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Sent by email to: [Future.HeatPolicy@ofgem.gov.uk](mailto:Future.HeatPolicy@ofgem.gov.uk).

Dear Future Heat Policy team,

**Consultation on Ofgem's administration of the Green Gas Support Scheme (GGSS) and associated Green Gas Levy (GGL)**

This response is a joint response to Ofgem's consultation on both the GGSS and GGL. We are supportive of both schemes and largely supportive of Ofgem's approach to the GGSS and GGL.

We are concerned that Ofgem is giving consideration to a proposal under the GGL for suppliers to provide data (Question 1), when this data is already available via Xoserve. Not using Xoserve data would be inefficient and increase costs to suppliers.

We would also stress that enforcement of GGL non-payment must be swift to prevent GGL non-payment contributing to over £230m of mutualised costs<sup>1</sup> we have seen in recent years due to supplier failures, resulting primarily from the non-payment of the Renewables Obligation.

Appendix 1 contains our answers to the specific questions posed by Ofgem's consultation on the GGL.

For the periodic payments of the GGSS, we seek assurance from Ofgem that while only one bank account may be allowed for each GGSS participant, that the process for changing this bank account will be straightforward should a supplier need to switch bank accounts.

Given that this is the only comment we have on the GGSS we have not answered the questions set out in the GGSS consultation in this response.

If you have any questions or would like to discuss our response, please contact me on [Tabish.khan@centrica.com](mailto:Tabish.khan@centrica.com) or 07789 575 665.

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<sup>1</sup> Based on figures within Ofgem's consultation document:  
[https://www.ofgem.gov.uk/system/files/docs/2021/03/cmp2\\_consultation\\_final.pdf](https://www.ofgem.gov.uk/system/files/docs/2021/03/cmp2_consultation_final.pdf)  
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Yours sincerely

*Tabish Khan*

**Tabish Khan**  
**Centrica Regulatory Affairs**

## **Appendix 1: Centrica answers to Ofgem's questions on GGL**

**1. Do you have any comments on the first proposal on data collection methods? Do you have any further suggestions for how data collection could be improved?**

**2. Do you have any comments on the alternative proposal that Ofgem could collect data from a third-party and require suppliers to validate this?**

We are strong proponents of the alternative proposal as it is significantly more cost effective to use the existing data set that Xoserve has than to ask suppliers to provide this data separately.

It is unclear why the first proposal is being considered given the alternate proposal will use Xoserve data, which is already accessible, and would be far simpler to use for the green gas levy.

**3. Do you have any comments on the proposed list of information required to support a notification that a supplier is likely to be an exempt supplier? Is there any additional information that you believe will help support a notification?**

We have no comments on the proposed list of information.

**4. From your experience of providing credit cover for other purposes previously, do you anticipate any difficulties in being able to obtain the issue of a letter of credit that would meet the criteria requested and in the timeframes required? If there are concerns or there have been previous issues please provide evidence of this within your response.**

We do not anticipate any difficulties in obtaining the requisite letter of credit.

**5. Do you agree or disagree with Ofgem's proposed approach to the discretionary return of excess credit cover in quarters 1-3 each year, including limiting requests to once per year, and the proposed de minimis threshold for returns? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

We agree with this approach and it's not applicable to us as we plan to use letters of credit, not cash, as credit cover.

**6. From your experience of providing credit cover for other purposes do you have any feedback on any of the aspects proposed which could be made more efficient or easier to administer for either Ofgem or suppliers? Please provide evidence to support your response.**

We have no feedback on this question.

**7. Do you agree or disagree with the proposed timings for making a mutualisation payment? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

We agree with the timings as they appear to be based on existing mutualisation processes, i.e. for the Renewables Obligation.

We would expect enforcement action for non-payment to be swift, including fines and banning of supplier activities where relevant. Non-payment is likely to be a sign of supplier failure and therefore swift enforcement action will likely reduce further mutualisation of costs should the supplier subsequently fail. We have seen over £230m of mutualised costs over recent years, primarily from mutualised non-payment of the Renewables Obligation. Ofgem should be ensuring that all steps are taken to ensure GGL non-payment does not add to this amount.

**8. Do you agree or disagree with the proposal to include compliance with the Green Gas Levy in the Supplier Performance Report, and to use the same scoring methodology as used for other schemes? If not, please provide any other suggestions.**

We agree with including compliance with the GGL in the Supplier Performance Report.

**9. Are there any ways that we can help reduce the administrative burden for suppliers who are serving a low number of meter points, while ensuring that Ofgem and suppliers meet their obligations as will be set out within the regulations? Please provide evidence to support your response.**

We have no suggestions for reducing the administrative burden. Paying the GGL will become a facet of operating as a supplier and therefore all suppliers should be ready and able to carry out the administrative duties of paying the GGL. It's unclear why this should be seen as a burden above and beyond all the other regulatory duties that suppliers are required to fulfil as part of their licence.