

Assignment of Rights Guidance for Installers

- 1. The Basics**
- 2. Why is AoR being introduced?**
- 3. How can installers get involved?**
- 4. Participating as a subcontractor working for an investor**
- 5. How do I work as a subcontracted installer?**
- 6. What are my obligations and what if something goes wrong?**
- 7. On-going maintenance services**
- 8. Participating as an investor**

1. The Basics

Assignment of Rights (AoR) is designed to help homeowners access the funds they need to install renewable heating systems. Investors pay for all or part of a renewable heating system and arrange for it to be installed for a homeowner. In return, the homeowner assigns all the payments under the Domestic Renewable Heat Incentive (DRHI) scheme to the investor. The homeowner will be the sole owner of the renewable heating system at all times. This guidance should be read in conjunction with the [Ofgem Essential Guide to Assignment of Rights](#).

Microgeneration Certification Scheme (MCS) certified installers can get involved in AoR in two ways: as investors or as subcontractors working for investors. These two options are covered below.

While AoR can be arranged between investors and other businesses and organisations (such as Registered Social Landlords) this guidance is for installers carrying out installation work for domestic homeowners only (owner-occupiers or private landlords).

2. Why is AoR being introduced?

The DRHI scheme is intended to help consumers and the Government reduce the carbon dioxide emissions associated with domestic heating. In theory, many householders should be able to recoup the cost of installing a renewable heating system through a combination of:

- the DRHI payments they receive; and
- any fuel savings they make.

However, the up-front capital cost of renewable heating remains too high a hurdle for many homeowners. By removing all or part of the cost barrier, AoR is designed to help more homeowners benefit from the lower fuel bills and reduced carbon dioxide emissions that

renewable heating systems can bring. The greater the number of renewable heating systems installed, the greater the reduction in carbon dioxide emissions from domestic heating.

3. How can installers get involved?

As an installer you can participate in AoR in two ways:

As a subcontractor working for an investor: You can carry out installations for an investor. See below: *4. Participating as a subcontractor to an Investor*

As an investor: You can apply to Ofgem to become a registered investor. If your application for registration is successful, you can finance all or part of the installation of a homeowner's renewable heating system in return for the DRHI payments due. The obligations investors have under AoR are explained in detail in the Renewable Energy Consumer Code (RECC) document: *Assignment of Rights Guidance for Investors entering into contracts with homeowners.*

Please note: If you want to act as an investor then see: **8. Participating as an investor** on *page 5*. This document will focus on guidance for installers working under contract to investors.

4. Participating as a subcontractor working for an Investor

In this role you will act as a subcontractor under a contract agreement with an investor. Initially you may be asked to survey the site, design the system and provide the investor with a design and performance estimate, which will be checked by the investor and passed onto the consumer. You will also have a limited zero-sum contract agreement with the homeowner that will cover system installation, commissioning and registration on the MCS database, see below: *5. How do I work as a subcontracted installer?* You must also confirm that the installation will comply with all relevant MCS product and installer standards.

Code Membership and MCS Certification

In order to qualify for the DRHI, AoR installations must be carried out by MCS certified installers. To achieve MCS certification, you must also join one of the Chartered Trading Standards Institute (CTSI)-approved Consumer Codes taking part in AoR: RECC or the Home Insulation & Energy Systems (HIES). This document refers only to your obligations under RECC.

The investor will be responsible to the homeowner for all aspects of the installation and you will have a separate contract with the investor for your installation services. However, you will also have important obligations to the homeowner under RECC and MCS (see below: *Getting the information and the installation right* and: *6. What are my obligations and what if something goes wrong?*).

The Registered Investor will also provide the homeowner with:

- your contact details;
- your MCS certification status and certification body; and
- details of your Consumer Code.

Getting the information and the installation right

When acting as a subcontractor to an investor, you will have important obligations under the Consumer Code and MCS (see: 6. *What are my obligations and what if something goes wrong?*). In particular, renewable heating may not be appropriate for every household and energy savings can be small or non-existent. RECC members must not present any information that is likely to mislead and, furthermore, you must ensure that any organisation you contract with must not bring the Code into disrepute.

You will be responsible for providing the investor with the necessary technical information required under MCS and this includes the compulsory performance estimate. This information must be as accurate as possible, and you should be meticulous about the veracity of any performance claims made and how they are passed on to the consumer. In addition to your obligations under RECC and MCS, your participation in the AoR scheme is likely to be audited and you may be asked to justify your calculations.

In line with all of the MCS technology standards, it is critical that the homeowner is given the formal MCS-compliant performance estimate before the contract is agreed. The information forms the basis of the sale and will demonstrate to the homeowner whether the installation will result in energy and/or carbon dioxide savings.

5. How do I work as a subcontracted installer?

If you intend to work as a subcontracted installer then you will have one contract agreement with the investor and a limited zero-sum contract agreement with the homeowner (see below: *Your agreement with the homeowner*). The agreement with your investor will be a commercial contract and it should cover issues such as liability and insurance and should carefully define the scope of your work and your responsibilities to the investor and to the homeowner. For example, the contract will cover system installation but may also require you to obtain necessary consents and permissions, such as permission to connect to the grid from the relevant Distribution Network Operator (DNO).

Your agreement with the homeowner

MCS standards state that there must be a contract between the homeowner and the MCS-certified installer. This means that, under the AoR scheme rules, you must have a limited zero-sum agreement with the homeowner. This contract will cover your responsibilities under MCS for system commissioning, installation registration on the MCS database and your confirmation that the installation will comply with all relevant MCS product and installer standards. Under this agreement (which may be described as a 'nominal value' contract) the homeowner will have no obligations to pay you for any installation services.

6. What are my obligations and what if something goes wrong?

If you are participating as an investor: See the RECC document: *Assignment of Rights Guidance for Investors*. That document explains your responsibilities and obligations under RECC and the DRHI Scheme.

If you are participating as a subcontracted MCS-certified installer: Even though the main contract agreement for the sale and installation of the renewable heating system is between the investor and the homeowner, you will be responsible for ensuring that the installation complies with MCS product and installer standards. And you will still have obligations to the homeowner under RECC. For example, you will have important obligations related to:

- your general business standards;
- working with vulnerable consumers;
- designing the system and providing the investor with a compliant performance estimate
- your zero-sum agreement for the installation of the system (see above: *Your agreement with the homeowner*); and
- the responsibilities you may have under a workmanship warranty and/or under any separate maintenance contract.

Any questions or complaints the homeowner may have should, in the first instance, be directed to the investor. The investor must deal with any query or complaint in a manner that is compliant with the Consumer Code, and in line with the contract with the homeowner. The investor may, however, ask you to investigate and/or put right a technical issue on their behalf. This will depend on the contract you have with your investor.

If things go wrong, then the exact on-going obligations you will have, and how you fulfil them, will depend on the contract you have with the investor. For example, the investor you contract with may have appropriate insurance for potential liabilities or third-party damage but your

contract may stipulate that this insurance is your responsibility. It is important that your agreement with the investor is clear on these points.

7. On-going maintenance services

The homeowner has important obligations under the DRHI to ensure that the renewable heating system remains in good working order. Under AoR, this means that a separate agreement for maintenance services must be agreed. The investor can provide the maintenance services or the homeowner can choose to agree a maintenance contract with a different organisation. The investor or the homeowner may therefore ask you to provide the maintenance services on their behalf.

8. Participating as an investor

Guidance for installers participating as AoR investors

You need to be a member of one of the Chartered Trading Standards Institute (CTSI)-approved Consumer Codes taking part in AoR: RECC or the HIES.

As the investor, you will be taking responsibility for the AoR agreement and the installation. You will need to get your contract approved by your code and you are strongly encouraged to use the approved model contract for AoR, available on RECC's website and as explained in the RECC *AoR Investor Guidance* (*see below for link*). RECC can also advise on your other pre-contractual information and processes.

After you have joined a code, and once that code has approved your AoR contract, you need to apply to Ofgem for acceptance as a Registered Investor under AoR. If accepted, you can then start signing AoR contracts with homeowners.

Registered investors must accept a range of on-going obligations under the AoR scheme and the DRHI and they also have wider obligations under RECC (or HIES) and MCS. Those investor obligations are explained in detail in the RECC document: [AoR Investor Guidance](#).

Document Version Control

Version	Date	Author	Rationale
1.0	26/09/2018	CM	Document issued following launch of AoR.