



Annual Report 2018



Opening Remarks

Welcome to this Annual Report. It provides an overview of Renewable Energy Consumer Code (RECC)'s activities in 2018.

The report has been produced for the Chartered Trading Standards Institute (CTSI). It sets out RECC's principal achievements during the 2018 calendar year. RECC is approved by CTSI under the Consumer Codes Approval Scheme (CCAS). 2018 was our thirteenth full year of operation. We marked the start of the year by moving to new offices in ShellMex House in the Strand in Central London.

During the year, RECC continued to expand its scope to embrace the developments taking place to achieve a larger, connected, decentralised energy system. As part of this we issued guidance for consumers on time-of-day, demand-side reduction and aggregation tariffs, and we continued to work on guidance for consumers installing electric vehicle (EV) charging equipment in their homes.

At the same time, we responded to Government consultations on future support for small-scale renewables, and on the likely impact of the closure of the Feed-In Tariff scheme in 2019. We provided Government with the results of our member survey looking at the likely impact of the closure of the scheme as evidence. We know that this is a very difficult time for many of our members, especially those who sell and install solar PV systems.

In 2018, RECC worked with Government and Ofgem on the Assignment of Rights function in the Domestic Renewable Heat Incentive, introduced in June. We collaborated on a model contract between investors and consumers, and developed a due diligence

process for vetting new applicants. In parallel, we worked with Scottish Government, MCS and Energy Saving Trust to prepare guidance for heat pump installers, to be published in 2019.

Air source heat pumps continued to be the most popular renewable heat technology, based on numbers of installations accredited, in 2018. We hope the guidance will make it easier for heat pump installers and for consumers alike.

During the year, we amended the scheme Bye-Laws in order to streamline and update our processes. We continued to enforce compliance with the Code robustly while, at the same time, making sure that our members have all the tools at their disposal to allow them to comply with our requirements.

The report describes the huge amount of work that the RECC Team carried out during the year. I'm sure you will agree that this is very impressive considering the small size of the Team.

In particular, I would like to extend my thanks to all the RECC members who supported us throughout 2018, and especially to those who have renewed their membership for 2019. RECC exists for its members, and we value your input to what we do enormously.

I wish you all a successful 2019.

Virginia Graham
RECC Chief Executive



2018 Highlights

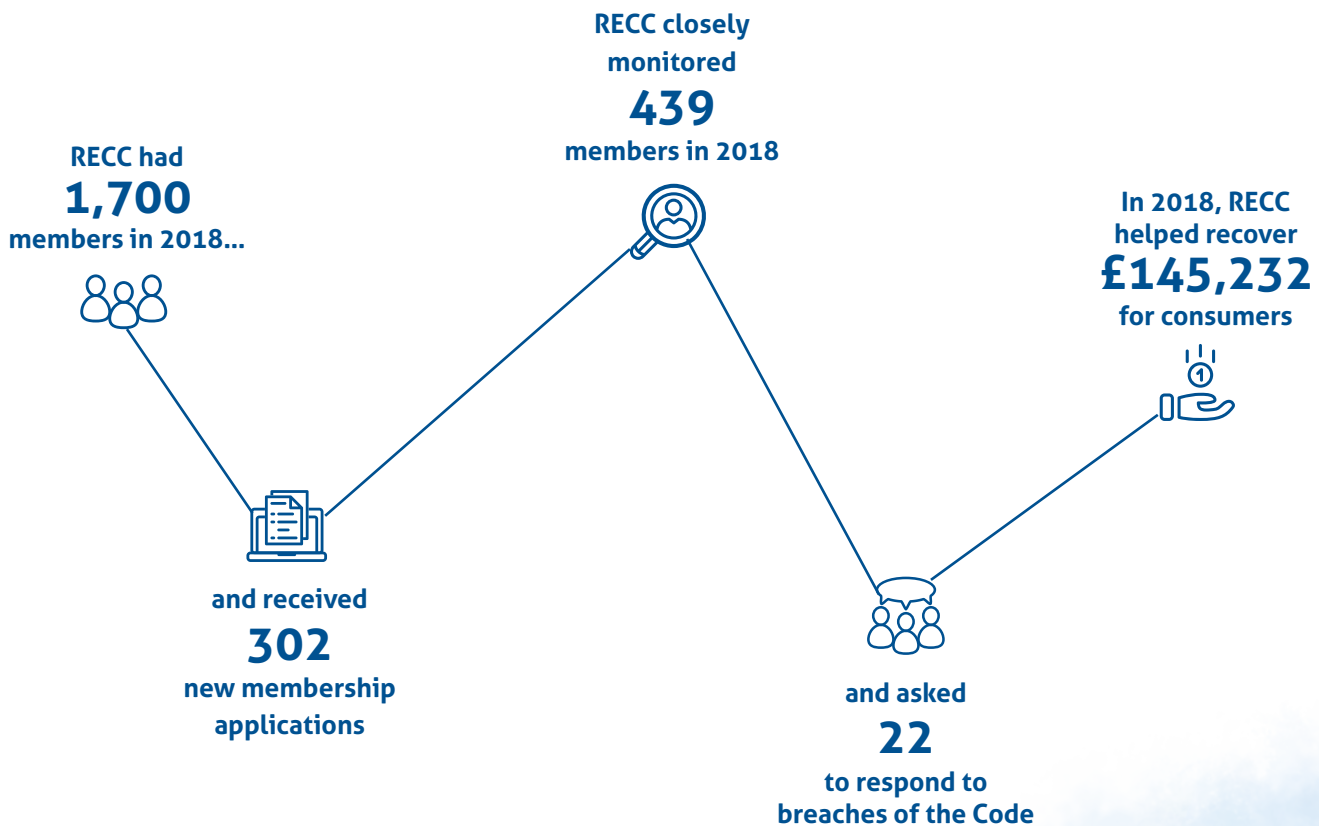
Promoting the UK Domestic Renewable Energy Sector.

In 2018, RECC worked hard to maintain a strong and recognised presence in the UK domestic renewable energy sector. For the fifth year in a row we worked hard to keep our fees at the same level. Despite the challenges our members faced in the sector, we had 1,700 members and received 302 new membership applications over the course of the year.

RECC has been a key player promoting the UK's renewable energy industry in 2018, having for instance:

- sponsored the Installer of the Year Award at the British Renewable Energy Awards, which was won by RECC member Cambridge Solar Ltd in 2018;
- responded to BEIS consultations on the future of small-scale renewable systems, and on the closure of the Feed-In Tariff scheme;
- worked with the MCS Heat Pump Working Group to ensure that the revised heat pump standard contained robust heat pump performance estimates and that other pre-contractual information is provided to consumers;
- worked with MCS, EST and Scottish Government to draft clear guidance for installers on the new heat pump standard;
- participated in the Fair4Solar protest held outside Parliament, arranged by 10:10 and the STA, to fight for retaining the export tariff after the Feed-In Tariff scheme closes;
- attended, exhibited and presented at major industry shows, including Energy Storage and Connected Systems, Energy Storage Summit, Ecobuild 2018, The EV Experience, Fully Charged, and Solar and Storage Live;
- worked with the Department of Business, Energy and Industrial Strategy and Ofgem to launch Assignment of Rights as part of the Domestic Renewable Heat Incentive scheme; and
- advised a cross-party group in Scottish Parliament on consumer detriment suffered through the abuse and mis-selling of the Green Deal.





Promoting the Code

Our Compliance Team worked actively to promote consumer protection and compliance with the Code. In 2018, 437 members were closely monitored and 22 members were asked to respond to suspected breaches of the Code and/or Bye-Laws. Of the 22, 7 went on to have formal non-compliance action invoked against them, of which 1 was referred to a hearing of the Non-Compliance Panel and 3 had their membership terminated.

Our Dispute Resolution Team has worked tirelessly to resolve complaints, providing members and consumers with an impartial

ADR approved compliant mediation service. Where issues were found, over £145,232 was recovered for consumers through the RECC Dispute Resolution Process, an average of £2,381 recovered for each of the 61 complaints resolved. This is in addition to any non-financial outcomes sought by consumers, such as the repair of their property or removal of a system. There was a 31% increase in complaints received by RECC in 2018 compared with 2017; 13% of the total complaints received in 2018 were against businesses that were not members of the Code.

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1 Membership and the wider sector

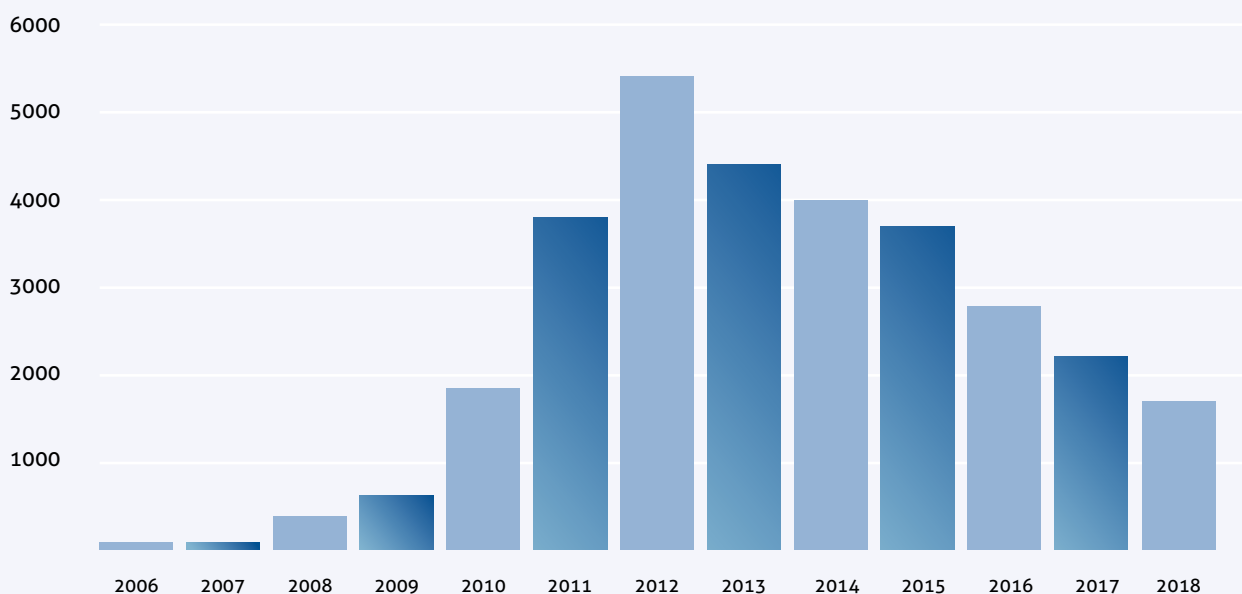
RECC members work within the small-scale renewables sector, with consumers generally benefitting from the Feed-In Tariff or Domestic Renewable Heat Incentive.

1.1 RECC membership

Despite real industry challenges following repeated cuts to the Feed-In Tariff and Renewable Heat Incentive, RECC's membership remained at 1,700 in 2018. In 2018 the majority of our members continued to sell and install solar PV, but with a sizeable number now certified to install air source heat pumps.

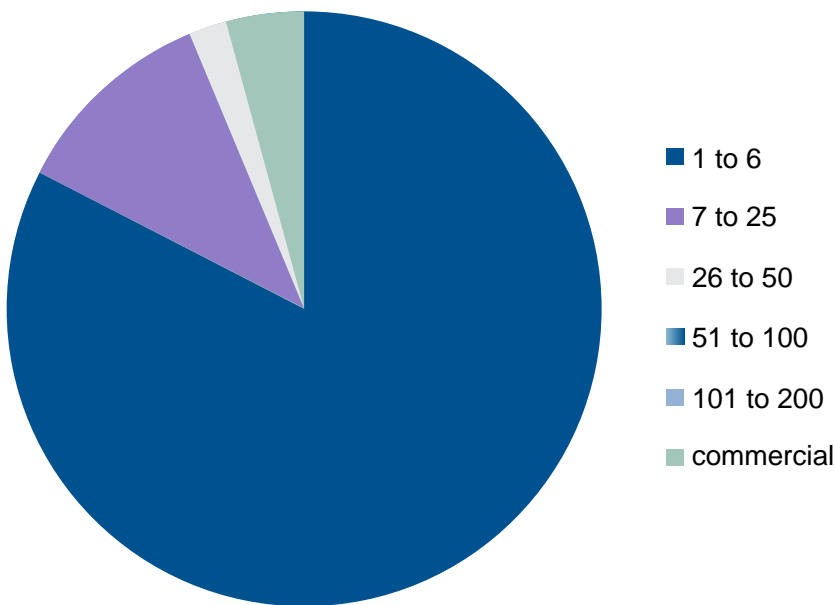
We were delighted to receive over 300 new membership applications from businesses wanting to offer a wide range of technologies through a number of different business models. Although most new applications came from solar PV installers, we continued to see an increase in installers working with renewable heat technologies.

Fig 1.1 RECC membership by year, 2006 - 2018



Most RECC Members in 2018 were small businesses, with 1,400 (some 80%) falling into the 1 to 6 employee category. (See Figure 1.2, below.) However, we continued to see 200 (12%) members in the 7 to 25 employee category and 35 (2%) members in the 26 to 50 employee category. There was just 1 member in each of the 51 to 100 and 101 to 200 categories. 70 (4%) RECC members only offer commercial contracts.

Fig 1.2 RECC membership in 2018 by number of employees working in the sector or category



[the RECC Membership Team's] replies and swiftness in sorting out [the RECC application] is exemplary and very much appreciated. I only wish other organisations were as efficient as you. Look forward to working with you... //

Bright Spark Ventures Ltd

1.2 The wider sector

Figures in this section illustrate the wider context within which RECC operates. We are grateful to BEIS and Ofgem for permission to publish them.

Domestic RHI

The first Domestic RHI chart (Figure 1.3) shows that: the number of new installations have reduced considerably from the start of 2016 when the biomass tariff reduced dramatically; and, correspondingly, the cumulative number of installations levelled off over the same time period.

The second chart (Figure 1.4) shows that, of the eligible technologies, air source heat pumps continue to be the most frequently installed technology.

The third chart (Figure 1.5) shows that air source heat pumps and biomass boilers are roughly equal in total installed capacity over the lifetime of the Domestic RHI.



Fig 1.3 Domestic RHI installations accredited per quarter

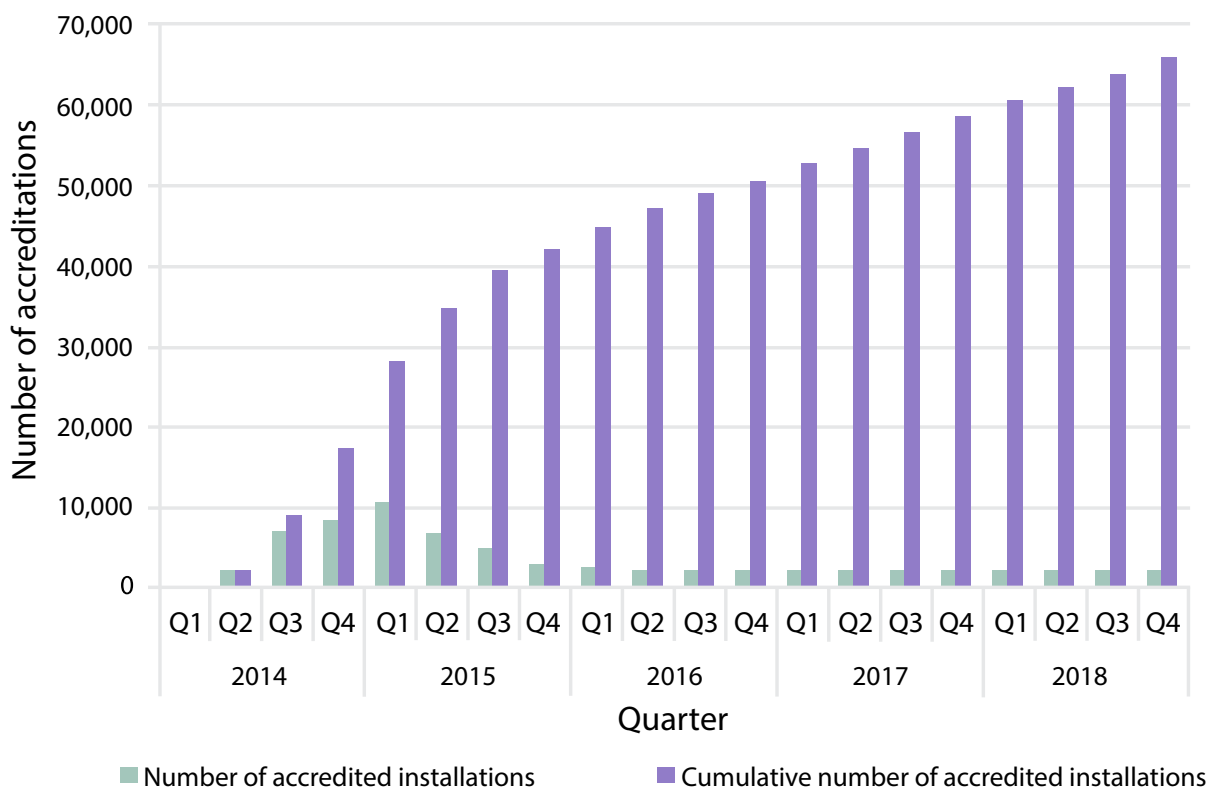


Fig 1.4 Domestic RHI installations accredited per quarter by technology

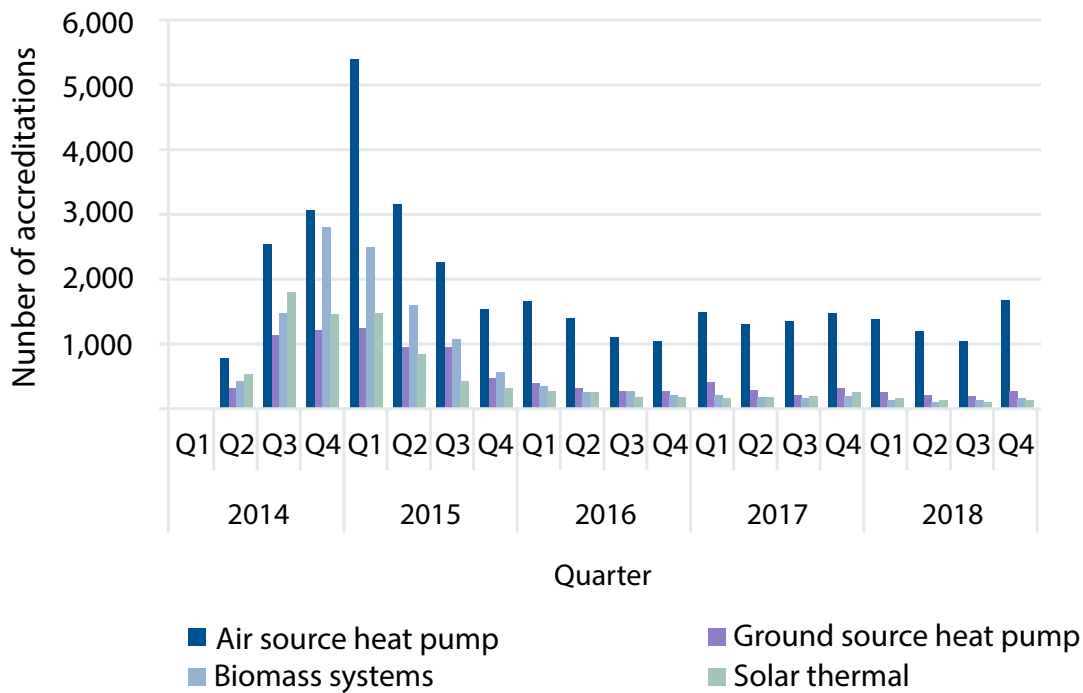
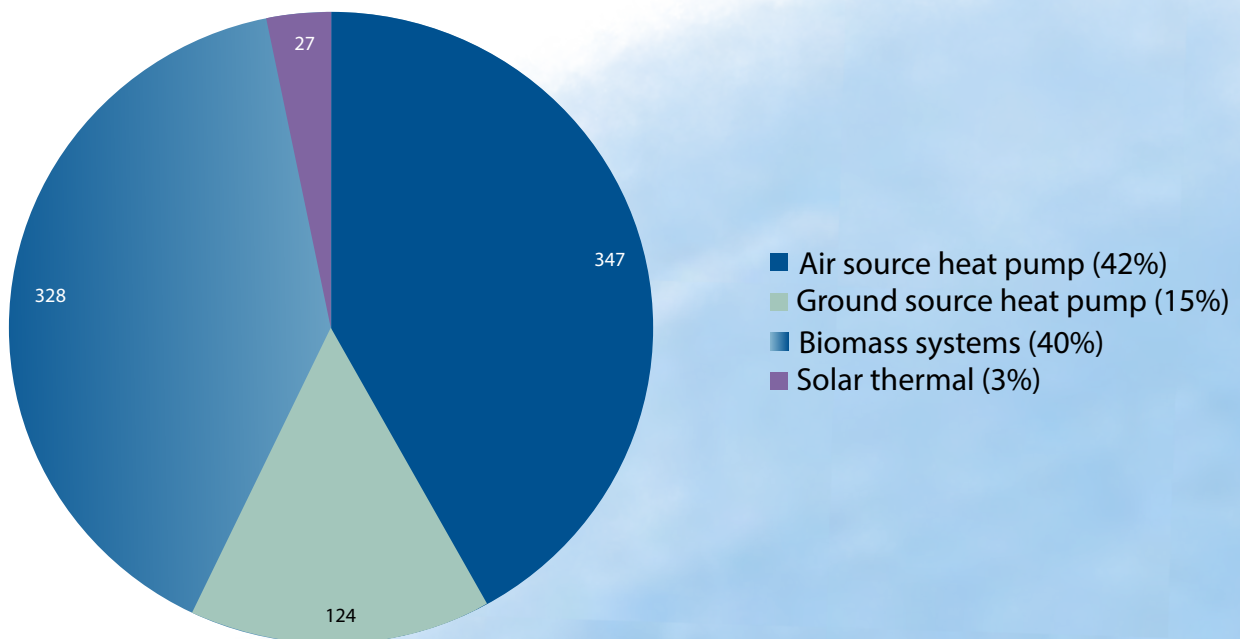


Fig 1.5 Domestic RHI total installed capacity (MW) by technology since April 2014



Feed-In Tariff

The first Feed-In Tariff chart (Figure 1.6) shows both the number of installations and the amount of installed capacity for all eligible technologies. It highlights that, for the smallest (<10 kWp) category, solar PV has levelled off since 2016, when the last set of Feed-In Tariff reforms were introduced.

The second chart (Figure 1.7) provides data for installed solar PV capacity only, by category. It shows that the amount of installed

capacity has been almost flat since the start of 2016 for both the <4 kWp and 4 to 10 kWp categories.

The third chart (Figure 1.8) provides data for installed solar PV capacity only, by economic incentive category. It shows the distinct effect on installed capacity that policy measures, such as deployment caps and tariff bands, can have. The Feed-In Tariff step mirrors the implementation dates for these measures.

Fig 1.6 Installations accredited for FITs by technology from April 2010

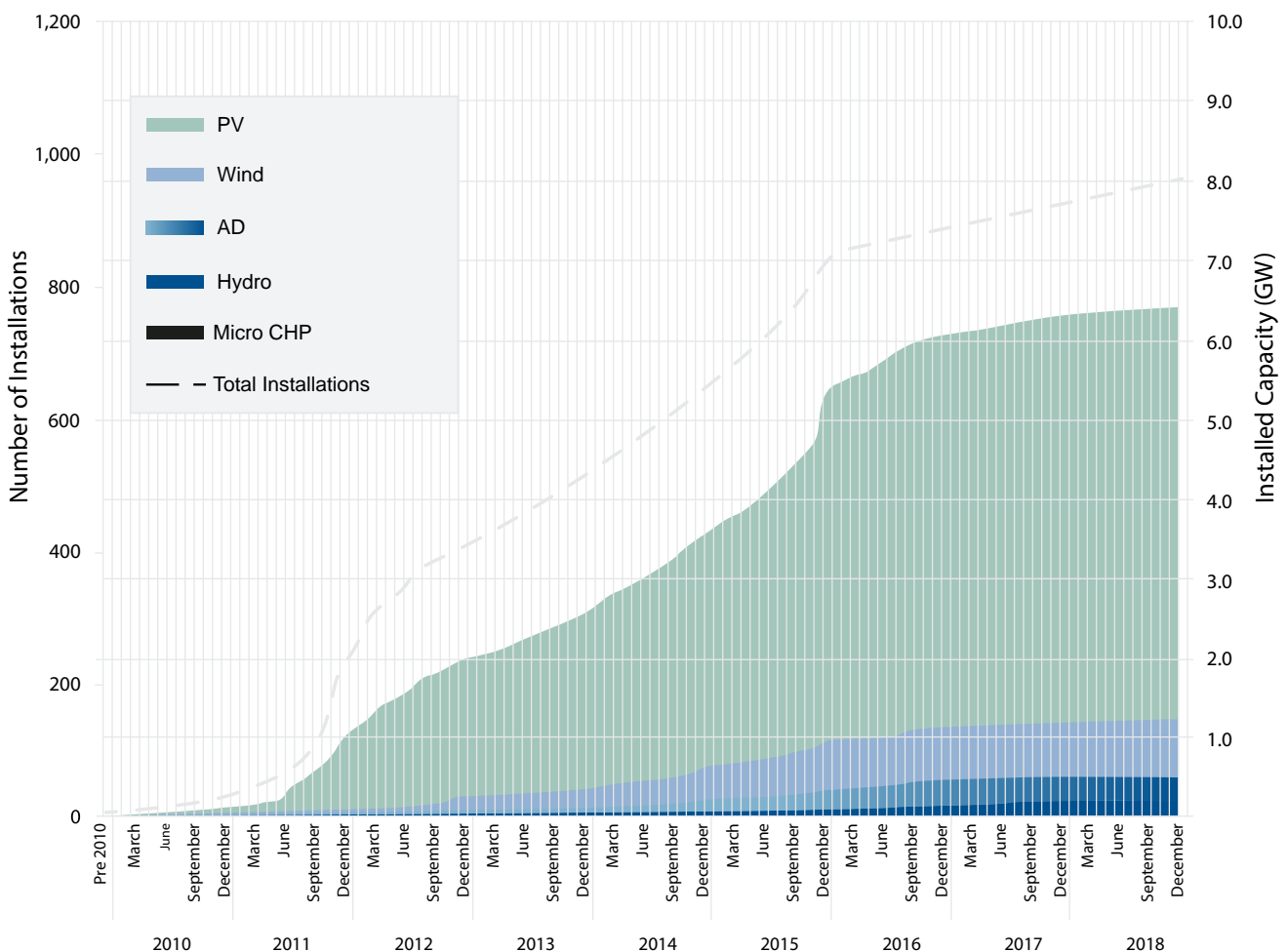


Fig 1.7 UK solar installed capacity by band from April 2010

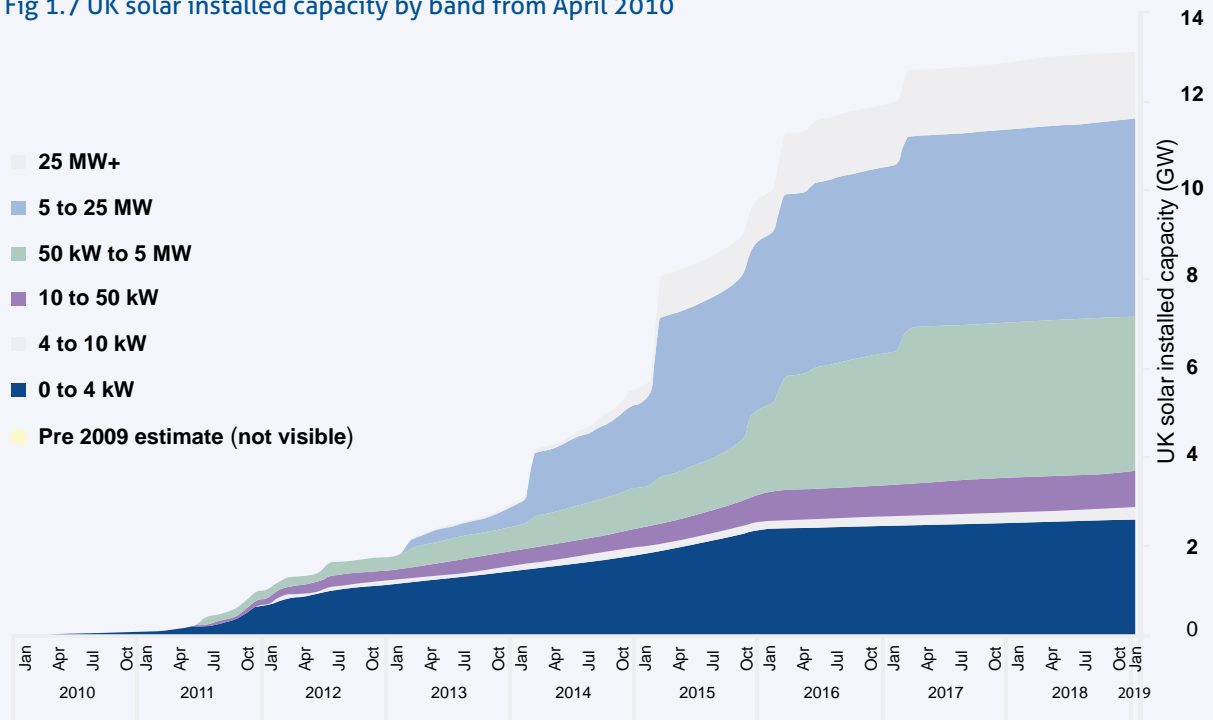
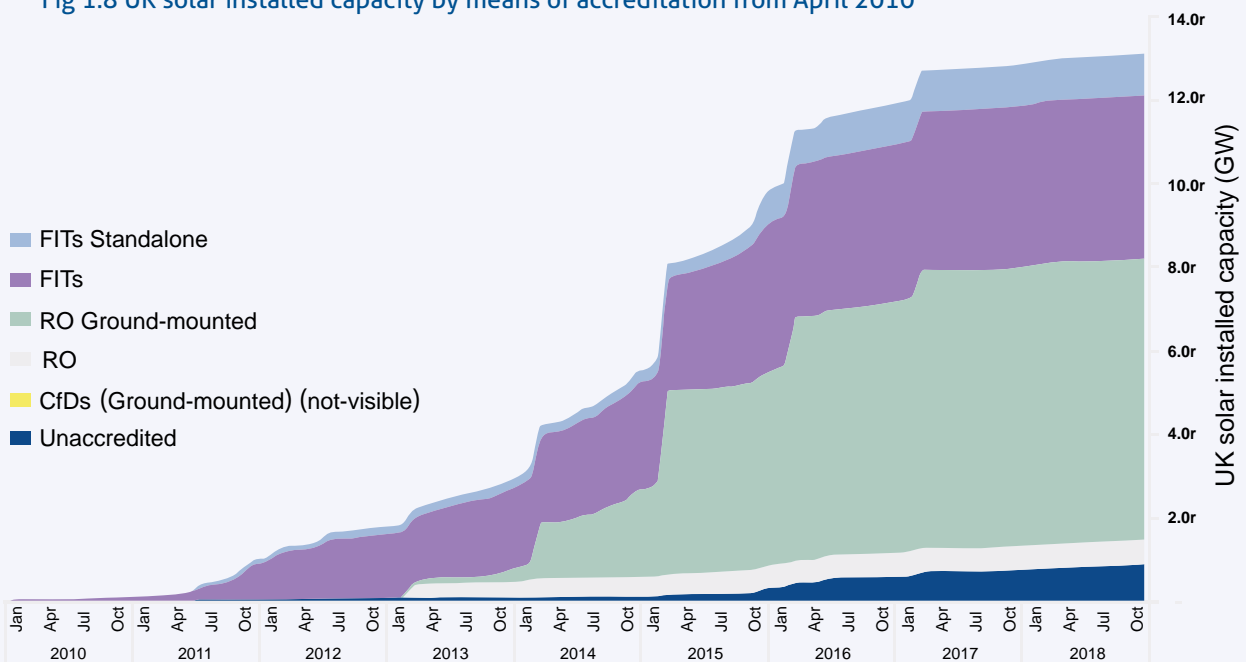


Fig 1.8 UK solar installed capacity by means of accreditation from April 2010



2 Promoting the Code

As ever, throughout 2018, RECC has been busy protecting consumers and promoting renewables. We have, amongst other things:

- sponsored the Installer of the Year Award at the British Renewable Energy Awards, which was won by RECC member Cambridge Solar Ltd in 2018;
- introduced a new Primary Authority arrangement with Hampshire County Council to ensure our members have access to assured advice;
- introduced RECC van stickers for members to use to help promote their RECC membership to consumers, giving consumers confidence when choosing an installer;
- attended, exhibited and presented at key industry events, such as Energy Storage and Connected Systems, Energy Storage Summit, Ecobuild 2018, the REA's EV Experience event, Fully Charged, and Solar and Storage Live - presentations included talks on the dangers of mis-selling, and growing trends in the battery storage and Related Products market;
- contributed to YouGen's blog series focused on examples of mis-selling in the renewables and energy efficiency industry, providing information and guidance on the sale and purchase of 'add-on' or upgrade products being offered to existing solar PV owners;
- worked with BEIS and Ofgem to launch the new Assignment Of Rights model on 27 June 2018 - for the first time RECC was written into UK regulations, highlighting the importance of the consumer protection standards we have set in the renewable energy sector;
- advised a cross-party group in Scottish Parliament on consumer detriment suffered through the abuse and mis-selling of the Green Deal;
- been added to the Butterworths Trading and Consumer Law encyclopedia;
- been listed in the Practice Areas Commentary Section of LexisLibrary - a legal research platform which gives legal professionals up-to-date information, resources and expert opinion so that, through the most current statement and explanation of the law, lawyers can have complete confidence in the advice they provide to their clients;
- given evidence in a case which saw 6 individuals convicted of a £17 million fraud which affected over 1,500 consumers who purchased solar PV systems from companies run by these individuals (these companies were never RECC members, or MCS-certified, as RECC rejected their respective applications);

- launched a new consumer guide on Demand Side Response; the guide is for domestic consumers, explaining demand side response to help them decide if signing up to this kind of deal is the right choice for them;
- responded to BEIS consultations on the future of small-scale renewable systems, and on the closure of the Feed-In Tariff scheme;
- given evidence in a successful fraud prosecution of the directors of a Warrington-based solar PV company, following an investigation by Trading Standards;
- provided 6 witness statements for different ongoing Trading Standards investigations concerning mis-selling and/or fraud in the microgeneration market;
- worked with industry taskforces for Electric Vehicles and Electric Vehicle charge points to help shape and improve the consumer experience;
- taken part in the Fair4Solar protest held outside Parliament, arranged by 10:10 and the STA, to fight against the removal of the export tariff;
- taken part in CTSI's Scam Awareness month;
- attended an ADR Assembly 2018 (organised by the EU Commission) to help streamline and improve the RECC mediation service for consumers and RECC members; and
- revamped our Consumer Satisfaction Questionnaires and the 'Rate Your Installer' section of the website to ensure we hear directly from consumers about their experiences with RECC members.



3 Benefits of the Code

RECC is the largest and most experienced Consumer Code in the industry. Established in 2006, we have worked tirelessly on behalf of our members and their consumers to ensure high standards across the sector.

Not only does RECC membership benefit businesses directly, but it also provides their consumers with assurance and peace of mind, backed by the Code's strict requirements. We have consistently expanded the benefits RECC membership provides to our members, which include:

- free access to our alternative dispute resolution (ADR) process, along with the affordable independent arbitration process;
- free promotional material for consumers on the Code and the standards you adhere to;
- free RECC van stickers;
- reduced membership rates for Renewable Energy Association, the major trade association in the sector;
- access to QANW tailor-made Deposit and Workmanship Warranty Insurance;
- free CPD-certified Code and consumer protection training, along with independent exams for staff to keep track of their progress;
- free webinars on the Code, new legislation, and new industry issues;
- Primary Authority-approved, compliant model documents to use free of charge including: contracts with terms and conditions, quotes and performance estimates, and cancellation forms;
- guidance on performance estimates and new legislation;
- regular updates on industry and legislation;
- access to assured advice from a Primary Authority;
- a listing on RECC's online Membership Directory;
- the opportunity to become TrustMark registered through RECC and be listed on TrustMark's 'Find Your Local Tradesmen' website;
- the opportunity to become a Which? Trusted Trader for a reduced fee;
- public liability and professional indemnity insurance at reasonable rates tailor-made for small businesses, brokered by Jelf; and
- discounts for the Institution of Engineering and Technology's (IET) Code of Practice for Electrical Energy Storage Systems, published on 7 August 2017.

4 Monitoring compliance with the Code

In 2018, 439 members had their businesses closely assessed for compliance with the Code, either by means of a detailed audit of their application, a compliance check or an in-depth audit assessment of their business. In addition, during the year 49 households submitted Consumer Satisfaction Questionnaires.

RECC uses a variety of tools to monitor compliance with the Code and Bye-Laws. In line with the Monitoring Strategy agreed with CTSI, we:

- carry out extensive Due Diligence Checks on all new applicants against a series of important legal undertakings and questions to check their ability to comply with the Code;
- carry out additional risk-based compliance checks where required;
- undertake an in-depth audit programme;
- administer a UK wide Mystery Shopping programme;
- analyse Consumer Satisfaction Questionnaires (CSQ);
- liaise closely with other enforcement bodies including local and national Trading Standards departments and Companies Investigation Branch; and
- liaise closely with consumer-facing bodies including Age UK, Which?, and Citizens Advice. You can find full details here: www.recc.org.uk/monitoring/monitoring-strategy

During 2018, we have worked hard to implement the Monitoring Strategy in line with CTSI's core criteria. We have reported the results against the 10 key Compliance Areas (CA) we have adopted (as set out in Table 4.2 below). Using these CAs we are able to analyse and report consistently across our monitoring activities and in this way we can quickly identify key areas of consumer detriment.

4.1 Monitoring applicants

During 2018, 302 applicants were subject to an audit of their application. Of these 24 were subject to a further due-diligence check, undertaken by a RECC auditor. Of these 7 were referred to the independent Applications Panel for a decision.

The first rung of the Monitoring Strategy is the Due Diligence Checks that all applicants are subject to before we decide whether they are suitable to be a member of RECC. At application, businesses are initially required to make a number of very important declarations relating to the trading and solvency history of the business and the people involved in it, and to complete a self-assessment compliance check and provide documentation to demonstrate that they are in a position to comply fully with the Code and Bye-Laws. Our extensive Due Diligence Checks then involve checking the veracity of all applicants' declarations, scrutinising their compliance checks and assessing the

documentation they submit as evidence that they have systems in place to comply.

As a result of these checks applicants may be required to make changes to their procedures and documents before being admitted to the Code. For example, they may have been required to:

- **change their advertising and marketing materials;**
- **adopt the model contract or change their contract terms; and/or**
- **register with an insurance provider.**

If we have any concerns about an applicant's ability to comply with the Code or Bye-Laws, the application will be passed to an independent auditor for a further Due Diligence Check, which specifically focuses on the areas of concern. In addition, as a control, auditors check a random selection of applicants even if the application indicates full compliance.

If, following a Due Diligence Check, we continue to have concerns about an applicant, depending on the nature and seriousness of those concerns their application may be: accepted on a temporary basis (which may include being subject to conditions), referred to the independent Applications Panel, or rejected without reference to the Applications Panel. The Circumstances for Refusing Code Membership are set out in Section 3.13 of the RECC Bye-Laws: www.recc.org.uk/pdf/bye-laws-october-2018.pdf.

Applications Panel

In 2018, 7 applicants were referred to the Applications Panel for a decision on whether the business should be admitted to the Code.

The Applications Panel can decide that an application should be:

- **accepted, without conditions;**
- **accepted with conditions which must be met before the business is admitted as a member, e.g. provide evidence of valid insurance;**
- **accepted with conditions e.g. subject to special monitoring;**
- **accepted on a temporary basis; or**
- **rejected.**

In 2018 the Applications Panel met 5 times and considered 7 applications. Of these 7 applications: 4 were rejected, 1 was

accepted with conditions which needed to be met before it was admitted as a member, 1 was accepted on a temporary basis and 1 withdrew its application before the Applications Panel met. The Applicant accepted on the basis that certain conditions needed to be met before being admitted as a member, failed to meet these conditions by the deadline set and the application was ultimately rejected.

There is no appeals process for applicants that are rejected by the Applications Panel or by RECC directly, but applicants are permitted to reapply for membership. Applicants who have been accepted on a temporary basis must reapply at the end of that period. If they do not reapply, their membership will automatically come to an end.

Sarah Chambers was Chair of the independent Applications Panel, with five other members in the pool from which each Panel is drawn. In 2018 these were: Bryn Aldridge, Nina Dutta, Gretel Jones, Alastair Keir, and Fiona Tittensor. Andrew McIlwraith, Michael Thompson and Grace Blackwood provided the independent secretariat services to the independent Applications Panel.

Table 4.1 Applications Panel activity in 2018

Applications Panel	
Number of applications considered	7
Number of applicants:	
accepted without conditions	0
accepted on a temporary basis	1
accepted with conditions (pre-membership)	1
withdrew its application	1
Number of applications rejected	4



4.2 Audits and Compliance Checks

During 2018, 81 members were the subject of a full compliance check, of which 15 were then allocated for a full desk-based audit, and 3 were selected for an on-site audit (due to take place in 2019).

As a condition of their membership, RECC members are required to co-operate with all monitoring activities. We draw up a sample of members before each audit round. The sample is largely risk-based, though it also consists of a small number of members selected on a random basis. The type of monitoring required is dependent on the level of associated risk.

Our monitoring programme is designed to be both:

- **risk-based, focussing our monitoring resources where the potential risk of consumer detriment and/or non-compliance is highest; and**
- **comprehensive, to ensure that members' compliance with all key elements of the Code is monitored at regular intervals.**

RECC has developed a robust process for carrying out compliance checks and desk-based audits. These allow us to conduct a full assessment of compliance in a swift and timely manner, without the need physically to visit a member's trade premises.

Compliance Checks

Compliance Checks consist of top-level risk assessment analysis. The member is not

normally involved in this process. During a Compliance Check, amongst other things, we assess the member's online business presence, including its website(s), social media and review pages, carry out financial checks, and review insurance and MCS installation details, and analyse complaint information recorded on the RECC complaints database.

Desk-based audits

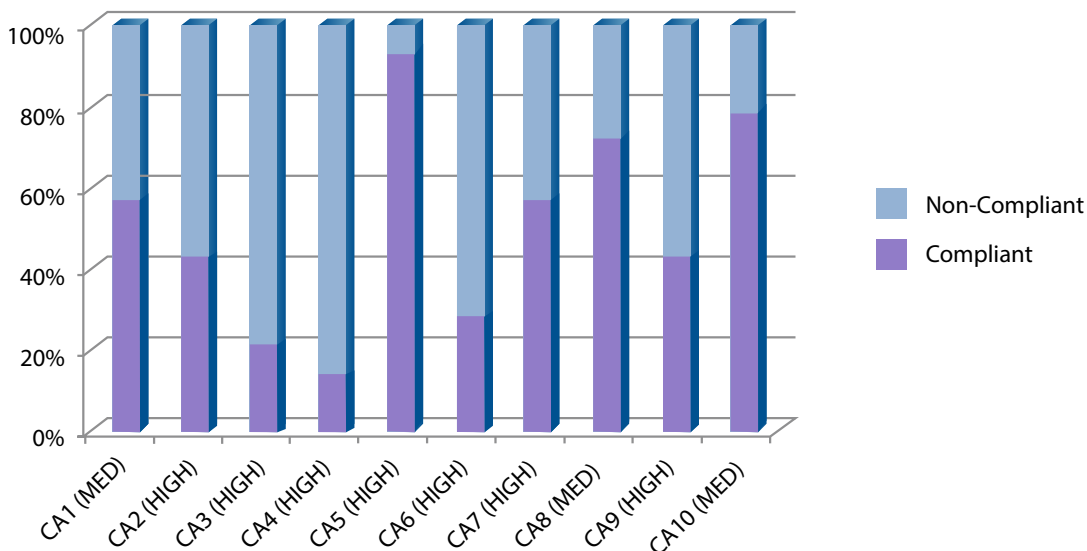
The desk-based audit is a comprehensive inspection of: contracts the member has actually signed with domestic consumers, all sales and marketing materials including telesales scripts and sales presentations, communications the member has with its consumers, and its quality management systems.

A site-based audit visit is a comprehensive and robust on-site inspection of a member's business and can take up to a whole day depending on the complexity of the member's business model and the size of its operations. These would generally be reserved for high-risk members or members already in the disciplinary process.

Desk-based audit	Site visit audit
The auditor is provided with the documents submitted by the member, along with their response to a pre-audit self-assessment form.	The auditor identifies with the member any areas of non-compliance and together they complete the audit questionnaire.
Based on these documents, the auditor completes the questionnaire and submits it to RECC to moderate and score.	The auditor then leaves a copy of the completed questionnaire for the members to check for factual accuracy. The auditor then submits the questionnaire to RECC to moderate and score.

Results for desk-based audits

Fig 4.1 Areas of non-compliance in 2018 audits by key Compliance Area



Passing or failing an audit is a reflection of how the member has performed on each key CA. To pass the audit, the member needs to:

- **demonstrate compliance in 7 high priority areas; and**
- **demonstrate compliance in at least 2 of the 3 medium priority areas.**

Whilst it may seem worrying that 12 of 14 members failed the audit, it is exceptionally difficult to pass the audit completely, and the results read in this way may not be an indication of consumer detriment.

Figure 4.1 above shows the results from the 2018 audit round against the CAs. The most frequent areas of non-compliance were:

- **Marketing and selling (CA3);**
- **Pre-contractual information provided to consumers (CA4); and**
- **Contracts and cancellation rights (CA6).**

The majority of issues concerning CA3 flow from claims made in the members' marketing materials which are not supported by a reputable source, or clear information explaining where the claim comes from. The issues around CA4 and CA6 are common issues we have seen over the past few years and are both areas where we have offered our members significant training and made resources available to them in order to ensure compliance.

There seems to be a theme of members using third party quality management systems, or RECC model documents, with the intention of offering consumers compliant contractual information; however, necessary steps are not being taken to update these documents and systems when changes are made to the Code, MCS standards or relevant consumer protection legislation.

4.3 Mystery shopping

In 2018 RECC commissioned 2 mystery shops from a panel of mystery shoppers across the UK; of these 2 mystery shops, 1 member visited a mystery shopper in their home and 1 failed to respond to the consumer's online enquiry.

RECC conducts targeted mystery shopping exercises with a view to checking the compliance of members considered to pose a high risk of consumer detriment in relation to their sales practices. RECC has a team of mystery shoppers spread throughout the country who assist us by carrying out such mystery shopping exercises.

A member will be selected for a mystery shop where a Compliance Check has shown that the member has exhibited a high risk of non-compliance in the way it sells contracts in a consumer's home. The principal focus of this exercise is to monitor selling techniques and pre-contractual information provided by members and such an exercise will be chosen where we consider that an audit may not capture the specific non-compliance.

Mystery shoppers complete a RECC mystery shopping form which ensures the process is clear and transparent. The mystery shopper will assess all stages of their contact with the member, including the content of the website or any advertising materials seen, to see whether they could be misleading in any way.

Where the mystery shopper identifies non-compliant behaviours, RECC will notify the member and require it to take the necessary action(s) to address the issues found.

Table 4.2 Key Compliance Areas

CA1	Awareness of consumer protection/RECC (including staff training)
CA2	Microgeneration Certification Scheme (MCS)
CA3	Marketing and selling
CA4	Estimates/quotes, particularly performance estimates and financial incentive
CA5	Finance agreements
CA6	Contracts and cancellation rights
CA7	Taking and protection of deposits and advanced payments
CA8	Completing the installation
CA9	After-sales (guarantees, workmanship warranties and warranty protection, after sales support: customer service)
CA10	Disputes numbers, handling, procedures

4.4 Surveying consumer satisfaction

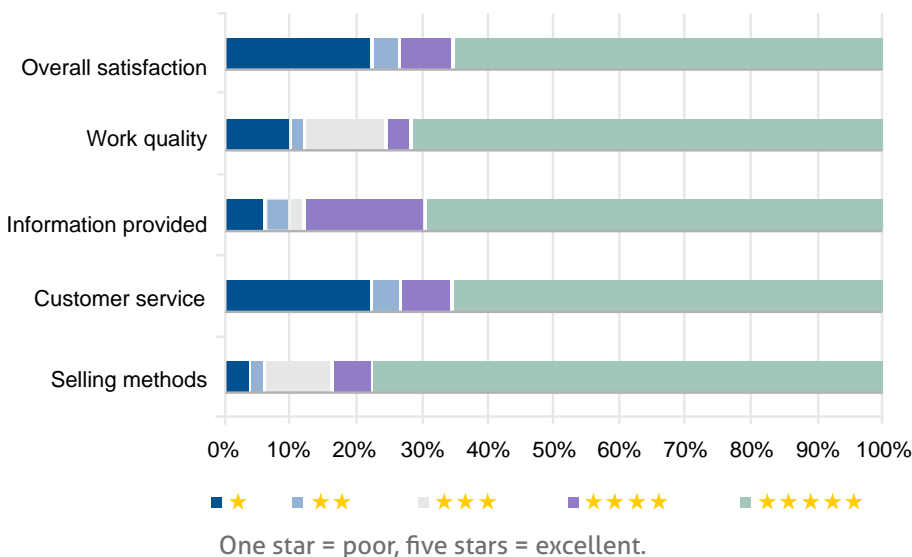
In 2018, 49 consumers returned Customer Satisfaction Questionnaires to RECC about 34 different RECC members. We monitor how satisfied consumers are with the service they have received and check that member companies are complying with the Code.

RECC distributes a CSQ that consumers can return directly by post or which can be completed online on the RECC website. Consumers can provide feedback on the experience they have had with members and provide us with information about the member’s business practices. In 2018 we received 49 CSQs about 34 different members. We analysed all returned questionnaires and took action where the contents of the CSQ gave us cause for concern.

We take great pleasure in communicating with our members where we have received positive feedback. In 2018 the majority of consumers who returned a CSQ gave positive feedback about our members in relation to the questions outlined in the CSQ:

- 72% of respondents confirmed that the RECC member had made them aware of RECC;
- 86% said they were satisfied with how the RECC member sold them the system;
- 75% of consumers said they felt comfortable signing the contract as they had been provided with enough information about the system before signing;
- 95% said that they were provided with clean written information about how the predicted performance of the system and what this meant in financial terms;
- 91% said they were made aware of their cancellation rights; and
- 74% said that they would recommend the RECC member to others.

Fig 4.2 2018 CSQ responses – consumer ratings from 1-5¹



¹ Based on their experience, consumers were asked to rank a number of statements on a scale of 1 to 5, where 1 was strongly disagree and 5 was strongly agree.

Fig 4.3 2018 CSQ responses - percentage of positive/negative answers by question

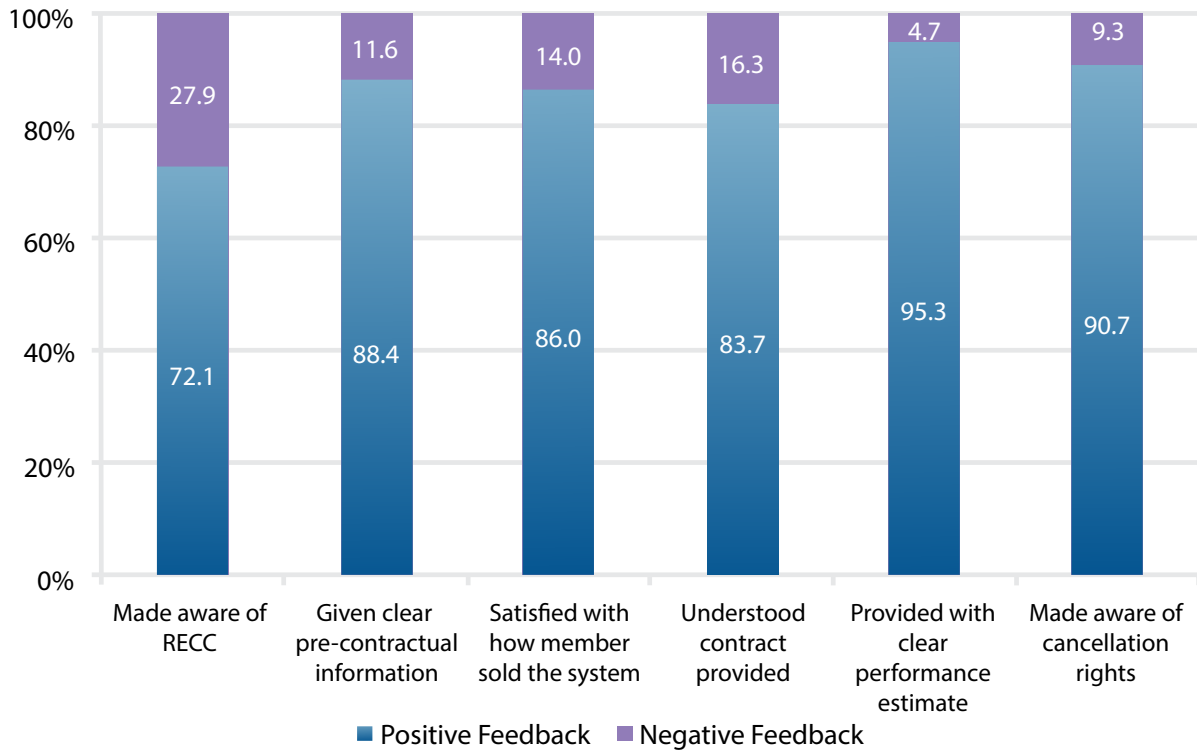
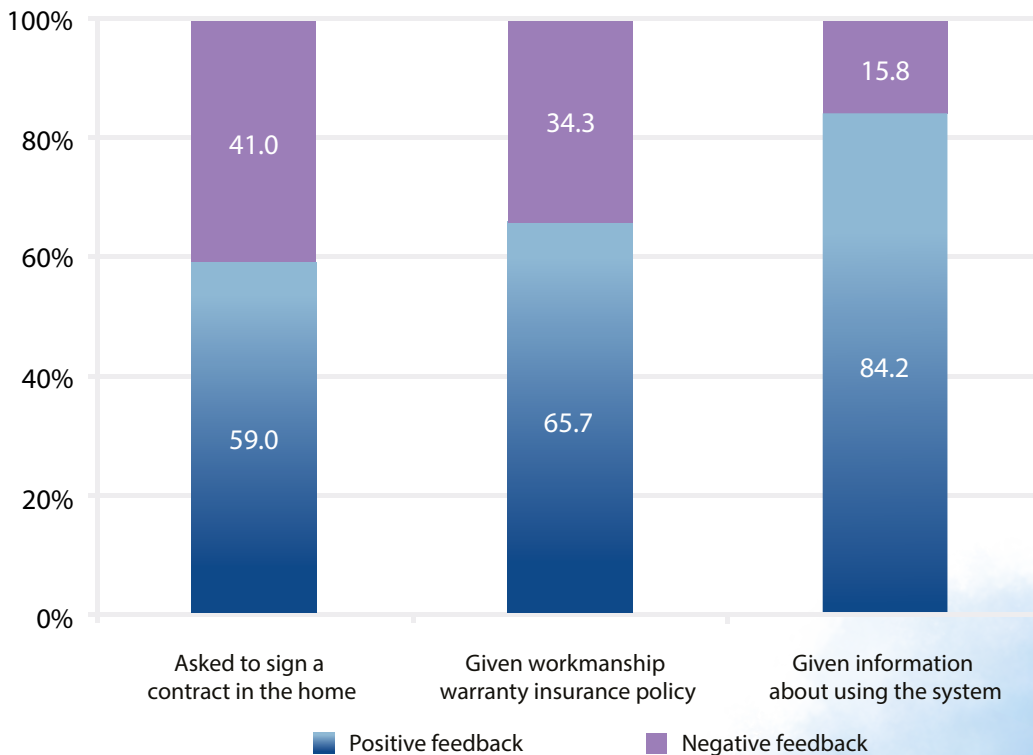


Fig 4.4 2018 CSQ responses - percentage of yes/no answers by question (con't)



5 Enforcing compliance with the Code

5.1 Investigating breaches of the Code

In 2018 RECC asked 22 members to respond to suspected breaches of the Code and/or Bye-Laws.

In 2018 our Compliance Team continued to investigate suspected breaches of the Code and/or the Bye-Laws. We may investigate evidence of a potential breach from a wide range of sources of information including:

- **complaints, including feedback complaints and arbitration outcomes;**
- **the results of monitoring activities such as audits and mystery shopping reports;**
- **intelligence from Citizens Advice, Trading Standards Departments, the Advertising Standards Authority, Courts or tribunals, Financial Conduct Authority, Companies Investigation Branch, Scam Busters, MCS Administrator or the MCS Certification Bodies; and/or**
- **any publicly available information including media reports.**

Where the Compliance Team has received evidence of a suspected breach, it sends a report to the member who is invited to respond providing the necessary clarification and explanation. This is the start of the disciplinary procedure. In 2018, 22 members were invited to respond to evidence of potential breaches.

5.2 Invoking Non-Compliance Action

In 2018, 7 members had non-compliance action invoked against them; of these 4 were invited to agree a Consent Order with RECC.

Where a member has been asked to provide a response to evidence of breach and is unable to demonstrate full compliance with the Code and/or its Bye-Laws, or where the initial evidence suggests a serious and/or repeated breach of the Code, we will formally invoke non-compliance action.

In 2018 we invoked non-compliance action against 7 members, 4 of whom were invited to sign a Consent Order. When a member agrees to a Consent Order and we consider it necessary in the interests of consumer protection, the details of a consent order will be published on the RECC website at: <https://www.recc.org.uk/scheme/non-compliance-action/consent-orders>

Of the 7 members against whom non-compliance action was formally invoked, we imposed the following sanctions²:

- **Consent Orders: 4**
- **Terminations for Non-Compliance in accordance with clause 14 of the Bye-Laws: 3**
- **Referrals to the Non-Compliance Panel: 1**

² Please note that more than one sanction may be imposed on the same member.

5.3 Non-Compliance Panel

In 2018, 1 member was referred to an independent Non-Compliance Panel hearing, ESE Services Ltd.

In 2018, ESE Services Ltd was referred to a hearing of the Non-Compliance Panel (NCP). In its determination, the NCP found that there had been a breach of the Code by the member and set a number of conditions on that member's continued Code membership. The NCP made a costs award in favour of RECC for £4,682.

Keith Richards chaired the ESE Services Ltd NCP hearing.

You can find the NCP's determination here: www.recc.org.uk/scheme/non-compliance-action/non-compliance-panel-determinations



Summary of Non-Compliance Panel activity in 2018

Non-Compliance Panel	
Number of independent NCP Hearings held	1
NCP cost awards	
Number of NCP Hearings in which NCP awarded costs to RECC	1
Number of NCP Hearings in which NCP awarded costs to Member	0
Amount of costs NCP awarded to RECC	£4,682

5.4 Appeals Panel

In 2018, the Appeals Panel considered 1 appeal, brought by ESE Services Ltd.

In accordance with the Bye-Laws, ESE Services Ltd chose to appeal the decision of the NCP. The Appeals Panel met to consider the NCP's decision and decided to uphold the original findings. The Appeals Panel made a costs award in favour of RECC for £21,240.

Amanda McIntyre chaired the ESE Services Ltd Appeals Panel hearing.

You can find the Appeals Panel's determination here: www.recc.org.uk/scheme/non-compliance-action/appeals-panel-determinations

Summary of independent Appeals Panel activity in 2018

Non-Compliance Panel	
Number of independent Appeals Panel Hearings held	1
Determinations	1
Amount of costs Appeals Panel awarded to RECC	£21,240

5.5 Convening the Non-Compliance Panel and Appeals Panel

The governance of the NCP and Appeals Panel is set out in full in the RECC Bye-Laws and in the NCP and Appeals Panel Rules. All NCP and Appeals Panel members are independent of the RECC Executive and a majority, including the Chairs, are independent of the sector.

The Chair of the NCP in 2018 was Keith Richards. There was a pool of 6 other NCP and Appeals Panel members from which each Panel was drawn. In 2018 they were: Sally Oakley, Elizabeth Stallibrass, Helen White, Amanda McIntyre, Michelle Peters,

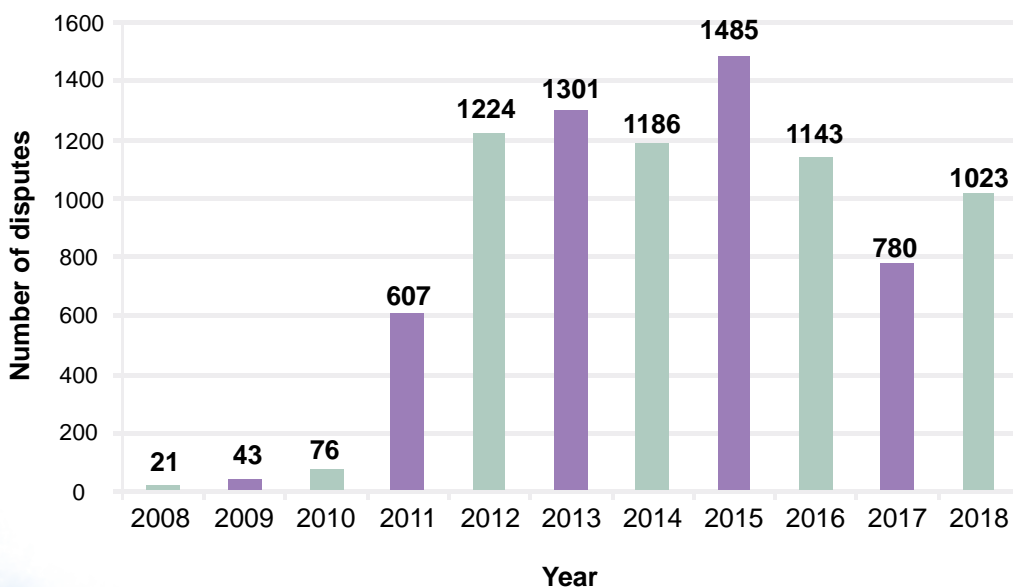
and Alan Wilson. Members from other Panels may also be used on the NCP or Appeals Panel. For the Appeals Panel hearing in 2018, Bryn Aldridge from the Applications Panel sat as a panel member.

Andrew McIlwraith, Michael Thompson, and Grace Blackwood provided the independent secretariat services to the Panels. Our thanks to them, to Two Main, who provided the recording and transcription services, and to Eversheds, who provided the rooms in which the hearings were held.

6 Resolving consumer complaints

In 2018, RECC received 1,023 complaints in total: 312 in respect of Code Members; 568 in respect of ex-Code Members and 143 in respect of non-Code Members. Of the Code Members concerned, 114 had just 1, 41 had fewer than 10 and 4 had more than 10 complaints registered against them. The total number of complaints registered with RECC in 2018 was up by some 250 from 2017.

Figure 6.1 Total number of complaints registered with RECC by year



6.1 Categorising consumer complaints

By status

Of the 1023 complaints received in 2018:

- 143 (14%) fell within RECC’s remit and were addressed by a Dispute Resolution Caseworker;
- 133 (13%) fell within RECC’s remit but concerned businesses that were not RECC members;
- 644 (63%) were feedback complaints: a complaint in which the complainant is not seeking a specific outcome or response but wants to bring a member’s practice to our attention; and
- 102 (10%) were complaints which, in the first instance, were most appropriately handled by a third party, e.g. the member’s MCS Certification Body.

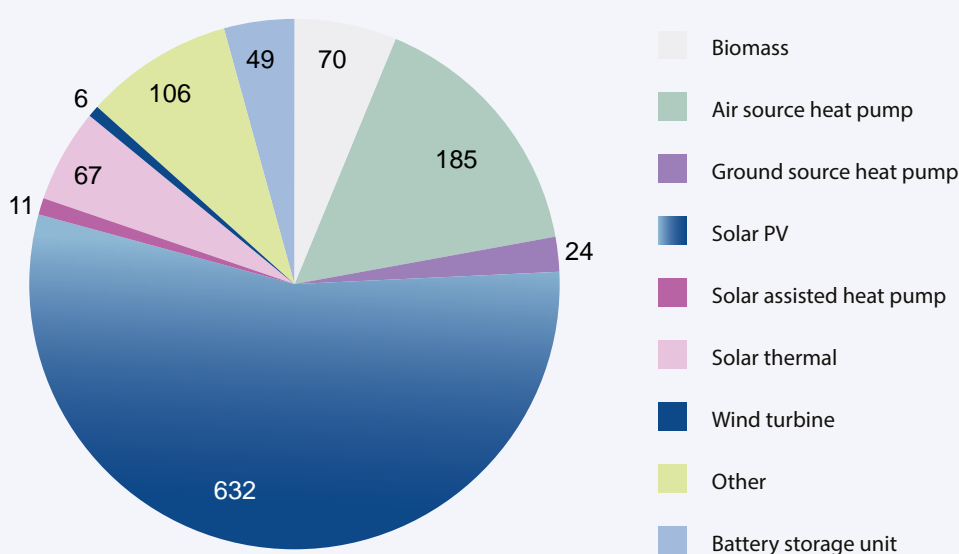
By technology

Of the 1,023 complaints received in 2018, 62% concerned solar PV systems, 18% concerned air source heat pumps, 7% concerned biomass boilers, 7% concerned solar thermal systems, and just 2% concerned ground source heat pumps.

We continued to receive a steady number of complaints about battery storage systems with 49 being registered in total, some 5% of the total. This was 20 fewer than in 2017, though this accounted for 9% of the smaller total number of complaints received. Complaints about battery storage systems have generally concerned:

- incorrect information given about the financial benefits of the battery; and/or
- technical issues caused by product faults or the product affecting the performance of an existing solar PV system.

Fig 6.2 Complaints registered with RECC in 2018 by technology



Please note that any complaints about multiple technologies have been counted once for each technology for the purpose of this chart.

Table 6.1 Complaints registered with RECC in 2018 by technology

Technology	Complaints registered by RECC in 2018	Complaints registered by RECC in 2017	Difference in 2018 over 2017	Difference in 2018 over 2017 (%)
Air source heat pump	185	115	70	61%
Biomass	70	56	14	25%
Ground source heat pump	24	29	-5	-17%
Other (non-MCS)	106	63	43	68%
Solar PV	632	484	148	31%
Solar thermal	67	37	30	81%
Wind turbine	6	5	1	20%
Battery storage	49	69	-20	-29%
Solar assisted heat pump	11	5	6	120%
Gas absorption heat pump	0	1	-1	-100%

Table 6.2 Complaints registered with RECC in 2018 by technology as a % of all domestic installations

Technology	Disputes registered with RECC	Total domestic installations	% of installations registered as a complaint
Air source heat pump	185	5,290	3.5%
Biomass	70	444	15.7%
Ground source heat pump	24	927	2.6%
Solar thermal	67	454	14.8%
Solar PV	632	21,874	2.9%

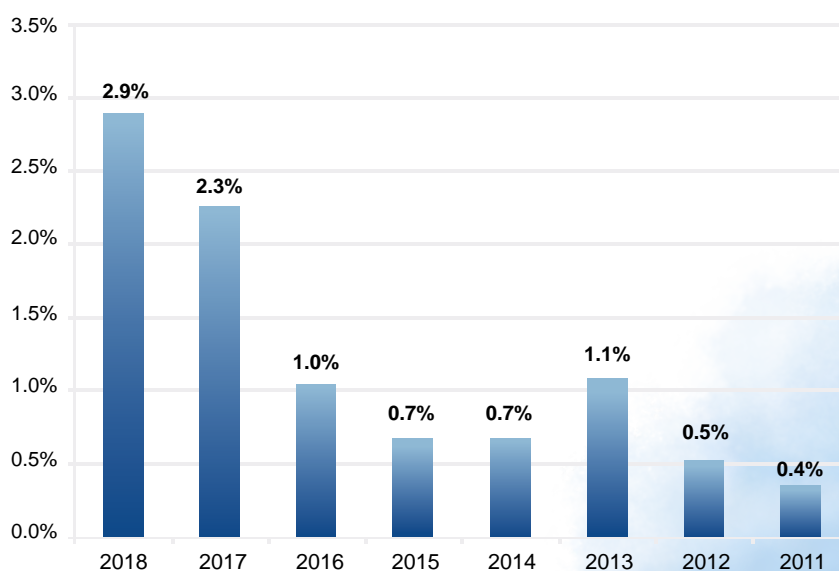
The complaints registered with RECC may relate to installations carried out before 2018. This means that conclusions cannot be drawn between the numbers of complaints registered this year as a proportion of the total domestic installations for 2018 for a given technology. The technology which generated the highest number of complaints as a proportion of installations is biomass, with a figure of 15.7%. This reflects the fact that it is one of the most complex technologies.

Although the highest number of complaints (632) were registered against solar PV, this was only 2.9% of total domestic solar PV installations for the year. However, the figure has increased compared with last year's figure of 2.3% (484). The increase in solar PV complaints is notable considering that the number of installations has declined (see Table 6.3).

Table 6.3 Solar PV complaints registered with RECC by year as a % of all domestic solar PV installations

Year	Solar PV disputes registered with RECC	Total domestic solar PV installations	Total domestic solar PV installed capacity	Percentage
2018	632	21,874	79 MW	2.9%
2017	484	21,325	77 MW	2.3%
2016	764	73,433	288 MW	1.0%
2015	948	142,250	517 MW	0.7%
2014	754	110,120	406 MW	0.7%
2013	937	85,755	313 MW	1.1%
2012	1,051	201,178	687 MW	0.5%
2011	439	124,385	381 MW	0.4%

Fig 6.3 Solar PV complaints registered with RECC by year as a % of all domestic solar PV installations



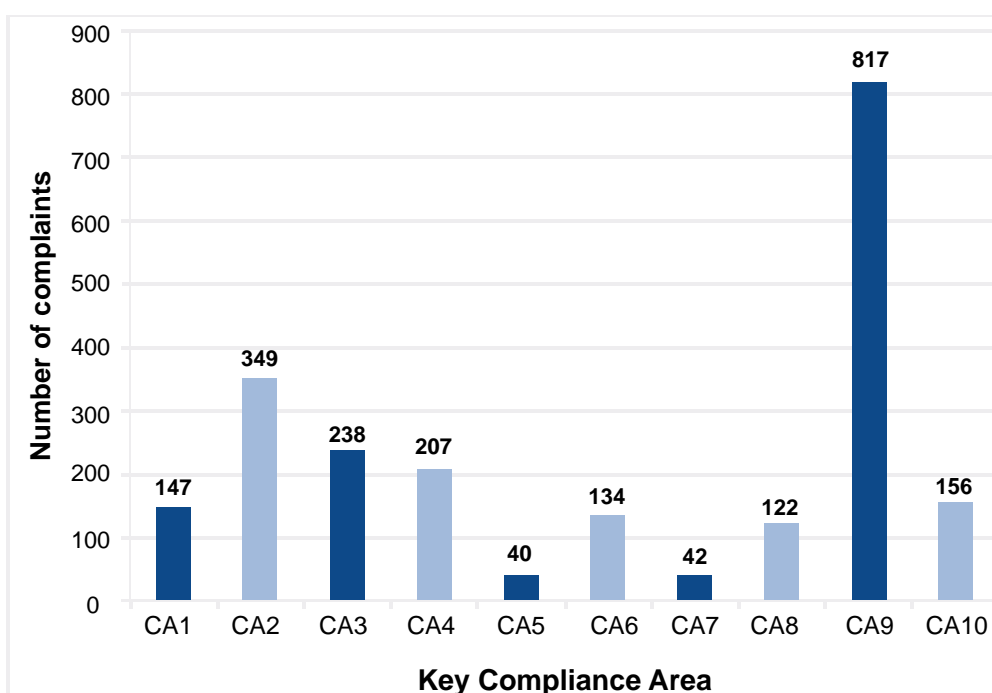
The majority of issues reported by consumers relate to CA2 (MCS), CA4 (Estimates and Quotes) and CA9 (Guarantee and Workmanship) of our Key Compliance Areas. (See Table 6.4)

CA9 is generally the most common key Compliance Area for received complaints. This is because the vast majority of consumers experience problems with their system after the installation has been completed. A complaint would generally be made to RECC if a Code Member is not able to resolve the matter with a consumer directly, so it is common for a consumer to complain of poor customer service alongside other issues (e.g. mis-selling or technical

issues) as they have already tried using the company's internal complaints procedure.

CA2 is the next most common key compliance area as consumers would have cause to complain if there are technical, performance, or design-related issues with their installations. These complaints are usually first referred to the relevant MCS Certification Body, where possible. It is worth noting that a technical issue with the installation only comes to light some time (from several months to sometimes even years) after the system is installed. For example, when a consumer realises that the system is not generating as much as the Code Member predicted in the contract/ quotation, or the consumer is not receiving as much as expected from a government incentive (e.g. Renewable Heat Incentive, or Feed-In Tariff) – this issue often overlaps with CA4.

Fig 6.4 Individual Issues underlying complaints registered in 2018 by Key Compliance Area³



³ Please note that issues pertaining to more than one CA may underlie a single complaint

Table 6.4 Key Compliance Areas

CA1	Awareness of consumer protection/RECC (including staff training)
CA2	Microgeneration Certification Scheme (MCS)
CA3	Marketing and selling
CA4	Estimates/quotes, particularly performance estimates and financial incentive
CA5	Finance agreements
CA6	Contracts and cancellation rights
CA7	Taking and protection of deposits and advanced payments
CA8	Completing the installation
CA9	After-sales (guarantees, workmanship warranties and warranty protection, after sales support: customer service)
CA10	Disputes numbers, handling, procedures

6.2 Resolving consumer disputes

In 2018, RECC successfully resolved 61 disputes, 12 of which (20%) were resolved following RECC's initial involvement, while 35 disputes (57%) were resolved through RECC's formal or informal mediation process, recovering £21,820 for consumers.

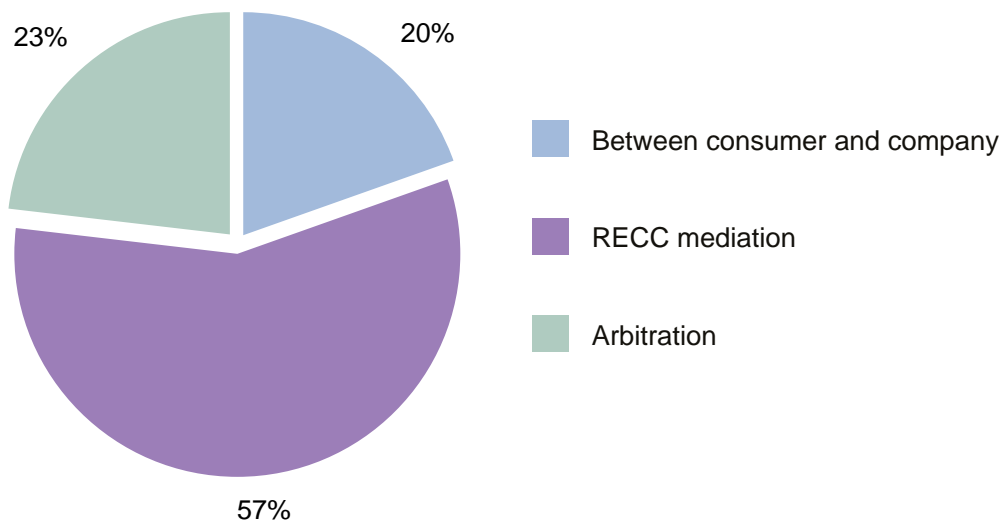
RECC's team of experienced Dispute Resolution Caseworkers work hard to resolve disputes through our Dispute Resolution Process, which is divided into 2 stages: mediation (informal and formal) and arbitration. In 2018, we introduced a stage of informal mediation for the first time and it proved to be successful when handling single-issue complaints such as deposit refunds and compensation for loss of income. During informal mediation, Dispute Resolution Caseworker's used a telephone-based mediation process and worked with members to resolve simple complaints in a much shorter timeframe.

RECC's formal mediation process involves Dispute Resolution Caseworkers mediating between the consumer and member in order to achieve a mutually agreeable resolution. Disputes successfully resolved in this manner took an average of 12 weeks to resolve from the start of the formal mediation period though the majority of these were resolved in less than 9 weeks.

When a complaint is first acknowledged by RECC, we notify the member and ask them to provide a response. Members are actively encouraged by RECC to resolve any outstanding issues if possible before the formal mediation process begins. Prior to the start of mediation, the Dispute Resolution Caseworker liaises with the consumer and member, to collate information and documentation pursuant to the complaint.

In 2018, our Dispute Resolution Caseworkers worked to recover £21,820 for consumers.

Fig 6.5 Means by which disputes registered with RECC were resolved in 2018



6.3 Referring consumer disputes to the Independent Arbitration Service

In 2018, 14 domestic disputes and 2 micro-business disputes were referred to the Independent Arbitration Service. It is administered by the Centre for Effective Dispute Resolution on RECC's behalf. The total amount awarded to domestic consumers was £106,458; and to micro-business consumers was £1,785.

Domestic Arbitration Service

There were 14 domestic disputes referred to the independent arbitration. The total amount awarded to domestic consumers at arbitration was £106,458 across 13 financial awards made, with the average amount awarded of £8,189⁴ in each case.

Micro-business arbitration

There were 2 micro-business disputes referred to the independent micro-business arbitration service⁵. This is designed for consumers who do not fall within the definition of domestic consumer but who are close to domestic. For example they could run small farmsteads or offer bed and breakfast accommodation. The total amount awarded to micro-business consumers in 2018 was £1,785.09 and the members were ordered to refund the consumer's registration fee in both cases.

⁴ This is based on an average of 13 cases in which financial awards were made. 1 award failed.

⁵ To qualify for this service, a micro-business consumer must declare that they have: (i) an annual consumption of (a) electricity of not more than 55,000 kWh; or (b) gas of not more than 200,000 kWh; or (ii) (a) fewer than 10 employees (or their full time equivalent); and (b) an annual turnover or annual balance sheet total not exceeding £1.5 million.

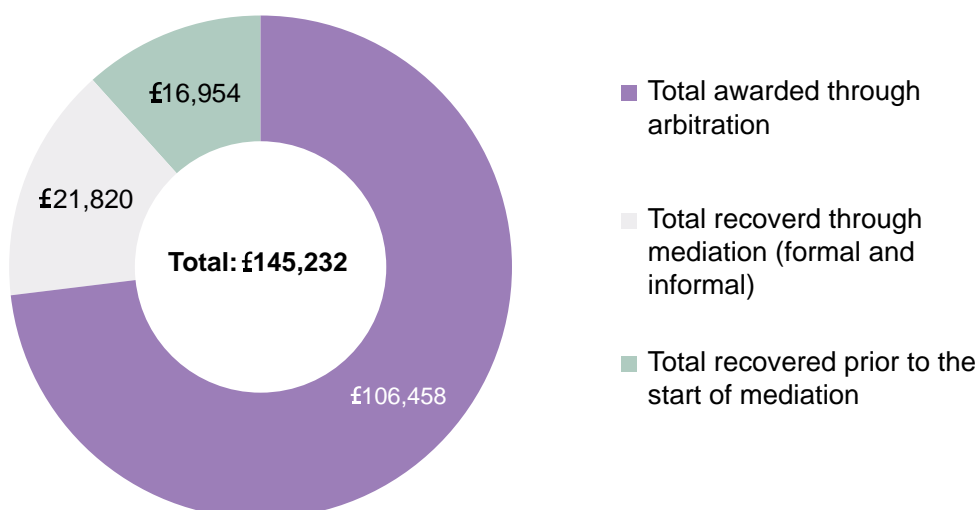
Table 6.5 Summary of the 14 domestic arbitration awards made in 2018

Arbitration outcomes	Number	Percentage of total
Claim succeeded in full	5	36
Claim succeeded in part	8	57
Claim dismissed or failed	1	7
Total	14	100

Arbitration outcomes	Number	Percentage of total
Member ordered to refund the consumer's registration fee	13	93
Consumer ordered to refund the member's registration fee	0	0
Each party meets its own costs	1	7
Total	14	100

Arbitration outcomes	Number	Percentage of total
Financial award made	7	50
Non-financial award made, e.g. provision of documentation, removal of a system or rectification of damage	0	0
Both financial and non-financial award made	6	43
No award made	1	7
Total	14	100

Fig 6.6 Breakdown of monies recovered for consumers in 2018 through the RECC Dispute Resolution Process



7 The RECC Team

Our team works tirelessly to promote and enforce the Code in a robust and even-handed manner. Between us, we have a wealth of knowledge and experience, with backgrounds in economics, law, trading standards, dispute resolution, customer service, renewable technologies, and environmental management. We are always happy to answer questions and provide one-to-one advice on a range of different subjects to consumers and members alike. What makes the team really special is our commitment to our members and our consumers. This was the team in 2018:

OPERATIONS

Virginia Graham – Chief Executive

Aida Razgunaite – Head of Operations

MEMBERSHIP

Olivia Fursessedonn – Membership Manager

MONITORING, COMPLIANCE, AND INDEPENDENT PANELS

Lorraine Haskell – Head of Independent Panels

Rebecca Robbins – Head of Compliance

Bernardo Machado Esteves – Compliance Officer

Lucas Drewitt – Audit Officer

DISPUTE RESOLUTION

Abena Simpey – Head of Dispute Resolution

Boris Eremin – Dispute Resolution Case Worker

Caroline Thomson – Dispute Resolution Case Worker

Robert Hinde – Dispute Resolution Case Worker



8 Governing the Code

RECC is administered by Renewable Energy Assurance Ltd (REAL), company number 05720606, with a Board of Executive and Non-Executive Directors.

REAL is a wholly-owned subsidiary of Renewable Energy Association (REA), the leading trade association in the renewables sector, a not-for-profit company. The Supervisory Panel, which meets quarterly, advises on the running of the Code.

The Code sets out the relationship between RECC members and domestic consumers. The Supervisory Panel oversees the Code which is a living document and has to reflect developments in the policy, legal and industry context within which it operates. The REAL Board oversees the Bye-Laws. CTSI also requires us to reflect the lessons drawn from our monitoring activities, any feedback we receive and the disputes we register. In addition we take account of guidance and specific suggestions we receive from CTSI, the Supervisory Panel, the REAL Board of Directors, the Primary Authority and consumer-facing organisations.

Supervisory Panel

The Supervisory Panel's governance arrangements are set out in full in the RECC Bye-Laws. Its members are independent of the RECC Executive and a majority of them, including the Chair, are also independent of the sector. The Panel's responsibilities include:

- reviewing and updating the documentation relating to the Code and the scheme;
- overseeing the implementation of the Monitoring Strategy;
- reviewing RECC members' compliance with the Code based on the results of monitoring activities;
- establishing such Expert Groups as it may consider necessary to advise it; and
- reviewing any reports presented to it by the Executive.

In 2018 the Supervisory Panel met four times: 15 March, 14 June, 13 September and 13 December.

David Laird has been the Chairman of the Panel since August 2012.

The Minutes of the Supervisory Panel Meetings are available on the website here: www.recc.org.uk/scheme/supervisory-panel/meetings-notes

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