

REA Response:

Consumer protection in green heating and insulation sector

The Association for Renewable Energy & Clean Technologies (REA) is pleased to submit this response to the above call for evidence. The REA represents industry stakeholders from across the whole heat sector and includes dedicated member forums focused on green gas, biomass heat, biomass power, renewable transport fuels, thermal storage and energy from waste (including advanced conversion technologies). Our members include generators, project developers, heat suppliers, investors, equipment producers and service providers. Members range in size from major multinationals to sole traders. There are over 500 corporate members of the REA, making it the largest renewable energy trade association in the UK.

1. What are the key challenges consumers face when deciding whether to buy green heating and insulation products/services (as above) and associated services for their homes?

At the REA we strongly favour the right solution for the right property, this means maximising consumer choice and ensuring consumers are able to install the best renewable heating system for their property. Unfortunately one of the major challenges consumers face is uneven policy support for various forms of renewable heating, with the government “picking winners” and favouring one technology over another.

In domestic policy support for renewable heating such as the Boiler Upgrade Scheme or Market Based Mechanism, the Government has a hierarchy of technologies, with heat pumps often placed at the top, with other technologies severely discouraged or ignored altogether.

Without the Government offering a technology agnostic source of information, consumers are naturally pushed towards renewable heating companies themselves, who have a financial interest in promoting their own technology over all others, meaning consumers could be stuck with the wrong solution for their property.

This lack of technology agnostic information is the main barrier to consumer decisions to buy renewable heating services.

It is unfortunate Government's support for Energy Saving Trust came to an end as this was a consumer-friendly platform which allowed them to understand how certain energy efficiency and renewable products would work in their homes. In an ideal world, a consumer would be able to get free, independent advice, specific to their property, showing them which changes would benefit them and why. Consumers can access these services but at a cost.

Another clear barrier is the high upfront capex cost of renewable heating systems, which is further exacerbated if major changes have to be made to a property to install said heating i.e. fabric or piping changes for a heat pump. As well as being expensive these property changes can often be disruptive, lasting several weeks as a source of discomfort to the consumer.

Finally another barrier is the confusing make-up of consumer regulation in the green heat and insulation space. The protections that exist in the small-scale renewable landscape are not the same as the energy efficiency market. Further, consumers can only benefit from the renewable

energy protections if they know to only work with an MCS certified installer. MCS certification has been an eligibility requirement for most major Government incentives linked to small-scale energy generation. However, it has not otherwise been a requirement that consumers are told to look for (compared to consumer recognition around window fitters being FENSA certified, and boiler fitters being Gas Certified).

2. **Are consumers given sufficient information by businesses (and other sources) to make informed decisions about buying these products/services? Outline reasons for your answer including what information is most important/useful for consumers**

Generally renewable heating businesses are honourable and will try to point consumers in the right direction and ensure they are well informed about their products. Consumer codes such as RECC also ensure renewable heating businesses provide sufficient information to their customers. However, like all industries renewable heating is not free from its minority of “cowboy” businesses, who seek to promote their own technology even to the cost of the consumer, and will even actively misdirect consumers as to the best technology for their property.

The most important information consumers need to know is what technology is most suitable for their property. A large, poorly insulated off-grid property in rural Scotland for example would not be best suited to a heat pump and would be best suited to a biomass boiler or other alternative heating solution.

Consumers also need to know clear information around pricing, including both capex and opex costs, consumers need to know whether these prices are stable or prone to fluctuation - and what government policy support is available to aid consumers with these costs, such as the Boiler Upgrade Scheme.

Finally consumers need to be aware of any disruption caused to their property by the installation of a new renewable heating or insulation measure. They need to receive clear information of what disruption will occur, how long it is likely to last for, and whether they will need to leave their property for any period of time whilst works are undertaken.

3. **Does your organisation engage directly with consumers and/or receive consumer complaints in relation to any of these products? If so, outline any consumer protection issues or themes that you wish to bring to the CMA's attention.**

The REA is an industry trade association and thus does not engage directly with consumers

4. **Are there any issues or examples of good practice with consumer redress in this sector? If so, detail them below.**

No comment

5. **Are there groups of consumers who face additional consumer protection issues/challenges when buying these products? If so, set out which groups, the**

nature of the challenge(s) and how the CMA could help to address this? Reference any evidence you have to support this.

Vulnerable people, especially older consumers, face particular consumer protection issues. Due to the complicated nature of renewable heating, its administration and its policy support, the process of installing a renewable heating system can be confusing to more vulnerable users. This puts them more at risk from unscrupulous businesses looking to take advantage of these consumers to install unsuitable or low quality systems into these properties. We particularly saw this during the peak of the RHI in the mid-2010s where poor quality installations were rushed in place in order to gain financially from the RHI.

6. **Are there additional consumer protection considerations or issues for consumers in social housing / private rented sector? If so, reference any evidence you have supporting this.**

In both sectors there needs to be protections in place to protect tenants from disruption to the property should the landlord decide to make fabric changes or install a renewable heating system whilst the tenants are living in the property. This includes the right for tenants to refuse disruptive work and protection from being evicted in order for the landlord to carry out this work.

Business Practices

7. **Do you think there's sufficient information and guidance for businesses in the green heating and insulation sector to help them understand and comply with their obligations under consumer protection law?**

No

8. **Provide reasons for your answer including the information/guidance currently available to businesses and the additional support/information that could assist business. Specify if this is important for any particular product(s) (i.e. heat pumps, home insulation, solar panels, hydrogen-ready or biomass boilers) and/or business practice(s).**

Due to the fast pace of renewable heating policy and regulation, our members have often reported being confused or overwhelmed by constantly changing and growing regulation.

Whilst this covers all of the technologies we represent this particularly impacts our biomass heating members. With the closure of the RHI and growth of new regulations around fuel quality and maintenance standards our members have reported poor communication from government, Ofgem and other regulators in regards to new standards and what exactly they need to do.

An example of this would be new regulation covering wood heat fuel quality that was due to come in place this summer which was delayed at the last minute due to a lack of understanding and take-up in the industry.

Another example would be the HETAS-Approved Biomass Maintenance Scheme or HAMBS, where both our members and their consumers have reported confusing correspondence from regulators and a lack of clear communication. This had led to distressed consumers and businesses fearing a loss of income under the RHI.

9. **When advertising/selling/engaging with consumers are there any examples of good business practices, behaviours or guidance for businesses?**

Consumer protection framework

10. **In the green heating and insulation sector, do you think existing laws and regulation designed to protect consumers are sufficient? Outline your reasons including, if relevant, how consumer protection laws could be improved to provide further protection for consumers in this sector.**

Generally yes, renewable heating in the UK has strict criteria to protect consumers including feedstock quality and maintenance requirements. Policies to support the growth of the renewable heating industry such as the RHI and Boiler Upgrade Scheme have these protections built into their design which has led to a strong upsurge in installation quality for renewable heating systems. The issue is not the regulations themselves but information for consumers which at present is badly lacking.

11. **Which consumer protection issues in the green heating and insulation sector should the CMA focus on and why? Detail your reason, including any particular products or business practices you think the CMA should focus on.**

The main issue the CMA should focus on is providing clear technology agnostic advice for consumers when looking to install renewable heating systems or fabric improvement to their property. An example of this could be the German model, where local states subsidise qualified engineers and building scientists to visit properties and advise consumers how to make the maximum energy and carbon savings from their property.

The CMA should be wary of technologies that promise a silver bullet or one size fits all approach and should advise consumers to do the same.

We strongly believe that consumers are best placed to make decisions about their properties and their decarbonisation journey, and it should be the role of regulators not to choose winners but to ensure well informed and protected consumers who are able to make an educated choice into their chosen technology.

The CMA should also focus on consumer protection for new and innovative technologies such as hydrogen where best practice is still developing. Any labelling / information on gas boilers should not be misleading, should be transparent on the timeframes for hydrogen delivery via the gas

grid, not lead consumers to make unnecessary purchases or delay the adoption of low carbon solutions where these can deliver the greatest GHG emission savings cost effectively.

Consumer protection framework

12. **Do you think the current certification scheme/Codes of Practice landscape in the green heating and insulation sector is working effectively for consumers and/or businesses? Detail why or why not.**

Yes, current certification schemes such as RECC are generally working well for the green heating sector. However some orbital schemes covering aspects of renewable heating like feedstock quality and fuel quality have some need for improvement.

As covered in previous answers the issues with these schemes - such as the HABMS biomass maintenance scheme to give an example - is not necessarily their content or goals but a lack of communication to both consumers and industry on what needs to be done to meet these certifications. Renewable heating businesses now have to follow multiple certification schemes for all parts of their supply chain, from feedstocks to the end user, which can be overwhelming or even crippling for some companies. This is especially true for smaller or one-person operations who don't have time to research certification schemes and trawl through dense guidance documents, who instead need clear instruction and communication from these certification schemes.

13. **What steps, if any, could be taken to improve the effectiveness of these measures for consumers and/or businesses? Focus on the certification schemes/Codes of Practice specific to the low carbon and energy efficient home heating sectors rather than broader codes such as building regulations or gas safety compliance.**

As a trade association we will focus our answer on the business side of this question. The main steps to improve the effectiveness of these measures would be simplification and communication. Whilst larger companies with a team of administrators can manage new dense regulation, smaller organisations need to be given clear communication and clear steps to take in order to make themselves compliant with any new regulation.

Particularly in the biomass heat side we have seen the consequences of poorly communicated regulation in regards to both fuel quality and maintenance schemes, both of which have seen a very low take up from industry, and a myriad of delays and issues in their implementation.

14. **How well do you think consumers understand the current certification/Codes of Practice landscape and the various schemes/codes within it? Detail your reasons.**

Consumers have a poor understanding of the various renewable heating certification codes. But they shouldn't need to, the onus should not be on consumers, with busy lives and no training in building science to understand these regulations. It is the role of government and consumers to communicate the broad strokes of these regulations to consumers and to ensure they are informed enough to make an educated decision.

15. **Do you have any examples of good or particularly effective practice by certification scheme/Code of Practice providers that promote the interests and rights of consumers? If yes, share the name and provided details including links.**

The Renewable Energy Consumer Code (RECC) sets high consumer protection standards for businesses selling and leasing in the small-scale renewable energy sector. The code dovetails with the MCS standards and their members must be MCS certified for the technologies they are offering to domestic consumers. As well as ad hoc advice for members and consumers, RECC provides a suite of compliance materials for members to ensure they are meeting the standards of the code, including a full set of technology specific contractual documents and an online training resource which covers the full consumer journey.

Guidance is provided for members on relevant consumer protection legislation, and advice and guidance is available for consumers so they understand what to expect from a member, what to think about and the questions they should ask before making a purchasing decision and what to do if things go wrong. RECC undertakes significant work before accepting a member to ensure businesses using their logo can comply with the standards of the code and this is regularly checked during membership as part of our monitoring activities.

RECC provides a dispute resolution service (for which they are approved under the ADR Regulations 2015) in cases where domestic consumers have a complaint against one of their members. In 2021, RECC helped recover £104,122 for consumers through this process. RECC's process is effective in quickly resolving disputes between members and their consumers, reducing the need for consumers to take costly legal action.

recc.org.uk

Your activity

16. **Has your organisation been involved in or is your organisation currently planning work related to consumer protection issues in the green heating and insulation sector? This could include business or consumer advice, reports, research or survey/questionnaires. Provide details and share links to any relevant material.**

No

Your activity

17. **Please share any relevant consumer or business research by other organisations that you are aware of, which would be helpful to inform the CMA's understanding of consumer experiences and business practices in the sector (please provide links).**

No comment

18. **Let us know about any other issues you think are relevant for our consumer protection project.**

No comment

