

Guidance

Green Gas Levy Draft Guidance

Publication date: 22 November 2021
(revision made in appendices, first published 18 November 2021)

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(Please note this version published on 22 November 2021 contains an amendment to Appendix 2: Template letter of credit. The previous published on 18 November 2021 should be disregarded).

This guidance sets out Ofgem’s procedures for administering the Green Gas Levy (GGL) under the Green Gas Support Scheme Regulations 2021. The GGL funds the Green Gas Support Scheme (GGSS) by placing obligations on all licensed fossil fuel gas suppliers in Great Britain to pay a levy. Suppliers who supply 95% or more certified biomethane within a scheme year may be exempt from some requirements of the levy.

Within this document we set out what obligations suppliers will be subject to as well as how to meet them. This includes the provision of meter point data, credit cover and making levy payments for each licence suppliers hold. It also sets out our supplier compliance framework and the powers Ofgem may use to encourage compliance with the scheme’s requirements. In addition, this guidance sets out requirements and procedures for exemption from the GGL.

This guidance is for new, current, and former licensed gas suppliers. Ofgem's administration of the associated GGSS is outlined in a separate document.

This document has been specifically created for the Green Gas Support Scheme Regulations 2021. It is for guidance only and is not intended to be a legal guide. Suppliers should seek their own legal and technical advice in relation to their obligations under the Green Gas Support Scheme Regulations 2021. Further, this document does not anticipate every scenario which may arise. If a scenario arises which is not addressed in this guidance, we will adopt an approach consistent with the relevant legislation. Any additional guidance we publish will be available on our website.

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1. Introduction

GGL overview

- 1.1. The Green Gas Levy (GGL) places an obligation on all licensed fossil fuel gas suppliers in Great Britain to pay a quarterly levy which will be calculated based on the number of meter points they serve. Obligated suppliers are required to submit quarterly meter point data and must also lodge credit cover in the form of cash credit cover and/or an acceptable letter of credit to help ensure funds are collected in a timely manner and to reduce the likelihood of mutualisation events being required.
- 1.2. The levy is set annually by the Secretary of State for Business, Energy and Industrial Strategy and the obligation period runs from 1 April to 31 March. The first levy payment is required in the first quarter of 2022/23. These payments will be used to fund payments made for eligible biomethane injection into the gas grid through the Green Gas Support Scheme (GGSS).
- 1.3. In March 2021, the Department for Business, Energy and Industrial Strategy (BEIS) published their “Future Support for Low Carbon Heat & The Green Gas Levy: Government response to consultations” document setting out policy decisions for the GGSS and associated GGL.
- 1.4. Ofgem (on behalf of the Gas and Electricity Markets Authority) is the administrator of the GGSS and the GGL. We administer the GGL in line with the Green Gas Support Scheme Regulations 2021, which are expected to come in to force this autumn. The levy places an obligation on suppliers at a licence level, so suppliers are obligated to ensure that each of their obligations are met specifically for each gas supply licence that they hold. Ofgem scheme administration costs are recovered from the levy.

GGL guidance

- 1.5. This guidance outlines Ofgem’s administration of the GGL. This includes detail of the obligations for new, current, and former licenced gas suppliers.
- 1.6. This guidance is primarily for licensed gas suppliers, but associated industries and organisations, consumer groups and the public sector may also benefit from this document. The GGSS Regulations place a duty on Ofgem to publish procedural guidance to scheme suppliers (for the levy, and to applicants and participants for the GGSS) in connection with the administration of the Scheme.¹
- 1.7. We are releasing procedural guidance in phases, to engage with suppliers early and provide guidance on areas where early insight might be needed. We intend to publish further guidance in due course which will provide more detail on aspects of our administration such as procedures and interaction with our digital service for administration of the levy.
- 1.8. This guidance does not claim to anticipate every scenario that may arise. Where a scenario arises that is not addressed in this guidance, Ofgem will adopt an approach that is consistent with the relevant legislation. Any additional guidance we publish will be available on our website.
- 1.9. It is the responsibility of each supplier to understand the requirements of the GGSS Regulations and how they apply. This guidance may be used by a new, current or former supplier but is not intended to be a definitive guide or to provide legal advice. Suppliers are responsible for ensuring that they, and anyone acting on their behalf, comply with the applicable requirements of the law. Should a supplier fail to make a required payment by the deadline required, or comply with other obligations of the levy, we will take compliance action. We also have a framework of enforcement powers that we may use if a supplier fails to fulfil their levy obligations.
- 1.10. This guidance represents our approach to matters concerning the general administration of the levy in accordance with the current Regulations. Where there are

¹ Draft GGSS Regulations 2021, Regulation 63(1)

future changes to the Regulations we will reconsider and revise our administrative arrangements accordingly.

About this draft guidance for comment

Purpose of this document

1.11. The GGSS Regulations are expected to come into force this autumn. We are releasing procedural guidance in phases, to engage with suppliers early and provide guidance on areas where early insight may be needed. This draft for comment guidance allows stakeholders to review the proposed guidance and is a “live” document which should be used as guidance on the administration of the GGL until the next phase is published. This is not a consultation on our administrative approach to the policy.

Draft for comment feedback

1.12. As outlined above, we are not consulting on this draft guidance and have published this document on a draft for comment basis to seek views on the clarity and format of this document. On that basis, we would like to seek feedback on the following questions:

1. the overall tone of the guidance, is the draft guidance easy to read and understand? Are there any sections which could be better explained?
2. is the draft guidance clear and easy to use?
3. are there any sections of the draft guidance which are ambiguous?

1.13. You may provide suggestions for changes or improvements to this draft guidance during a four-week review period from 18 November 2021. Any responses should be made in writing by email to Future.HeatPolicy@ofgem.gov.uk by 16 December 2021, and clearly identify the related paragraph number.

Ofgem's role

1.14. The Green Gas Support Scheme Regulations 2021² describe Ofgem's powers and functions for the GGL and GGSS. For supplier compliance, those functions include but are not limited to:

- Publishing procedural guidance to scheme suppliers and an annual scheme schedule setting out an administrative timetable
- Validating and calculating, quarterly, supplier meter point data, credit cover requirements and levy payments due
- Monitoring and administering compliance with the requirements of the Regulations

1.15. Appendix 1 provides a summary of key actions and timeframes that Ofgem and suppliers will be required to take in the first few months and subsequent quarters.

Personal Data

1.16. Ofgem will process all personal data collected in accordance with the retained EU law version of the General Data Protection Regulation 2016/679 (UK GDPR) and the Data Protection Act 2018. Ofgem uses the personal data collected to perform its statutory functions, and may share this information with other organisations in line with Ofgem's scheme administration functions. For more information on how we process personal data on the GGSS and GGL please refer to our [privacy policy](#).

² [The Green Gas Support Scheme Regulations 2021](#) (draft legislation subject to parliamentary approval)

Related publications and useful links

- [Consultation response on Ofgem’s administration of the Green Gas Levy](#) (Ofgem, November 2021)
- [Draft Green Gas Support Scheme Regulations 2021 \(subject to parliamentary approval\)](#) (Government, laid September 2021)
- [Final Stage Impact Assessment: Green Gas Support Scheme and Green Gas Levy](#) (BEIS, September 2021)
- [Consultation on Ofgem's Administration of the Green Gas Levy](#) (Ofgem, July 2021)
- [Future Support for Low Carbon Heat and the Green Gas Levy: Government response to consultations](#) (BEIS, March 2021)
- [Consultation on a Green Gas Levy - BEIS consultation](#) (BEIS, September 2020)
- [Future support for low carbon heat - BEIS consultation](#) (BEIS, April 2020)

Queries and further information

- 1.17. For further information on Ofgem’s administration of the GGL please visit our webpage on Ofgem’s website: <https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy>
- 1.18. Any questions on the GGL guidance, or on Ofgem’s administration of the GGL, should be directed to the Future Heat Policy team on Future.HeatPolicy@ofgem.gov.uk

2. Working with us

Section summary

It is important that we know who to contact within your organisation in relation to the levy obligation and the various actions that we will require you to complete (eg meter point data confirmation, credit cover provision and levy payments). It is a supplier's responsibility to ensure we have the correct contact details.

- 2.1. We need to contact suppliers for several purposes associated with the administration of the levy, and it is important that we know who we should contact for different circumstances.
- 2.2. It is the responsibility of each supplier to ensure that the correct contact details are logged for each gas supply licence that they hold for the roles identified in the table below (Table 1).
- 2.3. We are requesting this information to enable us to fulfil our duties in delivering the administration of the levy and suppliers are obliged to provide this information in a timely and accurate manner in the form requested³. We need this information to ensure that your organisation can respond in an efficient and timely manner to requirements of the levy and should help to avoid missed deadlines and non-compliance.
- 2.4. We will require a confirmed Responsible Officer for each licence. This is either a director of the licensed gas supplier within the meaning of section 250 of the companies act 2005(a) or if there is no person falling into this category, then a person exercising management control⁴. The responsible officer is required to complete a letter of authorisation to delegate responsibility for three roles. Further information relating to what each role will be required to do is detailed in the table below.

³ See Draft GGSS Regulations 2021, regulation 47(1) and regulation 64.

⁴ Draft GGSS Regulations 2021, regulation 38(14)(f)

2.5. We will use these role designations to determine who to contact in relation to day-to-day levy administration and who to grant access to on the digital service to undertake tasks, such as verification of data. Each of the levy obligations must be fulfilled for each individual gas supply licence.

Table 1. Contact details for each role that are required for each licence a supplier holds.

Contact	Role
<i>Authorised signatory contact</i>	<p>A named person against a gas supply licence who will:</p> <ul style="list-style-type: none"> • receive all notifications and correspondence with regards to the levy including, but not limited to, updates to the scheme and compliance issues • receive all notifications from the levy service that include, but are not limited to, obligations due, received, and outstanding, regardless of who actioned them • be able to update any levy related contact information for the licences for which they are assigned as the 'responsible person' • inform us of any licence changes (eg new acquisitions) • be able to perform all actions relating to meeting levy obligations, the digital service related to (but not limited to) data submissions, credit cover requirements or levy payments due
<i>Lead contact for provision of meter point data</i>	<p>Contact for each gas supply licence who will:</p> <ul style="list-style-type: none"> • receive all notifications with regards to quarterly data submission which include, but are not limited to, submission due, submission received or submission outstanding • be the first contact in case of query against data submission • be able to view and approve meter point data for the applicable period • add correspondence regarding any data discrepancy • raise a query
<i>Lead finance contact</i>	<p>Contact assigned against a gas supply licence who will:</p> <ul style="list-style-type: none"> • receive all notifications with regards to credit cover and levy payments which include, but are not limited to, payment due, invoices, received credit or payment, credit or payment outstanding • be the first contact in case of query against credit cover and levy payments • be able to view invoices

	<ul style="list-style-type: none">• be able to upload letters of credit• raise a query
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2.6. We will provide further guidance on how to regularly check and update the supplier contact details for your licence.

2.7. If you have queries associated with the levy we encourage you to refer to this guidance in the first instance. However, for any further queries, email us at Future.HeatPolicy@ofgem.gov.uk

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3. Submission of meter point data

Section summary

All licenced suppliers, including those granted with a provisional exemption, are required to submit meter point data quarterly for each gas supply licence they hold. The data relates to the number of meter points the supplier has served on each day of the previous quarter.

Introduction to meter point submission

- 3.1. At the start of each quarter, all licensed suppliers are required to submit the cumulative total number of meter points (sum of Meter Point Reference Numbers (MPRNs)) they served (ie that were in their portfolio) for each day of the previous quarter for each gas supply licence that they held during that period⁵. There is a worked example of how to calculate this detailed below section 3.4. This data will be used by Ofgem to calculate each supplier's levy obligation for that quarter, as well as the following quarter's credit cover requirement. It is the supplier's responsibility to confirm accurate meter point data for each licence within the timeframes we set out in the published scheme schedule for the year. The dates by which suppliers must submit or verify their meter point data will be specified in the scheme schedule and published on Ofgem's website.
- 3.2. If a supplier does not submit their daily meter point data by the deadline specified, we will determine the number of meter points served by that supplier for each day of the preceding quarter without the supplier's input.⁶ We may use third party data to support this determination. A failure to submit the required data will be reported on the scheme default register and other compliance or enforcement action may be taken (see chapters 6 and 7).

⁵ Draft GGSS regulations 2021, Regulation 48

⁶ Draft GGSS Regulations 2021, Regulation 48(5).

Calculating cumulative total number of meter points

3.3. The meter point data required each quarter is the cumulative total, for each individual licence, of the number of meter points within the supplier's portfolio on each day of the previous complete quarter. The timeframes for the first two meter point requests will be different (see section 3.9 for more details).

3.4. Meter point data submitted must:

- Be submitted for each individual licence separately
- Include all domestic and non-domestic meter points served by the supplier within their portfolio
- Include all meter points with a live status
- Include isolated, capped or clamped meter points allocated to the supplier, but excluding unregistered sites
- Include meter points in England, Wales and Scotland

Please see a worked example for how to calculate totals for daily meter point data below.

Table 2 Example of how to calculate total meter point days.

At the start of Quarter 1 in April, the total meter point data required will be from Quarter 4 (January, February, and March).

Time period	No of meter points served on each day	Calculation for that period	Total meter point days served for specified period
January 1st - 20th (20 days)	25,000	25,000 x 20 days	500,000
January 21st - 31st (11 days)	25,500	25,500 x 11 days	280,500
Whole of January			780,500
February 1st - 10th (10 days)	24,500	24,500 x 10 days	245,000
February 11th - 20th (11 days)	30,000	30,000 x 11 days	330,000
February 21st - 28th (8 days)	30,500	30,500 x 8 days	244,000
Whole of February			819,000
March 1st - 10th (10 days)	30,500	30,500 x 10 days	305,000
March 11th - 20th (10 days)	30,000	30,000 x 10 days	300,000
March 21st - 31st (11 days)	31,000	31,000 x 11 days	341,000
Whole of March			946,000
Whole of Quarter 4 (January – March)			2,545,500

How meter point data must be submitted

- 3.5. Ofgem will endeavour to routinely obtain meter point data each quarter for every supplier licence from Xoserve, and ask all suppliers (including any with provisional exemption) to confirm that the data is correct. We expect to do this by asking suppliers to review the data for the licences that they hold and confirm whether it is correct, or to indicate if there is a difference in the data (see section on Validation of meter point data / resolving differences in data below).

- 3.6. Subject to the timeframes for our initial scheme set-up, contracting and system development, we may need to instead request meter point data from suppliers in the for the first few quarters. If we do this we will provide a format within we need the data must be provided, we will review this and contact you if there are any queries.
- 3.7. Should it not be possible for Ofgem to access or provide third party data for suppliers to verify at any point throughout the scheme, suppliers will be obligated to provide meter point data. Our system design is still being developed and tested with suppliers. We will provide further guidance in early 2022, on exactly what steps will need to be taken to provide and/or verify meter point data. We are developing a digital service and anticipate that suppliers will need to access this to either verify the provided meter point data, or, if required, submit the meter point data.

Timeframes for submission of meter point data

- 3.8. Deadlines for meter point submitted or verification will be set out within the published scheme schedule. We expect to request data no later than 5-7 working days after the start of each quarter, and to require suppliers to submit or verify their meter point data within 5 days.
- 3.9. The first two meter point data requests will differ from the standard process set out in section 3.1. in relation to the timing of the requests and the period for which the data is for, as follows:
- First request: for meter point data covering 31 August 2021 – 31 December 2021
- We expect to request this in early February 2022. The actual date will be indicated within the scheme schedule that is due to be published separately in late January (the statutory deadline for this publication is 1 February 2022).
- Second request: for meter point data covering 30 November 2021 - 31 March 2022

We expect to request this in April 2022. The actual date will be indicated within the scheme schedule.

- 3.10. It is imperative that suppliers submit or verify meter point data by the deadline indicated in the scheme schedule. A failure to submit or verify data will be considered a non-compliance against scheme requirements and may result in compliance and/or enforcement action.

Validation of meter point data / resolving differences in data

- 3.11. If you disagree with the meter point data we ask you to verify, you must provide us with the rationale and/or evidence immediately. In circumstances where we have requested data to be submitted by suppliers, should we have a query on what has been provided we will require you to provide further information or evidence promptly.
- 3.12. Any meter point queries need to be resolved promptly, to enable the data to be used to determine the levy payment obligation. We will work constructively with suppliers in relation to any discrepancies, however should the matter remain unresolved due to unsatisfactory levels of supplier engagement, or should it not be resolved promptly, Ofgem will be required to determine the meter point data in order to then determine the levy payment obligation. We may also carry out further checks to provide assurance that suppliers are complying with the scheme requirements in relation to this.

4. Providing credit cover

Section summary

Suppliers obligated to pay the levy must lodge credit cover for each gas supply licence that they hold in the form of either cash credit cover and/or by lodging a valid letter of credit (in line with guidance below) to help ensure funds are collected in a timely manner and to reduce the likelihood of mutualisation events being required. We will notify each supplier to indicate what their credit cover requirement is ahead of each quarter, and whether they need to lodge additional cover at the end of each quarter. Suppliers must lodge their required cover in the form set out in guidance.

Introduction to credit cover

- 4.1. All suppliers, except those that have been granted provisional exemption (see Chapter 8), are required to lodge credit cover for each gas supply licence that they hold.⁷
- 4.2. Cash credit cover and letters of credit that meet the requirements (as set out in sections starting from 4.12 and 4.16 below) are acceptable forms of credit cover. Once in place, suppliers' credit cover may be drawn down on by Ofgem in instances where a supplier fails to pay whole or part of a levy or mutualisation payment by the relevant due date. Credit cover will remain in place for the duration of the quarter. The level of a supplier's credit cover that remains lodged, following their levy payment and any mutualisation payments necessary, will be taken into consideration in confirming whether additional credit cover needs to be lodged in the following quarter. This will be done when we confirm suppliers' quarterly credit cover requirements in advance of each quarter.
- 4.3. There will be an annual process for the return of excess cash credit cover that is lodged, though we will consider returns outside of this process in exceptional circumstances (see section 4.24 below).⁸

⁷ Draft GGSS Regulations 2021, Regulation 42.

⁸ Draft GGSS Regulations 2021, Regulation 45.

How credit cover will be calculated

Quarterly process

- 4.4. During the last month of each quarter, we will confirm a supplier's credit cover requirement for the following quarter for each gas supply licence. As part of this notification, we will indicate whether a supplier's existing credit cover levels are sufficient to meet their updated credit cover requirement, or whether additional credit cover will need to be lodged.
- 4.5. The credit cover requirement will be calculated by Ofgem, using the calculation provided within the regulations as follows:⁹

$$\text{LR} \times (\text{M} \times 1.15)$$

where:

- LR is the levy rate for the scheme year in which the previous quarter fell – as credit cover is being requested in advance of the quarter this will be the levy rate for the month within which credit cover is being requested.
 - M is meter point data from the previous last full quarter - this will be the data that was provided and used to calculate the previous levy payment (the exception to this is for the first credit cover requirement for Quarter 1 2022/23 which is to be lodged in Quarter 4 of 2021/22).
- 4.6. Table 3 below provides an illustration of which levy rate and meter point data will be used for each quarter's credit cover provision and when it will be requested.
- 4.7. Credit cover must be lodged by the date indicated on the notification requesting credit cover. This will also be detailed in the scheme schedule for advance notice. The scheme schedule will allow at least 14 calendar days for the cover to be lodged from the date the request was made, and we will endeavour to consider the number of

⁹ Draft GGSS Regulations 2021, Regulation 41.

working days when setting the deadline (the statutory minimum is 14 calendar days). Suppliers will have the necessary data and information to understand how the credit cover requirement is calculated in advance of the calculation, so will have the opportunity to anticipate their requirement and pro-actively plan to lodge this in advance of a notification.

- 4.8. In the first quarter that credit cover must be lodged (at the end of Q4 2021/22 to lodge cover for Q1 2022/23) we will endeavour if feasible to provide suppliers with more than the statutory minimum period within which to lodge credit cover in March, by the date indicated within the scheme schedule.
- 4.9. There will be an annual process for the return of excess cash credit cover, and a process for the discretionary return of credit cover (see section 4.24 below).

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Table 3. Calculation of credit cover in standard year (note Q1, 2022/2023 will be different).

This table is to aid understanding of the process and for suppliers to be able to anticipate their obligations. Ofgem will calculate credit cover requirements and notify suppliers of these before any credit cover is due to be lodged.

	Q1 credit cover (April to June)	Q2 credit cover (July to August)	Q3 credit cover (September to December)	Q4 credit cover (January to March)
Timing	Lodged in March (end of Q4 of previous year)	Lodged in June (end of Q1)	Lodged in August (end of Q2)	Lodged in December (end of Q3)
Meter Point Data	Calculated using meter point data from Q3 of previous year (September to December)	Calculated using meter point data from Q4 (January - March)	Calculated using meter point data from Q1 (April to June)	Calculated using meter point data from Q2 (July to August)
Levy Rate	Using levy rate applicable for Q4 of previous year	Using levy rate applicable for current year	Using levy rate applicable for current year	Using levy rate applicable for current year

Types of credit cover

4.10. A supplier may lodge credit cover in either or both of the following forms:

- A cash payment into the specified Ofgem nominated bank account for credit cover¹⁰
- A letter of credit from a bank which meets the requirements set out below¹¹ in section 4.16.

4.11. No other forms of credit cover, such as parent company guarantees, are acceptable under the scheme.

Cash credit cover

4.12. For cash credit cover we will require that:

- Payments are made by electronic transfer to the specific credit cover Ofgem bank account before the deadline specified within the scheme schedule
- We will advise each relevant supplier of the bank account details to be used within the request for credit cover to be lodged
- Payments must be made using the payment reference indicated within the notification of credit cover requirements to enable easy identification of the payment made.

4.13. We may require confirmation credit cover has been lodged. It will be confirmed in guidance nearer the time if this is required and how this needs to be lodged.

¹⁰ Draft GGSS Regulations 2021, Regulation 42.

¹¹ Draft GGSS Regulations 2021, Regulation 43.

4.14. Lodging of cash credit cover will be taken as an agreement for the funds:

- To be held by Ofgem either:
 - until the end of the scheme
 - a supplier ceases to be an obligated supplier
 - a letter of credit is lodged instead which covers the full credit cover obligation
 - until excess credit cover is returned (see sections 4.24 of the guidance)
- To be drawn down, as set out in section 6.1 of the guidance, from the next working day after the payment due date, should a levy payment or mutualisation payment not be fully made by the date required.

4.15. Suppliers will always be responsible for ensuring appropriate levels of credit cover are in place to meet their obligations. We have a quarterly process in place but suppliers will be able to lodge credit cover for a longer period, for example if suppliers expect the meter point numbers they serve on a specific licence not to fluctuate between quarters. If credit cover requirements change or we need to draw down on credit cover, suppliers will need to lodge additional credit cover irrespective of whether they have intended to submit credit cover for a longer period.

Letters of credit

4.16. Where a supplier chooses to meet their credit cover obligation by lodging a letter of credit from a bank, this must be lodged separately for each supply licence. A letter of credit must meet the following criteria to be accepted:¹²

- Issued by a bank that holds the required credit rating thresholds (see table Suitable Credit Rating)
- Valid for at least the quarter to which it relates and 28 days immediately following the end of that quarter
- Indicates that Ofgem is the beneficiary
- Cover (if required in combination with cash credit cover) is at least the value of credit cover required as stipulated by Ofgem, noting this could be higher than the required amount (see section 4.20 below).
- Be set out using the letter of credit template¹³ at appendix 2 and terms provided.

4.17. Letters of credit should preferably be secured as a digital document (eg PDF) from the bank. If this is not possible, suppliers should scan the document and send it to Ofgem by e-mail. We reserve the right to request the hard copy of a scanned document.

4.18. Letters of credit will be assessed by Ofgem to ensure that they meet the requirements of the scheme. This will include verifying that they lodge the minimum level of cover as indicated on the request for credit cover, cover the required period, are in the same format and terms of the template provided and provide the information as required within the template (see Appendix 2).

¹² Draft GGSS Regulations 2021, Regulation 43(3).

¹³ See draft GGSS Regulations 2021 43 (3)(d) which require the letter of credit to be issued in the form as the Authority may specify

- 4.19. Letters of credit must be submitted by e-mail to GGL.compliance@ofgem.gov.uk before the date indicated within the scheme schedule, and on the request that we make for credit cover. This may be updated as the digital service is developed.
- 4.20. Suppliers will be able to take a longer term approach and lodge a letter of credit for up to one full scheme year, and for a higher value, for example, to anticipate any potential growth in business or to reduce the level of quarterly administration required. If a supplier adopts this approach, the letter will still be required to meet the criteria for each quarter as detailed above. If at any point the available credit (total value indicated on letter, less any drawn down funds) on the letter of credit does not cover the full credit cover requirement, additional credit cover will need to be lodged. This would mean a new letter of credit or cash credit cover.

Obligation to monitor the credit rating of the bank providing letter of credit & requirement to lodge alternative credit cover if the rating drops

- 4.21. A supplier who has lodged a letter of credit is obligated to monitor the rating of the issuing bank. These benchmarks are detailed in in the GGSS Regulations.¹⁴ Should the ratings of the bank fall below the required levels as set out in Table 5 below), the letter of credit will no longer be an acceptable letter of credit 14 days after this change. We may at any time, should the circumstances arise requiring it, give notice to indicate that alternative credit ratings will be considered appropriate. If we do this, these will remain in force until we with draw the notice.¹⁵
- 4.22. Should the credit rating of the bank providing the letter of credit fall below the required levels suppliers must:
- Notify us of this fact as soon as is reasonably practicable by sending an e-mail to GGL.compliance@ofgem.gov.uk
 - Lodge alternative credit cover within 14 days of the credit rating falling below the required level. This may be a letter of credit meeting the requirements set out in guidance, cash credit cover or a combination of both.

¹⁴ Draft GGSS Regulations 2021, regulation 43(5)

¹⁵ Draft GGSS Regulations 2021, regulation 43(7)

- 4.23. Ofgem may draw down on a letter of credit that no longer meets the scheme requirements due to a change in the credit rating of the providing bank if a payment is not made by the deadline and alternative credit cover has not yet been lodged.¹⁶

Table 5: Suitable Credit Ratings as set out in the levy regulations

Suitable Credit Rating
<p>A person holds a required credit rating if that person has been assessed by:</p> <ul style="list-style-type: none">(a) Fitch Ratings as having a short term debt rating of "F1" or better,(b) Moody's as having—<ul style="list-style-type: none">(i) a short term debt rating of "P-1" or better, or(ii) a long term debt rating of "A3" or better, or(c) Standard and Poor's as having a short term debt rating of "A-1" or better. <p>"Fitch Ratings" means Fitch Ratings Limited (registered company number 01316230).</p> <p>"Moody's" means the corporation known as Moody's Investors Service Inc. incorporated in the US State of Delaware with the file number 0577904.</p> <p>"Standard and Poor's" means the corporation known as Standard & Poor's Financial Services LLC. incorporated in the US State of Delaware with the file number 4621989.</p>

Return of excess cash credit cover

- 4.24. Should the total number of meter points that a supplier serves on a specific licence reduce, the level of credit cover required for subsequent quarters will reduce accordingly. This may result in Ofgem holding more cash credit cover than is required for a supplier. Where this occurs, we will inform the supplier as part of the notification referenced in section 4.4 that their credit cover requirement is less than their existing credit cover.¹⁷
- 4.25. There is an annual process for the return of excess cash credit cover to all applicable suppliers, which will occur each year in March. In exceptional circumstances, suppliers

¹⁶ Draft GGSS Regulations 2021, Regulation 55(6).

¹⁷ Draft GGSS Regulations 2021, Regulation 42(5).

may also request, once per year, the return of credit cover in either June, September, or December.¹⁸ Ofgem will consider these requests on a case by case basis. In addition, suppliers will be able to lodge alternative cover and request the return of a letter of credit which exceeds the credit cover requirement.

4.26. Excess credit cover in either circumstance may only be returned where:¹⁹

- the supplier is not in breach of any requirements to pay levy payments, lodge credit cover, backdated levy payments or mutualisation payments, and
- the excess sum if returned will not reduce the sum of credit cover lodged below the level required for the next quarter

Further criteria apply in relation to the return of excess credit cover in exceptional circumstances as set out in the section 4.28 below).

4.27. Excess credit cover will be paid into the verified bank account details that we hold for that supply licence. Suppliers will be required to provide evidence to include the company name, sort code and account number in the form of a bank statement, or letter from the bank. We will provide further guidance on how to provide this.

Standard process for the return of excess cash credit cover

4.28. Excess cash credit cover held by Ofgem in March each year will be returned to suppliers by 31 March. This repayment will occur as part of the same transaction which will be undertaken to return any interest earned on cash credit cover (see section 4.39 for further detail on this process). This repayment is dependent on the supplier not being in breach of any other GGL payment obligations, and this transaction not reducing the level of credit cover lodged to below the requirement for the next quarter (see section 4.25 above).

¹⁸ Draft GGSS Regulations 2021, Regulation 45(2)(b)

¹⁹ Draft GGSS Regulations 2021, Regulation 45(3).

4.29. We will send a notification in March (*from March 2023*) to all suppliers who have lodged cash credit cover within the past year to confirm:

- the value of any interest earned on the cash credit cover to be returned
- the value of any excess credit cover to be returned
- the total sum to be returned
- confirmation of the date the return will occur.

Return of excess cash credit cover in exceptional circumstances

4.30. If a supplier wishes to request the return of excess credit cover in June, September or December for exceptional circumstances, this must be done by the specified deadline set out within the scheme schedule. The return of credit cover is not guaranteed where these requests are made and we have discretion to determine whether the return should be made. This repayment is also dependent on the circumstances as set out in section 4.25 above.

4.31. These requests must also:

- be made in the period before the deadline specified in the published scheme schedule.
- indicate the value of excess credit cover being requested to be returned
- provide a reason for the request

4.32. We will provide further details in future guidance on how this request should be made.

4.33. For administrative efficiency purposes, to limit the number of excess credit cover returns necessary within the year:

- The number of actionable requests for the return of excess credit cover (in addition to any March returns) a supplier may make is restricted to once per year per supplier either in June, September or December.
- The sum requested to be returned by a supplier in exceptional circumstances must be greater than the de minimis threshold for return of funds which is £250. This is

to ensure that the administrative cost of returning the funds does not exceed the value of the funds.

4.34. Ofgem will review any requests that are made for the return of funds and will make a decision, which will then be set out in a notification to the supplier detailing:

- confirmation that the funds will be returned, including the amount returned and details of how that value was calculated; or
- a notification that the request has been declined and the reasons why.

4.35. Should a supplier request the return of funds for a higher value than it is possible to return then we may action a return of a lower amount if it is feasible to do so.

Process for return of a letter of credit

4.36. As detailed above, suppliers can take a longer term approach and lodge a letter of credit for a longer period of up to a year. This may be for a higher value than the initial credit cover requirement. Should a supplier need to request the return of a letter of credit which has a value exceeding that supplier's credit cover requirement, they can request this as part of the quarterly process for the lodging of credit cover. To request the return of a letter of credit suppliers must:

- Lodge alternative credit cover (either a letter of credit and/or cash credit cover) to meet or exceed the quarterly credit cover requirement, by the date specified within the scheme schedule for credit cover provision following the procedures set out for the provision of credit cover.
- Notify Ofgem by mail to GGL.compliance@ofgem.gov.uk that alternative credit cover has been lodged and request the return of the lodged letter of credit. Details of how we will return a requested letter of credit will be provided in future guidance.

Repayment of interest on credit cover (annual process)

- 4.37. Cash credit cover is not expected to incur significant levels of interest as it will be held in a government bank account, however any interest will be paid back to suppliers at the end of each scheme year starting in March 2023.²⁰
- 4.38. To streamline our processes, we will pay suppliers any interest earned on cash credit cover at the same time as any excess cash credit cover is returned at the end of each scheme year, every March. We will only return interest that has been received into the cash credit cover bank account.
- 4.39. We will provide information to suppliers to provide a breakdown on the sum that is refunded. This will be part of a notification on the return of any excess credit cover held (see section 4.24).

²⁰ Draft GGSS Regulations 2021, Regulation 44.

5. Making Levy Payments

Section summary

This chapter provides information on how quarterly levy payments are calculated, how we will inform suppliers of payments due and how these must be made. We will calculate suppliers' levy payments quarterly, and then send a notification, informing them of their quarterly levy obligation which must be fulfilled by the relevant dates specified in the scheme timetable. Should a payment not be received in our account by the deadline, late payment interest will be charged.

How payments are calculated

- 5.1. Each year, BEIS will calculate and publish on their website the levy rate in a pence per meter point per day format for the upcoming scheme year. For the first and second scheme years (30 November 2021 to 31 March 2022, and 1 April 2022 to 31 March 2023, respectively) the levy rate will be published by 30 November 2021. For the subsequent scheme years (from 1 April 2023 onwards) the levy rate will be published by 31 December in the preceding scheme year.
- 5.2. Further information on how BEIS calculate the levy rate for each scheme year is available in the [GGSS Regulations 2021](#) (linked to draft regulations).²¹
- 5.3. We are responsible for calculating suppliers' quarterly payments accurately.

²¹ Draft GGSS Regulations 2021, Regulation 39.

- 5.4. To calculate the amount payable by each supplier per licence, for each quarter we will use the published levy rate and the daily meter point data suppliers submitted (see Chapter 3), as follows:²²

$$\mathbf{LR \times M}$$

where:

- LR is the levy rate for the scheme year in which the previous quarter fell
 - M is the sum of the meter point data for the scheme supplier for each day of the previous quarter
- 5.5. The first payment due in quarter one of 2022/2023 will be calculated using data from two quarters (30 November 2021 to 31 March 2022) and therefore the timeframe defined in “M” above for which the meter point data is for will vary from future standard quarters. For the purposes of the calculation set out at section 5.4, for quarter one 2022/23, M is the cumulative sum of the meter point data for a scheme supplier for each day of the period beginning 30 November 2021 and ending 31 March 2022. The levy rate used will be the levy rate for 2021/2022.
- 5.6. In relation to the second quarter of the second scheme year (quarter beginning with 1 July 2022) and subsequent quarters, for the purposes of the calculation set out at 5.4, M is the cumulative sum of the meter point data for a scheme supplier for each day of the previous quarter. The second payment due in quarter two of 2022/2023 will be calculated using the levy rate for 2022/23.

²² Draft GGSS Regulations 2021, Regulation 40(1).

Invoicing

5.7. After calculating the levy payment, we will issue a notice in the form of an e-mail and invoice to obligated suppliers which will specify:²³

- the amount payable by the supplier
- how it was calculated
- how it must be paid
- the date by which the amount is required to be paid, which will be no less than 14 calendar days after the invoice was issued
- details of what will happen if the amount is not paid. Depending on the circumstances, this may include interest on late payments, credit cover draw down, or, if necessary, financial penalties and pursuance of debt through the courts.

5.8. Ofgem may require confirmation of receipt of invoices from suppliers.

5.9. Suppliers must make their levy payment by the deadline specified in the annually published scheme schedule and confirmed on the invoice to not be in breach of their obligations (see 5.10 for further information relating to this).

5.10. Suppliers must inform us by e-mail to GGL.compliance@ofgem.gov.uk if they believe that any of the information provided to calculate the quarterly levy payment was incorrect.

²³ Draft GGSS Regulations 2021, Regulations 40(2) and 40(3).

How to make levy payments

- 5.11. It is a supplier's responsibility to ensure that the payment is made in adequate time to account for any time taken by the bank to process and transfer the payment into the Ofgem bank account²⁴. If the payment deadline is missed, the payment will be subject to late payment interest²⁵ (see section 5.16) and credit cover draw down (section 6.1), and enforcement action may be taken (see chapter 7).
- 5.12. Levy payments must be made by electronic payment into the specified Ofgem bank account as specified on the invoice, before the deadline specified within the scheme schedule and invoice. This will be within no less than 14 calendar days after the invoice issue date. If we change our account details we will inform you of this in writing.
- 5.13. Payment of the levy must be made using the payment reference included on the invoice to enable tracking of the payment.
- 5.14. We may require notification that the levy payment has been paid. This will be confirmed in guidance nearer the time, as well as how it will need to be provided, if required.

Late payment interest

- 5.15. If a supplier fails to pay either a levy obligation or mutualisation payment in full by the relevant deadline as specified in the invoice, late payment interest will be applied daily from the day the payment was required until the outstanding payment is made or credit cover is drawn down²⁶. The rate of late payment interest is eight per cent per annum over the Bank of England base rate.²⁷

²⁴ Draft GGSS Regulations 2021, Regulation 40(5).

²⁶ Draft GGSS Regulations 2021, Regulation 54(1).

²⁷ Draft GGSS Regulations 2021, Regulations 54(2) and 54(3).

Calculation and payment of late interest

5.16. If a supplier is required to pay late payment interest, this should be calculated by the supplier in line with the process set out below, and paid alongside the late payment.

5.17. Interest should be calculated as detailed below:

$$\text{Daily interest} = \text{amount owed} \times \text{interest rate} / 365$$

$$\text{Total interest due} = \text{daily interest} \times \text{no of days late}$$

5.18. For example: on a sum of £100 due, to be paid 3 days late, with an interest rate of 8% plus a bank of England base rate of 0.01% this would be:

$$\text{Daily interest:} = 100 \times 8.01 / 365 = \text{£}2.19$$

$$\text{Total interest} = \text{£}2.19 \times 3 = \text{£}6.57$$

$$\text{Total sum to pay: } \text{£}106.57$$

5.19. If the Bank of England base rate has changed during the period late payment interest is for, the interest should be calculated taking this into account by carrying out multiple separate calculations and combining the totals.

6. Compliance

Section summary

Should a supplier fail to make a required payment by the deadline required, or comply with other obligations of the levy, we will take compliance action. Details of what compliance action we may take and when is detailed in this section.

Credit cover draw down

- 6.1. Where a supplier fails to fully pay a levy or mutualisation payment, we will start the process to draw down on their credit cover no earlier than the next working day after the payment was due.²⁸ It is imperative that we can draw down credit cover promptly to ensure that funds are collected in sufficient time to be used to pay scheme participants. For this reason there is no grace period between the payment due date and the draw down of credit cover. Credit cover drawn down for a missed or incomplete levy payment or mutualisation payment will be treated as funds for that payment.²⁹ Late payment interest will be applied if appropriate to any funds drawn down by credit cover (see section 5.15 on late payment interest above).³⁰ The event of having missed a levy payment will be reported on the default register (see section 6.22 below) even if credit cover is drawn down to cover this.³¹
- 6.2. If it is necessary to draw down on a supplier's credit cover, we will send a notification by email to confirm that draw down has occurred, including details of the amount and form of credit cover (credit payment and/or letter of credit) that has been drawn down.³²
- 6.3. Where we draw down on credit cover for levy payments, it is expected that suppliers' credit cover will be returned to appropriate levels as part of the standard quarterly

²⁸ Draft GGSS Regulations 2021, Regulation 55(2).

²⁹ Draft GGSS Regulations 2021, Regulation 55(1).

³⁰ Draft GGSS Regulations 2021, Regulation 54(1).

³¹ Draft GGSS Regulations 2021, Regulation 59.

³² Draft GGSS Regulations 2021, Regulation 55(3).

credit cover request process. However, if we draw down on a supplier's credit cover for a mutualisation payment, and that takes it below the required level, we will confirm the amount the supplier must lodge within 14 calendar days to ensure that their existing credit cover is not less than the credit cover requirement for that quarter. This is to ensure that adequate credit cover is lodged before the next levy payment is due. This is due to the fact that mutualisation payments may need to be made after a request has been made for the next quarters' credit cover.

- 6.4. Should a supplier lodge both cash credit cover and a letter of credit, in routine circumstances we will draw down on cash credit cover first, followed by a letter of credit for any remaining shortfall in liability. However, in circumstances such as a supplier exiting the market we may at our discretion draw down on a letter of credit first.

Receipt of late payment after credit cover draw down

- 6.5. Should a payment be received after credit cover has been drawn down, the payment will be returned to the supplier. The supplier's information will still be published on the default register (see section 6.22 below).

Mutualisation process

How and when mutualisation is triggered

- 6.6. Should a supplier default on a levy payment and have insufficient credit cover in place to cover the full payment obligation, we are required to carry out a mutualisation process to make up the shortfall in levy payments. The mutualisation process will require those suppliers who have met their levy obligation to pay an additional sum to cover any shortfall.³³
- 6.7. A mutualisation process will only occur where the total levy shortfall is greater than the estimated cost of Ofgem carrying out the mutualisation process.³⁴ This threshold will be set ahead of each scheme year and published by BEIS alongside the levy rate.

³³ Draft GGSS Regulations 2021, Regulation 56.

³⁴ Draft GGSS Regulations 2021, Regulation 55(4).

- 6.8. Where the threshold is not exceeded, mutualisation will not be triggered and the shortfall will be accounted for through headroom built into the levy. If the threshold is exceeded, then we will be required to carry out a mutualisation process.
- 6.9. If mutualisation is triggered, we expect to issue a mutualisation notice between 7 and 21 days after a levy payment was due, requesting the relevant mutualisation payment from suppliers. The timeframes will vary depending on the circumstances associated with the shortfall and credit cover draw down processes.
- 6.10. Scheme suppliers will have no more than 10 working days to make a mutualisation payment from the date at which the mutualisation notice is issued by us.

Calculation and notification of mutualisation amounts due

- 6.11. If a mutualisation process is triggered, we will calculate the amount each non-defaulting obligated supplier will be required to pay. This amount will be calculated by apportioning the total amount to be mutualised between all the non-defaulting obligated suppliers, using the total number of meter points they served, from the quarter in which the shortfall occurred.³⁵
- 6.12. We will issue a mutualisation notice to each non defaulting scheme supplier setting out the total mutualisation amount, the amount the specific non-defaulting supplier is required to pay, and the date by which the payment is to be made.³⁶ Suppliers who make a late payment or whose credit cover has been drawn down to make a payment will also be obligated to pay mutualisation payments.
- 6.13. Provisionally exempt suppliers will not be obligated by a mutualisation notice to make a mutualisation payment. However, should they fail to evidence levy exemption post-scheme year they will be required to make backdated mutualisation payments (see section 8.35 for further details).

³⁵ Draft GGSS Regulations 2021, Regulation 56(7).

³⁶ Draft GGSS Regulations 2021, Regulation 56(5)(b).

- 6.14. If a supplier's licence is revoked or they cease to be a scheme supplier before we have determined that it is liable to make a mutualisation payment, then that supplier will not be treated as a scheme supplier for the purposes of the mutualisation process. If, however, a supplier has its licence revoked after we have determined that they are liable to make a payment as part of a mutualisation exercise, then that supplier will remain subject to that liability.

How to make a mutualisation payment

- 6.15. Payments should be made by electronic transfer to the specified Ofgem bank account indicated on the notice. Suppliers should ensure the correct payment amount is received in the account specified in the mutualisation notice, by the due date.
- 6.16. Suppliers should use the payment reference indicated on the mutualisation notice when making the payment to enable the payment to be tracked.
- 6.17. Should a supplier fail to pay a mutualisation payment by the due date stated in the notice, late payment interest will be charged, and that supplier's credit cover will be drawn down (see above section 6.1 on credit cover for more details relating to this, and late payment interest section 5.15).³⁷

Receipt of late payment and return of mutualisation payment

- 6.18. If we receive a late payment before we have issued mutualisation notices then we will recalculate the total mutualisation required, and each supplier's amount due.³⁸
- 6.19. If we receive an unpaid amount from a defaulting scheme supplier after mutualisation payments have been requested, non-defaulting suppliers will still need to complete their mutualisation payments. We will redistribute the funds received through late payment plus any associated interest received, amongst scheme suppliers who have made their mutualisation payments in a timely manner.³⁹

³⁷ Draft GGSS Regulations 2021, Regulations 54(1) and 55(1)(a)(ii).

³⁸ Draft GGSS Regulations 2021, Regulation 56(9).

³⁹ Draft GGSS Regulations 2021, Regulation 56(10).

6.20. When doing so we will also send a notification to relevant suppliers to confirm the details of this redistribution.

6.21. Defaulting scheme suppliers who pay an outstanding amount before we issue the mutualisation payment notices will be treated as non-defaulting scheme suppliers for the purposes of mutualisation and will be required to contribute towards the mutualisation⁴⁰ (this will not exempt them from any compliance or enforcement action).

Reporting on the default register

6.22. Should a supplier fail to fully meet any of their obligations by the required deadline we will publish this information on a default register.⁴¹

6.23. We will publish information as soon as practicable⁴² relating to suppliers who have failed to by specified timeframes:

- provide or verify meter point data by the required deadline
- make a full quarterly levy payment
- lodge full or additional credit cover
- make a full mutualisation payment
- pay any interest

6.24. On the default register we will publish information about the non-compliant suppliers', including:

- their name

⁴¹ Draft GGSS Regulations 2021, Regulation 59(1).

⁴² Draft GGSS Regulations 2021, Regulation 59(2).

- the nature of the non-compliance (which obligation they failed to meet)
- if an outstanding payment was subsequently made, the date on which the payment was made
- If outstanding meter point data was submitted or verified the date on which this was done.
- any financial penalty that was imposed
- any other relevant information that we deem appropriate.

6.25. Where a payment is subsequently made after public reporting and the defaulting supplier's obligation is met, the information reported will remain as listed, but it will be updated to state that the non-payment has been made.

6.26. For suppliers who have been identified as exempt suppliers after being reported on the default register, we will update their information on the register to reflect this change.⁴³

6.27. We are required to keep any published information on the register for at least one year.⁴⁴

Supplier Performance report (SPR)⁴⁵

6.28. Ofgem's Supplier Performance Report (SPR) provides information on supplier non-compliance across the environmental, energy efficiency and social programme schemes we administer. The SPR aims to increase transparency of the delivery and administration of government schemes to ensure we promote consumer interests. The

⁴³ Draft GGSS Regulations 2021, Regulation 59(3).

⁴⁴ Draft GGSS Regulations 2021, Regulation 59(4).

⁴⁵ <https://www.ofgem.gov.uk/supplier-performance-report-spr>

SPR is updated every six months, and the incidents remain published for up to four years.

- 6.29. The format of reporting non-compliance for the levy on the SPR will follow the existing SPR report format, and the same processes will be followed.⁴⁶ These include contacting a supplier should there be a proposed listing on the SPR to inform them and providing details of the incident, to give the supplier the opportunity to review that specific entry.
- 6.30. Incidents of non-compliances are given a score based on the severity of impact, ranging from 1 (lowest impact) to 4 (highest impact).

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⁴⁶ https://www.ofgem.gov.uk/sites/default/files/docs/2018/05/supplier_performance_report-information_for_suppliers.pdf

7. Enforcement

Section summary

We have a framework of enforcement powers that we may use if a supplier fails to fulfil their levy obligations. These are outlined at a high level in this section. We intend to issue further guidelines and a penalty policy separately.

Overview of enforcement powers

- 7.1. Should a supplier fail to fulfil their levy obligations, we will generally, seek to engage with the supplier to bring them into compliance in the first instance. The framework set out in the GGSS Regulations enables us to take enforcement action to address any such non-compliance. Details of the enforcement action that we can take are set out below and will be exercised by Ofgem in line with the regulations. We intend to publish further guidelines regarding our enforcement powers, together with a statement of our penalty policy, separately.
- 7.2. Where we reasonably believe that it is likely that a supplier will fail to pay their quarterly levy payment, levy credit payment⁴⁷, a backdated levy payment or mutualisation payment we can serve an anticipated default notice.⁴⁸ We can also serve an enforcement notice where we are satisfied that the supplier has failed to pay a quarterly levy payment, levy credit payment, any additional credit cover, a backdated levy payment, a mutualisation payment or interest⁴⁹ or where the scheme supplier has failed to comply with any of its other obligations.⁵⁰
- 7.3. In addition, where a supplier has knowingly supplied false or misleading information⁵¹, or failed to comply with any of its other obligations imposed under the regulations,⁵²

⁴⁷ Including any credit cover required in accordance with regulation 42(3)(b) or (c) of the GGSS Regulations 2021

⁴⁸ Draft GGSS Regulations 2021, Regulation 52.

⁴⁹ Draft GGSS Regulations 2021, Regulation 53.

⁵⁰ Under part 7,8 or 9 of the GGSS Regulations 2021

⁵¹ As set out in regulation 57(1)(a) of the GGSS Regulations 2021

⁵² As set out in parts 7, 8 or 9 of the draft Green Gas Support Scheme Regulations 2021.

we may impose a financial penalty.⁵³ We also have the ability to recover unpaid amounts as civil debt if not paid by the due date, including any outstanding quarterly levy payments, levy credit payments, mutualisation payments or financial penalty.⁵⁴

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⁵³ Draft GGSS Regulations 2021, Regulation 57.

⁵⁴ Draft GGSS Regulations 2021, Regulation 58.

8. Levy exemption

Section summary

This chapter provides information on how suppliers of at least 95% green gas can be exempted from paying the levy. Before each scheme year, suppliers may submit evidence to Ofgem demonstrating the likelihood that they will be providing >95% green gas in that scheme year and Ofgem will determine whether that supplier should be provisionally exempt based on that evidence. Provisionally exempt suppliers will not have to pay the levy or lodge credit cover during the scheme year. Further, certain provisions within the regulations will not apply to them. However, this is subject to the proviso that, at scheme year end, provisionally exempt suppliers must demonstrate that they have actually supplied at least 95% green gas in the scheme year. If they cannot demonstrate this, they will no longer be exempt from the levy and will be required to make backdated levy payments.

After each scheme year, suppliers will be able to submit evidence of their green gas supply levels for that scheme year to confirm their exemption status. Ofgem will make a final determination regarding which suppliers should have been exempt for that scheme year.

Pre-scheme year notification and provisional exemption

- 8.1. Licensed suppliers who can evidence that it is likely that they will supply at least 95% certified green gas in the next scheme year may be provisionally exempted from paying the levy for that year.⁵⁵ For the purposes of this exemption, “green gas” means biomethane produced by anaerobic digestion for injection into the GB gas grid. Such biomethane must be certified by an approved certification scheme. See Section 8.24 for further details.

⁵⁵ Draft GGSS Regulations 2021, Regulation 38.

- 8.2. We understand there may be other reasons why suppliers believe they may be exempt from the levy. If you think this applies to you, please contact us providing details of this to GGL.compliance@ofgem.gov.uk

Pre-scheme year notification in 2021 for first year

- 8.3. In the first scheme year (30 November 2021 – 31 March 2022) suppliers that intend to, and believe it is likely that they will, supply at least 95% green gas in the scheme year beginning on 1 April 2022 must notify Ofgem. within 10 working days of the regulations coming into force.⁵⁶

- 8.4. The notification must be provided in the following form:

- A declaration letter from the supplier (see below and Appendix 3) signed by a responsible officer (director or a person exercising management control) providing:⁵⁷
 - A notification from the supplier indicating that they consider it likely they will be an exempt supplier in relation to the next year
 - Confirmation that the supplier intends to be a >95% green gas supplier (supplier of certified biomethane) for the duration of that scheme year; and
 - Confirmation that the evidence provided (see list below) is correct.

- 8.5. Evidence to support the notification, which must be at least one of the below types of evidence, but may also be supported by supplementary evidence:

- Copies of Gas Purchase Agreements (GPAs) for the relevant scheme year
- Any contractual agreements related to the purchase or trading of green gas certificates that are separate to the above
- Evidenced detail on the volume of gas supplied in the previous years, and the proportion of gas certified as green within that supply volume; or

⁵⁶ Draft GGSS Regulations 2021, Regulation 38(3)(a)(i).

⁵⁷ Draft GGSS Regulations 2021, Regulation 38(3)(c).

- Evidence of the size of the portfolio of green gas certificates held by the supplier from an approved certification scheme (see section 8.24 for further details).
- 8.6. Alongside the notification, suppliers must also provide the total number of meter points they they served on a single day in the four weeks prior to the date that the notification is submitted, and the maximum total number of meter points expected to be served on any day within each month of the next scheme year.
- 8.7. Suppliers must submit this notification and associated evidence via email to GGL.compliance@ofgem.gov.uk within 10 days of the regulations coming into force, by 11:59am on the tenth working day.⁵⁸ A declaration letter that suppliers must use for this notification can be found at Appendix 3.
- 8.8. After receiving a notification, Ofgem will make a determination as to whether the supplier should be provisionally exempt by no later than 1 March 2022. To assist this, Ofgem may instruct, or request the supplier to instruct, a person who is not connected to the supplier to consider the information provided and prepare a report (an “assurance report”). The purpose of the assurance report will be to assess the accuracy of the information provided and the likelihood that the supplier will supply more that 95% certified biomethane for the relevant scheme year

Pre-scheme year notification in subsequent years

- 8.9. Suppliers that intend to, and believe it is likely that they will supply at least 95% green gas in the subsequent scheme year must notify Ofgem by the required date in the scheme schedule.⁵⁹
- 8.10. The notification must be provided in the following form:
- A declaration letter (see below and appendix 3) from the supplier signed by a responsible officer (director or a person exercising management control) providing:⁶⁰

⁵⁸ Draft GGSS Regulations 2021, Regulation 38(3)(a)(i).

⁵⁹ Draft GGSS Regulations 2021, Regulation 38(3)(a)(ii).

⁶⁰ Draft GGSS Regulations 2021, Regulation 38(3)(c).

- A notification from the supplier indicating that they consider it likely they will be an exempt supplier in relation to the next year
- Confirmation that the supplier intends to be a >95% green gas supplier (supplier of certified biomethane) for the duration of that scheme year; and
- Confirmation that the evidence provided (see list below) is correct.

8.11. Evidence to support the notification, which must be at least one of the below types of evidence, but may also be supported by supplementary evidence:

- Copies of Gas Purchase Agreements (GPAs) for the relevant scheme year
- Any contractual agreements related to the purchase or trading of green gas certificates that are separate to the above
- Evidenced detail on the volume of gas supplied in the previous years, and the proportion of gas certified as green within that supply volume; or
- Evidence of the size of the portfolio of green gas certificates held by the supplier from an approved certification scheme (see section 8.24 for further details).

8.12. Alongside the notification, suppliers must also provide the total number of meter points they they served on a single day in the four weeks prior to the date that the notification is submitted, and the maximum total number of meter points expected to be served on any day within each month of the next scheme year.

8.13. Suppliers must submit this notification and associated evidence via email to GGL.compliance@ofgem.gov.uk by 11:59pm on the relevant date specified in the scheme schedule for that year.⁶¹ A declaration letter that suppliers must use for this notification can be found at Appendix 3.

8.14. After receiving a notification, Ofgem will make a determination as to whether the supplier should be provisionally exempt by no later than 31 October in the scheme year that their notification was received. To assist this, Ofgem may instruct, or request the supplier to instruct, a person who is not connected to the supplier to consider the information provided and prepare a report (an “assurance report”). The purpose of the

⁶¹ Draft GGSS Regulations 2021, Regulation 38(3)(a)(ii).

assurance report will be to assess the accuracy of the information provided and the likelihood that the supplier will supply more than 95% certified biomethane for the relevant scheme year.⁶²

Confirmation of provisional exemption

- 8.15. Where Ofgem determines that the supplier should be granted provisionally exempt status for the following scheme year, a notification will be issued stating that the supplier is a provisionally exempt supplier for that scheme year. The supplier (referred to as a 'provisionally exempt supplier') will not be required to make any payments or lodge credit cover during the relevant scheme year. Provisionally exempt suppliers will continue to have some obligations, as set out in regulations, including those in relation to the yearly green gas exemption mechanism, the provision of meter point data, and the provision of any other information or compliance with such other requirements that Ofgem may request in its role as scheme administrator. However, this is subject to the proviso that, at scheme year end, provisionally exempt suppliers must demonstrate that they have actually supplied at least 95% green gas in the scheme year. If they cannot demonstrate this, they will no longer be exempt from the levy and will be required to make backdated levy payments. Ofgem will retain the power to commence or continue enforcement action in respect to any non-compliance that occurred in years other than the year they are provisionally exempt, and for other obligations that still apply during provisional exemption.⁶³
- 8.16. The GGSS Regulations require a supplier seeking exemption to provide us with any information we may request in support of their notification of expected exemption.⁶⁴ If it transpires that any of the information submitted as part of the pre-scheme year notification was knowingly false or misleading, we have the power to take further action, which includes fines of up to 10% of the scheme supplier's relevant turnover.⁶⁵
- 8.17. Where we intend to determine that a supplier will not be provisionally exempt, we will provide a 'minded to' notice. This will confirm our 'minded to' decision to decline the granting of provisional exemption. We will state the reason and provide a period of 10

⁶² Draft GGSS Regulations 2021, Regulation 38(4).

⁶³ Draft GGSS Regulations 2021, Regulation 38(6).

⁶⁴ Draft GGSS Regulations 2021, Regulation 38(3)(b).

⁶⁵ Draft GGSS Regulations 2021, Regulation 64(1).

working days within which to make representations to this notification. We expect a representation from a supplier to provide further evidence.

- 8.18. If we receive a representation from a supplier within 10 working days of having issued a 'minded to' notice we will assess this and reach a final determination. Supplier representations should provide any further evidence not already provided to support the position that the supplier should be provisionally exempt.
- 8.19. Once we have made our decision following a 'minded to' notice we will confirm the final decision to the supplier. If, following our assessment of any additional information received from a representation, the decision is not to grant provisional exemption, we'll confirm our determination and provide the reason for it.
- 8.20. If Ofgem determines that the supplier will not be a provisionally exempt supplier in relation to the relevant scheme year, that supplier will be subject to all requirements, as set out in regulations, and the notification will inform them of that.⁶⁶
- 8.21. If, during a relevant scheme year, a provisionally exempt supplier determines that they will not be exempt, we encourage them to notify us of this fact by sending an email to GGL.compliance@ofgem.gov.uk.

⁶⁶ Draft GGSS Regulations 2021, Regulation 38(7).

Evidence of exemption (post year)

- 8.22. The regulations require scheme suppliers who supplied at least 95% certified biomethane during that scheme year to notify Ofgem of this by 1 July following the end of the scheme year. This includes provisionally exempt suppliers and those who did not have provisionally exempt status in the relevant scheme year.⁶⁷
- 8.23. Suppliers that were provisionally exempt but did not supply at least 95% certified biomethane during that scheme year must also notify Ofgem of this by 1 July following the end of that scheme year. This will be required first in July 2023.⁶⁸
- 8.24. Suppliers will be required to provide evidence, in the form of retired green gas certificates, that at least 95% of the gas supplied in that scheme year was certified biomethane. The certificates must have been issued under a BEIS approved certification scheme and should show that the biomethane was injected in Great Britain within the relevant scheme year. Suppliers will also be required to provide gas supply volume data for each day of the relevant scheme year.
- 8.25. Details for how suppliers must submit evidence of having provided at least 95% green gas will be confirmed in subsequent guidance.
- 8.26. BEIS are responsible for publishing and maintaining a list of approved certification schemes that suppliers may submit retired green gas certificates from for the purposes of proving their green gas supply levels.⁶⁹ This list can be found [[HERE / LINK](#)].

Post-year determination outcome scenarios

- 8.27. Having made a determination, Ofgem will issue a notification to the supplier stating whether they are an exempt supplier or not in relation to that scheme year.⁷⁰

⁶⁷ Draft GGSS Regulations 2021, Regulation 38(8).

⁶⁸ Draft GGSS Regulations 2021, Regulation 38(9).

⁶⁹ Draft GGSS Regulations 2021, Regulation 38(14).

⁷⁰ Draft GGSS Regulations 2021, Regulation 38(10).

8.28. Suppliers who were provisionally exempt in relation to the relevant scheme year that are determined by Ofgem to be exempt do not need to take any further action in relation to that scheme year. See Figure 1 for more information.

Non-provisionally exempt suppliers determined to be exempt

8.29. Suppliers who were not provisionally exempt suppliers in relation to a scheme year but are subsequently able to provide evidence that they supplied at least 95% certified biomethane during that scheme year, will be considered exempt suppliers and will be refunded for the levy payments and any contributions to mutualisation exercises made in that year.⁷¹ Refund payments will be made using the funds collected from suppliers through routine quarterly levy payments. It should be noted that suppliers are obliged to notify us of expected exemption ahead of a new scheme year (see sections 8.3 and 8.9 above), and therefore we would expect this scenario to occur only in extraordinary circumstances such as a new supplier joining the market mid-way through a year. See Figure 1 for more information.

8.30. Within 30 days after the day on which the notification referred to in paragraph [x] was given, Ofgem will:⁷²

- Calculate and notify the supplier of the amount of any levy exemption refund payment which that supplier is entitled to in relation to that scheme year,
- Pay the levy exemption refund payment to the supplier,
- Discontinue any compliance and enforcement action in relation to any breaches of the regulations by the supplier which occurred in relation to that scheme year. This does not include any breaches in relation to the notification that the supplier was likely to supply at least 95% green gas in that scheme year, the provision of meter point data, or the provision of any other information or compliance with such other requirements that Ofgem may request in its role as scheme administrator.

⁷¹ Draft GGSS Regulations 2021, Regulation 50.

⁷² Draft GGSS Regulations 2021, Regulation 50(2).

8.31. To calculate the amount owed as an exemption refund as a result of this determination, we will use the following methodology:⁷³

$$RP = (Q + C + M + R + IA) - ID$$

where:

- RP is the amount of the levy exemption refund payment in relation to that scheme year,
- Q is the sum of any quarterly levy payments paid by the supplier to us in relation to that scheme year,
- C is the lesser of—
 - the sum of any levy credit payments paid by the supplier to us in relation to that scheme year, and
 - the amount by which the supplier's existing credit cover exceeds their credit cover requirement for the quarter in which the levy exemption refund payment is made,
- M is the sum of any mutualisation payments paid by the supplier to us in relation to that scheme year, less any amount paid to the supplier as a result of a late payment by a defaulting scheme supplier in any mutualisation process carried out in that scheme year,
- R is the sum of any amounts recovered by us from the supplier in relation to that scheme year under any enforcement notice or penalty notice, or as a result of any civil action, and including any interest so recovered, but excluding any amounts recovered from the supplier in relation to a breach of regulations regarding the notification submitted by the supplier that they were likely to be a 95%+ green gas supplier in that scheme year.

⁷³ Draft GGSS Regulations 2021, Regulation 50(3).

- IA is the sum of—
 - any interest accrued on quarterly levy payments paid by the supplier in relation to that scheme year whilst in Ofgem’s government bank account, and
 - any interest accrued on levy credit payments paid by the supplier in relation to that scheme year whilst in Ofgem’s government bank account,
- ID is the sum of any interest accrued on levy credit payments distributed by us to the supplier in relation to that scheme year.

8.32. If we have drawn down on an exempt supplier’s existing credit cover against a letter of credit in relation to that scheme year, Ofgem must repay the amount drawn down to the person who provided that letter of credit.⁷⁴

How Ofgem will make an exemption refund payment

8.33. Exemption refund payments will be made by electronic transfer to the verified supplier bank account details that we hold for that licence. This bank account will need to have been verified by providing evidence detailing the company name, sort code and account number and be from a source such as a bank statement, or letter from the bank. We will provide further guidance on how to provide this.

8.34. Ofgem will confirm the payment reference to be used when making the refund within the notification given to the supplier in relation to this.

Provisionally exempt suppliers determined not to be exempt

8.35. If Ofgem determines that a provisionally exempt supplier has provided less than 95% certified biomethane gas as a proportion of their total supply, that supplier will not be

⁷⁴ Draft GGSS Regulations 2021, Regulation 50(4).

considered exempt in relation to that scheme year and will be invoiced for a backdated levy payment.⁷⁵ See Figure 1 for more information.

8.36. Within 30 days after the day on which the notification referred to in paragraph [x] was given, Ofgem will calculate and notify the supplier of the backdated levy payment that the supplier must make in relation to that scheme year, the date by which that payment must be made, and details of how that payment must be made.⁷⁶

8.37. To calculate the amount owed by a supplier as a backdated levy payment as a result of this determination, we will use the following methodology:⁷⁷

$$\mathbf{BP = (M_e \times LR) + (P_m - RP_m)}$$

where:

- BP is the backdated levy payment amount,
- M_e is the sum of the supplier's meter point data for each day of that scheme year,
- LR is the levy rate for that scheme year,
- P_m is the sum of any amounts the supplier would have been required to contribute in any mutualisation processes carried out in that scheme year, had they not been a provisionally exempt scheme supplier, calculated as follows:

$$\text{PDA} \times (\text{PMPS} \div \text{PTMPS})$$

where:

- PDA is the total mutualisation amount in relation to that mutualisation process,

⁷⁵ Draft GGSS Regulations 2021, Regulation 49.

⁷⁶ Draft GGSS Regulations 2021, Regulation 49(2).

⁷⁷ Draft GGSS Regulations 2021, Regulation 49(3).

- PMPS is the sum of the meter point data for the supplier for each day of the quarter preceding the quarter in which the mutualisation notices were given to scheme suppliers,
- PTMPS is the sum of the meter point data, for all non-defaulting scheme suppliers apart from the supplier, for each day of the quarter preceding the quarter in which the mutualisation notices were given to scheme suppliers,
- RP_m is the sum of any amounts the supplier would have been paid as a result of a late payment by a defaulting scheme supplier in any mutualisation process carried out in that scheme year, had they not been a provisionally exempt scheme supplier, calculated as follows:

$$RP_m = (PSU \div PAU) \times PAR$$

where:

- PSU is the mutualisation amount which the supplier would have been required to pay in respect of the relevant default,
- PAU is the total amount of mutualisation payments which were required to be paid by all non-defaulting scheme suppliers in respect of the relevant default,
- PAR is the total amount, including any interest payment, recovered from the defaulting scheme supplier in relation to the relevant default.

8.38. Any received backdated payment will become part of the levy fund held by Ofgem, and any surplus or deficit will be accounted for as part of the existing processes for year end.

How to make a backdated levy payment

8.39. Payments should be made by electronic transfer to the specified Ofgem bank account indicated on the invoice. Suppliers should ensure the correct payment amount is received in the account specified in the backdated payment invoice, by the due date.

8.40. Suppliers should use the payment reference as indicated on the invoice.

- 8.41. Should a supplier fail to pay a backdated levy payment by the due date stated in the notice, late payment interest will be charged, and further action may be taken (see section 5.15 on late payment interest for more details relating to this).⁷⁸ It should be noted that late or non-payments will not result in a mutualisation event as that payment will not be considered part of the standard quarterly process.

Former scheme suppliers

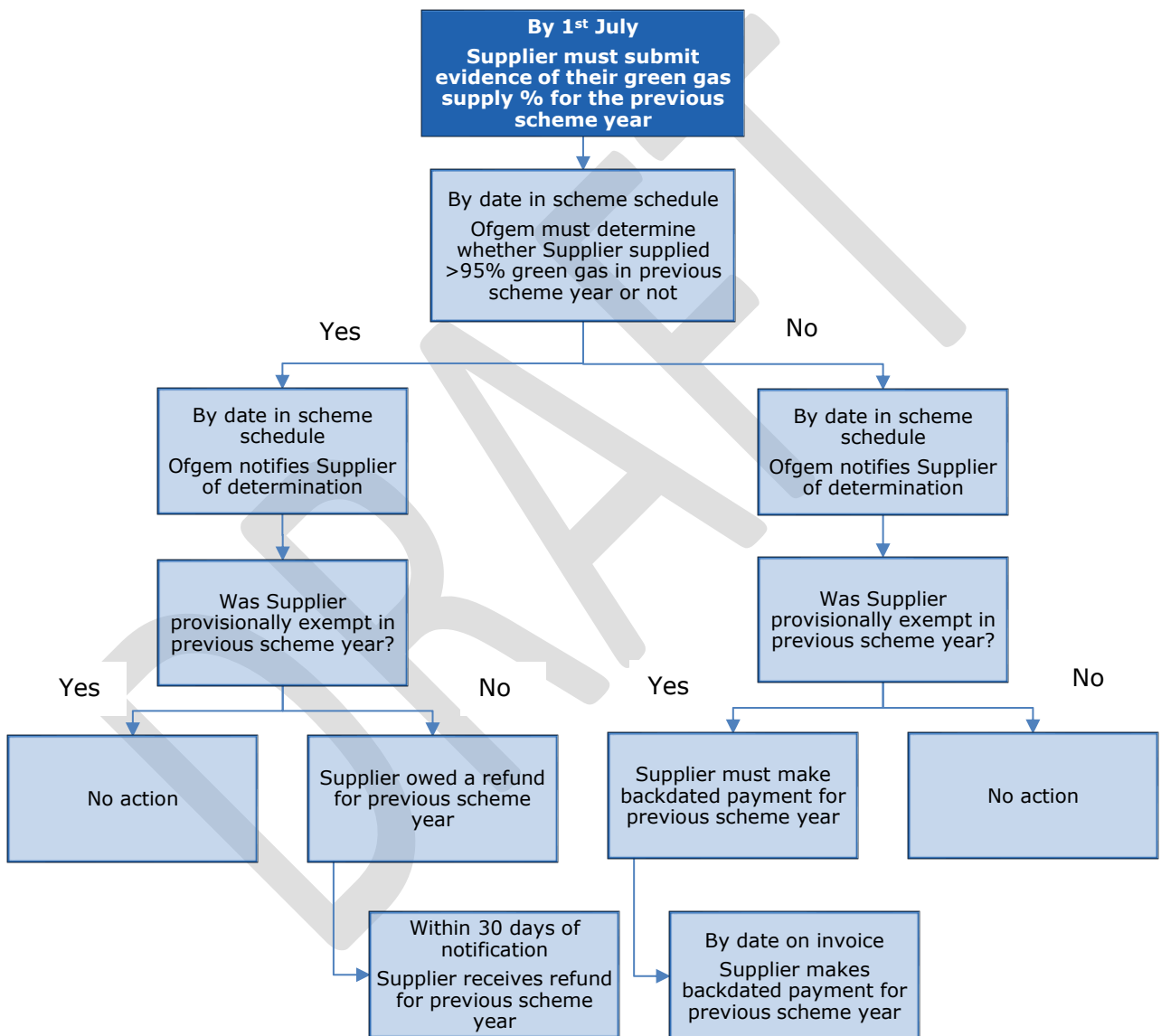
- 8.42. Please see section 9.15 for further information on how this exemption mechanism works when a supplier ceases to be a scheme supplier.

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⁷⁸ Draft GGSS Regulations 2021, Part 10.

Figure 1 – Flow diagram of post-year exemption process and outcomes for a supplier from April 2023 onwards.

This diagram illustrates the process for suppliers providing evidence of having provided 95% or more green gas after a full scheme year has concluded, and the determination of whether they are exempt from the levy. This will be first applicable from April 2023.



9. Other aspects of our administration

Section summary

This chapter summarises some additional information relating to scheme administration. This includes on how to query or challenge a decision. New suppliers, suppliers with new licences and suppliers exiting the market are obligated to contact us. New suppliers or those with new licences must contact us as early as possible. Former scheme suppliers must advise us of this within 3 days if the supplier becomes insolvent or ceases to hold a licence, or in any other case within 14 calendar days. Former scheme suppliers are obligated to meet their levy payment obligations up to the date when they ceased to be obligated.

How to query or challenge a decision

- 9.1. If you have a query or would like to challenge a decision we made, please contact us via email on GGL.compliance@ofgem.gov.uk and our compliance team will assist you.

New suppliers and new licences

- 9.2. Suppliers newly joining the gas market who have or will shortly receive a gas supply licence, or an existing supplier who gains a new licence should contact us as early as possible to ensure we have your correct details lodged by emailing us at GGL.compliance@ofgem.gov.uk. This will enable you to be made aware of your obligations as early as possible, and ensure we have details of the correct people to contact. It will also enable any system logins to be established in advance.
- 9.3. New suppliers will not be required to lodge credit cover for the quarter in which they become a new scheme supplier. We will calculate their first credit cover requirement for the first full quarter after the one in which they become a scheme supplier.⁷⁹

⁷⁹ Draft GGSS Regulations 2021, Regulation 41(2).

9.4. Credit cover requirements for the next quarter are routinely calculated at the end of a quarter, using meter point data from the previous complete quarter. As the supplier will be new, they will be unlikely to have a full quarters’ data set, and therefore the meter point data used to determine their credit cover requirement will be calculated by using meter point data that is available and multiplying this up to a quarters’ equivalence as set out in the calculation below.

9.5. Calculation used for new suppliers to determine meter points for first credit cover requirement:⁸⁰

$$\begin{array}{l}
 \text{Meter point data to be used} \\
 \text{in credit cover requirement} \\
 \text{calculation}
 \end{array}
 =
 \begin{array}{l}
 \text{Sum of meter point} \\
 \text{data for the supplier} \\
 \text{that is available}
 \end{array}
 \times
 \frac{\begin{array}{l} \text{No of days in first} \\ \text{quarter} \end{array}}{\begin{array}{l} \text{No of days in first} \\ \text{quarter in which meter} \\ \text{point data is available} \end{array}}$$

Former suppliers

9.6. Former scheme suppliers will be liable to pay the levy up to the day on which they ceased to be an obligated supplier. If you become a former scheme supplier, we will need a notification from you providing information to enable us to calculate and request your final levy payment. Following this we will repay any outstanding cash credit cover held and/or return a letter of credit if lodged with us.

Letting us know you are no longer a scheme supplier

9.7. A supplier who ceases to be a scheme supplier (eg due to market exit) and is no longer obligated to comply with the levy must notify of us of this fact by email.⁸¹

⁸⁰ Draft GGSS Regulations 2021, Regulation 41(2)(b).

⁸¹ Draft GGSS Regulations 2021, Regulation 51(2).

9.8. The notification must be sent to us:⁸²

- Within 3 days of a supplier ceasing to be a scheme supplier as they cease to hold a gas supply licence or are due to becoming insolvent
- Within 14 days in any other case of a supplier ceasing to be a supplier.

9.9. The following information must be included within the notification:⁸³

- The date on which they ceased to be a scheme supplier
- The reason they ceased to be a scheme supplier
- Their meter point data for each day of the final quarter
- Any other information we may need and request

Calculation and payment of final quarterly levy payment

9.10. If a former scheme supplier has not provided us with meter point data for their final obligated quarter, we will be required to determine this using third party data.⁸⁴

9.11. Unless we have done so through routine quarterly levy payment requests, we will calculate the final levy payment due and request this from the supplier. We will use the usual levy payment calculation, substituting a full quarters meter point data for the meter point data from the last incomplete quarter as detailed below.⁸⁵

$$\begin{array}{l} \text{Final levy} \\ \text{payment due} \end{array} = \begin{array}{l} \text{Levy rate for} \\ \text{scheme year} \\ \text{relevant to} \\ \text{final quarter} \end{array} \times \begin{array}{l} \text{accumulated total daily} \\ \text{meter point data from} \\ \text{final quarter} \end{array}$$

9.12. The regulations governing the scheme require us to draw down on any credit cover in place in the first instance in order to secure the final levy payment.⁸⁶ Early and active

⁸² Draft GGSS Regulations 2021, Regulation 51(3).

⁸³ Draft GGSS Regulations 2021, Regulation 51(2).

⁸⁴ Draft GGSS Regulations 2021, Regulation 51(5).

⁸⁵ Draft GGSS Regulations 2021, Regulation 51(6).

⁸⁶ Draft GGSS Regulations 2021, Regulation 51(7)(d).

engagement with Ofgem by former scheme suppliers is encouraged in these circumstances, particularly where credit cover is lodged in the form of a letter of credit. Should there not be adequate credit cover lodged, we will request that the outstanding sum is paid within 14 calendar days.

9.13. We will send a notification confirming the final levy payment which will detail:⁸⁷

- The amount due
- The amount of existing credit cover lodged
- The amount by which the credit cover exceeds to the amount due, or if there is inadequate credit cover lodged, the amount that remains to be paid
- The date on which we will draw down credit cover for the last payment
- The date on which, if there is an outstanding sum, this must be received. This will be the earliest of either within 14 calendar days of the notification or by the next date on which the quarterly levy payments will be due.
- Details of the bank account into which electronic payment should be made.
- A reminder that compliance and enforcement action may be taken should a payment not be made by the required deadline. (see compliance and enforcement chapters 6 and 7).

9.14. If there is an excess amount of cash credit cover lodged, we will pay this as soon as reasonably practicable after credit cover has been drawn down.⁸⁸ If the supplier before ceasing to be a supplier was liable to pay or entitled to receive a payment for another reason such as relating to mutualisation, they will still be liable to pay this and/or receive any sum due.⁸⁹

Former scheme suppliers: exemption for last year

9.15. The scheme rules associated with provisional exemption and exemption continue to apply to former scheme suppliers for the preceding scheme year.⁹⁰

⁸⁷ Draft GGSS Regulations 2021, Regulation 51(7).

⁸⁸ Draft GGSS Regulations 2021, Regulation 51(9).

⁸⁹ Draft GGSS Regulations 2021, Regulation 51(10).

⁹⁰ Draft GGSS Regulations 2021, Regulation 51(11).

9.16. The rules apply for a former scheme supplier's final, incomplete scheme year as though it were a full scheme year with adaptations as follows:⁹¹

- if a supplier provided 95% or more certified biomethane in their final incomplete year they must provide evidence of this as detailed in the exemption section, but within three months of the supplier ceasing to be a scheme supplier (instead of by 1st July).
- We will review the evidence and confirm whether the supplier is exempt for that year within 30 days of receiving the notification and information required (instead of by the date within the scheme schedule).
- Should a supplier have been granted provisional exemption but does not provide adequate evidence to enable us to be granted exemption, we will confirm the supplier is not exempt for that year within 30 days of the notification having been received.

9.17. Should a supplier have been granted provisionally exemption but be determined not to be an exempt supplier for their final year, they may be required to make a backdated levy payment.⁹²

9.18. If a supplier was not provisionally exempt and has paid the levy during their final year but is confirmed as being exempt in their final year they will be entitled to a levy exemption refund payment. This will apply in the same way as a full year refund payment due to exemption, with adaptation that the refund applies to the final part year.⁹³

⁹¹ Draft GGSS Regulations 2021, Regulation 51(11)(b).

⁹² Draft GGSS Regulations 2021, Regulation 51(12).

⁹³ Draft GGSS Regulations 2021, Regulation 51(13).

Appendices

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Appendix 1 - Key timeframes and actions

The below table provides an indication of key actions and timeframes suppliers will need to be aware of in order to be compliant with levy obligations.

When	Action expected to be required
November-December 2022	We will ask suppliers to confirm named contacts to whom responsibilities for meeting levy obligations have been delegated
Within 10 days of the regulations coming into force	Suppliers who expect to be provisionally exempt must notify us of this and provide evidence (see guidance chapter 8)
January 2022	We will publish a scheme schedule indicating deadlines for the remainder of 2021/22 and for the next year, 2022/23
February 2022	We will ask for first meter point data submission
February 2022	Suppliers will be required to provide meter point data; we expect this will be required within 5 working days of our request date
February/ March 2022	We will calculate and confirm credit cover requirements and ask suppliers to provide this by the date indicated in the scheme schedule
March 2022	Suppliers will be required to provide credit cover. We will endeavour if feasible to provide more than the statutory minimum 14 calendar days deadline.
Expected to be required within 5-7 days of start of April 2022 (Expected to be required within 5-7 days of the start of future subsequent quarters)	We will ask for the second meter point data submission or verification of data by the date indicated in the scheme schedule.
Expected to be required within 10-12 days of start of April 2022 (Expected to be required within 10-12 days of the start of future quarters)	Suppliers will be required to provide or verify meter point data; we expect this will be required within 5 working days of our request date
April 2022 (First month of each subsequent quarter)	We will calculate levy payments due and request payment from suppliers

<p>April –May 2022</p> <p>(First to second month of each subsequent quarter)</p>	<p>Suppliers will be required to provide levy payments before the deadline indicated within the scheme schedule. Payment will be due within approximately 14 calendar days of the request for payment</p>
<p>May 2022</p> <p>(Second month of each subsequent quarter)</p>	<p>Where suppliers do not meet their levy payment obligation, we will draw down on their credit cover from the next working day after the payment due date.</p>
<p>June 2022</p> <p>(Last month of each subsequent quarter)</p>	<p>We will calculate and confirm credit cover requirements and ask suppliers to provide this</p>
<p>June 2022</p> <p>(Last month of each subsequent quarter)</p>	<p>Suppliers will be required to provide any additional credit cover needed. Deadline likely to be within 14 calendar days of the request</p>

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Appendix 2 - Template: letter of credit

The below template sets out the required format of the letter of credit⁹⁴. Please refer to guidance in section 4.16 on how to submit letters of credit.

Form of Letter of Credit

This annex provides the form of letter of credit to be provided in respect of a scheme supplier's credit cover requirements under the The Green Gas Support Scheme Regulations 2021.

To: Gas and Electricity Markets Authority
10 South Colonnade
Canary Wharf
London
E14 4PU
(the "**Beneficiary**")

[Date]

Irrevocable Standby Letter of Credit no.[]

At the request of [] (the "**Applicant**"), [Issuing bank] (the "**Issuing Bank**") issues this irrevocable standby letter of credit ("**Letter of Credit**") in your favour as Beneficiary in respect of the Applicant's credit cover requirements pursuant the Regulations (defined below) on the following terms and conditions:

1. Definitions

In this Letter of Credit:

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London;

"**Demand**" means a demand for a payment by the Beneficiary pursuant to this Letter of Credit in the form set out in the schedule to this Letter of Credit;

"**Expiry Date**" means [];

"**Maximum Amount**" means []; and

"**Regulations**" means The Green Gas Support Scheme Regulations 2021.

2. Issuing Bank's agreement

- (a) The Beneficiary may request a drawing or drawings under this Letter of Credit by giving to the Issuing Bank a duly completed Demand. A Demand must be received by the Issuing Bank by no later than [x] p.m. (London time) on the Expiry Date.

⁹⁴ See draft GGSS Regulations 2021, regulation 43(3)(d) relating to the form of the letter of credit

- (b) Subject to the terms of this Letter of Credit, the Issuing Bank unconditionally and irrevocably undertakes to the Beneficiary that it will promptly, and in any event within three Business Days of receipt by it of a Demand:
 - i. pay to the Beneficiary the amount demanded to the account specified in that Demand; or
 - ii. notify the Beneficiary that a complying presentation has not been made, specifying the reasons upon which such notice of dishonour is based.
- (c) A presentation may be made for less than the Maximum Amount and more than one presentation may be made.
- (d) The Issuing Bank will not be obliged to make a payment under this Letter of Credit if as a result the aggregate of all payments made by it under this Letter of Credit would exceed the Maximum Amount.

3. Expiry

- (a) The Issuing Bank will be released from its obligations under this Letter of Credit on the date (if any) notified by the Beneficiary to the Issuing Bank as the date upon which the obligations of the Issuing Bank under this Letter of Credit are released.
- (b) Unless previously released under paragraph 3(a) above, on [23:59] (London time) on the Expiry Date the obligations of the Issuing Bank under this Letter of Credit will cease with no further liability on the part of the Issuing Bank except for any Demand validly presented under the Letter of Credit prior to the Expiry Date that remains unpaid.
- (c) When the Issuing Bank is no longer under any further obligations under this Letter of Credit, the Beneficiary shall return the original of this Letter of Credit to the Issuing Bank.

4. Payments

All payments under this Letter of Credit shall be made in pounds sterling and for value on the due date to the account of the Beneficiary as specified in the Demand.

5. Delivery of Demand

- (a) Each Demand shall be in writing and may be made by [letter, fax or email] and must be received in legible form by the Issuing Bank at its address and by the particular department or officer (if any) as follows:

Attention:]
Address:]
Fax:]
Email:]

- (b) The Applicant shall not be required to deliver the original of this Letter of Credit when presenting a Demand.

6. Assignment

The Beneficiary's rights under this Letter of Credit may not be assigned or transferred.

7. ISP 98

Except to the extent it is inconsistent with the express terms of this Letter of Credit, this Letter of Credit is subject to the International Standby Practices (ISP 98), International Chamber of Commerce Publication No. 590.

8. Governing Law

This Letter of Credit and any non-contractual obligations arising out of or in connection with it are governed by English law.

9. Jurisdiction

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter of Credit (including a dispute relating to any non-contractual obligation arising out of or in connection with this Letter of Credit).

Yours faithfully,

	Authorised Signatory	Authorised Signatory
Signature:		
First Name:		
Surname:		
Position:		
Date Signed:		

For

[Issuing Bank]

Schedule – Form of Demand

To: [ISSUING BANK]

Date: []

Dear Sirs

Demand under Irrevocable Standby Letter of Credit reference [] issued in favour of the Gas and Electricity Markets Authority (the "Letter of Credit")

1. We refer to the Letter of Credit. Terms defined in the Letter of Credit have the same meaning when used in this Demand.
2. [**Option 1:** We certify that the Applicant has failed to comply with its [levy / mutualisation]* payment obligations pursuant to regulation [40 / 56]** of the Regulations and that the sum of £[] is due and remains unpaid. / **Option 2:** We certify that the Applicant has, pursuant to regulation 51 of the Regulations, ceased to be a scheme supplier with the effect that the sum of £[] is due.]***
3. We therefore demand payment of the sum of £[].
4. Payment should be made to the following account:
 Name: []
 Account Number: []
 Bank: []
5. We confirm that the date of this Demand is not later than the Expiry Date.

Yours faithfully

	Authorised Signatory	Authorised Signatory
Signature:		
First Name:		
Surname:		
Position:		
Date Signed:		

For Gas and Electricity Markets Authority

as Beneficiary

* Select as appropriate for the applicable failure to comply
 ** Select as appropriate for the applicable failure to comply
 *** Please delete the option that does not apply

Appendix 3 - Declaration letter for provisional exemption

[COMPANY HEADED PAPER]

[DATE]

To [OFGEM],

Please consider this letter as written notification that [SUPPLIER] considers it likely that we will be an exempt supplier from the Green Gas Levy in relation to the scheme year beginning on 1 April [YEAR]. **If applicable:** Please note that this notification is made in relation to [SUPPLIER LICENCE].

I can confirm that [SUPPLIER] intends to supply at least 95% green gas (ie certified biomethane) for the period between 1 April [YEAR] and 31 March [YEAR].

In support of this notification, I attach the following evidence, which I confirm to be correct to the best of my knowledge:

- [EVIDENCE 1]
- [EVIDENCE 2]
- [ETC]

I also confirm that [SUPPLIER] expects to be able to evidence our green gas supply proportions for [SCHEME YEAR] after the scheme year ends. We will do this by presenting retired green gas certificates from a certification scheme approved for this purpose by BEIS, for biomethane injected in Great Britain in that scheme year, alongside gas supply volumes for the same period.

Yours faithfully,

[SIGNATURE]

[NAME AND JOB TITLE OF RESPONSIBLE OFFICER OF SUPPLIER]⁹⁵

⁹⁵ The signatory is confirming that they are duly authorised as required to act as a responsible officer for the licensed supplier. See Draft GGSS Regulations 2021, Regulation 38(15)(f) for the definition of a “responsible officer”.