Minutes of the 39th Meeting of the Supervisory Panel
Renewable Energy Consumer Code
16 March 2016

Present:
David Laird – Chairman
Walter Carlton - Deloitte
Amanda Clarke - Certsure
Zoe Guijarro – Citizens Advice
Steve Lisseter – Independent expert
Philip Wolfe – Independent expert

Neel Naik – DECC (observer)
Anna O'Connor – Ofgem (observer)

Apologies:
Bryn Aldridge – Independent expert
Gretel Jones – independent expert
Mike Landy - STA
Brenden Murphy – MCS Administrator
David Snowden - SEA
Jim Thornycroft - Independent expert

In attendance:
Mark Cutler
Virginia Graham
Rebecca Robbins (part)
Abena Simpey (minutes)

1. Welcome, introduction and apologies

The Chairman welcomed attendees to the 39th Supervisory Panel Meeting and noted apologies for absence received. He asked Panel Members present to introduce themselves and declare any conflicts of interest.

2. Minutes of last meeting

Panel Members agreed the Minutes of the 38th Supervisory Panel Meeting as being an accurate record of the meeting. The Executive agreed that the dates of the next meetings would be circulated to members with the minutes.

3. Matters arising

The Executive confirmed that all actions listed in the Summary of Actions from the previous meeting had been completed, and would be reported on in detail during the relevant part of the agenda.

4. Highlight Report

The Executive presented the Highlight Report, together with the additional note on complaints which Panel Members had requested at the previous meeting.

Membership

The Panel enquired about the impact that the recent changes to the Feed-in Tariff (FiT) had had on membership renewals and the REAL budget for 2016.

The Executive reported that, as at 16 March 2016, some 50% of RECC members had renewed their membership for 2016. However, it was expected that further members would renew once it became clear that they risked losing their MCS Certification. The Executive agreed to provide Panel members with a final update once the renewal process had been completed.

The Panel queried the number of members who had joined HIES, now also a CTSI-approved Code. The Executive reported that currently around 50 members had joined HIES, though some of these had remained with RECC as well and were with HIES for insurance purposes only. HIES tended to favour the businesses registering high numbers of installations, which tended to be those who sell in the home.

The Executive explained that the 2016 Budget adopted by the Board had been based on a scenario in which 50% of RECC members renewed their membership for 2016. The Budget reflected a reduced level of expenditure, in line with the reduced level of income. The Executive explained that more work would be carried out in-house and that reliance on external staff would be reduced where possible. Further, while dispute resolution and audits had always been significant areas of expenditure, these were expected to be reduced in line with the lower number of members.

The Executive explained that another significant area of expenditure was legal advice, but that this too was expected to reduce in line with the lower number of members. In addition, the fact that there were now additional CTSI-approved Codes could reduce the legal impact of the range of independent Panels' sanctions.

Audits

The Executive reported that the 2015 audit round had been completed successfully. Figures in the Highlight Report showed the breakdown between members who had: passed at the first attempt; passed following some relatively minor modifications to their processes and documents; been referred to the disciplinary process; had signed a Consent Order; or, in a few cases, had been referred directly to the Non-Compliance Panel. The Executive explained that the successful completion of the round was the result of providing tighter follow-up deadlines as part of the more streamlined and comprehensive monitoring process.

Panel Members noted that audits remained a key element in RECC's strategy for managing members' compliance. They asked whether the threat of referral to the Compliance Team had been an incentive on members to reach compliance quickly. The Executive reported that an improvement had been noted as a result of the new procedures, that more of the audit follow-up work was being carried out in-house, and that the use of desk-based audits had been increased as part of the new monitoring strategy.

Panel Members asked for more details about the disciplinary process. The Executive explained that members in the disciplinary process were formally notified that they were now in the disciplinary process, were informed of any outstanding issues and of the direct action required to resolve them. Members were invited to respond with a tight timeframe, and the majority did so promptly. If they did not, a period of enhanced monitoring could be imposed in which the Executive would review all the evidence of the member's compliance including from complaints, feedback and monitoring. On the basis of this the Executive would make a decision as to whether to refer the member to the Non-Compliance Panel.

The Executive reported that there were currently 40 members in the disciplinary process. In line with the Memorandum of Understanding, agreed with other approved Code administrators, these members would be prevented from resigning from RECC and joining another approved Code until the issues had been resolved. Panel Members asked for an update on the disciplinary process in each edition of the Highlight Report.

Mystery shopping

The Executive explained that mystery shopping continued to be a useful and inexpensive means of obtaining direct evidence about members' selling activities in cases where complaints or other intelligence suggested that there might be non-compliance.

Consumer satisfaction survey

The Executive explained that consumer satisfaction questionnaires could now be completed online from a page on the RECC website. This was in addition to those questionnaires distributed in hard copy by QANW. To date the online response rate had picked up, with feedback generally positive, as set out in the Highlight Report. This was in line with the research into solar PV published by Citizens Advice in 2015. The Executive noted that consumers with a finance agreement might be less likely to complete a questionnaire since they were already required to provide feedback to the finance provider following the installation. This would account for the low response rate from consumers on finance in the feedback received.

The Panel asked about the way in which consumers were informed about the complaints procedure. The Executive explained that it was a requirement of the ADR Directive that members inform consumers about the complaints procedure. The information is normally printed on the paperwork provided and would be checked by auditors.

Independent Panels activity

The Executive reported that the Applications Panel had met a few times during the first three months of the year and that a number of cases were in preparation for the Non-Compliance Panel. These had been on hold until the relevant companies had renewed their RECC membership for 2016.

The Executive confirmed that Rules for the Applications, Non-Compliance and Appeals Panels were all clearly drafted and reflected in the Bye-Laws. Panel Members were all independent and experienced. The other CTSI-approved Codes had agreed to use the Panels and so the Executive was taking steps to agree a joint Protocol to govern the appointment, review and remuneration of the Panels on a *pro rata* basis, to issue joint letters of appointment and to reflect these arrangements in the Bye-Laws.

Dispute resolution

The Executive noted that Panel Members had at the previous meeting requested that the disputes registered be tracked in order to show that the total number correlated with the total number of disputes resolved, or otherwise closed, albeit with a time lag. Panel Members had been concerned that there appeared to be a growing number of disputes being registered without clear evidence how they were all later closed. The Executive outlined the additional report which had been tabled providing as clear a picture of the process as possible in relation to disputes closed between 1 December 2015 and 29 February 2016.

The Executive explained that there was a mandatory, discrete drop-down list on the database showing the status of every dispute at any time, and that it was simply not possible for a dispute to disappear off the radar once it had been registered. It would always appear in the total. However, the Executive explained that, following registration of a dispute, its status could change at any point from ‘potential’ or ‘feedback’, to ‘ongoing’ or ‘referred onwards to a certification body for investigation’; and then back again to ‘ongoing’ (once a certification body’s investigation had concluded, for example). The Executive invited Panel Members to visit the Dispute Resolution Team for a demonstration of how the database works. In this way Panel Members would be able to reassure themselves that every dispute was accounted for at all times.

The Executive agreed to provide the Supervisory Panel with accurate figures for the number of disputes classified as ‘ongoing’ and ‘closed’ on the day of each Supervisory Panel Meeting. This would, it was hoped, give them some comfort as to the trajectory of the total number of ‘ongoing’ and ‘closed’ disputes over time. As at 16 March 2016 the Executive confirmed that there were 133 ‘ongoing’ disputes registered on the database, down from 200 on 31 January 2016. The decrease was accounted for by the failure of some of the members concerned to renew their RECC membership. The Executive further confirmed that, as at 16 March 2016, there were 2,003 'closed' disputes registered on the database.

Panel Members asked what happened in the case of the 26% of disputes 'closed' as a result of the member concerned ceasing to trade. The Executive explained it kept a very close eye at all times on the credit rating of all members. If the credit rating appeared to be deteriorating, consumers were immediately offered the option of applying for arbitration. If a member had not renewed its RECC membership, but the business continued to trade, consumers were directed to their local Trading Standards Department or to Citizens Advice for assistance. Where the business had actually ceased to trade, consumers were directed to their insurance-backed warranty provider, their finance provider or other relevant body.

Panel Members stated that the aggregated information provided on arbitration awards was very useful. It demonstrated that consumers were by and large obtaining positive outcomes at arbitration. The largest individual award to date had been £25,000, the maximum permitted. The total amount awarded to consumers during 2015 had been £350,000. If the member failed to comply with the arbitration award within the time limit, the Executive explained that they provided the consumer with information about how they could enforce it. Panel Members noted that the Dispute Resolution Team often received positive feedback from consumers and suggested that examples of this be included in the Annual Report.

Panel members enquired about the assistance provided to consumers who might find filling out the arbitration application form difficult. The Executive explained that the Dispute Resolution Team provided as much assistance and guidance as they could, and advised consumers to seek additional help from a relative or friend, or from a third party such as their local Citizens Advice Bureau.

5. Update on Feed-in Tariff and Renewable Heat Incentive Schemes

The Executive reported that it had prepared guidance for consumers and installers on the changes to the Feed-In Tariff (FIT) scheme, and hosted a webinar for members, also attended by representatives from DECC, MCS and Ofgem who all assisted in responding to questions. MCS and Ofgem had also published guidance for consumers.

The Executive reported that installed capacity for solar PV < 10 kW would not reach the deployment cap during the first quarter (8 February to 31 March 2016). Mike Landy (STA) had provided a written update for Panel Members on the changes to the FIT scheme. The key points were:

- since the new tariffs were introduced on 8 February 2016, the average weekly rate for domestic PV had been 1.84MW/week compared to 10.5MW/week in February 2015, a reduction of 82% in the amount of deployed capacity; and
- an announcement of the outcome of the VAT consultation was expected in the upcoming Budget, in particular a decision on whether to increase VAT from 5% to 20% for solar PV, wind and hydro starting from 1st August 2016.

The Executive reported that DECC had recently issued a consultation on refocusing and reforming the non-domestic and domestic Renewable Heat Incentive (RHI). The closing date was 27 April 2016. For the domestic RHI DECC was proposing to remove solar thermal and to rebalance the tariff levels so that heat pumps attracted a higher tariff while biomass attracted a lower level, albeit within proposed new Heat Demand Caps to limit payment to any one consumer . Further, DECC was proposing to permit the assignment of RHI payments, opening the sector up to third party financing models, and to permit shared ownership of ground source loops. The Executive agreed to provide a copy of its response to Panel Members.

6. Update on RECC projects on battery storage and performance estimates

The Executive provided details of two projects it was currently engaged with, one on battery storage and solar PV and the other on the provision of performance information to consumers purchasing heat technologies.

Battery storage and solar PV

The Executive had been working to provide guidance for consumers and installers on battery storage for solar PV, starting to be sold now, either as a package with new solar PV, or as a retro-fit add-on. This was partly as a result of the reduction in the Feed-In Tariff. The Executive explained that detailed guidance was available for both installers and consumers in a new dedicated section on the RECC website: https://www.recc.org.uk/storage.

The Executive explained that, in the right circumstances, consumers could store the electricity they generated at home using battery storage technology. However, this solution was not economically viable for all consumers at the present time, and so it was essential that they were provided with correct information before they were expected to make a buying decision. The guidance had been widely circulated to other bodies and the Executive hoped that the installer guidance would be adopted in the absence of a more formal installer standard.

Panel Members noted that the consumer guidance was very useful, especially the questions and answers section. They congratulated the Executive on making a timely and effective start on this project.

Performance estimates for heat technologies

The Executive reported that it had analysed auditors' reports into members' performance estimates for heat technologies during 2013, 2014 and 2015. The analysis showed that members were failing to provide consumers with adequate information about complex technologies in advance of their being expected to make far-reaching buying decisions. The results of this analysis supplemented research carried out by UCL for DECC on the performance of heat technologies *in situ* compared with the expected performance. The data came from the Renewable Heat Premium Payments (RHPP) field trials and the report had recently been published.

The Executive explained that it was essential for adequate and accurate information to be provided to consumers before the contract was signed. The Consumer Rights Act 2015 gave consumers increased rights vis-à-vis inaccurate pre-contractual information which now included verbal assurances which could be considered as implied terms of the contract. The Executive was working on an integrated paper looking across all three heat technologies. This would be taken back to the MCS Working Groups and the CB Forum, and provided to DECC with RECC's response to the RHI consultation.

7. Update on shows, conferences and exhibitions

The Executive reported that RECC had attended Ecobuild at the Excel Centre in London the previous week, sharing a stand with the REA. There had been great interest in battery storage and in heat pumps in line with DECC's proposals to increase the RHI tariff rate. RECC would also take part in some solar road shows, All Energy in Glasgow and Installer 2016 in the Ricoh Centre in Coventry.

8. Update on multiple approved codes in the sector

The Executive reported that there were discussions ongoing between CTSI, DECC, RECC and HIES aimed at ensuring the Memorandum of Understanding between approved Codes in the sector operated as had been intended. To this end both RECC and HIES had been invited to submit evidence to the Consumer Codes Approval Board meeting in February. The Executive had made a number of concrete suggestions as to how the situation could be improved. The outcome of the Board Meeting would be known shortly. In the meantime CTSI had approved a further Code in the sector, the Glass and Glazing Federation (GGF). The Executive reported that it had a good working relationship with GGF and that its recent approval was expected to improve the operation of the MoU between all three approved Codes.

Panel Members asked whether GGF would be targeting specific RECC members and raised concern about increased consumer detriment within the sector. The Executive explained that GGF had some 4 or 5 large glazing members who also installed solar PV. These members wanted to be able to join a combined Code for glazing and solar PV which is what had driven GGF's application for approval. GGF was not expected to recruit further members at the present time. GGF understood the importance of maintaining high standards within the sector.

9. AOB and date of next meeting

The Executive reported that:

- they had been participating in the Bonfield Review (now known as the Every Home Matters Review), aiming to ensure that there were high consumer protection standards across the renewable energy, insulation, energy efficiency and smart meter sectors;
- the Annual Report would be completed within the following month, undertaking to circulate a draft to all Panel Members in advance of going to print; and

- proposed updates to the Code would be provided to the next Panel Meeting for comment and approval.

The next Supervisory Panel Meetings had been scheduled for 8 June, 14 September and 14 December 2016.