

**Note of 26<sup>th</sup> Meeting of the Supervisory Panel**  
**REAL Consumer Code**  
**5th December 2012**

**Present:**

David Laird (Chair)  
Bryn Aldridge – City of London Corporation Trading Standards  
Tom Chapman – Gemserv (MCS Licensee)  
Martin Cotterell – Sundog Energy  
James Court – Consumer Focus  
David Frise – Building and Engineering Services Association  
Gretel Jones – Age UK  
Peter Mitchell – Energy Saving Trust  
Dave Sowden – Micropower Council  
Steve Storey – SSE  
Jim Thornycroft – Independent solar PV expert  
Philip Wolfe – Independent solar PV expert

Anna Moule – Ofgem (observer)

**In attendance:**

Virginia Graham – REAL  
Andrea Kourra – REAL (minutes)  
Sarah Rubinson – REAL (part)

**Apologies:**

Chris Beedel – Elecsa  
Gideon Richards – MCS  
Paul Rochester – DECC (observer)  
Neil Schofield – Worcester Bosch  
Indre Vaizgelaite – Renewables UK

**1. Welcome, introductions and apologies**

The Chair welcomed everyone to the 26<sup>th</sup> meeting of the REAL Supervisory Panel, including 3 new members. Introductions were made and apologies for absence were noted.

**2. Notes of 25<sup>th</sup> Supervisory Panel Meeting**

The Notes of the 25<sup>th</sup> Supervisory Panel Meeting were agreed as an accurate record of the meeting.

The secretariat noted the following matters arising:

- item 5: the marked-up amendments to the Code and Bye-Laws had been sent as requested;
- item 10: the Chair had extended an invitation to Mary Symes to attend the next Supervisory Panel meeting; she had been unable to attend the current meeting but hoped to attend the next one.

### **3. 2013 Membership Renewal, Panel Activity Plan and REAL Annual Report**

#### *Membership renewals*

The Secretariat reported that membership renewal notices had been sent to all members at the end of November, by email for the first time. Details of the membership fees had been made available on the website throughout November. (REAL's membership year runs from January to December.) A 5% discount is given to members who pay before 31st December (this includes payments by direct debit which would be deducted later in December).

The Secretariat reported that a decrease in the overall level of membership had been expected in the light of the downturn in the volume of solar PV installations. However, the proposed extension of the Renewable Heat Incentive to domestic consumers and the forthcoming Green Deal were both exerting a countervailing upward pressure on the level of membership. It was not yet clear what the size of the membership would be at the end of the renewals process. The Secretariat undertook to update the Panel at the next meeting.

The Secretariat explained that those MCS-certified installers wishing to install small-scale generation systems as part of a Green Deal Plan would be required to be certified to a bridging standard document covering the differences between the relevant MCS and Green Deal Standards. They would not be required to undergo a completely new Green Deal installer certification.

#### *Panel Activity Plan*

Panel members agreed the draft Panel Activity Plan that had been circulated by the Secretariat. The idea was to identify regular items that the Panel would review throughout the coming year. The pattern would be expected to be repeated each year, although of course the list was not exhaustive and would not preclude consideration of other items at any meeting.

Panel members welcomed the draft Activity Plan before them. There was some further discussion on individual items listed, and some suggestions for further items to be added. Panel members asked for an update on the new TSI's management of the CCAS to be included at each meeting in 2013. The Secretariat explained that in any event further discussion on this would take place later in the meeting.

Some additional items were proposed, including the domestic RHI (although it was noted that its impact will only be clear at the beginning of 2014). Panel members suggested that REAL should be pre-emptive with regards to writing to members about the RHI and advertising/marketing claims, as REAL did with the FIT changes last year.

Panel members agreed to email the Chair with ideas that they wished to add to the Panel Activity Plan.

#### *REAL Annual Report*

Panel members discussed the forthcoming REAL Annual Report. The Secretariat explained that this would be the first annual report required by the OFT, following full approval of the Code in November 2011. A draft would be placed before the next Panel meeting before being finalised and submitted to the OFT. The report would focus on the outcomes of REAL's compliance monitoring of its members. Panel members suggested that the report be written with a view to it being published more widely. They suggested that the report contain qualitative as well as quantitative analysis – summarising progress made and the challenges faced.

#### *Presentation of performance information*

Panel members drew attention to the importance of the way in which the benefits of renewable generation systems are presented to consumers, particularly where this is linked to financial returns. They considered many of the claims they had seen to be extremely opaque and misleading.

The Secretariat informed the Panel that REAL's guidance on performance estimates was being updated to take account of the amendments to SAP to take into account differences between geographical regions, and to the MCS installer standards for heat pumps and solar PV; the new version would be circulated when complete.

The Secretariat explained that the guidance would continue to state clearly that any assumptions must be clearly explained and based on a reputable source which must be clearly cited. The Secretariat pointed out that the EST website contains useful information and an objective model with which to calculate expected financial returns and payback.

Panel members suggested that REAL could work closely with the MCS CBs on the updated guidance, and that this should avoid any duplication. They also suggested that the NCP would benefit from a briefing on performance estimates, and that the guidance should include how to calculate and present rates of return and payback.

#### **4. REAL Consumer Code and Bye-Laws**

The Secretariat updated the Panel on the proposed amendments to the REAL Consumer Code and REAL Consumer Code Bye-Laws that had been circulated to and discussed by the previous Supervisory Panel meeting. The Secretariat informed the Panel that these were with the Office of Fair Trading for review, and that the proposed amendments to the REAL Consumer Code Bye-Laws had been reviewed by the REAL Board in September 2012. The Secretariat expected the process to be complete early in the New Year.

Panel Members requested that suggestions for proposed amendments to the REAL Consumer Code be discussed at every Panel meeting going forward. Issues arising from complaints, monitoring and any legislative or other changes could be tracked by the Panel on the basis of an 'issues log'.

## **5. Update on other Panels' activities and member engagement**

### *Applications Panel*

The Secretariat explained that the Applications Panel will continue to meet on a monthly basis in 2013 if required. Applications are referred to the Panel if REAL considers that it may have met one or more of the Circumstances for Refusing Membership (as outlined on the REAL website).

The application form requires companies to make a number of declarations including whether any directors have been involved with companies that have become insolvent. At least 1 in 5 applications are spot-checked, on a random or risk basis. The spot-check, carried out by independent auditors, takes an average of 3 hours. As part of this the auditors check the company directors' previous business history, including information on CCJs received, undertakings given and administrators' reports about dissolved companies.

Panel members requested that REAL present figures to the Panel of those applicants who were selected randomly to be spot-checked but who later turned out to be 'problematic'. The Secretariat explained that this was quite complicated to compile that a start would be made.

### *Non-Compliance Panel (NCP)*

NCP meetings will be 'de-coupled' from Supervisory Panel meetings from January 2013 as they no longer share a Chair. The NCP will continue to meet on a regular basis as required. The Panel typically consider 3-4 members at a single meeting. Work is being done to formalise the recording of the status of referrals. The Chair of the Supervisory Panel intends to work with the NCP Chair with a view to formalising information flows.

Panel members asked that they be regularly provided with details of learning from cases that had been considered by the Non-Compliance Panel (NCP). From the meeting earlier in the day members set out the following issues of principle that had arisen:

- what action REAL can take in relation to a member who cites REAL membership as a means of re-assuring a commercial customers, but then does not comply with the Code (which only applies to domestic consumers);
- what REAL's position is in relation to companies that go into solvent liquidation as opposed to insolvent liquidation and then starts up a new company (the application form does not require solvent liquidation to be declared)
- who has the authority to sign an application form (which states that it must be some-one in a position of authority).

The Chair requested notice of dates when the other Panels are scheduled to meet.

## 6. Overview of Complaints Registered

The Secretariat reported that 1,200 complaints had been registered with REAL in 2012 to date. This represents some 1% of the total of domestic solar PV installations (196,413). (Obviously this figure does not take account of complaints registered elsewhere and so is a snapshot.) Those complaints where a contract had not been agreed were categorised as 'Feedback' and those where a contract had been signed were categorised as 'Active complaints' in which some form of redress was sought.

The Secretariat presented tables to the Panel showing a breakdown of complaints by technology, a comparison of complaints sorted by technology against average resolution time and the overall number of complaints against resolution time. The Panel noted that there was a peak in complaints in November but, overall, there is a steady rate of incoming complaints. Members asked if complaints could be further categorised by their principal causes / issues.

The Panel noted that, on average solar PV complaints were resolved in 8 weeks. By contrast, it was noted that complaints concerning ground source heat pumps (GSHP) took the longest on average to resolve, some 35 weeks. GSHP complaints are expected to double in the next 4 years with the domestic RHI. Reasons for these complaints included:

- many GSHPs were installed pre-MCS and so there was no CB to assist;
- the complaints were technical in nature and had many complex elements, including ground loops and underfloor heating, and the elements did not always work together;
- in many cases undersized pumps had been installed;
- consumers had not been made aware in many cases that their electricity bills would increase significantly.

The Panel suggested that a breakdown of justified versus unjustified complaints would be useful. The Secretariat explained that it would be very difficult to prepare such statistics since complaints are never black and white, and so the data would be subjective.

The Secretariat explained that REAL uses the outcomes from the conciliation and arbitration process to inform how the way current complainants and members are advised. The Secretariat will provide a summary of the cases that have gone to conciliation and arbitration in 2012 for the Panel. **SR**

There was some discussion about the way MCS Certification Bodies approach complaint handling compared with the way in which REAL approaches complaint handling. The Panel agreed that a more unified, seamless system was required in order that consumers are not passed from pillar to post and subjected to long delays.

## **7. Overview of Latest Round of Audits**

The Secretariat presented charts demonstrating the range of scores achieved by members who had been audited in the previous round. The Secretariat explained that the OFT required a negative scoring system to be used, and that the sections are weighted according to significance for consumer protection. Members scoring between 0 and 8 negative points equated to a pass. Members scoring between 9 and 35 negative points equated to a marginal fail; members scoring over 100 negative points equated to a serious fail that would be likely to trigger referral to the NCP. The Secretariat explained that the cost of each audit was approximately £1000. The cost of audits is included within the membership fee.

The Panel requested that they see comparative outcomes for members selected for audit on a random basis, and those selected for audit on a risk basis. The Secretariat explained that this information was not readily available but agreed that it would be produced in the future.

The Panel suggested that REAL offer to make the audit results available to the MCS Management Panel. The Secretariat agreed to explore the implications of doing this.

## **8. Update on OFT/TSI Transition**

The Secretariat outlined the timetable for transferring responsibility for the CCAS to TSI from OFT:

|                |  |
|----------------|--|
| December 2012: | Governance proposals                                       |
| January 2013:  | New codes approval entity set up                           |
| February 2013: | Process for existing approved Codes to transfer across     |
| April 2013:    | New CCAS scheme goes live with consumer information portal |
| May 2013:      | Preparations for official launch of new CCAS scheme        |
| June 2013:     | Public launch of new CCAS scheme at TSI conference         |
| June 2013:     | CCAS open to new applicants.                               |

Consultation closes on 14<sup>th</sup> December

The Secretariat explained that the new scheme would be self-financing and that Code sponsors would be required to pay 2.5% of Code membership income to TSI from April 2013. A Consumer Code Approval Board (CCAB) would be set up in future, independent of the Codes, and would agree the fee level. There would be a mechanism for Code sponsors to feed their views into the CCAB.

## **9. Draft Response to TSI Consultation on Core Criteria**

The Secretariat discussed REAL's draft response to TSI's consultation on CCAS Core Criteria. The Panel agreed that the draft was sensible. The Secretariat invited any subsequent comments to be provided in advance of the deadline for submitting the response to TSI which was 14.12.12. The final response would be circulated to Panel Members.

## **10. Draft Response to DECC Consultation on Domestic RHI**

The Secretariat discussed REAL's draft response to DECC's consultation on the RHI domestic scheme. The Secretariat had been engaging directly with DECC's RHI Team since the consultation was issued.

The Panel agreed the draft response with regards to chapters 7 and 8 of the consultation (assurance and the consumer journey). The Secretariat invited any subsequent comments to be provided in advance of the deadline for submitting the response to DECC and agreed that the final response would be circulated to Panel Members.

## **11. A.O.B.**

The Panel requested an update on engagement with members of a legal nature, and this was provided.

## **12. Dates of 2013 Panel meetings:**

The Secretariat confirmed that the 2013 meetings of the Supervisory Panel would take place on: 20 March, 19 June, 18 September and 11 December 2013.