

Welcome to the Summer edition of the RECC Newsletter

Following the General Election we have seen a number of Government announcements. A FiT review is planned for the summer/autumn, the Biomass RHI tariff was further degressed and the Trading Standards landscape is set to be reviewed. In addition the ECJ ruled that the UK's current 5% VAT rate for energy saving materials is not legal.

In addition, two key pieces of consumer legislation will impact Members from October, namely, the Alternative Dispute Resolution for Consumer Disputes 2015 and the Consumer Rights Act 2015.

Both will affect traders contracting with domestic consumers so please do read these articles carefully.

Citizens Advice has reported high levels of consumer satisfaction in the domestic PV market and the REA has issued a report claiming that 'grid parity' for solar PV is feasible by 2020 if the sector is adequately supported by Government. RECC also published its 2014 Annual Report. You can read about all these stories, and more, in this edition.


Mark Cutler, Editor

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RECC MEMBER HIGHLY COMMENDED



RECC Member Celtic Renewable Energy, based in Cornwall, has been highly commended as a small business who has been championing solar thermal.

The tenth annual British Renewable Energy Awards took place at The Savoy in central London on 18 June.

The flagship event for the UK renewables industry, the awards seek to recognise and celebrate the achievements of companies and individuals who have made a significant difference within the renewable energy industry.

The Installer Award is given to a company that has excelled in the installation of renewable energy equipment.

The shortlisted entries included: Celtic Renewable Energy; Photon Energy; Purple Energy; Qila Energy; Solarsense UK and Rural Energy.

The Installer Award was presented by Virginia Graham, Chief Executive of REAL with Frank Aaskov of the REA to the winner, Ruby Jones at Qila Energy.

Qila Energy is the leading UK installer of hydrolysis based AD plants with 6 operational plants at 499kW each since October 2014.

ADR DIRECTIVE AFFECTS RECC MEMBERS

New legislation implementing the European Alternative Dispute Resolution Directive came into force on 9 July 2015. The new regulations will affect almost all UK businesses selling goods, services or digital content to consumers in the EU.

In order to comply with the new regulations businesses will need to review their websites, terms and conditions and complaints handling procedures.

RECC is a certified ADR provider and members must comply with certain information provision requirements.

The aim of the new ADR regulations is to offer an easier, quicker and more cost-effective means of resolving complaints when compared with going to court.

If traders fail to resolve a dispute through their own complaints handling system they will have to advise consumers of a certified ADR body relevant to their sector and let consumers know whether or not

they will refer the complaint to that body. While most traders will not be obliged to use an ADR body, those who have committed to a certified industry Code must advertise and use that body where it applies. This includes RECC Members.

The information requirements for traders take effect on 1 October 2015 and relate to consumer but not commercial contracts.

You can find guidance in the [members' area](#) of the RECC website.

CONSUMER RIGHTS ACT COMES INTO FORCE ON 1ST OCTOBER

The aim of the Consumer Rights Act, which comes into force on 1 October 2015, is to simplify UK consumer law by consolidating eight separate laws into one. Consumers will have new rights relating to remedies for, among other things, poor installations or the supply of faulty goods. The Act has three parts: part 1 covers consumer contracts for goods, digital content and services; part 2 covers unfair terms; and part 3 covers miscellaneous and general provisions.

Businesses will need to review the way in which consumer complaints are handled, and make sure that their point of sale material is up-to-date and accurate as consumers will be able to claim compensation if they believe they were misled. Businesses will also need to consider the wording of their contracts as terms will now have to pass a "fairness test" rather than the previous "reasonableness test". The powers available to consumer law enforcers will also be enhanced. Access [business guidance here](#).

Roadmap to a subsidy-free solar PV industry published

The Renewable Energy Association, on 23 July, [published a report](#) arguing that ground-mounted solar projects are on course to reach "grid parity" by 2020. It adds that rooftop solar is "following closely behind" in terms of cost competitiveness.

The report goes on to warn that developers will only be able to deliver these projected cost reductions if policies are designed in a way that "avoids a cliff edge" and achieves the most cost efficient renewables strategy.

The report was very timely given that, on 22 July, DECC announced that they were consulting on removing pre-accreditation from the FiT scheme, the upshot of which would mean that commercial schemes over 50kW would no longer be able to secure a predetermined tariff. Instead they would get the tariff rate on the date of accreditation.

Ministers insisted the moves were needed to bring the Levy Control Framework in on budget amidst fears it could "overshoot" its target, affecting consumer bills.

DECC are also planning a FiT review to commence later this summer.

FURTHER DEGRESSION FOR BIOMASS RHI

The tariff rate for domestic biomass RHI payments was further reduced by 20% from 8.93p to 7.14p as from 1 July 2015. The tariff is now 42% lower than 7 months ago.

The uptake of the RHI for Biomass, which started on 9 April 2014, has been much greater than expected. DECC adopted a budget management scheme involving degression of tariffs to keep overall payments in check.

SOLAR PV SYSTEMS ATTAIN HIGH LEVELS OF CONSUMER SATISFACTION

A review published by Citizens Advice shows that consumers in England and Wales are generally very satisfied with the installation and performance of their solar PV systems. This review follows on from another survey "Keeping FiT" in 2011.

The review found that installers are still the main source of information and advice for consumers. Environmental considerations are taking over from financial benefits as the main motivator for installing a solar PV system, although rising electricity prices were also a major factor, particularly for those adopting rent-a-roof systems.

Consumers are generally satisfied with the sales process although half got only two rather than the recommended three quotes. They would also have welcomed more information on warranties and insurance-backed guarantees.

Satisfaction with system performance and maintenance is lower. Consumers need to know more about how to check that their system is working properly and how to maximize the electricity generated by it.

The group of consumers who are least satisfied are social housing tenants who said that they were not given sufficient information about systems before they were installed or how to use the systems effectively to reduce energy consumption.

Access the [full report here](#).

UPDATES TO MCS STANDARDS

On 1 May 2015 MCS updated a number of installation and product standards. These included:

- an update to the definitions in all standards to bring them into line with a review undertaken by the Standards Management Group
- an update to section 8 in all installation standards to make this section's requirements clearer
- a significant update to the heat pump standards to comply with the Energy-related Products Directive (ErP)

MCS is introducing a new calculator to produce a Seasonal Co-efficient of Performance (SCOP) for electrically driven heat pumps and a Seasonal Prime Energy Ratio (SPER) for gas absorption heat pumps. These will provide product-specific SPF's which will replace the current Heat Emitter Guide (HEG) which gives a "likely SPF".

MCS will be collecting data from manufacturers over the next few months so contractors can continue to use HEG data until March 2016. After that date only SCOP and SPER data will be permitted for new installations.

The ErP comes into effect on 26th September 2015 and applies to all heating and hot water products with an output up to 400 kw. It comprises two elements:

- Ecodesign – providing minimum energy performance and environmental criteria; and
- Energy labelling – the introduction of a new product label to describe efficiency with ratings ranging from A+++ to G.

There will also be a label for a complete installation system.

UK'S REDUCED VAT RATE RULED ILLEGAL

On 4 June 2015 the European Court of Justice (ECJ) ruled against the UK's 5% VAT rate for domestic energy saving materials including solar PV and home insulation. According to the ECJ this lower rate breaches the EU's VAT directive which states that reduced rates should only apply to social housing and services supplied as part of a social policy.

If implemented this could add £900 to the cost of a typical

4kw domestic PV installation and might mean that householders would seek cheaper, riskier DIY solutions.

Industry leaders and trade association representatives have already met with the HMRC and sent a letter to George Osborne, Chancellor of the Exchequer, expressing their concerns about the implications of this ruling. They will continue to lobby the Government in an effort to retain as many of the reduced rates as possible and have already established that the ruling is unlikely to be implemented before the Budget in March 2016 at the earliest.

Changes to rules on sales promotion

The Committee of Advertising Practice (CAP) has amended some of its rules on sales promotion. The amendments, which came into force on 1 May 2015, ensure that CAP rules are consistent with the EU's Unfair Commercial Practices Directive and the Consumer Protection from Unfair Trading Regulations which implement that Directive in UK law.

The CAP carried out a public consultation on its proposed amendments in late 2014. Sales promotions, including competitions and prize promotions, must not mislead, harm or offend their audience. The CAP believes that its final amendments provide greater flexibility for promoters in planning their promotions while ensuring that all the information consumers need in order to decide whether to participate is clearly provided at each relevant stage.

More details of the amendments and the rationale for their introduction can be found on the [CAP website](#).

REVIEW OF TRADING STANDARDS WELCOMED

The Chartered Trading Standards Institute has welcomed the Government's announcement of a review of trading standards "to ensure that consumer enforcement capability effectively supports competition and better regulation objectives".

Although there is little detail available as yet, it is thought that the review is likely to include a consideration of the capacity and financial sustainability of the service.

The review will take place against the background of ever deeper cuts in local authority budgets. Derek Allen, a regulatory consultant and great advocate of the value of trading standards, has said that this is a "critical time for the future of local authority trading services". In a recent document he pointed out that trading services play a crucial role in supporting local businesses with essential regulatory compliance and in protecting local communities. For every £1 spent on trading services there is a £6 consumer benefit. You can find further information [here](#).

2014 RECC ANNUAL REPORT PUBLISHED

The Annual Report details RECC's full range of activities in 2014. Access it [here](#) or request a hardcopy from info@recc.org.uk



UPCOMING SHOWS

RECC is exhibiting at: **Solar Energy UK** (13-15 October, stand number P33, Birmingham NEC) and **Energy 2015** (6-8 October, REA Pavillion - stand number E3/99, Birmingham NEC)

If you plan to attend either show do drop by to pay us a visit.

UPCOMING TRAINING WEBINARS

Getting your contracts right - 8 September, 9.30 a.m.

The Consumer Rights Act 2015 - 29 September, 9.30 a.m. & 27 October, 9.30 a.m.

Completing the installation - 24 November, 9.30 a.m.

After sales (customer rights in law, guarantees, fuel, maintenance and disputes) - 15 December, 9.30 a.m.

To register please contact info@recc.org.uk