at them how energy-efficient a building is in a way that’s convenient and easy to understand. Anyone who’s bought a new large appliance over the past few years will be familiar with the concept. The certification requirement applies to offices, entertainment facilities, educational institution buildings, and places of public assembly such as indoor sporting facilities and community centres. Buildings also have to be more than two years old and have a net floor area of over 1,000m<sup>2</sup> for government buildings and 2000m<sup>2</sup> for privately owned buildings to be impacted by the certification requirement.

Administered by the South African National Energy Development Institute (Sanedi) on behalf of the DMRE, EPCs grade buildings on how much energy they use per square metre. The gradings are on a scale from A to G, with A being the most efficient and G the least.

In order to obtain certification and grading, building owners must gather information including annual electricity consumption, the net floor area, information on any areas to be excluded, and vacancy rates. From there, the onus is on the owner to contract a South African National Accreditation System (Sanas) accredited inspection body (IB) to audit the

information. The IB will, in turn, submit the energy performance value to Sanedi, which inputs it into the National Building Energy Performance Register. From there, a unique number is generated for the EPC and sent back to the IB, which issues the EPC so that it can be displayed in the building.



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### Get things in order now

As Mahlangu points out, part of the problem with compliance is down to the fact that the certification process isn't a quick one. She, therefore, urges building owners to get started on certification as a matter of urgency.

"It's not something where you just fill in a form and you're done," she says. "There's information that needs to be collated, collected, and verified before the certificate is actually issued."

According to the CMS law firm director, even the fact that the extension was necessary shows that it's better to comply sooner rather than later.

"If the original deadline had stuck, a lot of people would be facing severe penalties in the shape of fines or imprisonment," she says.

### Getting in line with global standards

As Mahlangu points out, property owners shouldn't just view EPCs as something that they have to do in order to avoid punitive action but also as a chance to get in line with global building ownership and management standards.

"At the end of the day, these regulations are about ensuring that South Africa aligns with global practices," she says. "For example, I was recently in France and there, EPC grades are displayed on all property listings."

While currently EPCs do not have to be included as a condition of sale or rental for building owners, those with higher ratings will, inevitably, become more attractive, especially as concern for the planet becomes more universal.

"I think that the whole intention for EPCs is great for the country and great for the environment," she adds.

"It will conscientise a lot of owners around how they're using their building energy and how to best make those buildings more efficient. We've got an energy crisis as a country and planet and there needs to be a shift sooner rather than later."

It's for that reason Mahlangu hopes there won't be a further extension to the EPC deadline.

"We need to start making sure that people are conscious of the fact that the way you utilise energy in your building has a direct effect on our planet," Mahlangu concludes. "When you look at greenhouse gas emissions for South Africa, buildings represent the major share of those emissions, making them a low-lying fruit when it comes to ensuring that the country meets its emissions targets."