

**Minutes of the 59th Meeting of the Supervisory Panel
Renewable Energy Consumer Code
Wednesday, 17 March 2021**

Present

(Meeting held on the Microsoft Teams Meeting platform)

- Steve Lisseter - Chairman
- Bryn Aldridge - Independent Trading Standards Expert
- Chris Avgherinos – Domestic RHI, BEIS (part)
- Walter Carlton - Deloitte
- Atif Iqbal - Certsure
- Chris Jackson – Environmental Programmes, Ofgem
- Gretel Jones – Independent Consumer Expert
- David Laird - Independent Energy and Consumer Codes Expert
- Tim Vass – MCS (part)

In attendance

- Virginia Graham - RECC
- Aida Razganaite - RECC
- Rebecca Robbins – RECC
- Abena Simpey – RECC (part)

Apologies

- Sarah Howard - MCS
- Kevin McCann – Solar Energy UK
- Zoe Guijarro – Citizens Advice

1. Introduction and apologies

The Chairman welcomed attendees to the 59th Supervisory Panel Meeting. He noted the three apologies received. He noted that the meeting was being held online for the fifth successive time.

2. Minutes of last meeting

The Members agreed the Minutes of the 58th Supervisory Panel Meeting as being an accurate record of the meeting and agreed that 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 be a good opportunity to do this. She explained that she would provide a verbal update on the analysis of heat pump performance carried out by Colin Meek and on the likely effects of Brexit on the small-scale renewable generator sector.

Virginia explained that the most recent edition of the RECC Newsletter contained summaries of the recently-published Energy White Paper, the Sixth Carbon Budget and Boris Johnson's 10-Point Plan, but that the Buildings and Heating White Paper had not yet been published. She explained that Rebecca would provide the Panel with verbal updates on the joint Codes meetings and on progress with the Green Finance Institute.

Virginia reported that, once the renewal process was complete, the Executive would be sending Members an email outlining how the results of the survey had been implemented. She reported that the latest edition of the RECC Newsletter for the first time contained a one-page summary of RECC's compliance and monitoring work. She asked Panel Members for their feedback on this. Finally, she explained that there would be an update on flexible energy and demand-side response offers to domestic consumers at the next meeting.

4. Verbal updates

In-situ performance of heat pumps

In line with the matters arising Virginia provided a verbal update on Colin Meek's analysis of the *in-situ* performance of heat pumps. She explained that Colin had carried out further analysis on a larger sample of just under 600 installations each of which had a full year of reliable data. This analysis allowed a comparison to be made between the performance of installations before and after the MIS 3005 standard was changed in 2017 and between the actual efficiencies (SPFs) and the installer forecast efficiencies.

Virginia reported that one quarter of the sample, and 28% of ASHPs, were found to have a Seasonal Performance Factor below 2.5 (which is the minimum contained within the definition of what constitutes 'renewable'). Across the entire sample, the average forecast performance was found to be 3.31 and the average actual performance was found to be 2.76, with no statistical correlation between the two. The analysis found no discernible improvement in performance *after* the UK standard for heat pump installation was updated in 2017. Overall, these results of the analysis raise significant questions about the installation, design and execution of heat pumps, and about the methodology used to provide consumer performance estimates.

Multiple codes in the sector

Rebecca provided a verbal update on progress with meetings held about how best to manage multiple codes in the sector and how to minimise any impact on consumer protection. She explained that a series of meetings had been held with HIES and CTSI. They had centred on the reasons installers might wish to be a member of more than one Code simultaneously and on whether Memorandum of Understanding needed updating. She explained that good progress was being made but that her counterpart at HIES was due to leave at the end of March. She agreed to provide the Panel with a report on the group's conclusions at the next meeting.

Rebecca went on to provide a verbal update on progress with meeting held with the Green Finance Institute, MCS and Solar Energy UK designed to set ground rules for lenders interested in participating in the small-scale renewable energy sector. She reported that the group had made very good

progress. There was now a much better understanding on each body's role in ensuring compliance and high standards within the sector. On that basis, the group intended to develop a manual for lenders. She agreed to provide the Panel with a report on the outputs from the group at the next meeting.

Panel Members thanked Virginia and Rebecca on the useful updates and looked forward to further updates at the next Meeting.

5. DRHI Closure

Chris Avgherinos, on behalf of BEIS, provided an overview of the Government's consultation setting out proposals for closing the Domestic Renewable Heat Incentive (DRHI) on 31 March 2022. He reminded Panel Members that the scheme had originally been due to close on 31 March 2021 but had been extended by a year. He explained that accreditation for new generators would therefore close on 31 March 2022, but that the scheme would continue to run for existing generators. He went on to outline a series of administrative changes that BEIS was proposing which would improve the running of the DRHI for the remainder of its life and to prevent fraud.

Chris was keen to emphasise that BEIS was keen to understand the potential for consumer detriment in closing the scheme and was generally committed to ensuring high standards of consumer protection in all the schemes it established. He therefore stressed the need for interested parties to provide their views to BEIS and to respond to the consultation. He also explained that BEIS was planning to host a workshop specifically on consumer protection. He explained that the deadline for submitting responses was 7 May and urged Panel Members to respond.

Panel Members thanked Chris very much for his informative overview. They asked what arrangements were in place for a successor scheme to take the place of the DRHI on 1 April 2022. Chris replied that the intention remained to introduce the Clean Heat Grants to follow the DRHI, although this had not yet been confirmed. He expected the Government's Heat and Buildings Strategy to be published in May following the *purdah* period preceding elections in Scotland and some parts of England and Wales. Panel Members asked that the Executive's draft response to the consultation be shared with them by email before being submitted.

6. Green Homes Grant scheme

Tim Vass, on behalf of MCS Service Company, provided the Panel with an update on a survey of installers eligible to take part in the Government's Green Homes Grant scheme (GHG), carried out jointly by MCS, RECC, HIES and Solar Energy UK.

Nearly three-quarters (73%) of survey responders stated that they had completed work under the GHG. The remaining installers identified concerns with the operation of the scheme as their main reason for not having participated. Of this latter group, 71% stated that they were waiting to see if improvements could be made to the turnaround of payments before reconsidering their involvement. Of those installers already working with the scheme, a large majority (76%) said they

were 'concerned about the time it took to receive voucher payments'. Worryingly, over a third of responders stated that delays to scheme payments were now threatening the viability of their businesses. Due to COVID-19 many businesses were more reliant than ever on their cashflows.

The voucher scheme was set up to stimulate green jobs. Over half (51%) of installers stated that they had hired new people, given an expectation that the scheme would generate a significant volume of new enquiries. However, a third (34%) said they were unlikely to retain these new staff unless significant improvements were made to the operation of the scheme, including the flow of payments. A further 17% of installers stated that they had already let their recent hires go.

Tim further explained that, though the GHG had been extended to 31 March 2022, the amount of funding associated with it had been dramatically cut. For this reason, it was not clear how much additional business installers would be likely to see. He reported that the GHG scheme administrators had to date received 90,000 applications, as a result of which 135,000 vouchers had been applied for, 34,000 of which had been issued and of which 4,200 (just 12%) had been redeemed.

Panel Members thanked Tim for his presentation. They voiced disappointment that the scheme, which had been set up with very good intentions, had been rushed in and appeared to be suffering from very poor administration. They expressed their hope that lessons learned from this scheme would be taken on board in the design of future schemes. Considering that Green Deal had also failed, albeit for different reasons, they considered that Government did not have a good track record with setting up insulation schemes aimed at the able-to-pay market.

Panel Members thanked Tim for his presentation and asked to be kept updated with developments.

7. Highlight Report

Aida Razgunaite reported that, during the preceding period, RECC had had a net increase of 66 new Code Members, compared with 87 in the previous period. She explained that the continuing strong demand for RECC membership was being driven by the ongoing GHG and the extension of both it and the DRHI to 31 March 2022. Panel Members suggested that the total number of applications received in the period be included in the Highlight Report going forward.

Aida explained that the Executive had been extremely busy with membership renewals during the preceding period. Renewal letters with invoices had been sent to heat generating members of which 85% had already renewed, while membership renewal agreements had been sent to electricity generating members of which 96% had already renewed. The balance of members had renewal dates on a rolling basis throughout the year.

Rebecca Robbins reported that the Executive had carried out 33 compliance checks during the preceding period, down by 16 from the previous period. Of these she explained that 10 had resulted from complaints received, 16 had been triggered by the provisions of insurance-backed warranties, 6 had been referred by MCS and 1 had marked the end of a Period of Enhanced Monitoring.

Rebecca reported that the Executive had allocated 5 desk-based audits during the preceding period. The 12 audits allocated in the previous period had been closed of which: 9 members had reached full compliance, 2 were now subject to non-compliance actions and 1 had had its membership lapsed. During the period, the Executive had invoked compliance action against 1 member, down from 4 in the previous quarter.

Virginia, on behalf of Abena Simpey, reported that the Executive had received 88 complaints during the preceding period (21 had been for RECC), up from 80 in the previous period (31 of these had been for RECC). By way of context, she confirmed that 10,056 domestic installations had been registered by RECC Members on the MCS Installation Database. Of those complaints received, 46 had been about solar PV, 29 had been about air source heat pumps, 5 were about biomass boilers, 3 had been about ground-source heat pumps, 2 had been about solar thermal systems and 6 had been about battery storage systems.

Virginia explained that, during the period, the Executive had resolved 8 complaints, up from 5 in the previous period: 3 following RECC's initial involvement, 4 by informal mediation and 1 by formal mediation. Four arbitration awards had been published the period, 2 fewer than in the previous period. All claims had succeeded, in which consumers had been awarded a total of of £2,771.

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.

8. Other Government consultations

Virginia explained that, owing to the forthcoming elections, there had been a delay in publishing the Heat and Building Strategy both in England and Wales and in Scotland. She therefore suggested to Panel Members that this item be delayed until the next meeting. Panel Members agreed with her suggestion.

9. Likely impact of Brexit on small-scale renewable generation sector

The Chairman asked for a verbal update on the likely impact of Brexit on the small-scale renewable generation sector. Virginia paid tribute to her colleague Mark Sommerfeld at REA who monitored these issues closely. She explained that issues affecting the small-scale sector included barriers and delays to trade for components, parts and other goods, complications over product safety certification and marking and unclear rules on mutual recognition of skills and on business travel between the UK and EU Member States.

Virginia reported that wider impacts on the energy sector included import/export issues and obstacles to the trading of electricity through inter-connectors which could eventually contribute to increases in consumers' bills. However, she explained that there are also opportunities for the UK. For example, she cited the negotiation of future trade agreements which could allow the UK to insist on high environmental standards at their core; and the incentive for the UK to adopt meaningful policies to implement Net Zero in the run up to the COP-26 Meeting in Glasgow in November.

Panel Members thanked Virginia for her verbal update and asked to receive it in writing following the meeting.

10. AOB and next meetings

Virginia Graham confirmed that the future 2021 Supervisory Panel Meetings would take place on **Wednesday, 16 June, Wednesday, 15 September and Wednesday, 15 December, all 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, according to Government guidelines. There being no further business, he thanked Panel Members for their attendance and closed the Meeting.