

**Minutes of the 60th Meeting of the Supervisory Panel
Renewable Energy Consumer Code
Wednesday, 16 June 2021**

Present

(Meeting held on the Microsoft Teams Meeting platform)

- Steve Lisseter - Chairman
- Bryn Aldridge - Independent Trading Standards Expert
- Chris Avgherinos – Domestic RHI, BEIS
- Walter Carlton - Deloitte
- Atif Iqbal - Certsure
- Chris Jackson – Environmental Programmes, Ofgem
- Gretel Jones – Independent Consumer Expert
- David Laird - Independent Energy and Consumer Codes Expert
- Katie Mitchell – MCS (standing in for Sarah Howard)

In attendance

- Virginia Graham – RECC
- Colin Meek – RECC (part)
- Aida Razgunaitė - RECC
- Rebecca Robbins – RECC
- Abena Simpey – RECC (part)
- Caroline Thompson – RECC (part)

Apologies

- Kevin McCann – Solar Energy UK
- Zoe Guijarro – Citizens Advice

1. Introduction and apologies

The Chairman welcomed attendees to the 60th Supervisory Panel Meeting. He noted that two apologies had been received, and that the meeting was being held online for the sixth successive time.

2. Minutes of last meeting

The Chairman pointed out that there were two Section 8s in the Minutes of the 59th Supervisory Panel Meeting and asked for the numbering to be amended. That aside, Members agreed the Minutes of the 59th Supervisory Panel Meeting as being an accurate record of the meeting and agreed that, once amended, they could be made available on the RECC website.

3. Matters Arising

The Executive went through the actions in the summary and explained their status. Virginia explained that the Executive was considering ways to highlight good practice among RECC Members, and that the 2020 Annual Report would shortly be published. She pointed out that Colin Meek would present the findings from his more detailed research into in situ heat pump performance and that Caroline Thompson would explain the due diligence process for new RECC applicants later in the agenda.

Virginia explained that a further paper on the effects of Brexit on the small-scale renewable generating sector would be prepared for a future meeting. Rebecca summarised progress made with working jointly with other CTSI-approved consumer codes and with work to redraft the joint Memorandum of Understanding. She also summarised progress with the work she was involved in with the Green Finance Institute designed to promote understanding of the lending environment in the sector. She explained that a 'Lenders' Handbook' would shortly be made available to this end.

Virginia reported that the closure of the Green Homes Grant Scheme (able-to-pay sector) had not impacted on the number of membership applications RECC was receiving. Work was ongoing on the project on flexible energy and would be set out in a paper at a future meeting. Finally, she confirmed that the Heat and Buildings Strategy had not yet been published but that she would notify Panel Members as soon as it was.

4. Highlight Report

Aida Razgunaite provided an update on the RECC renewal process. She explained that renewal letters with invoices had been sent to 835 heat generating members, of which 810 had renewed (97%), while membership renewal agreements had been sent to 527 electricity generating members, of which 524 had renewed (99%). Further members had renewal dates on a rolling basis throughout the year. Panel Members congratulated her on RECC's best-ever membership renewal campaign.

Aida further reported that RECC had received a net increase of 195 new RECC Members in the period, compared with 66 in the previous period. The strong demand for RECC membership was continuing unabated and was being driven by confidence in future financial incentives for renewable heating, such as the Clean Heat Grants. She explained that the closure of the Green Homes Grant did not appear to have affected the rate of applications. Panel Members thanked Aida for her update.

Virginia reported that managing this volume of applications had put the team under enormous strain. She explained that some staff members had been seconded to the membership team while MCS had provided some valuable assistance at no cost to RECC. In all, including external auditors, there had been 18 people processing applications during the period. She noted that Caroline Thompson would shortly outline the due diligence process that applications are subjected to.

Rebecca Robbins provided an overview of the monitoring and enforcement work RECC had carried out during the period. She explained that the team had carried out 36 compliance checks, had allocated 12 new desk-based audits, was making good progress with closing ongoing desk-based audits

and had invoked compliance action against one member. She explained that RECC was now managing to monitor a more significant number of members on a regular basis and that we were able to take more decisive action without automatic reference to the independent panels.

Virginia reported, on behalf of Abena Simpey, that RECC had received 63 complaints during the period, 26 of which fell within RECC's remit. Of the total, 22 were about solar PV, 22 about air source heat pumps, 4 about biomass boilers, 3 about ground-source heat pumps, 7 about solar thermal systems, 2 about battery storage systems and 6 about other 'add on' items such as voltage optimisers and i-boost systems. She reported that 9 complaints had been resolved during the period while 6 arbitration awards had been issued. Consumers had recovered a total of £14,896 which was more than double the figure (£6,971) from the previous period and had secured 3 non-financial resolutions.

Panel Members thanked Rebecca, Aida and Virginia for their overviews. They said they had found the information helpful and particularly appreciated the summary section at the start of the Highlight Report.

5. Due diligence process for applicants for RECC Membership

Caroline Thompson, RECC Membership Manager, gave a presentation to Panel Members. She explained the checks that her team members carry out on each RECC application they receive. As reported earlier, RECC is currently receiving three times the number of applications it usually does. In order to process this volume of applications the process has been streamlined and simplified, without sacrificing any of the rigour. Team members considered these as welcome improvements to the process.

Caroline explained that each application was allocated to a team member or an independent auditor once the application fee had been paid, all essential documents had been uploaded and some preliminary checks had been carried out. Once allocated, the process was split into two stages.

Caroline explained that the first stage of the process consisted of checking the veracity of a number of important declarations Directors were required to make. These concerned the trading history of the company, any linked companies and the Directors. Caroline demonstrated how these checks are carried out and listed the different individual sources that must be consulted (including but by no means limited to Companies House, FCA, ASA, Creditsafe, other CTSI-approved Codes).

Caroline explained that the second stage of the process, which would only be carried out if the applicant had satisfied all the checks carried out in the first stage (above), consisted of checking the applicant's ability to comply with all aspects of the Code. She demonstrated how the checks were carried out. She explained that, in order to assist applicants, RECC had a suite of model documents and guidance. These were available to applicants who did not have their own materials. RECC also had a detailed training resource which applicants were free to use to ensure that their consumer-facing staff were familiar with consumer protection legislation in force.

Caroline concluded by explaining that, once both stages had been completed satisfactorily, the Executive would accept the applicant as a RECC Member. In some cases, membership could be granted on a conditional basis. In such cases, applicants would have to demonstrate that they had met the conditions imposed before permanent membership could be granted.

Panel Members thanked Caroline for her very informative and interesting presentation. They said they were impressed by the thoroughness of the system.

6. Analysis of heat pump data

Colin Meek presented a summary of his analysis of the data showing the in situ performance of heat pumps. This analysis supplemented his preliminary analysis which had been carried out on a smaller sub-sample of the data set of 2,200 installations. He explained that this, more detailed, analysis had been carried out on a larger sub-sample of the data set of 2,200 installations (598 in all, once the data had been cleaned and checked).

In his analysis Colin compared the actual SPF results with the installer forecast efficiencies that were included in the dataset. He offered to make the full report available to Panel Members if they contacted him to request it.

Colin explained that the findings from the more detailed analysis were largely in line with his preliminary findings. Further, he confirmed that the findings were also broadly consistent with earlier studies, such as the RHPP study¹, for example.

Colin explained that the average in situ seasonal performance factor (SPF) in the sample he analysed was 2.6 as compared with the average forecast coefficient of performance (SCOP) in the sample which was 3.3. He explained that the results were better for ground-source heat pumps than for air-source heat pumps. However, it was notable that, out of the 510 air-source heat pumps in the sample, 145 (28%) had SPFs below 2.5 and 33 of those had SPFs below 2.0. Out of the 88 ground-source heat pumps in the sample, 13 (15%) had SPFs below 2.5. An SPF of 2.5 is the minimum that can meet the definition of a renewable heating system.

Colin reported that, in 85% of the installations in the sample he analysed, the actual calculated performance fell short of the installer's forecast. Furthermore, there was no statistical correlation between the installer's forecasts and the actual efficiencies obtained in situ. The installers who provided the most optimistic estimates were almost never found to have been correct. He explained that there was a much better methodology for predicting heat pump performance available (known as DAHPSE²) and he hoped that steps would be taken to adopt this methodology in advance of Government's planned mass rollout of heat pumps.

¹ Renewable Heat Premium Payment Scheme: <https://www.gov.uk/government/publications/detailed-analysis-of-data-from-heat-pumps-installed-via-the-renewable-heat-premium-payment-scheme-rhpp>

² Domestic Annual Heat Pump System Efficiency.

Panel Members thanked Colin for his very useful update. In view of the lateness of the hour, the BEIS and Ofgem representatives asked to arrange a bilateral discussion with Colin to further their understanding of the analysis. Panel Members asked that they be involved in taking forward the campaign to remove the requirement for SCOP to be used in performance estimates so that consumers' pre-contractual information was more transparent. There was some discussion as to what form such a campaign might take. Panel Members were then invited to send any further questions and comments for Colin to the Executive for collation. Virginia agreed to provide more details of next steps for this project at the next Supervisory Panel Meeting.

7. Arrangements for return to work from the office

The Chairman decided that this item should be held over to the following meeting in view of the pause on the full unlocking of COVID-19 restrictions.

8. AOB and next meetings

Virginia Graham confirmed that the future 2021 Supervisory Panel Meetings would take place on **Wednesday, 15 September and Wednesday, 15 December, both at 2.00 p.m.**

The Chairman confirmed that the next meeting would be online. Further information about the subsequent ones would be provided later, in line with Government guidelines. There being no further business, he thanked Panel Members for their attendance and closed the Meeting.