

Welcome to the Spring edition of the RECC Newsletter

We are set for an exciting start to the financial year with the launch of the Domestic Renewable Heat Incentive last week. This edition brings you up to date with this and with recent developments at RECC and more widely in the small-

scale renewable sector. Do let me know if you have any suggestions for inclusion in future editions.



Mark Cutler, Editor

RECC signs up to Primary Authority arrangement



Virginia Graham, centre, with the Primary Authority team at Slough Borough Council

RECC has this week finalised a Primary Authority arrangement with Slough Borough Council (SBC). This is a major step forward for RECC members.

SBC will guarantee that our core documentation is compliant with consumer protection legislation and we will be able to seek bespoke advice on individual issues. Members complying with the core documentation will have the comfort of knowing that they are fully compliant. In addition, individual members can elect to be formally affiliated to SBC as part the arrangement.

Primary Authority allows businesses to be involved in their own regulation.

Launched in 2009, Primary Authority is administered by the Better Regulation Delivery Office (BRDO) on behalf of the Secretary of State for Business and Enterprise. It enables businesses to form a statutory partnership with one local authority which then provides robust and reliable advice for other councils to take into account when carrying out inspections or addressing non-compliance.

In the autumn of 2013 Primary Authority was extended and is now open to trade associations. It is now sufficient for a business to share an approach to compliance with similar businesses in other areas whereas previously a business seeking to form a Primary Authority partnership with a local authority had to be regulated by at least two councils.

Primary Authorities provide robust, bespoke advice that must be respected by all local regulators. This enables businesses to invest with confidence in products, practices and procedures, knowing that the resources they devote to compliance are well spent.

The local authority may, for instance, draw up an inspection plan for a business to improve the effectiveness of visits by local regulators, avoid repeated checks, and enable better sharing of information. All local authorities must follow the requirements of a plan unless modifications are agreed in advance and, if the Primary Authority requests it, feedback has to be provided.

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Insolvency Service bans two solar PV company directors

Stephen Rievaulx-Wilson, director of Solar Energy Savings Ltd, and Steven Douglas Newman, director of PV Solar Direct Ltd, have both been banned by the Insolvency Service for running bogus cash back schemes.

Both companies offered their customers a false guarantee that the money they spent on installing solar panels would be paid back in full over a number of years.

Mr Wilson, whose company was wound up in July 2012 owing creditors and shareholders £13,833,694 has been disqualified for 13 years and Mr Newman, whose company went into voluntary liquidation in November 2012 owing £282,897 has been disqualified for 9 years. Both had claimed that their schemes were backed by a non-existent large international finance institution.

Commenting on the disqualifications, Ken Beasley, Official Receiver of the Insolvency Service's Public Interest Unit, said:

"Both men made false claims that misled their customers. Their disqualification demonstrates that the Insolvency Service will use its enforcement powers to remove dishonest and unscrupulous directors from the market place."

During their period of disqualification Mr Wilson and Mr Newman may not act as a director of a limited company and are subject to various other restrictions.

Neither company was ever a member of the Renewable Energy Consumer Code.

Further information is available on the Insolvency Service website:

<http://insolvency.presscentre.com/>



Domestic Renewable Heat Incentive goes live

The Domestic Renewable Heat Incentive, which went live officially last week, covers biomass boilers, air source heat pumps, ground source heat pumps and solar thermal hot water systems. It is the world's first long-term financial support programme designed to encourage householders to install renewable heat systems.

The rates are set at levels which should compensate the median off-gas grid household for the additional costs of the renewable heating system, compared with the fossil fuel equivalent, over the 20 years of the life of the system.

Consumers will receive payments for the first 7 years following installation of a system at the following rates:

ASHP	7.3p/kWh
Biomass	12.2p/kWh
GSHP	18.8p/kWh
Solar thermal	19.2p/kWh

You can find links to the regulations, model documents and various factsheets on our website:

www.recc.org.uk/rhi



PROFILE:

Chair of the Supervisory Panel

The Supervisory Panel, which oversees the Renewable Energy Consumer Code, is chaired by David Laird, an independent energy consultant specialising in self-regulation management, design and development.

David has recently been the Code Manager at Energy UK, the trade association for energy retail and generation and previously held senior roles at npower and Northern Electric energy supply businesses.

David's background is in engineering and he has worked with Rolls Royce IPG and Northern Electric Telecom Ltd as Director and General Manager.

Commenting on his role he said:

"The Supervisory Panel is a key part of the administration of RECC and it meets regularly to oversee the Code and its operation. It



David Laird

brings together many influential individuals from regulatory, consumer and industry groups for a common goal - to reduce consumer detriment and thereby promote the sector. It has been rare in my experience to find such a group share a common vision, particularly from stakeholders with sometimes different and opposing views. It is this aspect of the Supervisory Panel which is its biggest success factor. It makes chairing the meetings most fulfilling."

NEW REGULATOR FOR CONSUMER CREDIT

On 1 April 2014 the Financial Conduct Authority (FCA) took over responsibility for the regulation of consumer credit from the Office of Fair Trading (OFT) which closed on 31 March. Companies now have to apply to the FCA for authorisation to permit them to carry out consumer credit activities.

If you previously held an OFT licence you should have applied before 31 March for interim permission to continue operating consumer credit activities. If you did this, the FCA will contact you in due course about applying

for authorisation. If you did not, then you could be breaking the law if you continue to operate consumer credit activities.

The FCA's authorisation is different from the old OFT consumer credit licence. It sets out threshold conditions and principles for businesses which cover all aspects of providing consumer credit. They have also published final rules on consumer credit and a very helpful guide for consumer credit firms that are new to FCA.

The FCA's fees are based on the level of risk involved. For a limited permission for

credit up to £50,000 they charge £100 and £500 for any credit above that. Fees for full permission depend on the amount and complexity of the credit and range from £600 for straightforward up to £50,000 to £15,000 for complex over £1 million. They also make an annual charge and are consulting about what these rates should be.

You can access the rules, guide and further information here:

www.fca.org.uk/firms/firm-types/consumer-credit

THE RENEWABLES MARKETPLACE BRINGS OPPORTUNITIES TO THE WIDER COMMUNITY

The Renewable Energy Association (REA) set up the Renewables Marketplace in 2013 as a platform for public, private and community groups to make business connections with the renewables industry free of charge. Renewable energy and organics recycling offer a wide range of unique benefits to the broader economy. Organisations can use renewables to reduce their energy costs or develop profitable energy projects. Costly wastes for the manufacturing and service industries can become profitable resources and renewables and recycling are both key for socially responsible groups looking to do their bit for the environment.

The Renewables Marketplace enables organisations to make direct contact with REA member companies to request products and services or look for buyers and business partners. Posters on the site can choose to follow up on the best offer(s) they receive

For instance;

- a community group looking to put solar panels on a public building might use the Marketplace to find an installer.
- a business off the gas grid might use the Marketplace to tender for a renewable heat solution to cut their

IMPORT METERS AFFECTED BY ONSITE GENERATION

The National Measurement Office and Ofgem have issued a joint letter highlighting the problems affecting some electricity meters caused by onsite generation.

Since the introduction of the Feed-in Tariff (FIT) in 2010 many domestic consumers have installed renewable electricity generating equipment such as solar panels. Some older meters are affected by this onsite generation leading to inaccurate meter readings. In some cases, particularly if installed before the 1980s when backstops were introduced, the meter can run backwards as electricity is exported. This means that consumers are underbilled. In other cases, some digital meters have been configured in a way that results in them adding any exported electricity to the imported electricity meter read so that consumers are overbilled.

Some installers are, it seems, telling consumers that a backward-

running meter is an additional benefit of FIT. This is not the case and consumers should continue to be metered and billed for all the electricity they import.

Where problems arise with inaccurate meter readings electricity suppliers are expected to replace the old meter with a new one which is not affected in this way.

Where the FIT licensee and the import electricity supplier are not the same, installers are expected to inform consumers that they are legally required to notify the network operator of any generation that is connected to the distribution network.

A list of potentially affected meters is available from the Association of Meter Operators website:

www.meteroperators.org.uk

energy costs.

- a golf course manager might use the Marketplace to seek out a good offer for compost or biofertiliser.

The Marketplace can be found at: www.r-e-a.net/marketplace

Please note this service is not appropriate for domestic consumers looking to install renewable energy systems in their homes. They should use RECC's installer search tool: www.recc.org.uk/scheme/members

ASA rules on Thermodynamic Boxes claims

The Advertising Standards Authority (ASA) has upheld a complaint about advertising claims made by Magic Thermodynamic Box Ltd.

The company had claimed that the box would "increase the average flow of water passing through a radiator by 70%" and would reduce a consumer's boiler temperature "from an average 75°C – 85°C to 60°C".

The ASA found both claims to be misleading: the company could not show that the box would improve a central heating system by eliminating pump cavitation; nor that more effective performance would result in a comparable amount of heat being delivered from radiators despite reducing the boiler temperature to 60°C. You can find further information here:

www.asa.org.uk/Rulings/Adjudications/2014/3/Magic-Thermodynamic-Box-Ltd/SHP_ADJ_231310.aspx

Failure to insure workmanship warranties common cause of complaints to RECC

A number of the complaints RECC receives relate to members' failure to provide insurance-backed workmanship warranties.

This is a very important requirement of the Code. It aims to ensure that consumers will be protected should a member cease to trade during the period of validity of the warranty and if they have a problem with the way the system has been installed.

Complaints are commonly caused by members who have failed to make any arrangements at all, or by those whose arrangements turn out to be inadequate when a consumer makes a claim. This will result in considerable costs, inconvenience and lost benefits being incurred in rectifying the fault.

Section 8.1 of the Code sets out the requirement for members to have arrangements in place to ensure that guarantees will be honoured in the event of a company ceasing to trade.

You can find Section 8.1 of the Code here:

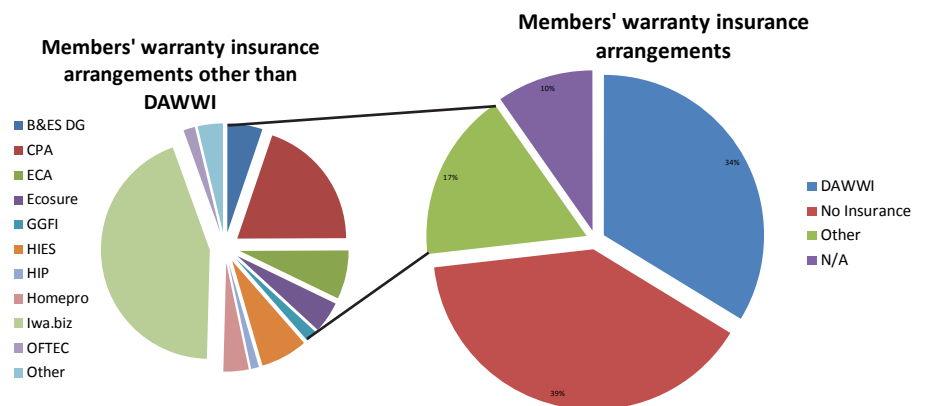
www.recc.org.uk/scheme/consumer-code#tag8.1

As part of a wider exercise RECC recently surveyed the arrangements that members have in place for insuring their workmanship warranties. Thank you to members for responding.

34% of respondents indicated they were using the QANW DAWWI scheme set up for members. 17% had made arrangements through an alternative provider. For 10% protecting the warranty was not applicable as they do not contract with domestic consumers. However, 39% did not have adequate insurance in place.

RECC is in the process of working with those that are not currently compliant with this Code requirement.

RECC is also analysing the policy terms and conditions of the insurance providers that members have told us they use, we aim to identify any significant differences that may affect consumers when making a claim.



RHI ROADSHOW EVENT

HOW CAN THE DOMESTIC RHI BENEFIT MY BUSINESS?

The Renewable Energy Association (REA) is running a roadshow event in Birmingham on 25 June explaining the Domestic Renewable Heat Incentive, how it works, what systems are eligible and business opportunities.

RECC will be discussing how to ensure protection for consumers within the

Domestic RHI. For a full list of speakers, and for further details, please visit:

www.r-e-a.net/events/rhi-roadshow-how-can-the-renewable-heat-incentive-benefit-my-business-birmingham

RECC members are eligible for a discount at this event.

