

Minutes: National Consultation Platform (NCP) event:

Date: 8th December, 2015

Venue: 21 Dartmouth Street, London, SW1H 9BP

Present:

Tim Starley-Grainger Westminster Council
David Barns Camden Council
Zoe Guijarro Citizens Advice
Jeremy Martin Independent Consultant
Lesley Rudd Sustainable Energy Association
Isobella Dowd Solar Trade Association
Thomas Allard Ofgem
Alex Goody Gemserv
Kirsten Firth Church of England
Fabrice Leveque WWF – UK
Kathy Smyth Community Energy England
Louise Powell Gemserv

Apologies:

Rob Ballington Newham Council
Andy Deacon Future Climate
Angela Murphy Camden Council
James Hardy Greater London Authority

WP 2.1: UK National Consultation Platform workshop - Key Success Factors:

The following dialogue represents transcribed material from a structured discussion amongst NCP members. The NCP group were subdivided into three groups – each group was provided with a maximum of two ‘Key Success Factors’, which they had to submit their views on.

Group 1:

Key Success Factor – Appropriate level of consultation

The group agreed with the need for an external consultation. However, it was felt that the consultation process should be extended and be more inclusive versus previous Government led exercises. There is a concern that current consultations are simply a ‘tick box’ exercise and wider

Industry views are not taken into account. Furthermore, the NCP notes that industry consultation are not very well publicised.

The group notes a requirement for a clear pathway, which permits wider industry communication and engagement from the onset. This should include: private sector environmental consultancies, campaign organisations, academics, businesses involved in the renewable energy supply chain, finance companies that specialise in loans for RE systems, consumer protection groups such as 'Which', community energy groups and building societies, academic and affiliated think tank organisations.

It was felt that independent installers and potential installers for RE systems had hitherto not been adequately consulted; and whilst the number is currently low – more effort should be taken to involve community energy groups.

In terms of areas of conflict – it is felt that the separating out domestic and non-domestic RHI creates a false dichotomy that creates a needless bureaucratic distinction.

The current consultation process risks pushing technologies that are not the best fit for the end-user – a reported criticism of the RHI (domestic).

Key Success Factor - quality and performance assurance

The NCP group supported the importance of maintaining an effective quality and assurance process, both as part of the RHI and future RHC schemes.

Under the current RHI, the NCP felt the need to meter heat output of systems in order to avoid generating perverse incentives – an issue that could be considered to impact upon future RHC schemes.

Consumer feedback – the NCP highlighted that there was very little opportunity to gather customer feedback on their experience of the RHI. In order to increase the quality and performance of a scheme, there needs to be an opportunity to rate the installer and quality of installation. Furthermore, customers should be able to provide feedback on the experience of the whole RHI installation process – including administrative duties.

A counter point to the above is the concern as to how consumers can appropriately judge a RHC system has been appropriately designed, installed and commissioned.

NCP criticised the MCS for not having a complaints process that is clearly articulated – an important requisite to optimise the quality of a scheme.

NCP highlights that quality and assurance should extend to the actual financing of systems beyond basic consumer credit check.

Whilst the MCS seeks to maintain industry standards, the NCP reports that fees applied to small installation companies are too onerous and are turning people away. However, the group acknowledge that RHC systems have quite high standards and the MCS costs reflect this.

Group 2:

Key Success Factor - Transparency and measurability

The group agreed the importance of ensuring that future RHC policies are transparent and require the ability to be monitored. However, in order to develop transparent and measurable scheme – the policy has to clearly communicate what the objectives of the scheme are.

NCP highlights a concern that future policies cannot be effectively measured if it is not clear what they should be achieving?

The NCP researched the objectives of the domestic RHI, which include: security of supply, carbon saving, reducing bills, increasing renewable heat and reliance on importing fossil fuels. However, there is no reference to fuel poverty and targeting vulnerable customers; two key issues that impact upon the UK's domestic energy sector and considered important for measurability purposes.

The NCP asserts that in order to ensure effective measurability of the scheme, more work is required around the distributional impacts of a policy.

The NCP highlighted the need to focus on a broader more relevant list of key performance indices. So, not just focusing on cheapest £ per tonne of carbon saved. To exemplify this, the insulation industry is now looking to analyse the effectiveness of an insulation measure to improve the thermal comfort or performance of a property; and not just the amount of money saved through reduced bills.

Change of ownership – the NCP highlight a growing concern that contracts with third parties i.e. those who installed systems becomes void when a property exchanges hands. On-going contracts with the new homeowner do not necessarily link up. The issue is exacerbated because Heat Pumps are more integrated/ embedded into the structure of a home versus a roof mounted RE systems. There is currently no long-term security for the new 'inherited' owner of a system.

The NCP notes that the issue is exacerbated in the UK, with a more transient population versus other EU member states. One posited solution would be to embed the agreement for the installation in the leasehold contract – however, the group acknowledges that this could be complicated for the purchaser of the property.

As a side point one final comment made by the NCP was the need to bring regulation and taxation of RHC industry closer with the regulatory burden of other industries such as gas, which is considered to be 'light'.

In order to improve the transparency of a scheme the NCP highlight the importance of independent advice. As a corollary to advice, there is a need for better and clearer customer journey from initial enquiry through to installation.

Need to get independent advice at initial stage is key – would result in a safe customer journey.

Key Success Factor - Financial adequacy

The NCP understood and agreed with the need for financial adequacy but acknowledged this impacted upon Government's ability to manage a policy in a more 'flexible' approach and mitigate against future overspend.

There is a concern that financial adequacy must support low-income householders and those who are fuel poor – therefore financial adequacy should ensure that low-income finance groups are supported.

Group 3

Key Success Factor - Predictability and stability

The group agreed with the need for future policies to be predictable and stable – creating investor confidence. The group highlighted that the policies should, at least in the 'medium' term, remain stable. In order to achieve this, the NCP proposed a series of programme changes on specific dates, rather than release random updates.

Group comments that in order for a scheme to remain stable there needs to be trust in standards and protection provided by the policy, helping to underpin consumer confidence.

In order to create stability around a scheme, RHC policies must meter out harsher penalties around poor installation standards. In the UK penalties regarding the gas boiler industry are seen to be more stringent versus renewable heating systems. For example, with the gas boiler industry you can lose your gas safe registration and potentially face prison, whereas the UK RHC policies do not afford this level of consumer protection.

Therefore, in order to ensure stability, consumer protection bodies need far greater enforcement powers, which will avoid repeated mistakes occurring within the industry. Anecdotal evidence from the NCP highlighted the issues of RHC companies disbanding and re-appearing under different names.

Group noted that this maybe a reflection of the training standards within the UK

NCP asserts that the ability to meter the heat output of a system will generate improved programme stability. As a corollary to this, the ability for policies to generate and disseminate open source performance data, which can subsequently be analysed by third parties, will in-turn generate increased consumer confidence and hopefully increase stability.

NCP highlight the need to include more high-level detailed advice to potential consumers of RE systems. For example, dedicated advice centre staff with specialist knowledge. Improved advice provision is expected to support stability in a scheme.

In order to generate more stability around RHC schemes – the group highlights the need to move away from subsidy and ensure that future schemes are enshrined in primary legislation - as was the way with Gas condensing boilers.

Suggestion that people start to move towards renewable energy in a stepped approach, so if upgrading a boiler use a condensing boiler, then size appropriate radiator size for future integration of heat pumps, correct temperature for heat pumps and boiler controls which can be adapted to future RE systems.

End of consultation-----