

**Minutes of the 37<sup>th</sup> Meeting of the Supervisory Panel**  
**Renewable Energy Consumer Code**  
**9 September 2015**

**Present:**

David Laird (Chair)

Bryn Aldridge - Former Director of Trading Standards and Veterinary Services for the City of London

Amanda Clark - Certsure

Heather Kerr – MCS Administrator

Steve Lisseter - Independent consumer expert

Walter Carlton - Deloitte

**Observer**

Daniel Murray - Ofgem

**Apologies**

Zoe Leader - Citizens Advice

Dave Sowden - Sustainable Energy Association

Philip Wolfe - Independent solar PV expert

Jim Thorneycroft - Independent Solar PV Expert

David Frise – B&ES

**In Attendance:**

Mark Cutler – RECC

Virginia Graham - RECC

Abena Simpey - RECC (minutes)

Lorraine Haskell – RECC (part)

Sian Morrissey – RECC (part)

Rebecca Robbins – RECC (part)

**1. Welcome, introduction and apologies**

Walter Carlton acted as Chair until David Laird arrived. He welcomed attendees to the 37th meeting of the Supervisory Panel and noted apologies for absence received. Panel Members present introduced themselves.

**2. Minutes of the 36<sup>th</sup> Supervisory Panel Meeting**

The Panel noted that a surname of one of the attendees at the previous meeting was missing and should be added. Otherwise, the Panel Members agreed the Minutes of the 36<sup>th</sup> Supervisory Panel Meeting as being an accurate record of the meeting.

### **3. Matters Arising**

The Executive showed Panel Members the animated video for consumers recently uploaded onto the RECC website. The aim of the video is to draw consumers' attention to key issues and the questions to ask before signing a contract. They agreed that it was excellent, and should be publicised as widely as possible.

The Executive ran through the Summary of Actions from the 36<sup>th</sup> Supervisory Panel Meeting. The Executive confirmed that Panel Members had been sent a link for the current edition of the RECC Newsletter and updated RHI complaints broken down by technology is included in the Highlight Report. The Executive further confirmed that the 2014 Annual Report had been completed and circulated to Panel Members. RECC had been certified by CTSI as an approved Alternative Dispute Resolution (ADR) body.

Panel Members noted that the newsletter identified the key issues that members were facing in the sector, including legislative and regulatory changes.

### **4. Highlight Report**

Panel Members considered the quarterly Highlight Report that had been tabled.

#### *Membership*

The Executive reported that RECC was still receiving new membership applications despite the Government's consultation announcement on the future of the Feed-In Tariff scheme. Panel Members noted that a sudden drop in the Feed-In Tariff rate (a reduction of 87% has been proposed, see below) would be likely to lead to a sudden influx of complaints. The Executive agreed to monitor the numbers and also the IP addresses of those submitting online feedback, in case there was a sudden spike in activity from certain members. The Executive stressed it was essential that all members issued consumers with an insurance backed workmanship warranty, that they would be taking steps to remind consumers about this.

The Executive reported that currently detailed in-depth spot compliance checks were being carried out on 1 in 4 applications; but that a new application form would be introduced shortly requiring applicants to upload all their documents as evidence as part of the routine application process.

The Executive informed the Panel that it was currently in discussions with Which? with a view to setting up an arrangement whereby RECC members could receive a 50% discount on becoming a Which? Trusted Trader. This was an additional membership benefit. The Executive also informed the Panel that it was working to become a TrustMark scheme operator. Traders under the scheme must meet a certain criteria. RECC already carries out most of the tasks required by TrustMark, and aims to have the offer available to members by January 2016.

### *Monitoring*

Panel Members asked whether some of the key Compliance Areas were also monitored by other bodies. For example, they asked whether CA7 (taking and protection of deposits and advanced payments) in Figure 6 of the Highlight Report was a requirement of financial regulators. The Executive explained that this it was not, and nor was the requirement to put in place an insurance-backed workmanship warranty. The Executive explained that information about each key Compliance Area was required from new applicants before joining the Code. The due diligence process was designed to identify areas of non-compliance and, where necessary, support applicants in achieving compliance.

### *Disciplinary process*

The Executive introduced Rebecca Robbins who had been working as RECC Compliance Manager for the past 12 months. She explained that the purpose of the disciplinary procedure was to bridge the gap between the Non-Compliance Panel (NCP) and RECC first becoming aware of potential Code breaches. It was a more strategic approach designed to react more promptly, and give members a warning and a chance to reform, without having to convene an NCP Hearing. During the disciplinary process members could be asked to sign a Consent Order agreeing to do, or not to do, something. These Consent Orders were published on the RECC website. A member who failed to comply with the terms of a Consent Order would be referred directly to an NCP Hearing. The Executive could also charge members for the cost of investigating alleged breaches once the disciplinary procedure had been invoked.

The Executive concluded that the disciplinary process had been very effective in engaging members suspected of breaching the Code, and in persuading them to change their behaviour. It was thus intended to be a more proportionate approach to resolving non-compliance issues before the level of consumer detriment became too serious. Some discussion ensued.

### *Non-Compliance Panel*

The Executive introduced Lorraine Haskell who works as the Panels Manager. She provided an update on the recent NCP activity during the period, explaining that one member had attended a Hearing, while another had appealed an earlier NCP Determination: the date of the Appeal had been set for mid-October. She explained that a range of sanctions was available to the NCP, set out in the RECC Bye-Laws and Rules, and that NCP Determinations were published on the RECC website. Some discussion ensued.

Panel Members enquired about consumers with ongoing complaints in the event the NCP terminated an installer's membership. The Executive explained that, in the event that the NCP terminated a company's membership, RECC would give any consumers the opportunity to refer their case to independent arbitration before RECC membership was terminated. (This would prevent referral to independent arbitration.)

## *Complaints*

Panel Members thanked the Executive for the useful information on complaints. However they requested that the figure for the number of complaints closed be split into two sub-categories to show those closed owing to liquidation and those closed for other reasons. The Executive highlighted the number of arbitration awards made in the period, indicating that it was a very useful tool for resolving intractable disputes.

### **5. DECC Consultation on future of Feed-in Tariff scheme**

Panel Members discussed the Government's proposed changes to the Feed-in Tariff scheme. The Executive explained that the underlying draft impact assessment was intended to provide an evidential base for the proposals, and that RECC had supplied some of the figures in it to DECC. Panel Members asked what impact the changes would be expected to have on RECC members.

The Executive explained that many RECC members were looking carefully at the potential for battery storage to increase the viability of small-scale solar PV systems going forward. The Executive explained that it had prepared guidance on common add-ons to solar PV contracts, including voltage optimisers, immersion boosts, LEDs and battery storage. This guidance was intended to set out clearly the circumstances in which consumers might be expected to gain from such add-ons, and those in which they might not. The bottom line appeared to be that the costs of battery storage were coming down, and that it was likely to be an economically-viable for domestic consumers in two years.

The Executive explained that the Government's proposed changes were driven by the Levy Control Framework which imposed a ceiling on the amount of money re-charged to consumers' electricity bills. This ceiling had been breached. RECC was intending to meet DECC to discuss the assumptions underlying the impact assessment, and to ensure that the likely surge in levels of consumer detriment, fraud and mis-selling likely to follow any major tariff changes was well-understood in DECC.

RECC was also intending to respond fully to DECC's consultation, the closing date for which was 23 October 2015. RECC's aim was to ensure that the lessons of 2011/2012 had not been forgotten. Panel Members asked to be kept abreast of any rise in levels of consumer detriment from complaints registered or from feedback received. The MCS Administrator would be monitoring carefully the number of installations being registered on the MCS database, and checking for any unusual levels of activity emanating from individual companies. The MCS Administrator, RECC and the MCS Certification Bodies were due to discuss the actions they would be taking shortly.

Panel Members asked to be kept updated about any developments in the sector.

## **6. Amendments to Bye-Laws**

For the Executive Sian Morrissey presented a paper explaining the rationale for proposed amendments to the RECC Bye-Laws, due to be reviewed by the REAL Board on 23 September. She explained that the amendments covered the following areas:

- application process, mystery shopping, dispute resolution process and arbitration;
- resignation from the Code, consent orders and non-compliance action by the Executive; and
- appeals, termination provisions, intellectual property and transitional provisions.

Panel Members noted the rationale for the proposed changes, all of which were intended to make RECC's procedures clearer and more streamlined. Panel Members agreed that the proposed amendments were sensible and should be adopted. They suggested that RECC might consider seeking guidance from CTSI on the optimum balance of power between the Executive, the independent Panels and the Board. The Executive confirmed that it would inform CTSI of all the proposed changes in the Bye-Laws and that it would update members by email and in the newsletter.

Panel Members noted that, should the proposed amendments be agreed, going forward RECC would be able to grant temporary membership to applicants, without having to refer the case to the Applications Panel. The Executive explained that this approach was preferable to a probationary period which was open-ended and ambiguous. The Executive agreed to provide Panel Members with statistics on the number of temporary memberships assigned.

Panel Members also noted that the Executive intended to charge members an administrative fee of £500 at the time a complaint was allocated to a dispute resolution case handler. Panel Members enquired about the percentage of complaints resolved before allocation. The Executive responded that, on average, about 20% of complaints registered were resolved before they were allocated to a dispute resolution caseworker.

Panel Members asked whether the Executive would have any discretion in extreme cases where an administration fee might not be appropriate, and whether dispute resolution caseworkers managed consumers' expectations where they were claiming very high sums in compensation. The Executive explained that dispute resolution caseworkers, as a matter of course, explained clearly to consumers that any compensation sought must be reasonable and should reflect any loss suffered, based on the contract. Where a dispute resolution caseworker considered that a member had put forward a reasonable offer to resolve a complaint, they would advise the consumer to accept the offer.

## **7. Update on shows, conferences and exhibitions**

The Executive explained that RECC would be attending three shows in the autumn:

- 6-8 October 2015 – Energy 2015, part of Construction Week – NEC, Birmingham
- 7-8 October 2015 – Nextgen – NAEC, Stoneleigh
- 13-15 October 2015 – Solar Energy 2015 – NEC, Birmingham

The Chairman agreed to attend one of the shows. It was agreed that Solar Energy 2015 would be the best one to attend since RECC would have its own stand there.

#### **8. Update on multiple codes in the small-scale renewable sector**

The Executive explained that Home Insulation and Energy Systems Contractors Scheme (HIES) had obtained Stage Two (final) CTSI approval in July, and that the Glass and Glazing Federation (GGF) had obtained Stage 1 CTSI approval. The Executive reported that it was currently negotiating a Confidentiality Agreement with HIES on the basis of which information could be shared in line with the requirements of the Memorandum of Understanding (MoU). The MoU would effectively block half the 71 members from migrating to HIES since they either had open complaints against them or were in the disciplinary procedure, or both.

Panel Members enquired what impact the approval of other Codes would have within the sector. The Executive reported that there would be a better idea around the time of renewals. Panel Members noted that the MCS installer updates would in future indicate which approved Code an installer was with. Panel Members asked to be kept up-to-date with developments.

#### **9. A.O.B. and date of next meeting**

There being no further business, the Chair declared the meeting closed and confirmed that the date of the next meeting of the Supervisory Panel would be held on 2 December 2015.