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12 February 2025

Dear Arianne

## **ENERGY PERFORMANCE CERTIFICATE (EPC) REFORM – TECHNICAL CONSULTATION ON LODGEMENT FEES & PENALTY CHARGES**

I am pleased to write to you, further to my appearance before the Committee on 21 January, where I set out the Scottish Government's Response to its consultation on EPC Reform.

During my appearance I also announced that we would shortly issue a technical consultation on EPC lodgement fees, prior to laying new EPC Regulations in Parliament, which we plan to do this September.

That technical consultation<sup>1</sup> has now published today, together with a partial BRIA<sup>2</sup>, and can be found on the links below.

The purpose of this technical consultation is to:

- Set out the Scottish Government's intended lodgement fee levels for reformed domestic and non-domestic Energy Performance Certificates when new Regulations are brought into force during 2026, and to seek stakeholder views on this;
- Seek stakeholder views on the level of penalty charges to be imposed for non-compliance with the new Regulations; and
- Finalise consultation upon EPC Reform ahead of laying the new Regulations during 2025.

The consultation sets out the increases to the EPC lodgement fee which we think will be needed to meet the cost of developing and maintaining the new technical and operational infrastructure to underpin the revised Regulations, with these functions to be exercised by the Scottish Ministers:

- A new EPC Register (to link into a new UK Government cloud calculation-based data input and processing infrastructure that meets latest digital standards);

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<sup>1</sup> <https://www.gov.scot/isbn/9781836913252>

<sup>2</sup> <https://www.gov.scot/isbn/9781836913269>

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- A new Calculation Methodology (to replace the soon-to-be life-expired *Standard Assessment Procedure* (SAP) with the new UK Home Energy Model for assessors to calculate EPCs under the new Rating System); and
- A new onsite Audit & Inspection function to further enhance quality assurance of certificates for consumer benefit. This would also align with new procedures being adopted by the EU's 27 member states under the recast Energy Performance of Buildings Directive<sup>3</sup>.

These proposals would see EPC lodgement fees rise by £3.40 per certificate to meet the anticipated annual costs of the functions above, resulting in the following statutory EPC lodgement fees:

- £6.00 for Domestic EPCs
- £15.50 for Non-Domestic EPCs

This will provide the projected annual revenue to meet anticipated running costs, and ensures both types of lodgement fee rise equally. We believe that by raising domestic and non-domestic lodgement fees equally, this will ensure fairness across all EPCs lodged, in covering the additional costs of the new system.

Comparative analysis<sup>4</sup> which the Scottish Government is publishing alongside this consultation, shows that the level of lodgement fee charged remains well within benchmarks for comparative small EU countries such as Lithuania, Ireland and Denmark, which charge administrative fees of between £5 to £25 per domestic EPC.

By sharing infrastructure wherever possible with the UK Government, the Scottish Government has avoided an estimated £6.5m of upfront costs to establish a separate technical infrastructure for the Register and Calculation Methodology, and £0.6m of annual running costs, which would have necessitated a further rise in lodgement fees to cover these costs. The consultation commits us to reviewing fee levels within two years of the new Regulations coming into force.

Beyond the three functions which will be funded by lodgement fees, the Scottish Government will continue to meet other core costs associated with policy development and regulatory oversight of the EPC system through its own general expenditure, and through continuing to provide support to local authorities as enforcement authorities, through the general local government settlement.

The Scottish Government has no plans to change local authorities' powers to enforce the new Regulations. We are in discussions with COSLA about how local authorities will enforce the new Regulations, including future resourcing requirements when they come into force. We are also seeking views from enforcement authorities and other respondents on what the appropriate level of penalty charges should be under the new Regulations going forward, to ensure they act as a sufficient deterrent to any breach of the regulations.

We believe that these reforms to the technical and operational infrastructure will ultimately benefit and better protect consumers, by making the EPC Register more accessible,

<sup>3</sup> [Directive \(EU\) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings \(recast\) \(Text with EEA relevance\)](#)

<sup>4</sup> [Operational Delivery of EPCs in Europe | ClimateXChange](#)  
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ensuring a more accurate Calculation Methodology for Scotland and by driving up quality standards of assessors.

I look forward to discussing these matters further with the Committee as we finalise the new Regulations, and understand that my officials will give a factual briefing on our broader EPC reform proposals to Committee members on 11 March.

I have separately provided a copy of this letter to the Net Zero, Energy and Transport Committee, and a copy of the technical consultation to SPICe.

Yours sincerely,

**DR ALASDAIR ALLAN**

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