

Welcome to the Autumn edition of the RECC Newsletter

When we first set about introducing a newsletter for members I thought we might struggle to find enough interesting content. It is now a real challenge to squeeze everything in.

In the last edition we summarised the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013. They have had a far reaching effect on members. In this issue you can read how the Code, model documents and interactive training have been updated, in part, to reflect this legislation.

Further changes to consumer legislation came into force in October with the aim of protecting consumers from unfair, misleading and aggressive sales practices. We bring you up to date with this.

RECC's 2013 Annual Report was published this month. We have pulled out some statistics that I hope you will find interesting and we have shared feedback from TSI's recent audit of RECC.


Mark Cutler, Editor

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FIRST 10,000 DOMESTIC RENEWABLE HEAT INCENTIVE ACCREDITATIONS ANNOUNCED



Norfolk Solar, solar thermal installation

OFGEM has announced that there have been 10,000 Domestic Renewable Heat Incentive accreditations in the first six months since the scheme was introduced in April this year. Over £1 million has already been paid to successful applicants and OFGEM is expecting to pay £120 million to the first 10,000 over the next seven years.

The scheme covers the whole of England, Scotland and Wales but the highest number of accreditations have been in South West England and Scotland, with

1226 and 1487 households per accreditation respectively. The lowest number of accreditations is in London with 18,045 households per accreditation.

The most popular technology is air source heat pumps with 3688 accreditations followed by solar thermal with 2573, biomass with 2200 and ground source heat pumps with 1539. Oil is by far the main fuel being replaced which suggests that many people who are off gas-grid are benefitting from the scheme.

A high proportion of the accreditations are 'legacy' (i.e. those installed between 15/7/09 and 9/4/14) which were given 12 months from the launch date to apply for the DRHI.

The handling of the scheme has received much praise from those who have been successful in their applications and you can read several interesting case histories on the [OFGEM website](http://www.ofgem.gov.uk).

Revisions to the Renewable Energy Consumer Code

The Renewable Energy Consumer Code has recently been updated to bring it into line with the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 which came into force in June this year. This legislation replaces the previous regulations on doorstep and distance selling but goes a lot further than they did.

In certain circumstances consumers now have the right to cancel a contract within 14 days of the date when goods are delivered without incurring any penalty. The revised [Section 6.2](#) of the Code sets out in detail what information Code members should provide to consumers about their right to cancel a contract wherever it is signed, whether it is in the consumer's home or sent by post or e-mail and their entitlement to a refund subject to certain conditions. It also includes model cancellation forms and draft guidance covering matters such as giving consumers

sufficient time to consider before signing a contract and not chasing them for the return of documents. All members should read this new [Section 6.2](#) as you may need to seek legal advice about some of your contracts.

You can access scenario-based guidance about the new regulations in the [members' area of the website here](#).

Other changes to the Code include the requirement for members to comply with the Data Protection Act ([Section 4](#)), revised requirements for the behaviour of sales representatives ([Section 5.2](#)), revised arrangements for third party client account ([Section 6.3](#)), amendments to the MCS installer standard ([Section 7.1](#)), the content of the handover pack ([Section 7.3](#)), revised arrangements for independent conciliation ([Section 9.1](#)) and bringing the Code into line with recent amendments to the Bye-Laws ([Section 9.4](#)).

Model Documents updated

All the RECC [guidance and model documents](#) are also being updated to bring them into line with the new legislation. There is also new guidance to show how the regulations impact on different business models which will be in the form of different scenarios.

Technology-specific guidance and model documents comprising a proposal letter, a performance estimate and a quotation for each of solar PV, solar thermal, heat pumps and biomass boilers are also [available here](#). These are designed to help you understand and comply with the Code and MCS standards which apply to these complex technologies.

NEW INTERACTIVE TRAINING RESOURCE

Practice Session ✓✓✓ ✗ ○ ○ ○ ○ ○ ○ ○ ○

Section: 2.1 Advertising and sales promotion

Question 5 of 11

Apply your knowledge:

The information below was published in a RECC member's advert for an air source heat pump. Which statements below about the advert are true? (You can choose more than one).

The claim that air source heat pumps produce around 4kw of heat for every 1kw of electrical power used is roughly correct.

In adverts, companies can quote the best performance figures for the equipment they sell.

Adverts should not imply that all customers in all circumstances will achieve the best results.

When describing the best possible results from a system the advert should describe the property and the circumstances.

[Confirm Answer](#)

The training resource in the [members' area](#) of the RECC website has now become interactive. The training covers the Code and the consumer protection legislation underpinning it.

Members and their staff can now test themselves when they have completed the training. There are two options – a practice test or, for those who are confident

that they have completely understood the training, an exam. Any feedback on this new interactive capability would be welcomed.

BIOMASS SUPPLIERS LIST NOW LIVE

The Biomass Suppliers List (BSL) is now publicly available. The list provides a simple way for RHI participants to comply with the biomass sustainability criteria due to become mandatory in Spring 2015. You can find more information [here](#) and DECC has issued notes on the RHI sustainability requirements for both the non-domestic and domestic sectors. You can find further information [here](#).

Extra protection for consumers from unfair trading

Changes to the Consumer Protection from Unfair Trading Regulations mean that consumers have extra rights from 1st October 2014.

The regulations protect consumers from unfair or misleading trading practices, misleading omissions and aggressive sales tactics. They apply to most goods and services including doorstep sales and utility contracts but not financial services such as payday loans.

Misleading actions include if a trader has signed up to a code of practice then fails to follow this code. For example, if a garage has signed up to the Motor Industry Code of Practice for Service and Repair then failing to follow it could be seen as a breach of the regulations.

Misleading omissions include being economical with the truth or missing out key information that a consumer would need to have in order to make an informed decision.

Any information provided should also be given at the right time.

Aggressive sales tactics include any practice which significantly affects the consumer's freedom of choice. Examples include failing to take no for an answer or refusing to leave until the contract is signed.

Consumers now have the right to undo any contract they have signed up to within 90 days and receive a full refund. They also have a right to get a discount on the full price. In order to exercise these new rights consumers have to show that a trader's misleading or aggressive sales practice was a significant factor in their decision to enter into the contract. They do not have to show that they suffered any loss or that the trader acted dishonestly or negligently. In some cases consumers may have a right to damages if they can show extra financial loss or that they have suffered distress.

You can find further information and [guidance here](#).



TWO SOLAR PANEL DIRECTORS DISQUALIFIED

Mr Robert Orr Ross, formerly Director of Ultra Energy Global Ltd (Ultra), a solar panel business based in Ayr, has been declared insolvent and disqualified from serving as a director for 10 years from 30 July 2014 to 29 July 2024.

This follows Mr Stephen Rievaulx Wilson, formerly Director of Solar Energy Savings (SES), a solar panel business based in the North West, who has been disqualified from serving as a director for 13 years from 2 December 2013 to 1 December 2026.

Both Ultra and SES were found to have provided false representations to induce consumers to purchase solar panels, offering to pay annual incentive payments over a period of 12 years to supplement the Government's Feed-In Tariff payments. They had no funds to guarantee these payments and nor was there any third party with sufficient funds to guarantee them. Moreover neither company was MCS certified or a member of RECC.

REDUCED RATE VAT ON ENERGY-SAVING MATERIALS

A decision is still awaited from the European Court of Justice on the EU's challenge to the 5% VAT rate on energy saving equipment. In the meantime the reduced rate continues to apply to installations of:

- controls for central heating and hot water systems
- draught stripping • insulation • solar panels • wind turbines • water turbines • ground source heat pumps • air source heat pumps • micro combined heat and power units
- wood-fuelled boilers

However, the interpretation of what constitutes an 'ancillary supply' and what constitutes a 'principal supply' is very important and affects the rate at which VAT is applied. An ancillary supply is a supply of goods or services that are 'a better means of enjoying the principal supply'. Different VAT inspectors could interpret this differently. HMRC has given some examples in its [guidance note 708/6](#).

For example, while installing loft insulation, you may also have to cut a new loft hatch in the ceiling and make good the access to the loft. This would be considered ancillary to the loft insulation and so the reduced VAT rate would apply to all the work. However, if you replace your existing roof with a new, insulated one, the insulation is considered to be a better way of enjoying the new roof and so all the work would be subject to the standard VAT rate.

RECC's 2013 Annual Report published

The RECC has published its [Annual Report for 2013](#) summarising its activities and achievements throughout the year.

Membership declined from a peak of 5,500 in 2012 to 4,500 in 2013. This was the result of continued consolidation and restructuring within the sector as many businesses ceased trading or decided to merge or reposition themselves following the rapid reduction of the Feed-In Tariff (FIT) rates that took effect fully on 1 April 2012.

RECC continued to increase, update and improve the range of services it offers to Code members. During the year it:

- developed a comprehensive online training resource
- started work to set up a Primary Authority Arrangement with Slough Borough Council
- issued a quarterly newsletter with updates on the Code and the wider sector
- set up an independent arbitration service for use by 'micro business' consumers
- started work on a range of technology-specific model performance estimates and consumer proposal letters, with solar PV being the first to be completed.

Most consumers are happy with their installations. Of the 1595 householders who returned consumer satisfaction survey questionnaires directly to RECC 50% rated members 10/10 on the functioning of the system and 53% rated members 10/10 on the way it was sold to them.

Trading Standards Institute praises RECC's performance

The Trading Standards Institute, the body that approves RECC, has recently completed its second audit of our performance. Its conclusions are very positive. They say, for instance, that "vigorous systems are in place to ensure the fitness of businesses to join" and that RECC manages the time-consuming vetting process "competently and efficiently". It noted that "four out of five

complaints are resolved during mediation" and commented that despite all the pressures RECC faces it "remains able to react to new challenges and provide assistance to enforcement bodies upon request".

Areas highlighted as best practice include the exclusion of rogue businesses and directors from membership; the ability to react to serious issues raised by

However, domestic Solar PV installations RECC received 1301 complaints of which one third fell fully within its remit. Of those most have already been resolved and the remaining ones are in the process of being resolved. Of those almost all were resolved by RECC's complaints handlers but 7 were referred to the conciliation service and 18 were referred to the independent arbitration service.

A major source of dissatisfaction among consumers was the uncertainty and confusion that surrounded the reduction in the solar PV tariff rate in 2012. The number of complaints about solar PV installations more than doubled as a proportion of the total domestic solar PV installations from 0.5% in 2012 to 1.1% in 2013.

As part of its compliance monitoring RECC subjected 450 members to close scrutiny by means of a spot-check audit, an in-depth audit site visit or mystery shopping. Some 15 independent auditors carried out 206 full audit visits across the whole of the UK, from Cornwall to the Orkney Islands and Northern Ireland.

RECC spot-checked over a quarter of the 800 applicants who completed self-assessment compliance checks. 17 were referred to the Independent Applications Panel who rejected 11 applicants.

The independent Non-Compliance Panel met 5 times during the year. They considered 9 members and referred 6 to a Panel Hearing. 4 of these were subject to strict conditions and 2 had their membership terminated.

enforcement bodies and new types of malpractice; the constant reviewing of systems for monitoring member compliance; and the introduction of the interactive training facility.

TSI also made a few recommendations for further improving our performance which RECC will be implementing over the coming year. You can access the [audit report here](#).