

# CIH briefing on DESNZ consultation on the Home Energy Model (HEM) methodology for assessing existing dwellings and setting minimum energy efficiency standards

## 1. Introduction

The government is consulting on the next stage of its reforms to the Energy Performance Certificate (EPC) system. The [consultation](#) closes 18 March 2026.

The new [consultation](#) is relevant to CIH members and partners working in assets, sustainability, and retrofit roles because it includes:

- How the government intends to develop the HEM equivalent of RdSAP, and how it will work in practice.
- How the government will translate the HEM methodology to set new EPC bands, and therefore the minimum 'C' rating for each of the new headline EPC metrics that will be used for setting minimum energy efficiency standards (MEES) in the rented sectors.

This briefing gives an overview of the government's proposals in these areas. It begins with some context on EPC reform and MEES.

Note that below, we do not discuss or include all questions in the consultation. A full list can be found in the consultation document [here](#).

## 2. Context: EPC reform and MEES

The government is reforming the EPC system, and will use the new system to set new and updated MEES in the social and private rented sectors respectively.

Instead of the current approach to EPCs, which centres on the Energy Efficiency Rating (EER) produced through the Standard Assessment Procedure (SAP), the reformed EPC system [will have](#) four headline metrics, produced through the HEM. The four new metrics are:

- Fabric Performance
- Heating System
- Smart Readiness
- Energy Costs

The government wants to use the first three of these (henceforth 'Fabric', 'Heating', and 'Smart') as the basis for MEES in the rented sectors. They have [announced](#) the design of

updated MEES in the private rented sector (PRS) and provided a partial [update](#) on the approach to the social rented sector (SRS). This will usurp the previous target of SAP C for both rented sectors, although there will be a transition period. Annex 1 at the end of this document briefly summarises the update on SRS MEES and PRS MEES.

At stake in the present consultation is where the minimum standard (henceforth 'Fabric C', 'Heating C', and 'Smart C') will be set on the reformed EPC system. In other words, this consultation will determine what minimum standard housing providers have to meet to be compliant with MEES in the future. It is therefore vital that housing professionals provide input into the consultation, and CIH will be submitting a response.

The rest of this briefing deals with the main issues in the consultation.

### 3. Setting the minimum C rating

This section deals with the proposals on the Fabric, Heating, and Smart metrics, as these are the metrics that will be used for MEES. Each are considered in turn.

#### 3.1. Fabric C

The consultation proposes to evaluate fabric performance using the Fabric Energy Efficiency (FEE) methodology, adapted from the metric already used for new build homes under [Part L](#) of the building regulations. Part of the justification for using the FEE is to account for overheating risk and cooling needs during hot weather.

To set Fabric C, the consultation states that the government wants to provide consistency between the old and reformed EPC systems. They therefore propose an approach to Fabric C that achieves a close equivalence between the SAP C / SAP D boundary on the existing EER rating and the Fabric C / Fabric D boundary on the new Fabric metric.

The minded decision to use FEE and not an alternative based on heat loss (e.g. Heat Loss Parameters) goes against what many CIH members told us they preferred.

#### **The relevant consultation questions are:**

- Do you agree with the proposal to evaluate fabric performance using FEE?
- Do you agree with the approach to maintain close equivalence between the C / D boundary in the current EER rating and the C / D boundary in the Fabric metric?

#### **Other questions CIH is interested in:**

- Given the challenges posed by the transition to RdSAP10, how disruptive do you feel the transition to the new Fabric Performance metric will be, even if they try to achieve equivalence?
- Does it set back or change the inputs for your MEES modelling now they've decided they are using the FEE?

### 3.2. Heating C

The consultation proposes calculating the Heating metric using a) modelled efficiency of heating and cooling, and b) modelled emissions intensity. It says, “*HEM will provide an objective measure against which all heating systems will be assessed.*”

The MEES proposals for both rented sectors used a heat pump as a proxy for Heating C. The consultation shows that the government is no further forward in setting Heating C than they were in the earlier EPC [consultation](#). It proposes ‘principles’ for setting Heating C, most of which were also in the previous EPC consultation:

- The band boundary for a C rating should be set such that it does not incentivise fossil fuel heating systems. No home with a fossil fuel heating supply will meet Heating C, including hybrid systems.
- Among bands below Heating C, the most efficient, relatively low-carbon fossil fuel systems should still be recognised over less efficient alternatives.
- Systems with high efficiency and low carbon emissions, such as heat pumps and low-carbon heat networks, would always meet Heating C.
- Direct electric heating with no (or insufficient) storage will not meet Heating C.
- Cooking will be factored into the metric, potentially through only allowing homes with electric cooking to meet Heating A or Heating B.

#### **The relevant consultation questions are:**

-- Do you agree with our proposal on the design and methodology for the Heating System metric?

-- Do you agree with the proposal to set the Heating C / D boundary such that direct electric will always score a Heating D or below, and that storage-based technologies would score above or below the Heating C / D boundary based on their emissions relative to direct electric?

-- What is your view on the option of reserving the highest scores of Heating A / B for electric cooking appliances?

#### **Other questions CIH is interested in:**

-- What would the implications of different options be for your decarbonisation planning?

-- Will the proposed principles give you enough flexibility to make the right heating upgrades in the right homes, at the right time?

### 3.3. Smart C

The Smart metric aims to assess the building’s potential to self-generate energy (usually from solar PV), and to integrate smart technologies that can optimise energy consumption and allow consumer-led flexibility.

The consultation emphasises that the intention is to base Smart C on modelling, specifically a quantitative assessment of different factors, plus a qualitative assessment. It aims to factor in the presence of smart meters, solar PV (and other forms of microgeneration), batteries, thermal storage, smart heating controls, EV charge points, and the type of connection to the electricity network (e.g. phase connection status, is it looped or not, etc.)

They propose that the Smart metric will be expressed as a single 1-100 score and grouped into bands identified by the letters A to G, as in current EPC ratings. Their two main principles for setting Smart C are:

- Microgeneration such as solar, alongside a smart meter, would be sufficient to achieve a Smart C rating.
- Alternatively, some level of energy storage could be required alongside microgeneration to achieve a Smart C rating.

Note that in both options, *"the presence of a smart electricity meter will be required to achieve a band C on the smart readiness metric."* The consultation states that relevant exemptions would apply in situations where residents refuse a smart meter, but it is not clear on how this will function. It does not acknowledge that energy suppliers can sometimes be the biggest barrier, not tenants. It adds that for SRS MEES, the government *"will consider how to respond to the feedback for requiring smart meters to meet the Smart Readiness standard and will publish a final position"* in the forthcoming full consultation response.

It also means the proxy in the MEES consultations of just a solar PV array only is now inaccurate, or at least incomplete.

**The relevant consultation questions are:**

- Do you have any views on the proposed list of technologies that would be recognised under the Smart Readiness metric and their relative scoring? Please provide any evidence to support your answer.
- Do you have views on the options we have set out for how to achieve a C on the Smart Readiness metric?
- Do you have any evidence to provide on what an appropriately sized a) solar array or b) electric battery should be to reach a C?
- Do you have any other comments regarding the design and methodology for the Smart Readiness metric?

**Other questions CIH is interested in:**

- How do you feel about the proposal for a smart meter to be integral to any definition of the Smart C rating? Do you feel this is practicable if an exemption is included?



-- The cost implications of the sizing of solar PV arrays/batteries or inclusion of storage are likely significant. What is the best balance of reducing bills for tenants and ensuring this is viable?

## 4. A modular approach to HEM calculations

Lastly, the consultation includes the government's proposals to use a modular approach for the replacement for RdSAP (i.e. the reduced data version of HEM).

RdSAP must be used as a complete methodology, which maintains its internal consistency but also means it cannot recognise some kinds of on-site data. RdSAP also replaces some SAP inputs with standard assumptions.

The consultation proposes to allow HEM to take a more flexible, modular approach, where the assessor can enter as much data as they have access to for each home without interfering with other parts of the calculation.

The consultation states this would replace the current 'all-or-nothing' approach of RdSAP with a series of input simplifications that can be applied flexibly as needed by an assessor. The consultation also proposes that the initial release of HEM for existing dwellings will include a single set of simplified inputs, with assessors able to choose between these and the 'full' input for each part of the assessment.

The government asks for views on this approach, especially whether stakeholders agree with it, and the potential impacts shifting to a modular approach could have. The consultation also asks for views on the name, i.e. should it just be RdHEM, or something different.

This part of the consultation is outside of CIH's area of expertise, but we will respond to it with the views of members and partners.

## Feeding into CIH's response

Please email [matthew.scott@cih.org](mailto:matthew.scott@cih.org) with any feedback by close of play Friday 6 March. If you'd like to discuss the proposals in more detail, please email Matthew to request a meeting.

We would also encourage individual CIH members and partners to respond to ensure the views of housing are considered during the next stage of HEM development.

Ends. Annex 1 follows below.

## Annex 1: PRS MEES and SRS MEES summary

Minimum Energy Efficiency Standards (MEES) is being introduced for the social rented sector and updated for the private rented sector, and incorporated into Criterion D of the Decent Homes Standard.

In the [private rented sector](#), homes will have to meet a minimum standard on a new Fabric Performance metric, plus a minimum standard on one of two additional metrics, Smart Readiness or Heating System, on the [reformed EPC regime](#) by 1 October 2030. A transition regime and exemptions apply, and CIH has produced a [separate summary](#) of MEES in the private rented sector with more detail.

In the social rented sector, a partial outline of the policy decision has been [published](#), with a full government consultation response to follow.

By 1 April 2030, social housing providers will be required to ensure all homes reach a minimum standard on one of the Fabric Performance, Smart Readiness, or Heating System metrics (on the [reformed EPC regime](#)), or have a valid exemption registered.

Providers will have the flexibility to choose which of the three metrics they will meet, and there will be a £10,000 cost cap. They will then have to meet a second metric by 2039.

However, the finalised transition plan means that homes meeting EPC Band C or better (i.e. an Energy Efficiency Rating or EER of C, sometimes called SAP C) on the current EPC regime by 1 April 2030 will be considered compliant until their individual EPCs expire.

CIH will be producing a detailed member briefing when the finalised social rented sector MEES government consultation response has been published.