

KAMMA

# Month in Green

## March 2023

The latest news and insights on the path to Net Zero for UK property



[kammadata.com](https://kammadata.com)

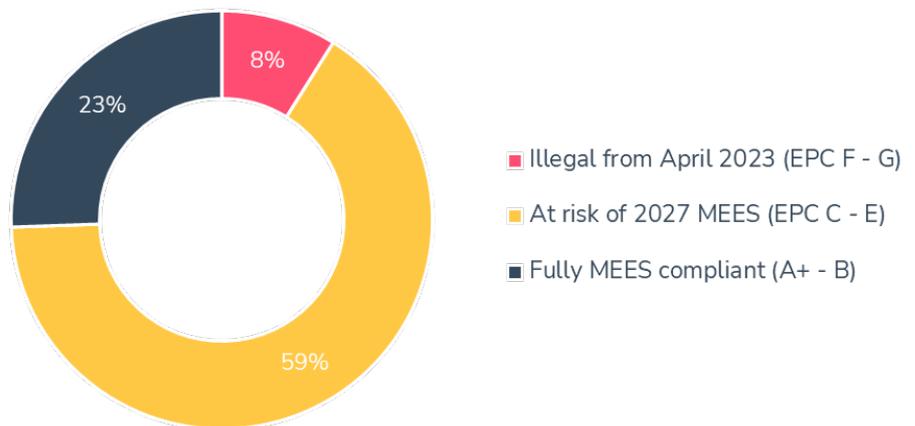
# News Roundup

Every month, the Kamma team reviews the key stories on [Property Zero](#): the path to Net Zero for UK property

## Nearly half of London's commercial buildings will become 'unlettable' by 2027

New analysis of Minimum Energy Efficiency Standards (MEES) by BNP Paribas shows that many of London's non-domestic (commercial) buildings will soon be too inefficient to be let legally.

In 2018, the minimum EPC rating for all domestic and commercial properties when granting new leases was an E. This rating requirement has been applied to existing domestic tenancies since April 2020, but further tightening of these regulations from April 2023 will extend the minimum EPC E requirement to existing commercial leases.

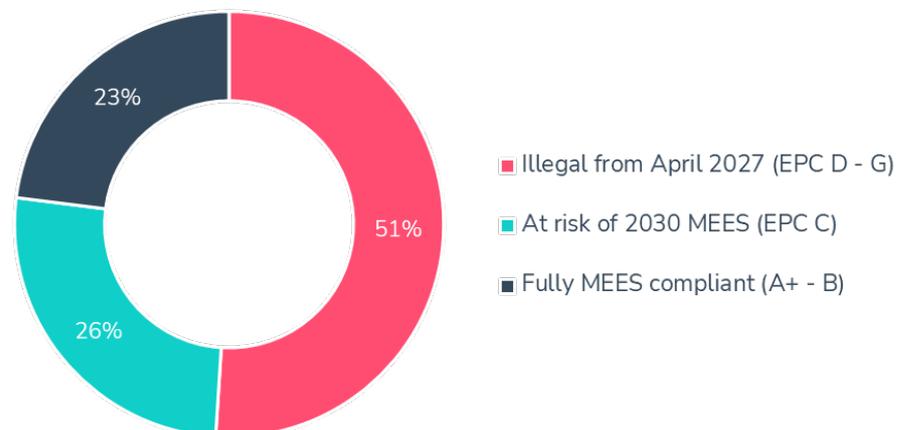


The regulatory changes will render 8% of buildings (currently rated EPC Band F and G) unlawful from April.

However, even stricter legislation is on its way. Legislators are proposing raising MEES to EPC C by April 2027. This means just over half of London's commercial buildings (currently rated Band D and below) will soon become unlawful.

Failure to comply with these regulations will lead to sanctions for the building owner, mostly in the form of [fines](#).

Balanced against other industry pressures, such as higher construction costs in recent years, MEES remains a necessary hurdle on the path to Net Zero.



What to know more about MEES? [Read more](#) about its impact on residential property.

# The Transition Plan Taskforce pushes financial firms towards Net Zero planning

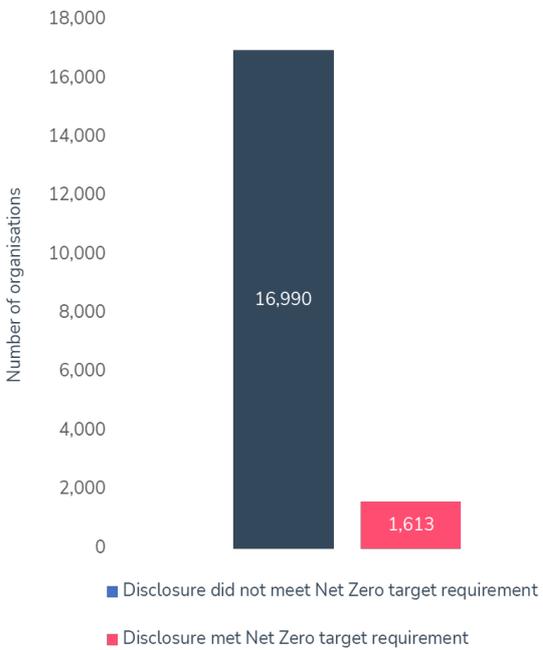


The UK's **Transition Plan Taskforce (TPT)** was launched in spring 2022 to develop the 'gold standard' for private sector climate transition planning. It has recently called on financial firms and companies to accelerate the delivery of their transition plans.

According to the **CDP**, a global non-profit that steers the climate disclosure requirements, a climate transition plan is 'a time-bound action plan that outlines how a company will achieve its strategy to align its assets, operations, and entire business model with the latest and most ambitious climate science recommendations'.

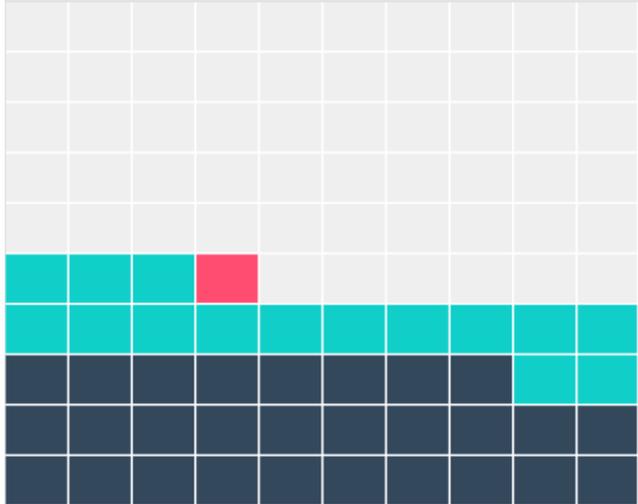
The TPT's standards will be mandatory for listed companies and financial firms. The aim is to ensure comparable plans by the end of 2023. The TPT's standards will be drawn upon by the UK Government and Financial Conduct Authority (FCA) to improve **climate-related disclosure requirements**.

The CDP analysed 18,600 organisations in 13 industries and across 135 countries. Transition plans were analysed against 21 indicators, including Net Zero alignment, in which only 1,613 organisations met the requirement.



Currently, only 0.4% of organisations with a disclosed plan are considered credible, according to analysis from the **CDP**. This is not to mention that only a fifth of companies reviewed were able to submit a plan in the first place.

In the UK, only 6 out of 1,448 companies disclosed on all 21 relevant indicators, highlighting that climate transition plans are not where they need to be despite incoming mandatory disclosure requirements.



- 1,448** UK organisations disclosed through the CDP in 2022
- 6** (0.4%) disclosed on all of the key indicators
- 212** (15%) disclosed on many of the key indicators
- 404** (28%) reported having developed a 1.5°C-aligned climate transition plan

Want to know more about disclosure requirements? **Read Kamma's guide** to climate-related financial disclosure requirements on property-related assets

## Mortgage brokers praise guidance on retrofit solutions, but more can be done

Green Finance Institute (GFI) has launched a broker handbook designed to educate and inform intermediaries on retrofit solutions.

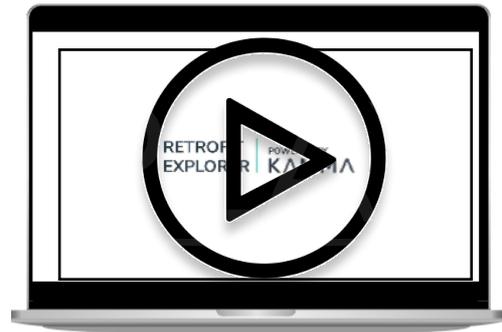
The handbook has nine sections in total, including chapters on green finance, green mortgages, and retrofit strategy, among others.

The role of consumer education cannot be understated, particularly given that 60% of respondents to a [YouGov survey of UK homeowners carried out by TrustMark](#) were unaware of what retrofit means.

No doubt given their central position in the mortgage industry that brokers will play a key role in educating property owners on retrofit solutions, and by extension help accelerate the transition to a decarbonised housing stock.

Brokers will therefore see further benefits from the ability to generate a bespoke package of retrofit improvements for every property in the UK - a service that Kamma provides with [Retrofit Explore](#).

See how Kamma is increasing client satisfaction and deal flow for brokers with [Retrofit Explore](#).



Watch the [Retrofit Explorer introductory video](#)

## EPC data shortcomings exposed, again

Recent national coverage in [The Times](#) and [industry press](#) has amplified Kamma's long-standing critique of EPC data.

It is worth first mentioning, however, that The Times article is slightly misleading. It wrongly compares the methodology behind the EPC, which predicts the overall efficiency of a property based on the historic performance of the buildings fabric and its fixed services, to current smart metre readings that are based on occupant behaviour and consumption habits. These measurements are not directly comparable.

Nevertheless, the article does refocus attention on what has been a tool (i.e., the EPC) long in need of an update.

From incomplete coverage of properties to an outdated methodology, relying on EPC data alone misrepresents a property's energy efficiency and emissions performance, misguides retrofit suppliers on the optimised route to Net Zero, and mis-qualifies assets for funding opportunities.

At present, the EPC is key part of the UK's strategy to decarbonise the housing stock to Net Zero, and industry will need to understand and act on legislative changes related to its methodology, such as the proposed minimum EPC C for new lettings in England and Wales by 2025, and 2028 for all lettings.

This means resolving EPC assessments, and much of the property data based on them.

Addressing the issue of 'rigged' EPC assessments highlighted in the article requires wider reforms and more a sophisticated approach to data in order to close loopholes

[Get in touch](#) to find out how Kamma is overcoming the shortcomings of EPC data.

# Kamma's Recent Publications

A summary of Kamma's key insights, guides, and sector commentary

## Delivering the data behind climate-related financial disclosures

Disclosing climate-related financial risk is the accounting challenge of the decade.

In 2021, the UK became the first G20 member to adopt mandatory climate-related financial disclosure requirements. Now, large and listed companies must disclose how they identify, assess and manage climate-related risks and opportunities.

Disclosures with poor property data lead to miscalculated emissions, mispriced assets, and misjudged climate risk. Companies that lag behind in terms of reporting and addressing these issues will be exposed financially, legally and reputationally.

[Read more](#)

Also see Kamma's [ultimate guide on disclosures for property-related assets](#)



### Why data is needed to support housing providers with ECO funding

What is covered?

- What is ECO4 and ECO+?
- Why was ECO introduced?
- Who qualifies for funding?
- Why EPC data is insufficient
- How Kamma can help housing associations identify qualifying properties

[Read more](#)

### Why letting agents need to be aware of new climate-related financial disclosures

What is covered?

- What should be disclosed
- Who should comply
- Agents and the disclosure of financial emissions
- Why EPC data cannot identify eligible households
- How Kamma can help housing associations identify qualifying properties

[Read more](#)

# KAMMA KAST

Episode #8:

[Green bonds with Matteo Bigoni](#)

# Climate INITIATIVE Bonds



See on [YouTube](#), [Apple Podcasts](#) and [Spotify](#)

# Retrofit Explorer

## Driving a retrofit revolution

Assess any UK property and optimise the retrofit journey, delivering MEES compliance and energy savings plans

Answers the pivotal question of how much will it cost to get a property to EPC Band C or above

Recommends improvements from up to 200,000 combinations while adjusting for cost and energy saving specifications

Available for all 36 million properties in the UK, covering gaps in the EPC register



### Why use it?

## Delivers on multiple use cases



**Introduce retrofit funding for new and existing customers**

Educate and inform on the route to greener lending



**Increase broker satisfaction and improve deal flow**

Give brokers the tools they need to support and sell to customers



**Underwrite for new MEES legislation now**

Factor climate-driven credit risk into mortgage decisions



**Support ESG objectives and drive to Net Zero**

Deliver truly green lending that quantifiably reduces emissions

[Book a demo](#)

If you'd like to see the power of the Kamma platform in action, you can book a demo with us

[kammadata.com](https://kammadata.com)

We support the growth of some of the best name in the industry

Aldermore

Precise  
Mortgages

paragon

one  
Savings Bank

JLL

TriplePoint  
Social Housing REIT plc

lendinvest

T S B

LANDBAY

Kent  
Reliance

KAMMA

## Get in touch now to turn risk into revenue

### How Kamma can help

Kamma works with mortgage lenders, letting agents, local authorities, property funds and housing associations, supporting their drive to Property Zero.

We combine world-leading data collection and address matching with insight analysis to articulate the fastest and most cost-effective route to Net Zero. We ensure regulatory compliance, manage risk, identify green growth opportunities and qualify green assets.



Visit the site at  
[kammadata.com](https://kammadata.com)

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