

# Consultation

## Administration of the Green Gas Support Scheme

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We are consulting on our proposed administration of the Green Gas Support Scheme (GGSS), which is expected to launch in autumn 2021. We welcome responses from anyone with an interest in the GGSS, such as biomethane producers and those working in related industries, as well as from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We may publish the non-confidential responses we receive alongside a decision on next steps on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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## Executive summary

Ofgem has been named by the Department for Business, Energy and Industrial Strategy (BEIS) as the intended administrator of the Green Gas Support Scheme (GGSS) and associated Green Gas Levy (GGL). BEIS consulted on the proposed policy, and issued the subsequent government response, in March 2021<sup>1</sup>. This consultation sets out proposals on aspects of our planned administration of the GGSS in order to inform work to develop this in preparation for scheme launch. We have described the government position where needed to add context to the aspects we are consulting on, however for an outline of the full policy the government response should be referred to.

**We have published a separate consultation on our proposals for our administration of the GGL, which is running in parallel with this consultation.**

**The Green Gas Support Scheme** will launch in autumn 2021 to support the deployment of new anaerobic digestion biomethane plants injecting into the gas grid.

Applicants to the GGSS will be required to secure a **tariff guarantee** in advance of plant commissioning. In the application section (section 2) we have outlined details of the information and evidence needed to secure a provisional tariff guarantee, including for financial close, that will be required in order to enable available budget to be reserved and a tariff guarantee issued. Additional information and evidence, including evidence of commissioning, will be required once the plant has been commissioned to enable full scheme registration.

Payments will be made to scheme participants who continue to comply with the scheme requirements, quarterly for 15 years (section 3). Before receiving a payment, participants will need to submit **periodic data** (section 4) and evidence each quarter, as detailed further within our proposal. This will include evidence of the volume and qualities of gas injected, details of heat supplied to the anaerobic digester and process, details of the feedstocks used, and reporting on **fuel measurement and sampling**. In addition to completing an annual declaration (section 5), participants will be required to provide an independently produced **annual sustainability audit report** (section 6), and we have set out proposals for the preparation and submission of this report.

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<sup>1</sup> <https://www.gov.uk/government/consultations/future-support-for-low-carbon-heat>

Within the government response, BEIS set out that registered biomethane producers may also participate in the **Renewable Transport Fuel Obligation** (section 7) administered by the Department for Transport (DfT). We are proposing that participants submit a quarterly declaration to confirm the amount of gas injected being claimed on the GGSS, and an annual independent assurance report to be provided as an extra section of the annual sustainability report.

We will have the power to conduct **audits** (section 8), including site inspections, to ensure payments are being made for plants that comply with the scheme rules. We have set out further details of our proposals for auditing plants. In addition, to promote **participant compliance** (Section 9), we will have the ability to impose a range of **sanctions** such as withholding payments, correcting tariffs and revoking participants.

We have set out how we propose to administer a **right of review** (section 10) process to enable scheme participants to appeal should they believe an error has been made in a determination we have made.

Additional areas that we make proposals on our administration of include change of registration (section 11), registration of additional capacity (section 12), withdrawal from the scheme (section 13), scheme reporting (section 14), and scheme budget shortfall (section 15).

## 1. Introduction

### What are we consulting on?

- 1.1 In March 2021, the Department for Business, Energy and Industrial Strategy (BEIS) issued the “Future Support for Low Carbon Heat & The Green Gas Levy: Government response to consultations”<sup>2</sup> on the proposed Green Gas Support Scheme (GGSS) and associated Green Gas Levy (GGL). The “Future Support for Low Carbon Heat”<sup>3</sup> and the “Proposals for a green gas levy”<sup>4</sup> consultations closed on 7 July 2020 and 2 November 2020, respectively. In this document we refer to the government response on the Green Gas Support Scheme and the Green Gas Levy as ‘the government response’.
- 1.2 Both the GGSS and the GGL are scheduled to launch in autumn 2021. The GGSS is intended to encourage the deployment of new anaerobic digestion (AD) biomethane plants in order to increase the proportion of green gas in the gas grid. Support will be provided to registered biomethane producers based on the volume of eligible biomethane, produced from AD, that they inject into the gas grid. The scheme is expected to be open for applications until autumn 2025, and tariff lifetimes will last for up to fifteen years.
- 1.3 The GGSS will be funded through the GGL, which will require all licensed fossil fuel gas suppliers in Great Britain, excluding those who supply 95% or more from non-fossil fuel sources, to pay a levy based on the number of meter points they serve. **We have published a separate consultation on our proposals for our administration of the GGL, which is running in parallel with this consultation.**
- 1.4 In this consultation on the GGSS we have presented a summary of the government position within each section, under the heading ‘summary of government position’. Here we summarise the relevant contents of the government response and our understanding

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<sup>2</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/970565/green-gas-levy-future-support-low-carbon-heat-govt-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/970565/green-gas-levy-future-support-low-carbon-heat-govt-response.pdf)

<sup>3</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/888736/future-support-for-low-carbon-heat-consultation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/888736/future-support-for-low-carbon-heat-consultation.pdf)

<sup>4</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/919901/consultation-green-gas-levy.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919901/consultation-green-gas-levy.pdf)

of the proposed regulations. Once the regulations come into force, we will consider whether further stakeholder engagement is required.

- 1.5 Where we have summarised the government position, this is for the purposes of providing context to aspects of scheme administration that we are consulting on, and is not intended to be, nor is it, a full indication of the full scheme eligibility requirements or rules. For more details and a more extensive outline on the government position, readers should refer to the government response.
- 1.6 We have presented our proposals on how we propose administer the GGSS under the heading 'proposed administrative approach', and highlighted these in orange. We are only consulting on these parts.
- 1.7 The scheme regulations will not have been published during the consultation period, but we are consulting at this stage in order to help provide industry with time to prepare for the new scheme. We are aiming to engage with stakeholders during and after the consultation period, in order to keep them informed and to ensure the deliverability of the GGSS.
- 1.8 In addition to this published consultation we are also planning two stakeholder engagement events where we will introduce sections of the consultation and invite comment and feedback on these. These are planned to focus on the GGSS and the GGL and are scheduled to take place between 19 and 30 July 2021. Details of how to register for these events can be found on our website.
- 1.9 We are also working on designing the digital services<sup>5</sup> for both the GGSS and the GGL, according to the 14 Government Digital Service (GDS)<sup>6</sup> service standards. We have been engaging with potential GGSS users throughout this process as part of user research and usability testing sessions.
- 1.10 Both services are following a user centred and digital first approach, with the aim to streamline processes wherever possible. This includes looking at options to automate certain aspects of the services, reduce touch points and providing the ability for users

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<sup>5</sup> <https://gds.blog.gov.uk/2018/04/04/what-do-we-mean-when-we-talk-about-services/>

<sup>6</sup> <https://www.gov.uk/government/organisations/government-digital-service>

to communicate with us online. We are working using an agile approach with the aim to deliver a minimum viable service and further iterate and provide continuous improvement based on user feedback and prioritisation exercises. Furthermore, our digital services will comply with WCAG 2.1 accessibility guidelines so they are accessible to people with disabilities or access needs.

	Discovery	Alpha	Private Beta	Public Beta (Go live)
GGSS	Completed Nov 2020	Completed April 2021	In progress	November 2021
GGL	Completed March 2021	In progress	Starts September 2021	TBC

1.11 On the GGSS, we have started development of the digital service during our private beta<sup>7</sup> phase ahead of our November go-live date (this will see parts of the service deemed as a priority released to allow applicants to set up an account and apply, other functionality will be released iteratively). We continue to work with potential users and our Ofgem operations colleagues to define the requirements of the service and build something which satisfies their needs.

1.12 If you would like to be part of our research, please send an email to [Future.Heat@Ofgem.gov.uk](mailto:Future.Heat@Ofgem.gov.uk), specifying whether you are interested in the GGSS or GGL.

## Related publications

1.13 Some useful links are provided below:

- [BEIS 'Future Support for Low Carbon Heat' consultation](#)
- [BEIS Green Gas Levy consultation](#)
- [Future Support for Low Carbon Heat & the Green Gas Levy: Government response to consultations](#)

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<sup>7</sup> <https://www.gov.uk/service-manual/agile-delivery/how-the-beta-phase-works>

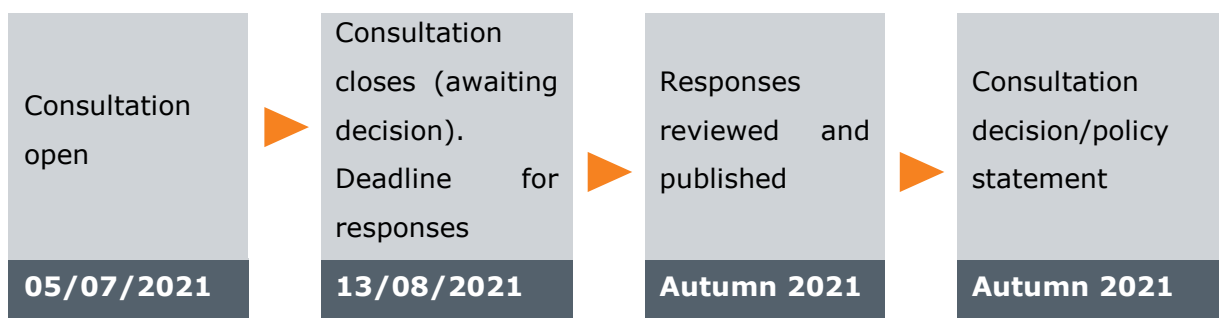


## Consultation stages

1.14 This consultation outlines our proposed administration of the GGSS.

1.15 The consultation will be open for 6 weeks, and will close on 13 August 2021.

**Figure 1: Consultation stages**



1.16 During the consultation period (Summer 2021), we will organise stakeholder events in order to help participants, suppliers and all relevant parties engage with the GGSS. We will be also updating our website and other platforms regularly to include any upcoming events and/or news.

1.17 This consultation deals with our administration of the pending GGSS Regulations 2021. The Government has set out its intentions in its Government response, which has informed those regulations, but in the unlikely event that there are minor changes between this consultation and when the regulations are laid in Parliament, and we deem those differences to have a material impact the administration of the scheme, we will consider whether further stakeholder engagement is necessary.

1.18 As soon as the consultation closes, we will start analysing responses and drafting guidance, which will be published in autumn 2021.

## How to respond

1.19 We want to hear from anyone interested in this consultation. Please send your response using the consultation feedback template which is available on our website. Should you have any further questions, please contact the person or team named on the front page of this document.

- 1.20 We will publish non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

## **Your response, data and confidentiality**

- 1.21 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.22 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.
- 1.23 If the information you give in your response contains personal data under the General Data Protection Regulation 2016/379 (UK GDPR) and domestic legislation on data protection, the Gas and Electricity Markets Authority will be the data controller for the purposes of UK GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 3.
- 1.24 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## **General feedback**

- 1.25 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

- a. Do you have any comments about the overall process of this consultation?
- b. Do you have any comments about its tone and content?
- c. Was it easy to read and understand? Or could it have been better written?
- d. Were its conclusions balanced?
- e. Did it make reasoned recommendations for improvement?
- f. Any further comments?

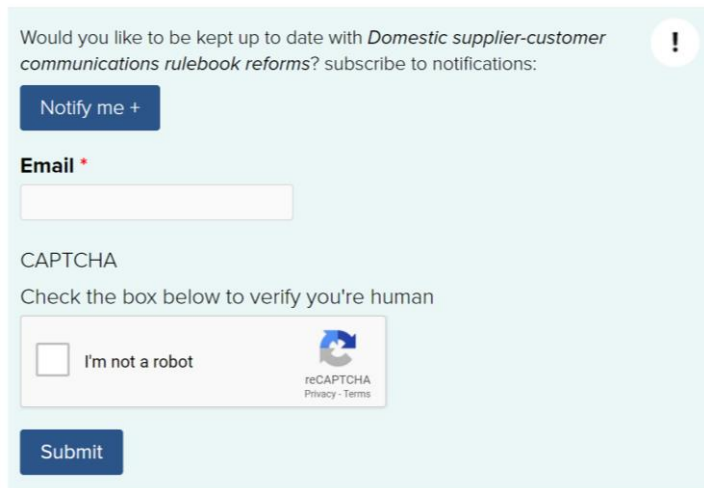
Please send any general feedback comments to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk)

### How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website.

[Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

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## Green Gas Support Scheme

### **Section summary**

Biomethane producers who wish to apply for support under the GGSS will need to apply to Ofgem in order to be registered on the scheme. The first section sets out how we intend to administer the application process, including the proposed Tariff Guarantee process.

Once registered, biomethane producers will be eligible to receive periodic support payments based on the amount of biomethane they inject into the gas grid. In order to receive periodic support payments, registered producers must provide Ofgem with certain information, including meter readings, each quarter. Section 3 sets out how we intend to administer payments to registered producers, while section 4 sets out the requirements we intend to put in place around the submission of this data and how we will assess this.

The GGSS will include restrictions on the feedstocks that will be permitted and will set minimum sustainability requirements. Registered producers will be required to report against these requirements and provide evidence that they have met the criteria. Section 6 of this section will set out how we intend to administer feedstock and sustainability reporting.

The GGSS will include a number of ongoing requirements that registered producers will need to comply with. The GGSS regulations will provide Ofgem with a range of powers to address non-compliance, such as withholding or reducing payments. Applicants and newly registered producers may be subject to a site audit, and our proposed approach to audits is set out in section 8. Section 9 explains some of those powers and how we will keep participants informed of any compliance action.

## 2. Making an application

### Questions in this section

1. Is there any additional information that you think should be included in Provisional Tariff Guarantee Notices (PTGNs)?
2. Do you agree or disagree with our proposed approach to the administration of tariff guarantees? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
3. Do you agree or disagree with the proposed evidence requirements for demonstrating that a plant has commissioned? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
4. In relation to providing evidence of commissioning, are there other standards, practices, procedures or tests that should be considered? Please provide evidence to support your response.
5. Do you agree or disagree with the equipment we have suggested is included in our interpretation of 'equipment used to produce biomethane' and therefore must not have been previously used to produce biomethane? Please provide evidence to support your response.
6. In addition to any points made in relation to questions above relating to specific aspects of registration (questions 3-5), do you agree or disagree with our proposed approach to registration? Please provide alternative suggestions, including any evidence to support your response.

### Summary of government position

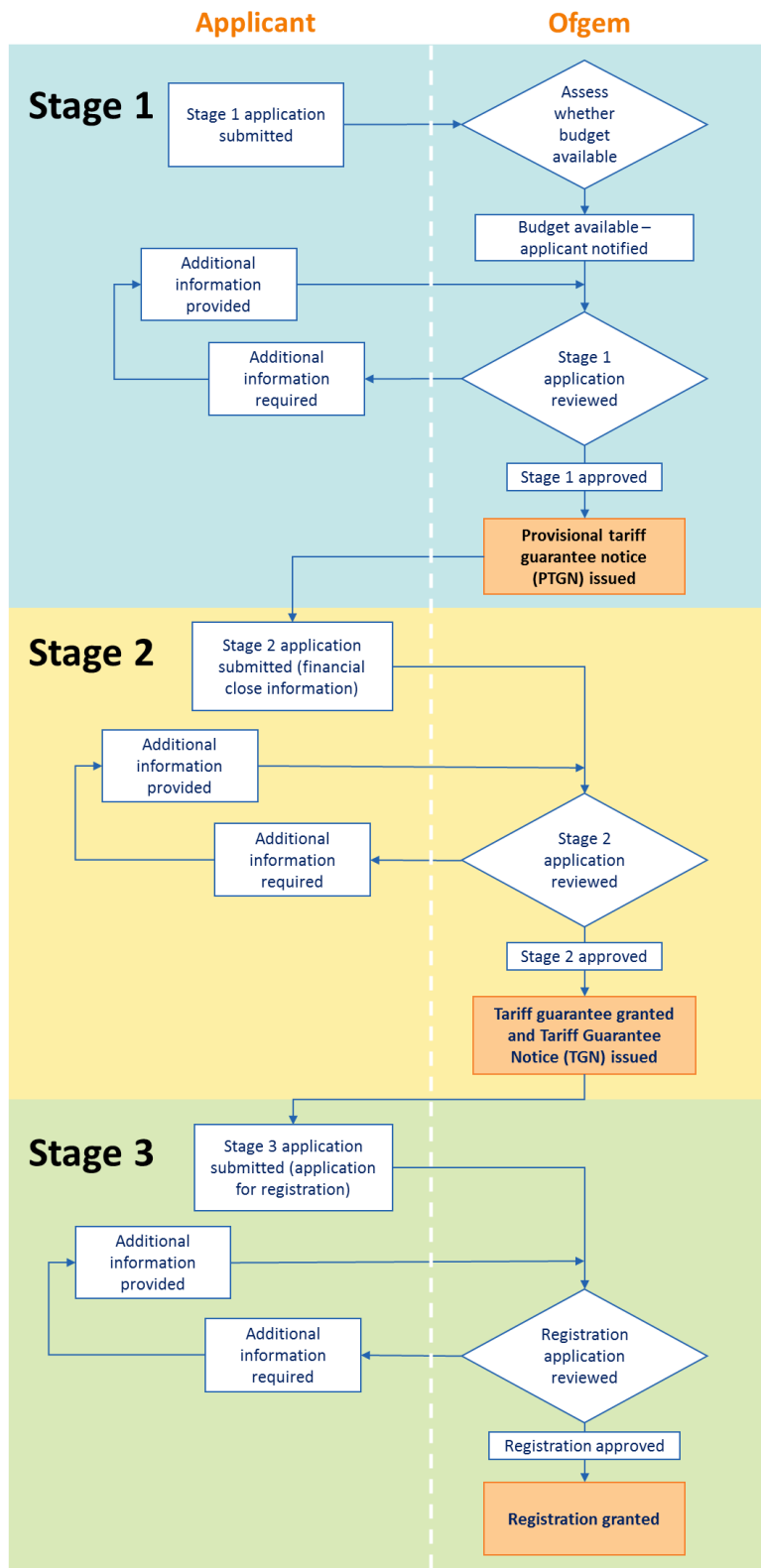
- 2.1 The government response stated that tariff guarantees will be a compulsory stage of applying to the GGSS. Tariff guarantees will allow prospective participants to apply to secure a fixed tariff rate before their installation is commissioned and fully registered onto the scheme.
- 2.2 Tariff guarantees are designed to provide increased certainty to investors and will also serve as a budget control mechanism. BEIS will set an annual tariff guarantee budget cap, and we may only issue a tariff guarantee if there is available budget not already committed. Each quarter, we will publish information to provide an indication of the available budget and this will include details on the number of provisional and full tariff guarantees issued, and the estimated total tariff guarantee commitment for each of the relevant financial years. We propose to publish this information within 10 working days of the end of each quarter.

- 2.3 The application stages and evidence requirements will be similar to those currently in place for tariff guarantees on the Non-Domestic Renewable Heat Incentive (NDRHI) scheme. There will be three stages, culminating in an application to be fully registered on the scheme at Stage 3.
- 2.4 Full details of what will be required during the tariff guarantee process, and associated evidence requirements, will be set out in guidance.

#### **Proposed administrative approach**

- 2.5 We will require applications to be made online, and will first ask users to register on the application system. A user must be an authorised signatory for the organisation, meaning the owner or authorised representative of the company. We will carry out a number of checks to ensure that the person making the application is authorised to do so on behalf of the organisation, including ID checks. We will also consider whether a contingency is needed for any occasions where it is not possible to provide an online service.

Figure 2: Indicative flowchart for a successful plant registration: any additional information requests, and confirmation of a PTGN, TGN and registration will be sent via e-mail



## Stage 1. Provisional Tariff Guarantees

### Summary of government position

- 2.6 Stage 1 of the process will require the provision of information and evidence to enable, budget permitting, a provisional tariff guarantee to be issued. A provisional tariff guarantee will provide confirmation of what the tariff rate will be should the subsequent stages of the tariff guarantee process, and full registration, be completed successfully. This will be the tariff rate at which periodic support payments will be made when the full registration is granted (the 'initial tariff rate').
- 2.7 Stage 1 of the tariff guarantee application should be made by prospective scheme participants who have undertaken the necessary preparations for their project to the extent that they are able to provide the information required during this stage. They should also be in a position to be able to provide evidence of financial close (see Stage 2, below) within three weeks of the provisional tariff guarantee having been issued.
- 2.8 The regulations will specify that the following information must be provided for Stage 1 of a tariff guarantee application:
- The date injection is expected to start or will start
  - Expected maximum initial capacity
  - The location of the injection point, and the plant, where biomethane will be injected in accordance with the network entry agreement applicable to that biomethane
  - Evidence of a signed connection agreement (see note on this below)
  - Name, e-mail address and registered address of the applicant
  - The volume of cubic meters of biomethane the applicant intends to inject each year
  - A statement from the applicant on whether planning permission is necessary for the processes through which the biogas used to produce biomethane is produced, upgraded or injected. Where planning permission is required, evidence that it has been granted by the relevant planning authority.



### **Proposed administrative approach**

- 2.9 We will provide guidance on the information we require, including the form in which evidence should be provided. The GGSS regulations will also provide us with the power to request any further information we may require, and we may update the list of required information from time to time. Any changes will be made clear in guidance.
- 2.10 We appreciate that network operators take different approaches to network connection agreements, so we may accept alternative evidence in lieu of a signed connection agreement. In practice, what we will ask for is evidence of signed, legally binding agreements between the biomethane producer and the network operator for the design and construction of connections to inject biomethane and pipeline systems. This can include copies of contracts between producers and operators, in addition to letters from operators confirming agreements and payment schedules and/or terms are in place.
- 2.11 Evidence will be needed from the relevant planning authority as to whether planning permission has been granted or a statement from the applicant to indicate that is not needed. If there are changes later to a site's planning permission, either during the application process or following registration, it will be the responsibility of the applicant to demonstrate the changes do not change the installation applied for as part of Stage 1.
- 2.12 We will also request a declaration that the equipment used to produce biomethane will be owned or jointly owned by the applicant.

### **Available Budget**

#### **Summary of government position**

- 2.13 Following submission of the information for Stage 1, Ofgem will be required to confirm whether sufficient budget is available (see below). If sufficient budget is not available, the application will be placed in a queue until either the next financial year, when a further budget allocation is released and the application can be progressed, or until an application is cancelled or rejected, freeing up allocation in the current financial year.

- 2.14 If there is budget available, we will proceed with a review of the Stage 1 application. If necessary, further information may be requested from the applicant.
- 2.15 If the application has been properly made, meets the specified requirements, and is approved at Stage 1, we will issue a Provisional Tariff Guarantee Notice (PTGN) to the applicant. The PTGN will state:
- That a tariff guarantee will be issued if we are satisfied that financial close has been reached (see 'Stage 2', below)
  - The evidence that will be required for Stage 2
  - The deadline for providing evidence of financial close, which will be three weeks after the date the PTGN is issued
  - The date on which the properly made Stage 1 application was received by us
  - The guaranteed tariff rate which will apply if the producer becomes fully registered. This will be the applicable initial tariff rate on the date the Stage 1 application was properly made.

### Proposed administrative approach

- 2.16 To assess whether there is budget available to progress the application further or whether it should be held in a queue, we will use information provided in the Stage 1 application. The formulae shown in Box 1, below, will be used to assess the contribution towards the budget allocations in the relevant financial years.

#### Box 1

For the first year:  $E \times T \times \frac{D}{Y}$

For subsequent years:  $E \times T \times I$

Where:

'E' is the estimated eligible biomethane (see below)

'T' is the tariff that would apply if the installation were to be accredited/  
registered

'D' is the number of days in the year starting from the expected  
commissioning date/date of injection

'Y' is the number of days in the first relevant financial year

'I' is the estimate of inflation for that year published by BEIS

'E' is calculated as follows:

$$V \times F \times P$$

Where:

'V' is the maximum volume in cubic metres of eligible biomethane which the  
applicant can inject each year, based on data from the relevant connection  
agreement submitted as part of the Stage 1 application;

'F' is 9.1 (this is a factor to account for the calorific value per cubic metre of  
biomethane (10 kWh/m<sup>3</sup>) and proportion of eligible biomethane per unit of  
biomethane injected (0.91))

'P' is the average of the quarterly biomethane production factors, published  
by BEIS

**Question:**

- 1. Is there any additional information that you think should be included in Provisional Tariff Guarantee Notices (PTGNs)?**

## Stage 2. Tariff Guarantee

### Summary of government position

- 2.17 The second stage of the tariff guarantee process will require the applicant to submit evidence of 'financial close'. If sufficient evidence is provided, a full tariff guarantee notice will be issued.
- 2.18 The GGSS regulations will require evidence of financial close to be submitted within three weeks of the date that the provisional tariff guarantee notice is issued.
- 2.19 Following a successful Stage 2 application, we will issue a Tariff Guarantee Notice (TGN). The TGN will confirm the guaranteed tariff which should apply when the full registration is granted, and will also provide instructions on information that needs to be provided between the TGN having been issued and full registration being applied for as part of Stage 3. The purpose of this information will be to help provide assurance that the project is as was specified in stages 1 and 2 and is still on track to achieve the expected injection date provided in Stage 1.
- 2.20 Once an applicant is issued with a tariff guarantee, the equipment used to produce biomethane must be commissioned within 183 days of the date indicated as the expected commissioning date on the original tariff guarantee application (or by the date the scheme closes to new applications if this occurs first).

### Proposed administrative approach

- 2.21 Financial close evidence will need to demonstrate that funds are both available to cover the complete construction of the proposed project, and are formally committed to the project. In addition this demonstrates project preparation and readiness. This evidence may come from for example investment agreements, loan agreements, third party funding agreements, share agreements, accounts and/or other legal or contract documentation. It will also need to be verified and supported by a report from an independent auditor which has been prepared in line with the requirements of ISAE 3000 (revised), and include supplementary evidence relied on to enable the auditor to complete the report. We may need to request additional specific evidence unique to the project for example confirmation of lease agreements, land registry, EPC contracts, fuel supply agreements.

2.22 If Stage 2 financial close information is available at the same time as the Stage 1 information, applicants will be able to submit stages 1 and 2 together, and these will be reviewed by Ofgem at the same time. If additional Stage 2 information is required, applicants will still have three weeks from when we approve the Stage 1 application to provide this additional information.

**Question:**

**2. Do you agree or disagree with our proposed approach to the administration of tariff guarantees? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## **Stage 3: Registration**

### **Summary of government position**

2.23 An application to be registered on the scheme may be submitted once a Tariff Guarantee Notice has been issued and the equipment used to produce biomethane has commissioned.

2.24 At this stage applicants will be required by the GGSS regulations to:

- specify the equipment used to produce biomethane that is to be used for the purposes of registration
- provide evidence that demonstrates that the equipment used to produce biomethane has been commissioned (see below)
- provide a declaration of the volume of biomethane which the applicant expects to produce and inject each year
- provide details of the feedstock which the producer of the biogas which is to be used to produce biomethane is proposing to use.
- provide information relating to the cost of the equipment used to produce biomethane – the format that we need this information in will be set out in guidance
- where the applicant is an organisation, provide details of the size and annual turnover of the organisation
- provide information on the connection where the biomethane is injected
- provide evidence that –

- any necessary environmental permits and/or waste management licences have been granted; or a declaration that they are not needed within the format that we request
- Any necessary environmental permits or waste management licences have been applied for, but not determined, as a result of the regulatory body issuing a formal statement affecting applications for permits
- confirm, via a declaration, that the applicant will comply with the ongoing requirements relating to digestate set out in regulations. These will require that, where they use digestate generated from the anaerobic digester:
  - they use low emission spreading of digestate as defined in the Code of Good Agricultural Practice (COGAP) for Reducing Ammonia Emissions<sup>8</sup>, or
  - where the participant contracts with another person to spread the digestate, that person complies with the relevant National Association of Agricultural Contractors standards or equivalent approved standards
- provide a declaration that the processes by which biogas which is used to produce the biomethane is produced, the biogas is upgraded to biomethane, and the biomethane is injected will comply, and will continue to comply, with all local and national laws including those relating to the protection of the environment.

2.25 The above is not intended to be a definitive list of all information and evidence that will be, or may be, required at this stage.

### **Proposed administrative approach**

2.26 At the registration stage we will also ask applicants to provide schematic diagrams showing the process of biomethane production from the anaerobic digestion biomethane plant(s) , and the point of entry on to the network, and to provide details of the process used to produce biomethane for injection. Depending on the nature of this we may need to ask for further information about the equipment used to generate biomethane.

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<sup>8</sup> <https://www.gov.uk/government/publications/code-of-good-agricultural-practice-for-reducing-ammonia-emissions/code-of-good-agricultural-practice-cogap-for-reducing-ammonia-emissions>.

- 2.27 We will also expect to see a copies of a Network Entry Agreement (NEA), and contracts with relevant third parties relating to the agreement to convey the gas on to the pipeline network
- 2.28 We will expect to see details of the feedstocks used, including a description of where the feedstocks will come from and what processes they will go through.
- 2.29 Documentation must also be provided to demonstrate that the biomethane produced meets, or is expected to meet, all of the Health and Safety Executive (HS) requirements on gas safety. We will also require, where appropriate, evidence that any consumer protection conditions (e.g. relating to the gross calorific value (GCV) of the gas) have been met, in order for us to verify that the biomethane produced may be considered 'suitable for conveyance'.
- 2.30 In developing our administration we will aim to streamline the registration process so that where possible we will not request the same information from applicants that has already been provided earlier in the tariff guarantee process, even where it is stated in the GGSS regulations as being a requirement of the registration process. In doing this we may instead ask for confirmation that none of the details provided for the tariff guarantee have changed.

## **Evidence of commissioning**

### **Summary of government position**

- 2.31 The GGSS regulations will specify that the date of the commissioning must have occurred by the date of the application, and that at the time of making the application the relevant equipment used to produce biomethane has been commissioned.
- 2.32 'Commissioned', in relation to equipment used to produce biomethane, means the completion of such procedures and tests as constitute, at the time they are undertaken, the usual industry standards and practices for commissioning that type of equipment in order to demonstrate that it is capable of producing biomethane for injection. Furthermore, the anaerobic digester(s) must have produced biogas which has been upgraded to biomethane and injected.

2.33 Based on the evidence provided as part of an application we will assess whether we consider that all the equipment used to produce biomethane has been commissioned as defined under the regulations.

### **Proposed administrative approach**

2.34 While we are unable to provide an exhaustive list of industry standards and practices for commissioning, previous engagement with industry has identified a number of standards set out by the Institution of Gas Engineers and Managers (IGEM) that set out the requirements for the design and construction of the plant; the installation, testing and validation regime that should be conducted; the final commissioning protocols, and the ongoing operation and maintenance of the equipment used to produce biomethane for injection. These include the following standards:

- GEM/GL/5 Edition 3 – Managing New Works, Modification or Repairs
- IGEM/GL/6 Edition 3 – Safe Control of Operations for Gas Networks
- IGEM/TD/16 Edition 2 – Biomethane Injection
- IGEM/TD/13 Edition 2 – Pressure regulating installations for Natural Gas, Liquefied Petroleum Gas and Liquefied Petroleum Gas/Air
- IGEM/SR/16 Edition 2 – Odorant systems for gas transmission and distribution
- IGEM/SR/25 Edition 2 – Hazardous area classification of natural gas installations

2.35 Applications for registration will be assessed on a case-by-case basis. Whilst we will provide guidance on how applicants may demonstrate that the plant has commissioned, this will be shaped by the procedures and tests as constitute, at the time they are undertaken, the usual industry standards and practices for commissioning that type of equipment. We are unlikely, therefore, to be able to provide a prescriptive list of the commissioning procedures and tests that would constitute a plant meeting the definition. However, we would welcome feedback from respondents on those we have identified above, and details of any additional standards.



2.36 As a minimum, we will expect applicants to provide evidence to demonstrate they have completed the steps listed below:

- **Pressure and hydrostatic testing**

Documentation showing that all pipe work has been pressure tested to the correct pressure rating in line with regulations, and has been signed off. Documentation may include a certificate which confirms the system is air-tight for gas lines.

- **Appropriate certification for site wide electrical circuits**

Appropriate documentation demonstrating that electrical testing has been carried out on all equipment used to produce biomethane (including the AD plant, and that the plant has been electrically tested and is ready for commissioning

- **Complete site acceptance testing (SAT) package**

Signed document(s) that demonstrates (i) all functionality and testing has been successfully completed and (ii) all alarms have been tested successfully on all equipment used to produce biomethane.

This document should also provide details of other person(s) who installed and tested the programmable logic control (PLC) and/or supervisory control and data acquisition (SCADA) monitoring systems.

- **Telemetry system**

Documentation showing installation and full end-to-end testing of the telemetry system installed and commissioned for the anaerobic digestion biomethane plant.

- **Network Entry Agreement**

A network entry agreement with the local Gas Network Operator confirming the biomethane, and control system, is adequate for injection into the gas grid for distribution.

- **Gas flow data**

Input and output data of gas relating to the anaerobic digester, upgrading equipment and grid entry unit. For the anaerobic digester, this would include information about the feedstock used and the gas produced. For the upgrading equipment, this will include gas inputs and resultant biomethane and for the grid

entry unit, this will include the quality and quantity of the biomethane that is being injected into the grid.

2.37 We may also ask for additional evidence in some cases.

### Questions:

3. **Do you agree or disagree with the proposed evidence requirements for demonstrating that a plant has commissioned? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
4. **In relation to providing evidence of commissioning, are there other standards, practices, procedures or tests that should be considered? Please provide evidence to support your response.**

## Pre-used plant

### Summary of government position

- 2.38 The regulations will set out that an application to the GGSS may not be made using equipment used to produce biomethane that has previously been used for an application to the NDRHI scheme or has been used to produce biomethane prior to the regulations coming into force.
- 2.39 Equipment used to produce biomethane will be defined in the regulations as equipment that is integral to the production of biomethane for injection, including the anaerobic digester. Expansions and conversions from CHP equipment will not be eligible.

### Proposed administrative approach

- 2.40 We will set out in guidance which equipment we consider equipment integral to the production of biomethane for injection, but in general the following is usually considered integral equipment:
- Equipment required to convert raw biogas into biomethane suitable for injection
  - CO<sub>2</sub> and oxygen removal

- Pressurisation equipment
- Propanation
- Odorant equipment
- Anaerobic digester

2.41 Equipment that may not be considered equipment integral to the production of biomethane for injection includes:

- Equipment required to measure the energy content and volume of gas entering the network
- Any flaring equipment
- Feedstock treatment and pre-processing equipment (e.g. pasteurisation equipment, materials separation equipment, silage clamps, storage buildings, and slurry tanks)
- Digestate/char treatment equipment (e.g. post-digestion pasteurisation equipment and materials separation equipment)

2.42 The above is provided as an indication only, and will not necessarily represent our final position. We are working with BEIS to establish a clear position on which equipment should be considered 'integral to the production of biomethane for injection', and we would welcome any feedback on this.

**Question:**

- 5. Do you agree or disagree with the equipment we have suggested is included in our interpretation of 'equipment used to produce biomethane' and therefore must not have been previously used to produce biomethane? Please provide evidence to support your response**

## **Fuel measurement and sampling (FMS) questionnaire**

### **Proposed administrative approach**

2.43 As part of the final stage of the registration process, applicants will be asked to complete an FMS questionnaire. The FMS questionnaire will be used to enable participants to demonstrate compliance with feedstock requirements, sustainability criteria and reporting on ongoing obligations (see section 6 for more detailed information on the FMS questionnaire).

## **Requests for further information**

### **Summary of government position**

- 2.44 Once the information has been submitted, we will review this before making a decision on registration. In some cases, we will need to contact applicants for further information to enable us to verify eligibility.
- 2.45 If we need further information in order to be able to determine the application or the FMS, the GGSS regulations will allow us to specify a period of no less than 4 weeks within which the further information must be provided. While we would normally expect to specify a 4 week period, if we are satisfied that it would be reasonable to extend the time specified then we may do so.
- 2.46 If after the expiry of this specified period (as extended where relevant) the information has not been provided, we may reject an application. In this instance we would notify the applicant in writing of this decision and the reasons it was taken.
- 2.47 Before we register equipment used to produce biomethane, we may arrange a site inspection to provide additional assurance that it is eligible to be registered.

## **Registration decision**

2.48 If we are satisfied that the application has been properly made, that all of the relevant eligibility criteria have been met and that applicant is able to comply with the ongoing obligations of the scheme, we will register the applicant and they will become a

registered producer in the scheme. We will notify the participant in writing of the decision.

2.49 Once a participant is a registered producer on the scheme, they will be able to receive support for the biomethane injected. The GGSS regulations will require us to send the participant a statement of registration which will include, or refer to, the following:

- the date of registration,
- the tariff which will apply
- the process and timing for providing meter readings
- details of the frequency and timetable for periodic support payments
- the tariff lifetime and tariff end date
- the ongoing participant obligations

2.50 If the application is not successful, applicants will be notified in writing of the reason(s). Applicants will be entitled to ask for a review of this decision (see section 10).

### **Proposed administrative approach**

2.51 New registrations will also be reported in our public reports (see section 14, Public Reporting)

### **Question:**

- 6. In addition to any points made in relation to questions above relating to specific aspects of registration (questions 3-5), do you agree or disagree with our proposed approach to registration? Please provide alternative suggestions, including any evidence to support your response.**

### 3. Periodic Support Payments

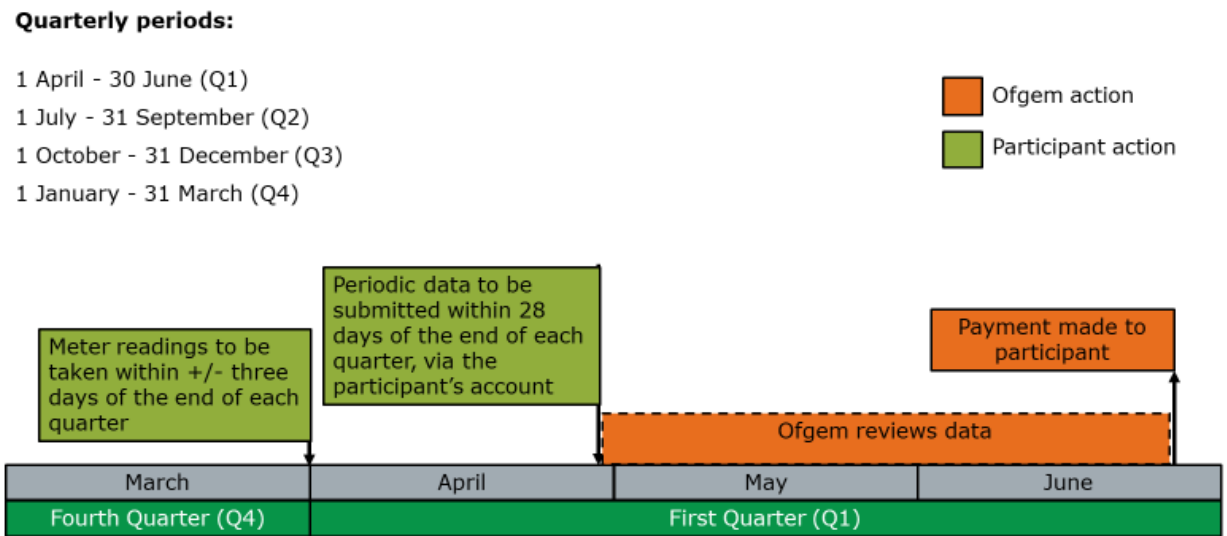
#### Question in this section

7. Do you agree or disagree with the proposed approach to making payments? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

#### Summary of government position

- 3.1 GGSS support will be payable to participants quarterly. Quarterly support payments will be based on the volume of eligible biomethane injected in that period, subject to any adjustments, determined from data submitted to Ofgem by producers each quarter.
- 3.2 The scheme will operate on fixed quarterly periods that will be specified in the GGSS regulations. The quarters will run:
  - 1 April to 30 June
  - 1 July to 31 September
  - 1 October to 31 December, and
  - 1 January to 31 March

**Figure 3: Indicative timeline for participants' data submission and payments**



- 3.3 Quarterly payments will be based on the volume of eligible biomethane produced for injection in the period, determined from data submitted to Ofgem by producers each quarter as a periodic data submission (PDS). See Section 4, 'Submitting Injection Data to Ofgem', for details of what data should be provided and how it should be submitted.
- 3.4 The GGSS regulations will specify that no payments will be made on any biomethane injection in excess of the maximum initial capacity agreed in a participant's registration (or any subsequent maximum additional capacity agreed).
- 3.5 Payments will be made to a nominated bank account. A nominated bank account must be able to accept pound sterling deposits in the United Kingdom.

**Proposed administrative approach**

- 3.6 We propose that only one bank account will be allowed for each GGSS participant. Where a participant has more than one registration under the scheme, then payments for all registrations will be made to the same nominated bank account.

**Question:**

- 7. **Do you agree or disagree with the proposed approach to making payments? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## 4. Submitting Injection Data to Ofgem

### Question in this section

8. Do you have any comments on the proposed process for submitting injection data?

### Summary of government position

- 4.1 As part of their periodic data submission (PDS), participants will be required by the GGSS regulations to submit information each quarter in order for us to calculate the support payment(s) they are eligible for.
- 4.2 The table below sets out the data the GGSS regulations will require participants to submit and the evidence we will expect to see.

Data required by regulations	Proposed administrative approach: Evidence we will expect to see
The volume (in m <sup>3</sup> ) and GCV of biomethane injected into the gas network (giving a figure in kWh)	An extract of Xoserve data
The GCV and volume/mass of propane that was contained in the biomethane (in kWh).	A photograph of the relevant on-site propane meter reading (mass or volume), appropriately adjusted for temperature and pressure if necessary
Any heat supplied to the anaerobic digestion biomethane production process (in kWhth) other than heat generated from the combustion of biogas produced in the anaerobic digester that produced the biogas from which the biomethane is made	A photograph of the relevant on-site heat meter reading



Any heat supplied to anaerobic digester from an external source (i.e. any source other than heat generated from the combustion of the biogas) (in kWhth)	A photograph of the relevant on-site heat or electricity meter reading
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### Proposed administrative approach

- 4.3 We will require registered producers to provide injection data and meter readings for their date of registration and then each subsequent quarter that they remain registered on the scheme. We will require periodic data to be submitted via the participant's account within 28 days of the date of registration and subsequently within 28 days of the end of each quarter.
- 4.4 All meter readings will need to be taken within plus or minus three days of the end of each quarter. Repeated failure to take readings within this window may lead us to take compliance action (see section 9, Participant Compliance).
- 4.5 Where a participant is waiting for their application for registration to be approved by us, they will still need to take meter readings on the expected registration date and at the end of each quarterly period. We may include functionality on the register to allow these to be submitted prior to completion of registration, or they may need to be submitted once registration has been completed.
- 4.6 We will not commence processing of payments until we have received all the necessary data. If we need to query the data or if we require further information or evidence, we will not start processing the payment until these are resolved.

### Question:

- 8. Do you have any comments on the proposed process for submitting injection data?**

## **Use of estimates**

### **Summary of government position**

- 4.7 Ofgem will have the discretion to accept estimated meter readings. Estimated data may be used where a participant satisfies us that it would not be possible for them to provide accurate meter readings for a quarterly period, for example if there was a temporary failure of metering equipment that meant that an accurate reading was not possible.
- 4.8 The GGSS regulations will place a limit of six quarterly submission periods in which estimated data may be used. We will not make payments on further estimates after this limit of 6 quarterly submission periods has been reached, or where it would mean revising previously made payments.
- 4.9 The method for estimating meter readings will need to be agreed in advance with us, and the onus will be on the participant to contact us as soon as the need for estimation arises.

## 5. Annual Declarations

### Summary of government position

- 5.1 The GGSS regulations will require scheme participants to submit an annual declaration stating that they are continuing to comply with the relevant ongoing obligations under the scheme. Through the annual declaration, participants will confirm that they met, and continue to meet, their ongoing obligations.

## 6. Feedstock requirements and sustainability reporting

### Questions in this section

9. Do you agree or disagree with the proposed fuel measurement and sampling (FMS) process? Do you have any suggestions on how it could be improved?
10. We propose that the FMS questionnaire for the GGSS will be a similar format to the existing FMS questionnaire on the NDRHI scheme. Do you have any comments on the NDRHI FMS questionnaire and/or any suggestions on how it could be improved?
11. Do you have any comments on the overall arrangements for reporting on the waste and fossil fuel content of feedstocks?
12. Do you agree or disagree with the proposed approach to the greenhouse gas criteria? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
13. Do you agree or disagree with the proposed approach to the land criteria? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
14. Do you agree or disagree with the proposals for preparing and submitting annual sustainability audit reports? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

### Summary of government position

- 6.1 Registered biomethane producers will be required by the GGSS regulations to comply with feedstock and sustainability requirements. These will ensure that only sustainably sourced feedstocks are used. Participants will be required to demonstrate, through a

combination of self-reporting and third-party audits, that they have met the requirements.

## **Feedstock Requirements**

### **Summary of government position**

- 6.2 Biomethane will only be eligible under the scheme if it is produced from solid biomass, solid waste or liquid waste. The use of feedstocks will be further restricted as follows:
- Where waste is used as feedstock, the proportion of solid biomass contained in the waste must be a minimum of 10%
  - Where solid biomass is used as feedstock, the participant may use solid biomass contaminated with fossil fuel only where the proportion of fossil fuel contamination does not exceed 10%
  - A participant may use feedstocks that contain fossil derived contamination only where the contribution of the fossil fuel to the energy content of the biogas created from that feedstock does not exceed 10%
  - Participants must produce at least 50% of their biomethane (by energy content) using waste or residue feedstocks. Where, in any payment year, less than 50% of the total biogas yield is derived from waste or residue, payments will be reduced proportionately
- 6.3 Registered producers will be responsible for providing us with evidence that the feedstocks they use meet the requirements listed above. To demonstrate ongoing compliance, registered producers will be required to report quarterly on the feedstocks they have used. This will need to be further supported by an annual sustainability audit report, to be prepared by an independent auditor.

### **Proposed administrative approach**

#### **Fuel Measurement and Sampling Questionnaire**

- 6.4 As part of the application for registration, applicants will be required to complete a Fuel Measurement and Sampling (FMS) questionnaire. This will establish a fuel measurement and sampling regime, provide information about on-site processes, and will require applicants to classify the proposed fuel into consignments based on the characteristics of the material.
- 6.5 The completed FMS will enable quarterly reporting on:
- the quantity of feedstocks used in a quarter
  - consignment classification of the feedstock(s) used in a quarter for the purposes of sustainability and where applicable, feedstock requirements
  - the management of mixed consignments
  - the energy content of the feedstock(s) used in a quarter
  - the energy content of any fossil fuel contamination present in the feedstock(s) used
  - the energy content and volume of biomethane injected
  - the energy content of the ingredients added as part of the biomethane production process
  - any relevant heat supplied to the biogas/biomethane production process
  - any fossil-derived contamination of feedstock used to produce biogas
- 6.6 Once we have received a completed FMS questionnaire we will undertake a thorough review of this. As each proposed fuel mix is likely to be unique to the plant, we need to undertake analysis for each individual questionnaire received, and may need to ask for further information to be provided to be able to gain a full understanding of how it meets the required criteria. Once the FMS is agreed with us, and registration has been completed, participants will be required to report against these when submitting meter readings each quarter.

6.7 Guidance will be available on how to complete the FMS questionnaire, and we will also provide templates. We propose that the format of the FMS questionnaire will be similar to the existing FMS questionnaire used for biomethane on the NDRHI scheme. A template for the FMS questionnaire used on the NDRHI scheme can be found on our website<sup>9</sup>, and we would welcome any feedback on how this could be improved.

#### Questions:

9. **Do you agree or disagree with the proposed fuel measurement and sampling (FMS) process? Do you have any suggestions on how it could be improved?**
10. **We propose that the FMS questionnaire for the GGSS will be a similar format to the existing FMS questionnaire on the NDRHI scheme. Do you have any comments on the NDRHI FMS questionnaire and/or any suggestions on how it could be improved?**
11. **Do you have any comments on the overall arrangements for reporting on the waste and fossil fuel content of feedstocks?**

#### Record keeping

##### Summary of government position

6.8 The GGSS regulations will require participants to keep records of the feedstocks used, and apportioning methodologies, for the duration of their participation on the scheme.

##### Proposed administrative approach

6.9 We will expect these to take the form of apportioning tools or spreadsheet calculations along with lab reports for biogas yields. We may request to see these records at any time and compliance action may be taken if a participant fails to provide these.

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<sup>9</sup> <https://www.ofgem.gov.uk/publications/fuel-measurement-and-sampling-questionnaire>

## **Sustainability requirements**

### **Summary of government position**

6.10 As on the NDRHI scheme, participants will be required to comply with sustainability requirements which ensure that only sustainable biomethane is eligible under the scheme.

6.11 The sustainability requirements are:

- greenhouse gas emissions (GHG) associated with each consignment of biomethane must be less than or equal to 24g CO<sub>2</sub> equivalent per MJ of biomethane injected. Note that this is less than the threshold of 34.8g CO<sub>2</sub> equivalent that currently applies on the NDRHI scheme.
- land criteria which considers factors associated with the land from which the biomass was sourced

6.12 In order to demonstrate compliance with sustainability requirements, participants will be required to self-report against the GHG and land criteria. Guidance will be provided once the scheme has launched to help participants meet the self-reporting requirements.

6.13 Participants will be required to submit, alongside their quarterly periodic data submission, a declaration for each consignment of biomethane produced stating whether any solid biomass used to produce biomethane was waste or wholly derived from waste, and if not whether the biomethane produced met the greenhouse gas and land criteria.

6.14 This declaration will need to be accompanied by a GHG emissions figure for each consignment (see below).

## **Greenhouse gas emissions**

### Summary of government position

- 6.15 Registered biomethane producers must demonstrate that the biomethane they produce has greenhouse gas emissions of less than or equal to 24g of CO<sub>2</sub> equivalent per MJ of biomethane. The government response set out that, unlike on the Non Domestic RHI, biomethane producers may report using either the 'default value' or 'actual value' methodology.
- 6.16 The government response also stated that, in line with RED Directive (Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources) (RED II), GHG values may be averaged across feedstock consignments. Under the previous Directive, biomethane producers were required to calculate and provide a separate GHG saving for each feedstock consignment used in a given quarter. This has been modified under RED II so that biomethane suppliers are now permitted to aggregate the feedstock consignments used, and to calculate an average GHG saving to the final fuel based on the ratio of the feedstocks and their associated GHG savings.

### Proposed administrative approach

- 6.17 In response to these changes, we propose requiring participants to provide a breakdown of the GHG saving figure as part of the periodic data submission, setting out the value for each feedstock as well as the final, aggregated value.
- 6.18 We will provide guidance on how GHG values should be calculated and reported.

### Question:

- 12. Do you agree or disagree with the proposed approach to the greenhouse gas criteria? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## Land criteria

### Summary of government position

- 6.19 Land use criteria will be aligned with the existing requirements on the NDRHI scheme. Therefore, as on the NDRHI scheme, biomethane that is wholly derived from waste will



be considered to meet the land criteria, while biomethane producers who also use solid biomass will need to demonstrate compliance with the land criteria. The land criteria will be set out in the regulations.

### **Proposed administrative approach**

- 6.20 For woody biomass, evidence of compliance with the land use criteria may be provided through schemes such as the Forest Stewardship Council (FSC) certificate scheme or the Programme for the Endorsement of Forest Certification (PEFC) certification scheme. Participants may also collect their own bespoke evidence that demonstrates compliance with the criteria.
- 6.21 For solid biomass which is not wood or derived from wood, participants may demonstrate compliance with the land criteria through voluntary schemes or by collecting their own evidence to support the land use from where the biomass was sourced.
- 6.22 We will provide further guidance on how participants can demonstrate compliance with the land use criteria.

### **Question:**

- 13. Do you agree or disagree with the proposed approach to the land criteria? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## **Annual sustainability audit reports**

### **Summary of government position**

6.23 The GGSS regulations will require biomethane producers to provide an annual sustainability audit report. The purpose of the report is to:

- provide independent assurance on the quarterly declarations and information provided by participants,
- ensure there is evidence and information to support claims that fuel is sustainable

- provide assurance on the fuel classifications given

### **Proposed administrative approach**

- 6.24 We will require that all the information is set out in a single document submitted by the participant. The report must be submitted within three months of the anniversary of registration.
- 6.25 The report must consider and report on each consignment of biomethane produced, within the 12 month period preceding each anniversary of the date on which that participant was first registered as a producer. If the findings of the audit report show that one or more consignments used in the previous year did not have adequate supporting information, compliance action may be taken.
- 6.26 After reviewing the sustainability audit report, we may require further information. Where this information is required, we will set this out formally and clearly to the participant. We may agree that this additional information can be provided in a supplementary document or if a revised sustainability audit report is required, but this will be determined on a case-by-case basis.
- 6.27 Reports that fail to sufficiently address all the requirements set out in the guidance and regulations, or do not provide a sufficient level of detail, will not be accepted. Where evidence required is not available, we would expect a statement to be made explaining the reasons for its absence.
- 6.28 To assist with structuring the reports, we intend to provide guidance and information on the required contents. Guidance may include additional help such as checklists setting out the main points that need to be addressed within the report.

### **Question:**

- 14. Do you agree or disagree with the proposals for preparing and submitting annual sustainability audit reports? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## 7. Interaction with the RTFO

### Questions in this section

15. Do you agree or disagree with our proposal to require annual, independently assured audit information as further validation of GGSS/RTFO interaction by biomethane producers? Please give your reasons and any appropriate evidence to support your response.
16. Do you agree or disagree with the proposal to require independently assured audit information on GGSS/RTFO interaction as an additional section to an Annual Sustainability Audit rather than as a separate stand-alone report instead? Please provide reasons and any appropriate evidence to support your answer.
17. Are you aware of any reason why an auditor could not assess the proposed additional requirements, and do you think both the current sustainability reporting requirement and the proposed RTFO interaction section could be provided by the same auditor? Please provide reasons for your answer/s
18. What documentation and/or evidence would you be able to provide to an independent auditor to demonstrate that dual claiming for the same biomethane is not taking place?
19. Can you suggest any different approaches that could be taken to evidence GGSS/RTFO interaction by biomethane producers? Please provide reasons for your answer/s and supporting evidence.
20. Do you have any additional comments on our proposed administration of GGSS/RTFO interaction?

### Summary of government position

- 7.1 As set out in the government response, BEIS intends that registered biomethane producers may participate in both the Green Gas Support Scheme and Renewable Transport Fuel Obligation (RTFO), administered by the Department for Transport (DfT). Participants will be able to choose to claim periodic support payments under the GGSS for a proportion of the eligible biomethane they inject in a given quarter, and exclude a proportion so it is eligible under the RTFO scheme. This means that biomethane produced by a registered producer may receive support from either the GGSS or the RTFO within the same quarter.
- 7.2 It will not be permitted for the same biomethane to be used to claim support under both schemes, and Ofgem will not be able to make a periodic support payment to a

participant for any proportion of biomethane for which a Renewable Transport Fuel Certificate (RTFC) has been issued. This is in line with existing RTFO rules, which state that fuel cannot be counted towards another renewable energy obligation or support scheme.

### **Proposed administrative approach**

- 7.3 The requirements for participants to demonstrate that RTFCs are not received for the same consignment(s) of gas for which they are receiving GGSS payments above has also been recently introduced on the Non Domestic RHI scheme, and there is a public consultation to refine further details of how we will administer this on the Non Domestic RHI scheme<sup>10</sup> which is open until 30 July 2021. We are proposing a similar approach to that being consulted on for the Non Domestic RHI scheme as set out in more detail below. Please note that any feedback on the proposed administration of the GGSS in relation to the RTFO/GGSS interaction must be made in response to this consultation and not the open Non Domestic RHI scheme consultation and vice versa for the Non Domestic RHI scheme and the corresponding open consultation.
- 7.4 All registered producers will be required to provide a quarterly declaration so we can be satisfied that GGSS support and RTF Certificates will not be claimed for the same biomethane. These declarations are provided in Appendix 1. All participants will be required to select, sign and submit the declaration that is relevant to their circumstances. Where a final submission to the GGSS for a quarterly period is submitted, and once payment for the submission has been made, it will not be possible to withdraw or amend that submission to revise the amount of gas claimed on the GGSS.
- 7.5 In order to make a partial claim for biomethane injected in a given quarter (to allow the remainder to be eligible for RTFCs), we will require participants to inform us of:
- the total amount of biomethane injected in that quarter

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<sup>10</sup> <https://www.ofgem.gov.uk/publications/ndrhi-consultation-and-draft-guidance-proposed-further-validation-ndrhi-rtfo-interaction-biomethane-producers>

- the proportion for which they wish to claim periodic support payments under the GGSS

7.6 These figures will be taken into account when determining the amount of eligible biomethane for that quarterly period. We will work with DfT to validate the information provided and ensure GGSS payments are not made for biomethane for which an RTF certificate has been issued.

7.7 Where Ofgem determines that a participant has received periodic support payments for the production of any biomethane for which an RTFC has also been issued, we will have the power to require the participant to repay those payments or to take the actions set out in the section on Overpayment and offsetting. Repeated non-compliance may result in further compliance action being taken.

7.8 In addition to the quarterly declaration, we are also proposing that an additional separate section is required in the annual sustainability audit report. This will require an independent auditor to confirm that legislative and regulatory obligations are being met to prevent dual claims for biomethane from both the GGSS and RTFO.

7.9 The independent auditor will be required to demonstrate that dual claims for the same biomethane are not taking place on the GGSS and that claims can be validated. To do this we propose that the auditor must supply and verify the accuracy, reliability and robustness of supporting evidence submitted as proof of a 'contractual supply chain' for injected biomethane purchased from a producer by a shipper, trader or supplier. This documentation could include but is not limited to any combination of the following:

- Contracts between the producer and any suppliers/traders/shippers
- Additional agreements between the producer and any suppliers/traders/shippers
- Supporting documentation supplied to any suppliers/traders/shippers by the producer with the sale
- Certification from a voluntary green-gas accreditation scheme which demonstrates the proportions claimed against each scheme

- Documentation or correspondence from the Department for Transport (DfT) pertaining directly to the RTFO scheme
- Screenshots from the RTFO online system demonstrating total annual volume claimed

7.10 We will provide guidance setting out further details on the structure and requirements of the report. The producer will be required to retain the evidence referred to in the audit for the duration of their registration to the GGSS scheme.

7.11 The onus will be on the producer to comply with the relevant regulatory requirements and scheme obligations concerning GGSS/RTFO interactions and the additional audit information will give us assurance that the supplier is both carrying out the necessary activities and has suitably robust processes in place.

7.12 We propose to continue to work with DfT as required to validate information provided by scheme participants and to ensure that biomethane does not receive both a GGSS payment and an RTFC.

7.13 The requirements for participants to demonstrate that RTFCs are not received for the same consignment(s) of gas for which they are receiving GGSS payments above

#### Questions:

- 15. Do you agree or disagree with our proposal to require annual, independently assured audit information as further validation of GGSS/RTFO interaction by biomethane producers? Please give your reasons and any appropriate evidence to support your response.**
- 16. Do you agree or disagree with the proposal to require independently assured audit information on GGSS/RTFO interaction as an additional section to an Annual Sustainability Audit rather than as a separate stand-alone report instead? Please provide reasons and any appropriate evidence to support your answer.**
- 17. Are you aware of any reason why an auditor could not assess the proposed additional requirements, and do you think both the current sustainability reporting requirement and the proposed RTFO interaction section could be provided by the same auditor? Please provide reasons for your answer/s.**

- 18. What documentation and/or evidence would you be able to provide to an independent auditor to demonstrate that dual claiming for the same biomethane is not taking place?**
- 19. Can you suggest any different approaches that could be taken to evidence GGSS/RTFO interaction by biomethane producers? Please provide reasons for your answer/s and supporting evidence.**
- 20. Do you have any additional comments on our proposed administration of GGSS/RTFO interaction?**

## 8. Audit regime

### Question in this section

21. Do you have any feedback on our proposal that all registered producers will be subject to a site audit during the first year of operation? Please provide evidence and examples to support your response.

### Summary of government position

8.1 The GGSS regulations will provide us with the power request access, without prior notice, at any reasonable hour to inspect equipment used to produce biomethane and its associated infrastructure, in order to:

- verify that the participant is complying with all applicable ongoing participant obligations
- verify meter readings
- take samples and remove them from the premises for analysis
- take photographs, measurements or video or audio recordings
- ensure that there is no other contravention of the GGSS regulations

### Proposed administrative approach

8.2 We propose that all equipment used to produce biomethane will be subject to a site audit during the first year after commissioning. These will be carried out by a third-party on Ofgem's behalf. Following this, additional audits may be conducted throughout the lifetime of support.

8.3 During a site inspection, inspectors will gather information that will enable us to check that the information provided by a participant during the application process was accurate. Inspections will also enable us to assess compliance with ongoing obligations. The inspector may verify meter readings and check that periodic data provided to Ofgem is accurate so that we are able to ensure that the correct



payments have been and are being made to the participant. As part of the inspection, samples may be taken and removed for analysis.

8.4 Following an audit, we will write to the participant concerned to outline whether the assessment indicates that there is compliance, and if not any issues that need to be rectified. The participant will be expected to address these and provide confirmation and evidence of this.

8.5 Depending on the nature of the issues identified and the response of the participant, we may take the decision to either launch an investigation (which may involve a temporary withholding of a participant's payments) or to take other compliance action.

**Question:**

**21. Do you have any feedback on our proposal that all registered producers will be subject to a site audit during the first year of operation? Please provide evidence and examples to support your response.**

## 9. Participant compliance

### Question in this section

22. Do you have any comments on the process for addressing overpayment?

### Summary of government position

- 9.1 If we have reasonable grounds to suspect, or are satisfied that, a participant has failed, or is failing, to comply with the eligibility requirements or their obligations under the scheme, the GGSS regulations will provide us with the power to take action to investigate the potential non-compliance. We may apply certain sanctions while we investigate or await a return to compliance, or if we identify that a participant has not been compliant.
- 9.2 If we decide to take compliance action, we will notify the participant within 21 days. The notice will always include, amongst other details specific to the case, information on why we have applied the sanction and the participant's right of review.

### Proposed administrative approach

- 9.3 Where we suspect that participants may be failing to comply with ongoing obligations, our first step will usually be to contact the participant to request further information, clarification or relevant evidence. This should be sufficient in the majority of cases to establish whether a participant is compliant. If we are not satisfied with the outcomes of our initial enquiries, we may carry out a site inspection or, if we have reasonable grounds to suspect that a participant has failed or is failing to comply with their ongoing obligations under the scheme, instigate a formal investigation.
- 9.4 Once we have established the relevant facts of a case, we will decide what further action, if any, is appropriate to take. Our approach may include confirming that a participant is in compliance, contacting the participant informally to advise them of any non-compliance and advising them of what they should do to rectify the situation, or exercising one or more of the enforcement actions that are available to us under the regulations.

## Powers to amend payments

### Summary of government position

9.5 Under the GGSS regulations, we will have the following powers to make changes to periodic support payments in response to non-compliance or suspected non-compliance:

Action	Circumstances in which this may be used	Impact on Payments
Temporarily withhold payments	While a compliance investigation is being carried out to investigate a suspected failure to comply with ongoing investigations and/or registration as a result of information provided which was materially incorrect	Payments will accrue while the investigation is underway. Where an investigation is concluded and we are satisfied that the participant was in (or has resumed) compliance with their ongoing obligations, we will, within 28 days of notifying the participant, pay periodic support payments which have been temporarily withheld. This may be less any portion which we have identified it necessary to permanently withhold.
Suspend payments	Where we are satisfied that a participant is failing to comply with an ongoing obligation under the scheme or the information provided for the purposes of the participant's registration was materially incorrect; .or where we have reasonable grounds to suspect this and are unable to conclude our investigations within 6 months. Examples of this could include (but are not limited to) breaches of fuel eligibility requirements, a failure to submit periodic data	Payments will be stopped until compliance is achieved and payments will not accrue during this period

	within the specified timeframe or failure to provide an annual declaration.	
Permanently withhold or reduce payments	Where we are satisfied that there has been a material or repeated failure by a participant to comply with an ongoing obligation	A proportion of periodic support payments for the quarterly period during which the non-compliance occurred may be permanently withheld, or the periodic support payment for the following quarterly period may be reduced.

9.6 Where we decide to take any of the actions set out above we will, within 21 days of making the decision, send the participant a notice which will include the reason(s) we are taking that action and the date from which payments will be affected. We will also provide details of their right to review the decision.

9.7 Where payments are suspended, the notice will also set out the steps the participant must take to satisfy us that they have resumed compliance in order for us to lift the suspension, and what might happen if they fail to satisfy us that they have resumed compliance (which may include imposing one or more further sanctions).

**Proposed administrative approach**

9.8 A participant is not entitled to recover payments which have been suspended during a period of non-compliance. However, where a participant has rectified non-compliance within six months of a suspension being imposed by us, we may exercise discretion in paying all or part of the payments that have been withheld due to the suspension. When deciding how we exercise this discretion we will take account all the circumstances of the case. Further considerations are likely to focus on, but are not limited to, the impact of the non-compliance, if any, on the generation of eligible biomethane.

9.9 Where we do use our discretion to make a payment which we had previously suspended, we will make payments to the participant within 28 days of our being satisfied that the participant has resumed compliance with their ongoing obligations.

## Correcting tariffs

### Summary of government position

9.10 Where we are satisfied that a participant's tariff guarantee was secured with information that was materially inaccurate, we may:

- Revoke the participant's registration
- Reduce the level of periodic support payments to the level which would have applied had the tariff guarantee not been granted. This would mean the tariff applicable at the participant's registration date, and not their tariff guarantee, would be used to calculate the level of periodic support payments

9.11 If we decide to reduce the level of periodic support payments, this will only apply to future payments. However, it is likely that we will apply further compliance action such as recouping overpaid support payments.

9.12 Before we take the action to revoke a participant's registration or reduce the level of periodic support payments in accordance with this power, we will send a notice to the participant. The notice will specify:

- How they have failed to comply with the rules of the scheme
- An explanation of the effect of the revocation, if applicable (i.e. that they will be removed from the scheme and will not be eligible for future payments at any time, in respect of one or more registrations).
- The level by which their future periodic support payments will be reduced, if applicable
- How their future periodic support payments will be calculated
- Details of their right to review our decision

## Overpayment and offsetting

### Summary of government position

9.13 Where we are satisfied that a participant or former participant has received a payment which exceeds their entitlement, has received a payment whilst failing to comply with an ongoing obligation, or has received a payment as a result of materially incorrect information they provided, we may either:

- Require a participant to repay the overpaid amount, and/or
- Recoup the overpaid amount by offsetting it against future periodic support payments.

### Proposed administrative approach

9.14 In cases where the participant remains in the scheme, we will usually offset the amount due to us against future payments to which the participant is entitled. This could also be against payments in respect of a different registration if the participant has more than one. There may, however, be instances, (for example, where a participant is no longer in the scheme, where the amount to be repaid exceeds any future entitlement to quarterly payments, or where the overpayment is significant) where we may require a participant to repay the overpaid amount directly. Where appropriate, we may take action to recover the overpayment from a participant or a former participant as a civil debt.

9.15 If an overpayment to a participant arises due to an error by us, we will seek to agree with the participant an appropriate schedule for repayment of the sum due, which may include the ability to repay the amount by instalment or through offsetting against future payments over a more extended period.

### Question:

**22. Do you have any comments on the process for addressing overpayment?**

## **Revocation of registration**

### **Summary of government position**

9.16 Where we are satisfied that there has been a material or repeated failure by a participant to comply with an ongoing obligation or where a participant has received a registration due to incorrect information, we have the power to revoke the participant's registration.

9.17 Before revoking a registration, we will send a notice to the participant. The notice will inform the participant of:

- The reason for the revocation, including in respect of which the non-compliance occurred
- An explanation of the effect of the revocation (i.e. that they will be removed from the scheme and will not be eligible for future payments at any time, in respect of one or more registrations)
- Details of their right to request a review of our decision

9.18 In addition, where we have revoked a registration, we may also refuse in the future to register that former participant as a producer of biomethane.

### **Proposed administrative approach**

9.19 Where we suspect that a participant has deliberately falsified information provided to us in order to defraud the scheme we will refer such cases to the relevant authorities for further action.

## 10. Appeals – Right of Review

### Question in this section

23. Do you agree or disagree with our proposed administration of the right of review? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

### Summary of government position

- 10.1 We will be required to make many decisions during administration of the GGSS which will impact on prospective applicants, participants and former participants. These include in relation to granting tariff guarantees, scheme registration and ongoing compliance with scheme rules and eligibility. Prospective, current and former scheme participants will have a right to request a review of decisions made. The right of review process is intended to provide a means of appealing a decision, for individuals and organisations who believe an error has been made during scheme administration.
- 10.2 If an individual or organisation believes an error has been made in the decision that has been reached, based on the circumstances and information that was available to Ofgem at that time, they may ask for a review of this decision as part of the review process outlined in this section.
- 10.3 A request to review a decision will need to be made in the format that we request, and must be received within 28 days of the decision having been made.

### Proposed administrative approach

- 10.4 Our decisions will be informed by a range of information including that provided by the participant during tariff guarantee application, scheme registration, annual declarations required to confirm ongoing compliance with scheme rules, and through desk or site audit activities. As part of our duties we may ask for further information to help us make the correct decision, and where we do this we will set clear deadlines in our communications with scheme participants.
- 10.5 We will provide a standard template for requesting a formal review.



- 10.6 The review will be undertaken by someone who was not involved in the original decision. We will endeavour to carry out the review in a timely manner, and will keep the affected person updated on timescales. We may also need to contact the affected person to request additional information. Once we have reached a decision we will inform the person who requested the review the outcome within 21 days of the decision having been made.
- 10.7 We will provide information publicly, in guidance and/or on our website, explaining how to submit a request for a decision to be reviewed and how such a request should be made.

**Question:**

- 23. Do you agree or disagree with our proposed administration of the right of review? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## 11. Change of registration

### Questions in this section

24. Do you agree or disagree with the proposal that new producers should be able to meet outstanding obligations on behalf of the previous registered producer? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
25. Do you have any additional comments on how we will administer the change of registration process?

### Summary of government position

- 11.1 The government response indicated that a mechanism will be included to allow the transfer of scheme registration between parties. Where there is a change in the producer of biomethane for injection, both the old and new producers are responsible for notifying Ofgem of the change in order for the new producer to be registered to receive periodic support payments.
- 11.2 We will require existing participants to inform us about a change in registration in writing within 28 days of the change occurring.
- 11.3 The new producer will be required to provide evidence that they can meet all the ongoing obligations of the scheme in order to be registered, and we will also assess whether the requirements for scheme tariff guarantees and registration have continued to be complied with. We may request additional evidence in order to be able to approve a change of registration.
- 11.4 When we are satisfied that the ongoing obligations can be met by the new producer, we will send the new producer a 'statement of registration' which will include the following (as applicable):
  - the date of registration of the original producer
  - the date on which the new producer is added to the central register
  - the tariff which applies

- the process and timing for providing meter readings
- details of the frequency and timetable for periodic support payments, and
- the tariff lifetime and tariff end date

11.5 If we believe that one or more of the applicable ongoing obligations may not be met, registration may be refused and no periodic support payments will be provided for biomethane produced.

11.6 The new producer will only be eligible to receive payments for biomethane produced for injection from the date we receive a notification from the new producer.

11.7 Where a registration is transferred to a new participant, the new participant can only receive payments for the remaining period of the original tariff lifetime.

11.8 If there is a change in producer and the new producer does not notify us within 12-months the change, then at the end of the 12 month period:

- the original producer will no longer be registered or receive further periodic support payments
- no periodic support payments will be made on any biomethane produced using that equipment. The new producer will therefore not be eligible to receive payments

### **Proposed administrative approach**

11.9 Once the old owner has notified us of the change of registration, we will request that they complete and submit a change of registration form providing details of the change, including information on the new producer. Once we have received this we will contact both the old and new producers and request the following:

- Confirmation of the date on which the change took place
- Copies of documents verifying that the old producer is no longer party to the NEA

- A signed and dated copy of the new NEA
- Meter readings for the total volume/GCV of biomethane injected from the start of the quarter in which the change of producer took place, up until the date on which the new producer notified us of the change
- Details of any changes to the equipment used to produce biomethane

11.10 We will require the new owner to register as a new user on the scheme register.

11.11 If there is a non-compliance with ongoing obligations, or a material change in the details provided for registration at the time of the change of ownership, this could delay payments to the new producer and could affect the eligibility of the existing registration. We propose that these matters should be resolved between the old and new owners as part of the change of ownership to avoid future disputes on these matters, and that the new producers should, if appropriate, be able to settle any outstanding obligations on behalf of the old producer in order to receive periodic support payments.

**Question:**

- 24. Do you agree or disagree with the proposal that new producers should be able to settle outstanding obligations on behalf of the previous registered producer? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
- 25. Do you have any additional comments on how we will administer the change of registration process?**

## 12. Additional capacity

### Summary of government position

- 12.1 Participants will be able to apply to receive GGSS payments for additional capacity. Applications for additional capacity will only be permitted while the scheme is open for applications, and any additional capacity must also be in operation by the date the scheme closes to new applicants. Additional capacity must also be injected at the same injection point as the biomethane for which the participant is already registered.
- 12.2 As with new applications, additional capacity applications will be subject to availability of budget. Applications for additional capacity will be considered alongside full applications, and will be considered in the order they are received. When an application for additional capacity is received we will determine whether or not there is budget available (see section 2). If not, the application will be placed in a queue until the next financial year, when a further budget allocation is released and the application can be progressed, or until an application withdraws or is revoked, freeing up allocation for the current financial year.
- 12.3 The tariff lifetime for any registered additional biomethane capacity will be the same as that of the biomethane for which the producer was originally registered. The tariff for the original registration will remain the same. The tariff for the registered additional biomethane capacity will be that applicable on the date of registration of the additional biomethane capacity. All meter readings and payments will follow the same quarterly cycle as on the original registration.

## 13. Withdrawal from the scheme

### Question in this section

26. Do you have any comments on the process for withdrawing from the scheme?

### Summary of government position

- 13.1 If a participant intends to withdraw from the scheme, they must notify us of their intention to withdraw and state the date they intend to withdraw from the scheme, which must be no earlier than 28 days after the date the notification is given. They will no longer be entitled to any periodic support payments or be a participant from this date. Any associated equipment used to produce biomethane will no longer be eligible for the scheme and may not be used to make a further application to the scheme.
- 13.2 There is a separate process where a producer is withdrawing from the scheme due to change of ownership. Please see section 11, 'Change of Registration' for details of this process.
- 13.3 Following withdrawal, we will still be able to inspect equipment and any relevant documentation, and we will have the power to reclaim overpayments or payments that should not have been made due to non-compliance.

### Proposed administrative approach

- 13.4 If we consider that a participant intends to withdraw from the scheme and that there may be a potential non-compliance, or if they request to withdraw following notification of an audit, Ofgem may instigate or continue with an existing investigation or audit before the withdrawal is processed.

### Question:

26. Do you have any comments on the process for withdrawing from the scheme?

## 14. Scheme Reporting

### Question in this section

27. Do you have any suggestions for additional information that could be included in quarterly and annual reports, or on the format of the reports?

### Summary of government position

- 14.1 Across the environmental programmes that we administer, we publish a range of public reports and datasets that provide information on the operation of the schemes.
- 14.2 We will publish quarterly reports which will provide updates on the scheme's activity over the preceding quarter and will include the following information, as a minimum:
- the number of participants
  - the volume of biomethane produced under the GGSS scheme
  - the number, and value, of periodic support payments made so far and/or any scheduled payments
  - the number of scheme suppliers who are eligible for the levy and
  - the total amount of quarterly levy payments paid by those scheme suppliers
- 14.3 These reports will be published within one month of the end of the relevant quarter.
- 14.4 We will also publish a scheme annual report by 31 July each year, which will provide an overview of the scheme's activity during the scheme year.
- 14.5 Tariff guarantees will be subject to annual budget caps. To provide an indication of the available budget we will publish the following information on tariff guarantees each quarter:
- the number of tariff guarantee applications made
  - the number of provisional tariff guarantee notices issued,

- the number of tariff guarantees granted,
- the maximum initial capacity, and any additional capacity, of the equipment used to produce biomethane in respect of which tariff guarantees have been granted
- the estimated total tariff guarantee commitment

### **Proposed administrative approach**

14.6 As there is public interest in the deployment of AD plants and associated infrastructure, we will also publish limited information on individual new registrations on the scheme.

14.7 Reports will be published as a combination of interactive web charts and pdf documents, and will meet accessibility requirements.

### **Question:**

**27. Do you have any suggestions for additional information that could be included in quarterly and annual reports, or on the format of the reports?**



## 15. Scheme Budget Shortfall

### Question in this section

28. Do you agree or disagree with the proposed approach to managing a shortfall in scheme funding? Do you agree or disagree with the proposed approach to managing a shortfall in scheme funding? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

### Summary of government position

- 15.1 The GGSS will be funded by a levy placed on licensed gas suppliers in Great Britain who supply fossil fuel, excluding those who supply 95% or more from non-fossil fuel sources. The levy will be collected by us at the start of each quarter, and the funds collected will be used to make periodic support payments for the following quarter.
- 15.2 The GGSS regulations will include a number of mechanisms designed to ensure that sufficient funds are available to make periodic support payments to all participants in full, even if one or more licensed gas suppliers fails to make a levy payment.
- 15.3 Scheme budget forecasts will be based on commercial intelligence gathered from industry, network agreements submitted as part of the application process, as well as detailed analysis and scenario testing. This will allow BEIS to accurately assess how much the scheme will need to collect from the levy and how much headroom should be included.
- 15.4 There will also be annual budget caps to control and monitor scheme spend, including assessing when to trigger a degression if necessary. The TG budget caps will be set as a proportion of the overall annual budget cap and will prevent oversubscription on the scheme.
- 15.5 The annual tariff review will act as the primary mechanism to amend tariffs offered to new applicants, in order to ensure the scheme continues to meet its objectives and consistently delivers value for money. This will allow BEIS to monitor spend and adjust tariffs and levy rates according to market developments.
- 15.6 More broadly, the degression mechanism on the GGSS scheme will act to prevent the risk of overcompensation for any subsequent applicants. Degression and annual tariff reviews will mitigate against overcompensation but also allows for readjusting scheme

expenditure at regular intervals. As with the annual tariff review, this will allow BEIS to adjust tariff rates for any future applications. Participants already on the scheme will be unaffected.

- 15.7 The above budget measures will ensure that scheme spend is balanced with levy collections. However, in the unlikely scenario where spend and collection are not balanced, there are further mitigations to ensure we don't experience a shortfall in the levy amount collected.
- 15.8 All suppliers will be required to lodge credit cover, either by providing a letter of credit issued by a qualifying bank or by providing cash. The regulations will allow us to draw down on a supplier's credit cover if they fail to make a levy payment, ensuring that their levy obligation is met.
- 15.9 In the event that a supplier fails to pay a levy payment and has insufficient credit cover to make up the shortfall, we will be required by the regulations to carry out a mutualisation exercise. This will require those suppliers who did make the levy payment (non-defaulting suppliers) to pay an additional amount in order to make up the shortfall.
- 15.10 Additionally, there will be 'headroom' built into the levy rate calculation set out in the regulations. This is intended to account for circumstances where there is a delay or deficit in GGSS payments, or where we do not carry out a mutualisation exercise because the amount outstanding is smaller than the cost of carrying out the mutualisation exercise.

#### **Proposed administrative approach**

- 15.11 We are aware that certainty around payments is extremely important to prospective scheme participants, and we believe that the mechanisms set out above mean that the risk of a shortfall in funds is extremely low. Nevertheless, to ensure transparency to industry and investors, it is prudent to set out how we will ensure disruption is minimised in the highly unlikely event that a temporary shortfall does occur.
- 15.12 Should the circumstances arise where there are insufficient funds available to make all periodic support payments in full, within the usual timeframes, we will work with BEIS to resolve any shortfall in funds as quickly as possible so that payments can be

made in full. We will carefully consider how the shortfall will impact on periodic support payments and implement an approach that will minimise disruption to participants until additional funds are secured.

15.13 We will inform all participants as soon as we are aware that a shortfall has occurred and explain how we will address it and how payments may be affected.

15.14 Rather than withholding payments until additional funds are secured, we propose that the fairest approach is to use the available funds to make payments to all participants within the usual timeframes, but for these to be reduced by the percentage of the overall shortfall (which may be rounded up to the nearest whole number percentage) while remaining funds are located. For example, if there is a shortfall of 2%, we would reduce all periodic support payments by 2%.

15.15 As soon as additional funds are made available for payments we will make an additional payment to all participants to bring the payment up to the original amount they were eligible for. We consider this to be the fairest way to mitigate the temporary shortfall in funds and to minimise the impact on scheme participants for the time that their payments are reduced.

**Question:**

**28. Do you agree or disagree with the proposed approach to managing a shortfall in scheme funding? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## Appendices

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## Appendix 1 - Declaration for Biomethane Producers: GGSS and RTFO Interaction

The following declarations are designed for biomethane producers registered under the GGSS. The relevant declaration must be submitted at the same time as the periodic data each quarter. This will then be used by Ofgem as appropriate, alongside other evidence and supporting information, to determine whether payments can be made.

### **Declaration 1 should be completed by biomethane producers who are not claiming under the RTFO**

I, the authorised signatory for GGSS [insert installation name and number] confirm that for [quarterly period] I have not and will not make a claim under the Renewable Transport Fuel Obligation.

[Signed]

Authorised Signatory

### **Declaration 2 should be completed by biomethane producers who intend to claim under both GGSS and RTFO in any given quarter:**

I, the authorised signatory for RHI [insert installation name and number] am claiming [insert amount]kWh of injected biomethane for the period [insert dates from/ to] under the NDRHI scheme.

The remaining [insert amount]kWh will be claimed under the Renewable Transport Fuel Obligation Scheme (RTFO) by [insert name].

I have attached the following documents to support the data submission:

- Biogas/Biomethane apportioning tool, or equivalent, to be utilised to ascertain the feedstock percentage of make up of GGSS and RTFO gas
- Biomethane injection data and applicable supplementary heat - for the validation of GGSS payments

I understand and accept this represents my final submission to the GGSS for this quarterly period and that once payment for this submission has been made it cannot be withdrawn or amended in the future to revise the amount of gas claimed on the GGSS.

I confirm that I understand and accept that I will not be eligible to claim under both the GGSS scheme and the RTFO for the same unit of biomethane and that to the best of my knowledge and belief the information supplied in this declaration form and the supporting documentation is accurate

[Signed]

Authorised Signatory

## Appendix 2 – List of consultation questions

1. Is there any additional information that you think should be included in Provisional Tariff Guarantee Notices (PTGNs)?
2. Do you agree or disagree with our proposed approach to the administration of tariff guarantees? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
3. Do you agree or disagree with the proposed evidence requirements for demonstrating that a plant has commissioned? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
4. In relation to providing evidence of commissioning, are there other standards, practices, procedures or tests that should be considered? Please provide evidence to support your response.
5. Do you agree or disagree with the equipment we have suggested is included in our interpretation of 'equipment used to produce biomethane' and therefore must not have been previously used to produce biomethane? Please provide evidence to support your response.
6. In addition to any points made in relation to questions above relating to specific aspects of registration (questions 3-5), do you agree or disagree with our proposed approach to registration? Please provide alternative suggestions, including any evidence to support your response.
7. Do you agree or disagree with the proposed approach to making payments? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
8. Do you have any comments on the proposed process for submitting injection data?
9. Do you agree or disagree with the proposed fuel measurement and sampling (FMS) process? Do you have any suggestions on how it could be improved?
10. We propose that the FMS questionnaire for the GGSS will be a similar format to the existing FMS questionnaire on the NDRHI scheme. Do you have any comments on the NDRHI FMS questionnaire and/or any suggestions on how it could be improved?
11. Do you have any comments on the overall arrangements for reporting on the waste and fossil fuel content of feedstocks?
12. Do you agree or disagree with the proposed approach to the greenhouse gas criteria? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

13. Do you agree or disagree with the proposed approach to the land criteria? If you disagree, please provide alternative suggestions, including any evidence, to support your response
14. Do you agree or disagree with the proposals for preparing and submitting annual sustainability audit reports? If you disagree, please provide alternative suggestions, including any evidence, to support your response
15. Do you agree or disagree with our proposal to require annual, independently assured audit information as further validation of GGSS/RTFO interaction by biomethane producers? Please give your reasons and any appropriate evidence to support your response.
16. Do you agree or disagree with the proposal to require independently assured audit information on GGSS/RTFO interaction as an additional section to an Annual Sustainability Audit rather than as a separate stand-alone report instead? Please provide reasons and any appropriate evidence to support your answer.
17. Are you aware of any reason why an auditor could not assess the proposed additional requirements, and do you think both the current sustainability reporting requirement and the proposed RTFO interaction section could be provided by the same auditor? Please provide reasons for your answer/s.
18. What documentation and/or evidence would you be able to provide to an independent auditor to demonstrate that dual claiming for the same biomethane is not taking place?
19. Can you suggest any different approaches that could be taken to evidence GGSS/RTFO interaction by biomethane producers? Please provide reasons for your answer/s and supporting evidence.
20. Do you have any additional comments on our proposed administration of GGSS/RTFO interaction?
21. Do you have any feedback on our proposal that all registered producers will be subject to a site audit during the first year of operation? Please provide evidence and examples to support your response.
22. Do you have any comments on the process for addressing overpayment?
23. Do you agree or disagree with our proposed administration of the right of review? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
24. Do you agree or disagree with the proposal that new producers should be able to meet outstanding obligations on behalf of the previous registered producer? If you disagree, please provide alternative suggestions, including any evidence, to support your response



25. Do you have any additional comments on how we will administer the change of registration process?
26. Do you have any comments on the process for withdrawing from the scheme?
27. Do you have any suggestions for additional information that could be included in quarterly and annual reports, or on the format of the reports?
28. Do you agree or disagree with the proposed approach to managing a shortfall in scheme funding? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

## Appendix 3 – Privacy notice on consultations

### Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (UK GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### 1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

#### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### 3. Our legal basis for processing your personal data

As a public authority, the UK GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

#### 3. With whom we will be sharing your personal data

Your personal data may be shared with other government departments such as BEIS or Department for Transport, to reach a wider audience for the stated purpose of the consultation. We may publish your response to our consultation on our website. If your response includes personal information we may publish your response as is, unless you tell us you wish to have any names on the document redacted.

#### 4. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for up to 1 year before review after the programme been completed

## **5. Your rights**

- The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to: know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3<sup>rd</sup> parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

## **6. Your personal data will not be sent overseas**

## **7. Your personal data will not be used for any automated decision making.**

## **8. Your personal data will be stored in a secure government IT system.**

**9. More information** For more information on how Ofgem processes your data, click on the link to our "[Ofgem privacy promise](#)".