Note of 24th meeting of the Supervisory Panel
REAL Consumer Code
Wednesday, 20 June 2012

Attendees:
Gill Owen (Chair) – Independent sustainable energy expert

Tom Chapman – Gemserv
Catherine Cooper– SSE
Martin Cotterell - Sundog Energy
David Laird - Energy Retail Association
Neil Schofield - Worcester Bosch
Dave Sowden – Micropower Council
Jim Thornycroft – Independent solar PV expert
Philip Wolfe – Independent Solar PV Expert
Anna Moule – Ofgem (Observer)
Paul Rochester – DECC (Observer)

In attendance:
Virginia Graham – REAL Executive
Ciaran Burns – REAL Executive
Mark Cutler – REAL Executive
Sue Bloomfield – REAL Executive

Apologies:
Chris Beedel - Elecsa
Liz Laine – Consumer Focus
Mike Landy - REA
Gideon Richards – MCS
Indra Vaizgelaite – Renewables UK

1. The Chair welcomed every-one to the 24th meeting of the REAL Supervisory Panel. She noted the apologies for absence received.

2. The Note of the 23rd meeting of the Supervisory Panel was agreed as an accurate record subject to a few minor amendments. There were no matters arising.

3. The Secretariat provided an update on the latest developments with the FIT and RHI schemes.

   Feed-in Tariff (FiT):

   It was reported that the Government had published its response to the Feed in Tariff Phase 2 A Consultation. The key changes to the scheme include:

- the tariff for domestic installations below 4 kWp would be set at 16p;
- the export tariff would be increased from 3.2p to 4.5p;
- the RPI link would be maintained;
- the tariff lifetime would be reduced from 25 to 20 years;
- a 'degression mechanism' had been announced according to which:

    - further tariff reductions will be subject to deployment;
    - if the threshold is breached within the specified three month period, a reduction of between 3.5% and 28%, subject to deployment, will be announced at the end of the following month, and come into effect two months later;
    - if the deployment trigger is not breached, then no reduction will take place;
    - two successive quarters without reduction will be followed by a guaranteed reduction of minimum 3.5% in the third quarter.

It was reported that, to date, the total number of domestic installations, across all technologies, registered under the FIT scheme was 271,500 with an installed capacity of 864 MW. This compared with non-domestic installations which totalled 8,300 with an installed capacity of 371 MW. Domestic PV installations accounted for 269,000 of the total, with an installed capacity of 842 MW. Since the 1 May 2012 new PV installations had slowly increased from 2.5 MW installed capacity in the first week to 6.5 MW installed capacity in the week up to 15 June. This gave a total of 43 MW of PV installations with installed capacities of between 0-10 kWp for this period. He reported that this went some way to meeting the first capacity threshold of 100 MW which would trigger a degression in the tariff rate for installations with a capacity of between 0-10kWp later in the year.

Renewable Heat Premium Payment (RHPP): It was reported that, in April, the EST had published the final report of Phase 1 of the RHPP, which had come to an end at the end of March 2012. This showed that, by the close of the scheme, 5,369 vouchers had been redeemed (out of the 7,253 issued) with a total value of £5,479,750. The breakdown by technology for the vouchers issued rather than those redeemed was as follows:

- 35% ASHP
- 33% solar thermal
- 19% GSHP
- 13% biomass

The total value of vouchers redeemed only accounted for 46% of the budget allocated for individual homeowners, and the remainder cannot be carried forward. In addition to the vouchers, DECC has allocated a total of £4.9 million to 40 social housing schemes. DECC had announced that a second phase of the RHPP would start on 1 May 2012 and run until 31 March 2013. This would have an increased budget of £25 million (including an £8 million communities competition). Again registration for phase 2 would be through the EST.

Finally, it was reported that the consultation on the RHI Phase 2 (which is to include domestic RHI) is likely to be issued sometime over the summer. Some discussion ensued.

4. The Executive provided an update on REAL Consumer Code membership renewals. He reported that 85% of the REAL Consumer Code's 2011 members had renewed their membership. Many of these had indicated their intention to diversify into technologies other than solar PV. It was reported that there was still a steady stream of companies applying to join the REAL Consumer Code, and that the current membership was at the same level as it had been in November 2011.

5. It was explained that REAL had recently launched the Payment Protection System (PPS) which is provided by Bondpay. He explained that it was one way by which companies to comply with the Code requirement to place consumer deposits in a third party client account, since the consumer's funds were transferred into a Trust Account at the time the contract was signed and only released with the permission of both parties. It was explained that the PPS differs from the standard Bondpay package in that it does not include a one year warranty which REAL members are already required to have independently of the PPS. The PPS costs a REAL member wishing to use the scheme £25 per contract. It was stressed that, as with the DAWWI Scheme, REAL derives no benefit from members using the PPS, whether financial or otherwise.

6. The Executive explained that a number of REAL members had gone into liquidation since those reported at the last meeting. Administrators' reports had not been released at that time, and so the full picture was as yet not known. She explained that some were likely to be voluntary liquidations. Some discussion ensued.

   It was reported that some concerns had been raised by consumers with free solar PV systems on their roofs. They are uncertain who their tenant is in the event that the investment arm of a free solar PV company had sold on the free PV leases to a third party. Consumers in this situation do not have any influence over it and they are uncertain what they should do if a fault develops with the system or on their property. REAL has been unable to provide answers for these consumers since there is no general register of ownership of these leases. Other consumers had reported that they were experiencing difficulties when trying to sell their property with a free solar PV system on the roof. Some mortgage lenders were refusing mortgages on such properties.

   The Panel noted that the Council of Mortgage Lenders, which represents most high street banks and mortgage lenders, had agreed at a corporate level that there were no significant reasons to refuse a mortgage to properties with free PV systems installed, but the guidance may not have been effectively distributed to all mortgage officers/agents.

7. The Executive reported that the amended Code had been made available on the website a few days previously, and that an email had been sent to all REAL members informing them of the amendments that had been made and the reasons for them. It was confirmed that the amendments to the Code were those that had been scrutinised and agreed by the Panel at the

previous (March) meeting, and that they took account of comments that had subsequently been submitted by individual Panel members.

8. The Executive provided an update of the Applications Panel activities. It was explained that the Applications Panel was made up of individuals who were completely independent of REAL, and that the Chair was independent of the sector. To date the Panel had met twice and a total of 7 companies' applications had been referred to it. It was explained that the Guidance and Terms of Reference for the Panel were available on the website. Applications were only referred to the Panel in cases where the Secretariat considered that they may meet one of the Circumstances for Refusing Membership, also available on the website.

9. The Executive provided an update on complaints. It was reported that there were currently around 250 active complaints registered on REAL's database involving 50 member companies. The majority of these complaints were PV-related and many of those had arisen as a result of the FIT changes, though some had arisen as far back as 2010. As a result of the high number of complaints being registered each day, she reported that there was a backlog in looking at the complaints in detail, though each complaint is acknowledged on receipt and reported to the member in question. Where appropriate the complaints are referred to the MCS Certification Body or Trading Standards with the consumer's agreement.

   It was reported that REAL now had 2 staff members working full-time on complaints, with other staff members assisting when they were able. In addition, it was reported that REAL was working with 3 self-employed consumer protection lawyers to assist with resolving complaints. This had proved very helpful indeed with a high rate of resolution being achieved, to the satisfaction of both consumers and members in most cases.

   It was reported that, in cases where complaints were not resolved in this way, consumers had the right to escalate them to the Conciliation Service provided by IDRS Ltd. It was reported that, as the final step in the complaints process, consumers could escalate their complaints to the independent arbitration service, also provided for REAL by IDRS Ltd. This had proved an effective means of resolving some of the more complicated and long-standing complaints.

   Panel members requested to see a report on active and resolved complaints at each meeting. They requested that, at the next meeting, they should see complaints broken down by technology and issue. They also requested data on how closed complaints had been resolved and how long it had taken for them to be resolved. They suggested that the information could be presented in the same way that the analysis for the OFT was presented, and could be made available on the website.

10. The MCS Licensee outlined the proposed MCS complaints procedure. It was explained that he had been asked to review the MCS complaints procedure and suggest improvements. In preparation, the MCS Certification Bodies' (CBs') complaints handling procedures had been reviewed and significant differences between them had been noted. As a result, MCS had provided guidance on consistency. The next step was for MCS to produce guidance for consumers. It was explained that any changes to the complaints-handling procedures would

be consulted on before being implemented, around August. He explained that UKAS, the body that accredits the CBs would also be involved in the consultation. One of the key proposals was that a company should not be able to switch CB while they had outstanding complaints.

11. The Executive reported that REAL was sub-contracted to Gemserv who had won the bid to operate the Green Deal Oversight and Registration Body. In particular, REAL would have responsibilities towards monitoring compliance with the Green Deal Code of Practice. More information was available on the DECC website.

12. The Chair provided an update on non-compliance activity. This included general information about members currently on probation, members scoring very poorly at audit, and members who had been invited to submit evidence in response to possible breaches of the Consumer Code.

13. Martin Cotterell provided an overview of the new draft PV guide for installers. He explained that the new guide included an improved performance estimate methodology using tables from PVGIS which take into account regional variance and can be audited against. The current methodology, SAP 2009, does not take into account regional variance and this had led to some confusion for installers and consumers. The new guide was likely to be implemented from 1 August 2012 with a 3 month implementation period.

14. The Executive provided and update on the future consumer landscape review. She reported that, from 2013, the CCAS was likely to be operated by the Trading Standards Institute (TSI). REAL had attended a presentation by TSI on how they were intending to operate the scheme. The transition would not require each approved Code to be re-approved. Going forward the whole scheme would be self-financing, as had been expected. She reported that TSI would shortly be coming in to the office to understand better how the REAL Code operates. She reported that Consumer Direct has ceased and that their activities, including the complaints database, had been taken over by Citizen's Advice Bureau.

15. DECC provided an update on the tendering process for the MCS Licensee which was expected to take place in July. It was explained that MCS would become a company shortly, and that, as a result, the role of the Licensee would alter. He explained that the Licensee would remain the administrator of the MCS, but that, going forward, the liabilities would sit with the MCS company. It was reported that interim directors would be appointed, and that they would make decisions on how any MCS funds were spent. Until the new governance was fully in place it was confirmed that the MCS Standards Management Panel and the MCS Steering Group would remain.

16. The Chair confirmed that the next meetings would be held on 12 September and 5 December 2012. She announced that she would be leaving her role as Chair of the Supervisory Panel at the end of July since she was moving to Australia. This would therefore be her last Supervisory Panel Meeting. The Panel thanked her for all her work as Chair of the Supervisory Panel. It was noted that she had chaired 23 of the 24 Panel meetings since the Code's inception in 2006.

17. The meeting was closed.