

Welcome to the Autumn edition of the RECC Newsletter

2017 is fast approaching and in this edition we look at what the industry might expect in the shorter as well as the longer term as we start the process of leaving the European Union.

This edition also looks at other recent developments including the fall in domestic fuel prices, renewables superceding coal in the UK's electricity generation mix and many more besides.

Please note that RECC's Consumer Code was recently updated. You can find more on this below.

Finally, we will send you your membership renewal information by email on or around 31 October. We have not increased our membership fees for the third year running and, as usual, we are offering an early renewal discount of 5% for payments received before the end of the year.

Mark Cutler, Editor

WHAT BREXIT COULD MEAN FOR THE RENEWABLES INDUSTRY



To reduce uncertainty the Renewable Energy Association (REA) has called on Government to transpose all EU Energy Directives and Regulations into UK law before the Government repeal in full the European Communities Act (ECA) of 1972.

At risk are the Renewable Energy Directive, which includes targets for 2020, and the EU 2030 Climate and Energy Framework, with targets expected to be announced in November. The REA has recommended that Government make clear that it will not go back on previously made commitments.

The UK is currently part of the EU Emissions Trading Scheme (EU ETS) which accounts for about half of the UK's domestic emissions and was crucial to the achievement of the latest Carbon Budget announced in July. The REA has therefore urged the Government not to give up its membership of the EU ETS.

Changes in financial regulation and passporting arrangements could also affect the industry. The REA's view is that the biggest risk is the lack of a clear UK energy strategy combined with the lack of a clear Government statement on energy setting out where the UK hopes to be at the end of Brexit negotiations.

Results from National Grid's [Brexit Trail](#), a poll of 80 energy industry experts who attended the Future Energy Scenario launch in July, show that the majority believe that the UK will end up in a greener and more prosperous world in 2036, although either the environment or the economy could suffer for a decade before that, depending on the Government's priorities.

The experts' view was that both the market place and the Government's focus on energy issues would be significantly disrupted in the first five years as Brexit negotiations and their consequences take priority. Political uncertainty and the weakening of the pound would lead to a reduction in investments across the energy sector including in infrastructure projects and in research and development.

You can read more on the Energy and Climate Change Committee's inquiry into leaving the EU [here](#) and REA's response [here](#).

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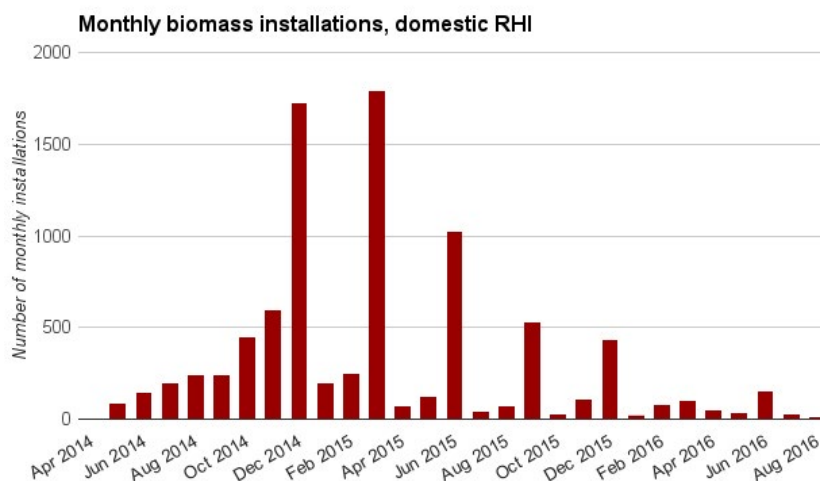
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DRAMATIC DROP IN NUMBER OF BIOMASS INSTALLATIONS

The number of domestic biomass installations has so far been much lower in 2016 than in the previous two years. The number of monthly domestic installations rose to a peak of over 1500 in December 2014 and even higher in March 2015, there was then a decline to 1000 in June and below 500 in December 2015. This year, however, the number of installations has barely reached 100 in any month.

Looking at the new applications for domestic RHI the overall pattern is similar. What is most noticeable is the dramatic drop in the popularity of biomass in 2016. Air source heat pumps are now the most popular choice renewable heat generator with as many as five times more than ground source heat pumps, biomass and solar thermal in some months.

The REA has broadly welcomed the conclusions of the Policy Exchange's report on [decarbonizing the UK's heating sector](#), particularly its call for



heating fuels to be taxed according to their carbon content and for support for biomethane to reduce the carbon content of the gas grid.

However, the REA does not agree with the Policy Exchange's assessment of the role that could be played by biomass boilers, solar thermal and heat pumps. It considers that all three could play a much larger role than the report predicts. Biomass heating is often the natural low-carbon choice for properties that are off the grid, their emissions are strictly controlled and the continuing availability of biomass is not an issue.

Solar thermal can contribute greatly to decarbonisation especially when combined with solar PV and heat pumps which themselves are often the best choice in new build and well-insulated homes.

The REA does not believe that the vast majority of new renewable heating should come from heat pumps as the Government has suggested but that consumers, wherever they live, should be offered a range of options including greener gas, biomass boilers, heat pumps or solar thermal.

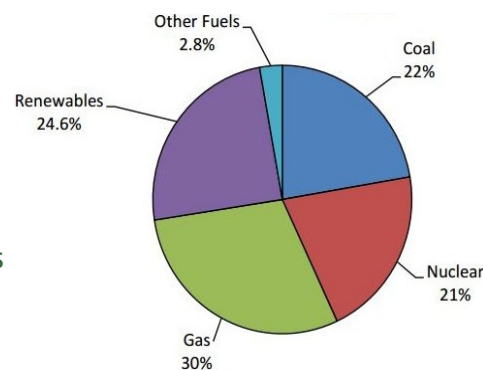
[Read the REA response in full here.](#)

CONSUMER CODE UPDATE

The Consumer Code has been updated and will be published on 28 October 2016. The changes are principally to take account of legislation such as the Consumer Rights Act 2015, ADR Regulations 2015 and Privacy and Electronic Communications Regulations. It also now makes explicit reference of the need to keep records and increases the minimum level of public liability insurance to £2 million, in line with Competent Persons Schemes. You can find a full breakdown of the changes on the website [here](#).

More electricity now generated by renewables than coal

Renewable energy sources overtook coal in the generation of electricity in 2015. Figures released in the government's [Digest of UK Energy Statistics 2016](#) show that 25% of UK electricity was generated from renewable sources – an increase of 29% over the previous year.



Gas was still the main fuel used with an unchanged 30% share but coal's share sank from 30% to 22%. Offshore wind generation was up 30% and onshore wind generation was up 23%.

Installed electrical generating capacity of renewable sources also rose by 23% following a 69% increase in solar photovoltaic capacity and a 9.6% increase in wind capacity. Total renewables accounted for 8.3% of energy consumption in 2015 compared with 7.1% in 2014.

RECC pays tribute to Dr Gill Owen

Dr Gill Owen, formerly Chair of RECC's Supervisory and Non-Compliance Panels, passed away at the end of August.

The RECC team owes a huge debt of gratitude to Gill for all the work she did during the early, formative years during which we set up the Code and put in place processes for monitoring and enforcing compliance. Gill steered us with her wise counsel and a steady hand on our tricky course towards

Code approval by the Office of Fair Trading.

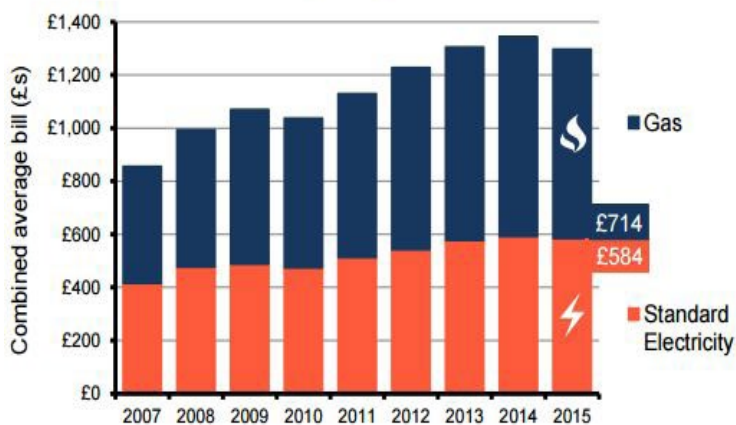
Gill had an extensive career in energy policy, regulation and consumer affairs. She studied at the University of Northumbria and later gained a Ph.D from Birkbeck College, part of London University. In 1981 Gill was one of the founders of Neighbourhood Energy Action (now National Energy Action). She published extensively on energy efficiency, electricity demand response and smart meters.



She was also, among other roles: a member of the UK's Competition Commission; a Non-Executive Director of Ofgem and Ofwat; Vice Chair of the UK Government's Fuel Poverty Advisory Group.

FALL IN DOMESTIC FUEL PRICES

Average standard electricity and gas bills



The price for all domestic fuels has fallen by 4.3% in the first quarter of 2016 compared with the first quarter of 2015. Gas fell by 6.5%, electricity by 0.7% and liquid fuels by 31.5% driven by falls in the price of crude oil.

The average household spent £584 on electricity in 2015 – a fall of £8 or 1.4% since 2014. Spending on gas was £714 – a fall of £38 or 5.1%. These bills are based on standard consumptions of 3,800 kWh for electricity and 15,000 kWh for gas.

Around a third of all households are now on fixed tariffs with 45% of customers paying by direct debit signed up to a fixed deal.

Switching suppliers is a growing trend with over a million consumers switching their electricity supplier – an increase of 26.1% compared with the first quarter of 2015- and nearly 860,000 people switching their gas supplier – an increase of 22%.

Each household spends almost a quarter of its energy bills on gas and electricity and almost half on vehicle fuels and lubricants. Only 0.5 % goes on solid fuels and 1.5% on liquid fuels. Access the latest statistics [here](#).

NEW LAW ON SMART METERS

A new law has been passed to ensure that energy suppliers will be able to work together to provide a home area network (HAN) for smart meters throughout the UK.

The Government is committed to offering all homes and small businesses a smart meter by 2020 and this latest law will make this possible for the 3.5% of premises that are unlikely to be served by either the 2.4GHz or 868MHz solutions which will be available to the remaining 96.5% of premises.

The law has been introduced following a [consultation](#) launched last December with manufacturers, suppliers, Ogem and other interested bodies. As a result of this consultation the Government decided against issuing a mandate on suppliers to use the centrally procured solution. There will instead be incentives to use these alternative HAN solutions.

Solar scams warning

Essex County Council has warned homeowners to be wary of aggressive solar panel salesmen who trick their way into people's homes and then try to bully them into buying unnecessary products and upgrades such as battery storage systems or inverters which have no significant benefits. The salesmen often claim falsely to be doing a health check on a solar panel system or to be working with the Micro Generation Certification Scheme (MCS).

REA Chief Executives honoured



Nina Skorupska CBE

Nina Skorupska, current Chief Executive of REA, has been awarded a CBE for services to renewable energy and equality in the energy industry. Formerly a director at power giant RWE in Germany, the Netherlands and the UK, Nina joined the REA in 2013.



Philip Wolfe OBE

Philip Wolfe, former Chief Executive of REA, has been awarded an OBE for services to renewable energy. One of the pioneers of renewable energy in the UK, Philip led the campaign for the Feed-in Tariff and the Renewable Heat Incentive schemes.

Both Philip and Nina are Directors of Renewable Energy Assurance Ltd.

Ten point solar design guide published

The Campaign to Protect Rural England (CPRE) and BRE National Solar Centre (NSC) have teamed up to produce [a guide to good design](#) for solar panel installations.

“Ensuring place-responsive design for solar photovoltaics on buildings” sets out the 10 principles governing good design. These cover the products, their application and the need to consider the setting and wider context of installations. It emphasizes the need to think about the colour and size of panels, their layout, framing and positioning to ensure that they are suitable for the property and blend in with their surroundings.

The CPRE and BRE NSC hope that this guide will help property owners, designers and installers to make good choices and improve good practice and is accompanied by a leaflet “Solar Design: your 10-point guide”.

ICO TO CLAMP DOWN ON NUISANCE CALLS

In a recent change to the law, from spring 2017, company directors can be held directly responsible for nuisance call practices. Each could be fined up to £500,000 by the Information Commissioner’s Office (ICO), if they are found to be in breach of the Privacy and Electronic Communications Regulations. Read more [here](#).

WHY CONSUMERS CHOOSE ENERGY EFFICIENCY

Citizens Advice has published a [report](#) “Energising Homeowners” which sets out a framework encouraging consumers to invest in energy efficient home improvements based on research into the way that consumers arrive at such decisions.

The Government has already indicated that it will focus future energy subsidies on helping poorer households. This research looked at what factors motivate those consumers who are able to pay for their home improvements. It is based on a desk review of behavioural evidence combined with workshops and in-depth interviews.

Drawing on the insights from this research Citizens Advice has set out the policies needed to encourage consumers to opt for energy efficient products in four areas:

- Inspiring trust - including a clear vision from Government and better sales and advertising practices.
- Motivating consumers – including incentives beyond bill savings, rewards and penalties, and fair schemes.
- Help to pay for energy efficiency measures – improved pay as you save incentives.
- High quality delivery – including easy access to redress.