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Response template for consultation on the Administration of the Green Gas Support Scheme

This template contains all the questions posed within the Administration of the Green Gas Support Scheme (GGSS) consultation document. Through this template we're aiming to collect your feedback on our proposals on how we will administer the Green Gas Support Scheme. We welcome your views and encourage you to respond to the questions that are of most interest. Please provide your contact details in the fields below. To respond, please provide your views in the space below the relevant question.

Organisation Name:	REA
Organisational Type:	The Association for Renewable Energy & Clean Technology (REA) represents industry stakeholders from across the whole bioenergy sector and includes dedicated member forums focused on green gas, biomass heat, biomass power, renewable transport fuels and energy from waste (including advanced conversion technologies). Our members include generators, project developers, fuel and power suppliers, investors, equipment producers and service providers. Members range in size from major multinationals to sole traders. There are over 500 corporate members of the REA, making it the largest renewable energy trade association in the UK. The REA Green Gas member forum has been the voice of the green gas industry in the UK since 2004, and currently has over 200 member companies including several involved in the development and operation of biomethane plants, green gas injection and across the whole green gas supply chain.
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Consultation Questions

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

Information to include in PTGN and TGN

We would suggest that the PGTN should state the expected injection date and the latest date by which commissioning must have occurred (deadline nominated by applicant with a 183-day grace period or by end of the Scheme, whichever is sooner, as set out in BEIS response to the GGSS consultation) and a stage 3 application submitted. This information should also be set out in the subsequent Tariff Guarantee Notice, assuming this is granted.

Planning permission

In paragraph 2.11, we are concerned about the very broad way in which the reference to planning permission is drafted – 'if there are changes later to a site's planning permission, either during the application process or following registration, it will be the responsibility of the applicant to demonstrate the changes do not change the installation applied for as part of Stage 1'.

It is possible that the intention of this paragraph is to make no change from the current RHI approach. If so, we have our concerns of the potential risks this poses and that it gives too much discretion to Ofgem on a critical point relating to the tariff obtained. The comments below are primarily addressing the possibility that paragraph 2.11 is deliberately drafted to describe a change of approach from the NDRHI.

As we understand it, the policy intent with regards to planning covers two aspects:

1) That during the build and operational phase, a plant is not able to flout the planning system while still receiving GGSS support.
2) That the plant that is eventually built is substantially the same as the one that obtained a tariff guarantee – in other words, that developers cannot get around the requirement at TG stage to have obtained the planning they need (because without it they cannot plausibly be at or near the point of financial close) by applying for a TG with an inadequate level of planning consent and then looking to obtain the necessary consent subsequently.

It is very common for sites to make relatively minor changes to their planning permissions over the course of development, construction or operation. Sometimes this reflects changes in feedstock availability and the processing/storage required and sometimes to reflect changes in technology choices.

In relation to the assessment at the point of making a full application to the scheme as to whether any planning changes should affect the tariff awarded:

- There should be a strong focus on proportionality. Materiality is too broad an approach, as almost any change could be argued to be material – if it's not material, why make the change at all?
- Only the equipment used to produce biomethane for injection (understanding that the policy intent is that this includes the digester) should be considered in relation to planning changes. Feedstock storage, pre-processing, post-digestion processing should be excluded – as should any additional infrastructure related to other processes – such as CO_2 capture or use of the gas as a transport fuel
- Within this, amendments that do not affect the quantity of biomethane produced and injected by the site should be disregarded – for example, layout changes should

generally be excluded. If the site has planning permission for sufficient feedstock to enter the site and to build digester tanks of a given capacity, with associated infrastructure for upgrading and injecting to the grid then they have met the policy intent for requirement to obtain a tariff guarantee

Finally, we do not see why any assessment should be made of future planning changes to the site once registration has been granted. Or rather, so long as there is no suggestion that the information provided in support of the TG or registration was incorrect at the time it was provided then the only relevant consideration is that the plant has all the planning permissions it needs for its current activities and that it remains compliant with them.

Ownership of equipment used to produce biomethane

In paragraph 2.12, we are unclear as to why a declaration will be required that the equipment used to produce biomethane will be owned or jointly owned by the applicant. A number of current business models involve the upgrading equipment in particular being owned by a third party (such as the supplier), with payments made based on usage. Since upgraders are expensive, this has been used by projects to reduce the capital expenditure required and therefore making it easier to raise funding. We do not see a good reason why this approach should be ruled out. If the reasoning is to provide an additional protection against non-compliance, then we would suggest instead requiring a declaration that appropriate contractual arrangements will be put in place to enable the applicant to comply with its ongoing obligations. There is no need to specify the contractual structure of projects so long as they achieve the required outcomes.

Timeframe for financial close review

An estimated timeframe for the review of financial close evidence would also be beneficial. A consultant member of the REA has pointed out that it often surprises clients how long Stage 2 takes. If the review takes too long it often impacts negatively on project timescales.

Other points about TGs and GGSS administration

Frequency of publication of TG and budget reports

We understand that the proposed frequency of publication of available budget and TG numbers (paragraph 2.2) reflects what is set out in the regulations, however we encourage Ofgem to publish it more frequently: weekly or, if not possible, monthly, would enable developers to be more confident about budget availability before they apply.

Changes to required evidence process

The way paragraph 2.9 is worded is slightly concerning and open ended. Every change to the evidence required should be managed through a transparent process and through appropriate consultation.

Other than that, the process is largely equivalent to that under the NDRHI, so we broadly agree with the process.

Timeframe for Ofgem to respond to applicants and KPIs

We are broadly content with the proposal to retain NDRHI requirements for applicants to respond to information requests from Ofgem within 4 weeks – although in practice this can be challenging to meet at certain times of year such as August or over the Christmas break. We are disappointed, however, that there are no parallel commitments from Ofgem to respond to information from applicants within the same time period.

The history of the NDRHI involves Ofgem decisions on registration or post-registration amendments to plant taking an excessively long time to make, even when the issue was simple and the information provided by the producer was of good quality.

When the NDRHI was first introduced, there were KPIs published by Ofgem and these were highlighted to stakeholders. Ofgem's role is to provide a service to both producers and government and it should consider the fact that producers will have spent significant sums of money prior to making a TG application and that it takes several million pounds to build and commission a plant. Delays to making decision (even if the decision is ultimately favourable) have real financial impacts – the cash flow impacts mean more capital is needed to fund a project and delays add to perceptions of risk (and therefore increase the cost of capital.

Without in any way minimising the importance of protecting against fraud, Ofgem should ensure that its administration of the GGSS improves upon its performance with the RHI. As a minimum, they should adopt, publish and report against KPIs. It would seem reasonable to set expectations on Ofgem's performance as no worse than the expectations that it imposes on producers – so a KPI of responding substantively to all information submitted to it within 4 weeks would seem reasonable.

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

Demonstrating financial close

The proposed approach is reasonable and aligned to that adopted under the RHI, however, we strongly encourage Ofgem to set out in guidance very clearly what is required to demonstrate financial close and that a robust assessment is undertaken to verify this information. In our response to BEIS consultation on the Green Gas Support Scheme (July 2020) we highlighted the need for a more thorough assessment on financial close audits by Ofgem to ensure the funding has been really drawn to cover the project. Leaving ambiguity in this step (as was done previously) will accelerate the level of TGs thereby potentially causing the budget cap to be reached prematurely, or a premature degression based on plants which may not have had actual financial close.

In particular, in paragraph 2.21, we are concerned at the statement that financial close evidence requirements could include 'additional specific evidence' such as 'lease agreements, land registry, EPC contracts, fuel supply agreements'. Whether or not all of these are essential to reach financial close could be debated – and would depend on the precise nature of the project and the contracts themselves. It was to avoid Ofgem being drawn into micro-managing the project development and funding process - which is a specialist area in which they do not have the relevant expertise – that the policy decision was taken to focus on achievement of financial close. It is appropriate for the organisation committing sums that are likely to exceed £10million to take a view on whether a project is fundable. If the current processes do not give Ofgem

sufficient confidence on this then they should tighten up the requirements around demonstrating financial close itself, not attempting to decide what documents are necessary (and in what form).

Without prejudice to the above, if Ofgem does decide that it needs some or all of the above documents, then it must set its requirements out clearly well in advance. It is not acceptable for these to be articulated ad hoc at the last minute, particularly given the threat of losing the TG applied for if information is not provided within three weeks of the PGTN being issued. The logical place to set out those requirements would be in objective, specific documents to check (or justify their omission) in the audit on financial close. As noted above, this would significantly change the scope and skill-set required for the auditor so we are not recommending this as a course of action – only as a mitigation if Ofgem is determined to require it.

Authorised signatory checks

With regard to paragraph 2.5, we note the reference to checks that the authorised signatory is authorised to act on behalf of the organisation, including performing ID checks. Under the NDRHI, these ID checks are carried out after the application to the scheme has been submitted. We support continuing this approach. As drafted, paragraph 2.5 could be read as meaning that these checks will be performed at the point of account set up, and must therefore be completed before a TG application can be made. If that were the intention, then we would disagree with that approach as it would risk delaying making a TG application and potentially being subject to a lower tariff rate – or being unable to access the scheme at all.

Drafting point

As a drafting point, in paragraph 2.10 it would be preferable to use 'gas transporter' in place of the term 'operator', so as to avoid confusion with site operators.

Payment schedules

A member also noted that requesting copies of payment schedules, as mentioned in paragraph 2.10, should be sufficient given that an agreement is in place with the DNOs. However, he noted that in the past Ofgem has also ben asking for information beyond a payment schedule (e.g. proof of payment).

EPC agreements

Also, EPC agreements should not be requested at this early stage as this would be premature. It is much more likely that an EPC agreement would not be signed until the provisional tariff Guarantee has been provided. This premature request also limits the ability of developers to do a commercial bidding exercise to appoint a suitable EPC contractor and therefore reduces opportunities for cost reductions.

Administration of TG process, especially stage 2

Finally, the administration of the TG process needs improving, with the main issues being the length of time taken for Stage 2 review, and the repetition involved in review of the financial close evidence. A consultant member of the REA said they are often asked the same questions two or three times on a single piece of evidence. Also, not all projects will be funded in a 'conventional' way, so a greater degree of flexibility in documents acceptance and review should be given.

3. Do you agree or disagree with the proposed evidence requirements for demonstrating that a plant has commissioned? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
Disagree. We note that the list of evidence required is slightly more focused than in NDRHI guidance and welcome Ofgem greater focus on what is required. However, the list is still far too detailed. It's crucial that Ofgem does not micromanage the 'commissioning programme' as it happened under the RHI. The proposed level of detail and evidence required to show that the biomethane pant has been commissioned is in our view disproportionate to the policy intent for which this requirement was introduced [under the NDRHI and now the GGSS]. As a reminder, this requirement was introduced to prevent '2-stage' commissioning – ie a practice in which a developer was able, under the RHI, to secure a tariff and fully register before their long-term source of biogas had been built. This raised concerns for BEIS on cost control in relation to timing of when the plants would build out (and risks that the project may not build out at all). As highlighted in our response to BEIS consultation on the GGSS, as long as a developer has shown that injection has commenced and that the gas used to commence injection comes from the specified biogas plant, that should satisfy the objective of the policy. In addition, for digesters we already have a well-established precedent for what 'commissioned' means as it has been used for many years in RHI biogas heat applications and there is no point for Ofgem to disregard this precedent. A lighter touch interpretation of 'commissioned' would therefore be in line with that policy intent. If the digester and injection equipment is present and physically complete this should be met. Since the project must also have produced and upgraded sufficient gas that at least some gas is permitted to enter the network, there can be no serious doubt as to whether the project will go ahead and will be able to ramp up in a timely fashion according with the developers' plans (though nothing is 100% certain when dealing with a biological process and heterogenous feedstock). There are three components to whether the site as a whole is commissioned: 1) The biogas production plant – precedents have been set for how this is interpreted in relation to RHI heat and these should have been followed. 2) Upgrading equipment. This is specialist containerised kit, so it would seem appropriate to adopt a similar approach to that used for many years under the feed in tariff and Renewables Obligation in relation to CHP commissioning (ie supporting letter/certificate from the supplier, backed by a commissioning checklist. 3) Post-upgrader equipment controlling access to the gas grid. There is a well-established process for this in the gas industry and access to the network will not be allowed until this is completed to their satisfaction. The fact that gas was injected and a confirming letter from the gas network stating that it was commissioned should be sufficient. There is no need for Ofgem to duplicate the work of the gas networks. The whole list of IGEM documents required as evidence of commissioning are already requested and will be audited

by the DNOs before they provide permission to inject gas into the network. The gas network operators will also audit the suitability of gas for transportation in the network before allowing it in the grid. The DNOs are competent to carry this robust process and it would be very inefficient and time consuming for Ofgem to repeat that.

At best, the level of evidence required by Ofgem will create months of delay while documents are found or generated that would not otherwise be required by any of the parties involved in building and commissioning the project. At worst, projects will be rejected or receive a lower tariff as a result of alleged deficiencies in their documentation.

We know of projects that have had difficulties under the RHI with the way this requirement is interpreted. If this is repeated, this may significantly increase their perception of risks involving Ofgem's administration of biomethane support schemes.

A similar risk arises in the discretion afforded to Ofgem in the ability to reject an application (that holds a tariff guarantee) if the eventual application is materially different to that which secured a tariff guarantee.

Other specific comments:

Paragraph 2.36

- ***Pressure and hydrostatic testing*** *- Documentation showing that all pipe work has been pressure tested to the correct pressure ….*

The text needs to be more specific about which pipework is referred to. For example, if it is the gas pipe from the grid entry unit to the existing gas network pipe, the developer often doesn't have access to this information. For example, for sub 7 bar this information is produced by the UIP (Utility Infrastructure Provider) and sent to the GDN. Or is this the pipework within the Grid Entry Unit to show that the GEU is commissioned?
We would suggest this test left out or is replaced with something along the lines of 'evidence that the GDN has signed off and allow biomethane to enter their network on the date of commissioning'. As an example, the producer could show copy of the 'NRO', ie the non-routine order which is a workstream that the GDNs use to allow them to come to site and sign off the equipment onsite and that they are happy for gas to flow. It is critical that Ofgem is not overly prescriptive as different GDNs will have different protocols.

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

This is a lot of unnecessary detail. All is needed is an email or confirmation from the GDN that end-to-end process has been successfully completed. Normally, they send an email to say they are happy, or it is set out in the NRO as explained above. In any case, the GDN will not allow flow to grid unless these processes have been successfully completed, so this does not add anything to the requirement to show that injection has commenced.

4. In relation to providing evidence of commissioning, are there other standards, practices, procedures or tests that should be considered? Please provide evidence to support your response.

See answer above.

5. Do you agree or disagree with the equipment we have suggested is included in our interpretation of 'equipment used to produce biomethane' and therefore must not have been previously used to produce biomethane? Please provide evidence to support your response.
We haven't seen the GGSS regulations yet, so it is difficult to comment. The list of equipment included seem reasonable and appears to replicate the distinctions made under the NDRHI, however **the guidance needs to be much clearer about plant expansions and under what circumstances these are excluded.** Paragraph 2.38 is clear. Equipment that has been previously used should not be used. However, it is difficult to see how this point excludes expansions or existing plants that have been re-engineered. It would be useful to have a list of examples in the guidance and how this exclusion affect them. For example, if at the same site of an existing AD plant (accredited under FITs, RO or RHI) a new digester and new equipment to upgrade biomethane is built to benefit from economies of scale and access new feedstock sources, all this plant would be new (ie not pre-used) and we understand the policy intent is that this is eligible under the GGSS. However, the reference to 'plant expansions' is not useful as this scenario could be seen by some as an expansion of an existing plant and some of the existing equipment or infrastructure - like the feestock reception hall, pre-treatment plant, and secondary containment - would be simply expanded in capacity and shared with the new plant. The new plant may also use for the process power and heat generated from the existing biogas plant. It is crucial that Ofgem clarifies what happens in the above scenario, if the new plant shares existing ancillary infrastructure such feedstock clamps, feedstock reception halls/ sheds, pre-treatment equipment and pastuerisers , office and access roads with the existing plant, or there is a shared heating or power system. We encourage Ofgem to make it clear that as long as the equipment used to make biomethane (ie digester, upgrade equipment, CO_2 and Oxygen removal, pressurisation, propanation, and odorant equipment) is new on the existing site, other plant/equipment/system can be shared. The wording used in paragraph 2.38 specifically mentions 'equipment used to produce biomethane that has previously been used for an application to the NDRHI or has been used to produce biomethane prior to the regulations coming into force'. It is unclear what happens to the eligibility under the GGSS if part of the equipment (e.g. the digester) was used at a previous site (e.g. biogas CHP plant accredited under the FITs or RO) that is now closed (ie no longer operating). Under this scenario the equipment would be sold and used to build a new GGSS plant.
6. In addition to any points made in relation to questions above relating to specific aspects of registration (questions 3-5), do you agree or disagree with our proposed approach to registration? Please provide alternative suggestions, including any evidence to support your response.
We broadly agree, subject to the points below.

With regard to paragraph 2.26 the drafting is ambiguous. It may well be that the intention is to replicate the RHI approach. The following comments take the drafting at face value and therefore consider what they state if looked at purely in their own terms.

We accept that, before granting or refusing registration Ofgem may require further information and that it is not possible to be categorical in advance as to what that might be as it will depend on the circumstances – and to some extent, the information that is provided with the application.

There needs to be a clear distinction, however, between the information that is needed to accompany an application (and in order for that application to be 'properly made') and what might be required subsequently. Given its critical importance in securing the TG within the specified deadline, the information required with the application must be clearly and unambiguously set out in advance. Assuming this is provided, it must not be open to Ofgem to claim that the absence of documentation at the application stage that they subsequently deem to be necessary results in the application not having been properly made.

With regard to para 2.28**,** it is unclear what is intended by the reference to feedstock and whether this is in addition to the requirement to provide an FMSQ, and over what time period the project would be required to confirm its feedstock. Many contracts for feedstock (particularly for wastes) are relatively short term so we do not see what benefit there would be if this information were to be required for a lengthy period. We are also concerned that a change of plans could impact on further delays while Ofgem re-assesses the application – and that Ofgem could even decide that this puts the application in jeopardy. We do not see what benefit there would be in terms of risk of RHI payments being made incorrectly or general non-compliance in taking this approach – or in creating a further area of regulatory uncertainty for developers and funders on what the rules are and how they will be applied.

With regard to para 2.29, it is unclear what benefit is provided by this requirement in addition to demonstrating that injection of gas has commenced. All requirements on safety and consumer protection must have been met in order for the gas transporter to allow flow into the network. This looks like needless duplication and complexity for no benefit.

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

Agree.

As a drafting point, please correct the dates in paragraph 3.2 (there is no such date as 31 September).

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

In relation to paragraph 4.2 and the data required by regulations, Ofgem should not require the data in m^3. The data is in kWh and that's what is important. Volume (m^3) was previously requested when the tariff wasn't tiered because Ofgem needed to see if the producer exceeded their capacity. This is no longer required as we have a tiered tariff system.

As highlighted to BEIS and Ofgem before, in time we hope that the provision of information / evidence on the meter data can be checked directly through by access to the Gemini system (e.g. the applicant could provide Ofgem with their registration code or they could be given access by Xoserve) and they would then only need to check that the totals of gas injected are broadly in agreement with what was agreed in the FMSQ.

It should be noted that the regulator's access to the grid system operator's online system is already in place in other countries of Europe. As an example, in the Netherlands and Denmark the subsidy and guarantee of origin (GoO) system are integrated into the system operator's processes so that meter readings can be taken directly from the primary source e.g. GEMINI in the UK. This removes a level of administration from the producer and increases the reliability of the data used in the subsidy and GoO systems. We would be happy to provide further detail on this if needed.

9. Do you agree or disagree with the proposed fuel measurement and sampling (FMS) process? Do you have any suggestions on how it could be improved?

There needs to be a degree of flexibility under the GGSS to allow for changes in feedstock and output over time (i.e. before signing and after), such as to allow for necessary adaptation to changing market conditions, tightening legislation and the need to integrate post-treatment technology as well as considering pre-treatment technology (to improve post-treatment performance, including for CC[U]S integration and further improvements on overall facility efficiency and sustainability).

In the past approving and making changes to Fuel Measurement and Sampling Questionnaires (FMSQs) has been a lengthy process and very often the cause of significant delays in the application process, especially when it is not a standard FMS.

There have been cases where Ofgem rejected an FMS because a user added many feedstocks: Ofgem have been actively managing this to ensure only feedstock that definitely will be used are added to the FMS. This is an unnecessary restriction that can be removed. Also, Ofgem by now have the answers for most of the feedstock classification (waste vs residue for example) and there are very few companies that are using new or novel feedstocks.

Members of the REA have found the FMS approval process to be slow at times, and re-iterated there needs to be a system to allow new feedstocks to be added and approved quickly.

Our recommendations to Ofgem for this process, which we provided previously, are unchanged:

- There should be as much upfront approval as possible of FMS questionnaire e.g. Ofgem should allow participants to have a much wider choice of feedstocks on the FMS (even though they may not use them immediately). We would recommend the 'review period' is removed for Ofgem and that a predefined list of feedstock categories is introduced.
- The classification of a feedstocks as wastes or residues has now been done for a number of years, with relatively few producers wanting to use new / novel materials, so we should have already most of the answers, possibly with some caveats. There should be a public register available with a list of approved feedstocks. An additional option could be an approved list managed by a third party on behalf of the industry, in the

same way as the Sustainable Fuel Register (SFR) was set up for non-BSL feedstocks a few years ago. This alternative has worked well, and it would take some of the burden off Ofgem and allow the industry to make a more consistent approach in terms of classifications and reporting. A central feedstock register could hold definitive classifications, Fuel Classification Consideration (FCC) questionnaires, and GHG data for all approved feedstocks which could then be shared with members (i.e. operators) when they sign up to the register. This would give industry more control and a stronger position in gaining approval, and we would recommend the costs of such a register should be borne by BEIS.

- If operators are using feedstocks such as wastes taken on an ad-hoc basis, there should not be a need to demonstrate to Ofgem through a biogas apportioning tool calculation that the GHG number is correct, especially for feedstocks for which a contract has not been signed yet. Knowing in advance that a potential feedstock is going to pass is way beyond what this protocol is meant to do.
- There should be consistency in the way feedstocks are assessed: some feedstocks have been approved easily from some officers at some sites, and some others have not. Different officers interpret the regs differently.

Members would also welcome some level of interchangeability of the GGSS FMS with the RTFO scheme and vice versa. I.e., if a feedstock is approved on one scheme, it would be useful and more time effective if it could be automatically approved/recognised on the other.

Finally members would also like to see the apportioning tool pre-built with the calculations necessary to manage deductions in the event they are required. Operators should not be expected to edit the apportioning tool, as this can lead to unnecessary delays.

10. We propose that the FMS questionnaire for the GGSS will be a similar format to the existing FMS questionnaire on the NDRHI scheme. Do you have any comments on the NDRHI FMS questionnaire and/or any suggestions on how it could be improved?

See our comments above.

As a minor point, the formatting of the FMSQ template is frustrating to use. Entries into the data fields are often in danger of re-setting to the previous version and mistakes have been made as a result of the file not saving the information that had most recently been typed. There is no version control system on the NDRHI register. For the GGSS, the system should allow the producer to see all documents they have previously submitted to Ofgem.

Paragraph 6.5 contains a number of information requirements that are not entirely clear. The FMSQ itself does not contain information on the energy content of feedstocks to be used, although this information is effectively needed in order to operate the biogas apportioning tool – it is not needed if only a single feedstock is used, however. We are also unclear on what is meant by 'the energy content of the ingredients added as part of the biomethane production process'. If this is intended to refer to odorant then this seems unnecessary as odorant levels are not routinely metered since only very small amounts are used.

A consultant member of the REA has found the NDRHI FMS to be a little too locked-down; they have had difficulties creating FMS' for sites with large numbers of feedstocks due to the small table sizes, and it is difficult to paste data in these documents too.

11. Do you have any comments on the overall arrangements for reporting on the waste and fossil fuel content of feedstocks?
Section 6.2 includes reference to requirements we weren't aware of and were not consulted on by BEIS (the first two bullet points) and we wonder whether this is text from a former document used as the basis for writing this consultation- possibly related to the administration of the RO or a lift from RHI use of solid biomass for direct combustion -that should have been deleted. RHI producing 'biogas' by gasification of solid waste also cross-references to these rules, however the GGSS is restricted to biomethane from AD so all of this is not applicable/relevant. The third point should be sufficient on its own to set out the requirement related to the 10% threshold for fossil fuel contamination, in line with equivalent requirements under the NDRHI (Amendments and Closure) Regulations. We are concerned at the phrasing that participants 'must produce at least 50% of their biomethane (by energy content) using waste or residue feedstocks'. This may simply be down to loose drafting, but our understanding of the policy intent is that this is unchanged from the NDRHI – participants **may** derive more than 50% of their energy from non-waste/residue feedstocks, but if they do their periodic payments will be reduced. In other words, staying within those limits is not itself a requirement of the scheme and therefore exceeding them is not a breach of an ongoing obligation. Also, the first paragraph in this section '*Biomethane will only be eligible under the scheme if it is produced from solid biomass, solid waste or liquid waste*' implies liquid co-products (ie any liquid feedstocks that are not waste) are excluded from the scheme. If this is the case this is extremely disappointing as industry has been asking for this resctrion to be lifted, though we realise this is a policy question for BEIS rather than Ofgem. Under the RHI, this restriction has significantly constrained the use of liquid feedstocks at AD plants that are clearly sustainable and should be encouraged. Examples of liquid feedstocks that have been constrained are: glycerol from virgin oils, which is classed as a product; crude glycerol from waste oil, which is classed a processing residue and other similar liquids such as pot ale syrup, proflo etc. Our understanding is that this was introduced due to the original RED. Under that, 'bioliquids' used in power or heat must be subject to the same sustainability criteria imposed on transport biofuels, and member states may not deviate from them. These controls were introduced into the Renewables Obligation as liquids were used for power generation. This involves significant complexity, not least because the RED definition of biomass differs from that used in the rest of the RO (and RHI). Given the relatively low opportunities for the use of renewable liquids in heating (and that the department was not wholly convinced of the quantity and value for money that these would represent) it was decided not to introduce support for liquids in the RHI at all. Given the UK's exit from the EU the UK is free to make a decision on this on its own merits rather than to avoid having to administrative burden caused by RED.

REA and other trade associations, as well as Ofgem, have raised this regulatory matter to BEIS on a number of occasions. In addition, there are discrepancies between different schemes, as this constraint applied under the RHI scheme, but not under the RO and the RTFO schemes.

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

Broadly we agree with the approach taken but there are some aspects that need to be clarified.

1) Paragraph 6.14 states that GHG emissions only need reporting for each consignment of solid biomass (ie any feedstock that is not a waste or a residue). However, where the approach of averaging consignments is taken, the GHG emission figure will need to be reported for all consignments, including wastes and residues. We suggest that GHG emissions are reported for all feedstocks, including wastes and residues so that averaging can be done and this should be made clear in the guidance.
2) Are biomethane consignments from wastes automatically deemed compliant with the GHG emission threshold as per current RHI?
3) We welcome that averaging of consignments can be done in line with RED II, but the guidance should make it clear that it is the aggregate / average GHG emission figure that needs to meet the GHG threshold, if we understand the new methodology correctly, as opposed to each single consignment. Also, it should make it clearer that this is an average GHG saving across all consignments over the quarter.
4) The guidance should make it clear what happens if the plant is treating 100% waste feedtsocks. Will these plants need to report their GHG emissions and do the calculations?
5) Will there be a ceiling for GHG emissions? i.e. if there is averaging of emissions do individual feedstocks still have to be below an upper threshold? We understand from the Government response to the GGSS consultation that this is not the intention. This position needs to be stated with absolutely clarity, as many crop consignments would struggle to comply with the new limit unless they are able to be averaged with waste and residue consignments.

Also, Ofgem should make it clearer whether the methodology to calculate GHG emissions for biomethane consignments will be aligned with the methodology in RED II, including the bonus for management of raw manures (see below).

RED II recognises a bonus for management of raw manures through AD of -45g CO2/MJ. Excerpt from RED II Annex VI:

'The values for biogas production from manure include negative emissions for emissions saved from raw manure management. This is equal to – 45 g CO2eq/MJ manure used in anaerobic digestion'.

Ofgem should also provide clear guidance on what evidence is required to support GHG emissions savings reported for carbon capture and storage, as there wil be an increasing number of producers that will be capturing CO_2 from the process going forward and will want to report the associated carbon savings.

13. Do you agree or disagree with the proposed approach to the land criteria? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
Agree, but further detail will need to be provided on how participants can demonstrate compliance with land criteria for solid biomass.
14. Do you agree or disagree with the proposals for preparing and submitting annual sustainability audit reports? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
Agree. Members of the REA have said they are familiar with the approach followed under the NDRHI and would welcome some level of consistency here.
15. Do you agree or disagree with our proposal to require annual, independently assured audit information as further validation of GGSS/RTFO interaction by biomethane producers? Please give your reasons and any appropriate evidence to support your response.
We have recently responded to similar questions under Ofgem Consultation on draft guidance on proposed further validation of NDRHI /RTFO interaction by biomethane producers. Our response can be downloaded **here**. Our views on the GGSS consultation are in line with those expressed in the above response, and we will re-iterate them below. We agree that it is appropriate for Ofgem to seek additional, independent verification of claims around GGSS/RTFO interactions rather than relying solely on self-declarations. We also agree that it is logical to build this around existing processes. Where a biomethane producer expects the gas they inject into the grid to be divided between the GGSS and RTFO there is clearly a significant overlap between the systems to keep track of sustainability and overall mass balance and it makes sense to have a report covering these interactions submitted at the same time as the annual sustainability audit. We do not have a strong view either way on whether this additional reporting should form part of an additional section of the existing reports or as a standalone report. To an extent, this depends on the outcomes to the points made below in relation to the limits of what biomethane producers could be expected to know after the gas they produce has been injected to the grid.
16. Do you agree or disagree with the proposal to require independently assured audit information on GGSS/RTFO interaction as an additional section to an Annual Sustainability Audit rather than as a separate stand-alone report instead? Please provide reasons and any appropriate evidence to support your answer.
See comments above
17. Are you aware of any reason why an auditor could not assess the proposed additional requirements, and do you think both the current sustainability reporting

requirement and the proposed RTFO interaction section could be provided by the same auditor? Please provide reasons for your answer/s.
That depends on exactly what is required of the auditor. It seems reasonable that, where claims are split between GGSS and RTFO, the author of the sustainability audit report would be capable of verifying the allocation of consignments between the two schemes at the production site level. If, however, the auditor is also required to analyse contracts for gas trading over the full supply chain after the gas has entered the grid then this would require a different skill set – particularly if the passages of concern highlighted below correctly reflect Ofgem's intentions as drafted. The equivalent consultation on the interaction of RHI /RTFO stated on page 2 that, *'the RTFO regulations already specify that the same biomethane must not be claimed against both the RTFO and other renewable energy support schemes, such as the NDRHI, therefore we expect that producers will already have processes in place to provide assurances against double claims'.* Assuming Ofgem would want to take a similar approach under the GGSS, as set out at greater length below, while it is reasonable to expect that those claiming RTFCs from GB-produced biomethane will have these systems in place already, it does not follow this would be true for an GGSS-registered biomethane producer with no interest in transport.
18. What documentation and/or evidence would you be able to provide to an independent auditor to demonstrate that dual claiming for the same biomethane is not taking place?
When responding to this consultation (RHI/RTFO interaction), we worked closely with colleagues at the Green Gas Certification Scheme (GGCS) run by Renewable Energy Assurance Limited. GGCS is submitting their own response with many detailed points on this subject. We agree with their points but have not reproduced them here. **GGSS producers not intending their gas to be used to claim RTFCs** These comments are based on the assumption Ofgem is looking to implement a similar approach for checking the interaction between the GGSS and the RTFO as set out in the recent RHI/RTFO interaction consultation. We are concerned about the wording of the draft guidance in paras 2.11-2.18 (above consultation). It appears to suggest that a biomethane producer could routinely be expected to possess information on what happens to the biomethane they produce after they have injected it into the grid. We agree that, if a successful RTFO claim is to be made using this gas, sustainability information will have to be provided to the RTFO administrator – and this must ultimately tie back to the biomethane production plant. We also understand that, from 1 January 2022, those looking to claim RTFCs from GB-produced biomethane will be required to provide an RHI number if one exists (and presumably a GGSS registration number when this is introduced). So, if a successful RTFO claim is to be made, then the biomethane producer must, as a minimum, be aware of that possibility because they will be required to pass on information that only they hold.

Our concern lies from the situation where there is no intention by the biomethane producer to facilitate an RTFC claim. There is a risk that the process being proposed will require that producer to prove a negative – in other words, that nobody would attempt to claim RTFCs after the gas was injected – and an assumption that a producer would, as a matter of course, be expected to hold the documents that would enable them to prove that negative.

When injecting gas into the grid, a biomethane producer is required to sell the gas to a licensed shipper. The GB gas market is extremely liquid, and the title to that gas could change hands many times before it passes to its final consumer. And in this context, the party supplying the gas as a transport fuel (and therefore eligible to claim RTFCs) is likely to be the final link in that chain before that consumer. We note that DfT has recently published guidance specifically focussing on biomethane.

Although a wide range of contractual models is possible, the most common is that the producer sells the title to the gas shipper and has no further involvement with subsequent contractual arrangements for that gas. The same shipper may also buy some or all of the guarantees of origin that relate to it (such as those issued by the Green Gas Certification Scheme) or those guarantees of origin could be sold separately.

If a subsequent owner of the gas were to supply it as a transport fuel and seek to claim RTFCs on it without the original producer's knowledge there would be nothing that producer could do about it, nor could they be expected to provide documentation to demonstrate this had not happened.

In this context, the following statements from the draft RHI/RTFO interaction guidance are troubling:

'Ofgem expects that biomethane which has been claimed for against the NDRHI would be sold with appropriate documentation provided to the buyer which confirms this. The documentation would provide detailed information on provenance, feedstocks and proportions claimed against NDRHI, and be retained through the chain of custody of the biomethane, from production to end use. This is in line with the information required by the DfT for participation on the RTFO' (para 2.13)

'…we are not currently able to comprehensively list all the specific types of documentary evidence that are or will be acceptable. However, evidence of a clear contractual chain linking the biomethane producer with all the relevant parties, be they the shipper, trader or supplier, will be required in any case.' (para 2.16)

'The contractual chain should provide details of the specific biomethane transactions made and should include clear evidence of quantities of gas having been traded from the point of production' (para 2.18)

Taken together, these strongly suggest that a biomethane producer that does not intend any of their gas to be used to claim RTFCs would nonetheless be required to prove that no third party had attempted to do so after the gas had left their control. We note also the statement in paragraph 2.17 that *'the auditor must check that specific evidence exists to demonstrate this.'*

We do not believe that this scenario matches either BEIS or DfT's policy intent. It may not be Ofgem's intention either, but the guidance as drafted could certainly be read that way. We strongly suggest this be rewritten in the RHI/RTFO guidance and in any future GGSS/RTFO guidance.

On our understanding, the majority of RHI and GGSS biomethane producers will not be supporting claims for the gas they inject to claim RTFCs so it is essential that there is a light touch approach for verifying this in such cases. Please also see further suggestions in response to the following question.

GGSS producers intending that a portion of the gas they inject will be used to claim RTFCs

Again, in this consultation there was no detail of how interaction between claims that split the biomethane injected between RHI and RTFCs will be checked.

The GGSS and RTFO will operate over different time frames and use different units. From a GGSS point of view, the relevant gas is not simply that which is injected but the energy content of that gas, once deductions have been made for the energy contained in the propane used and any external heat.

The policies also have subtle differences in their sustainability criteria, including minimum GHG savings required and the operation of mass balance systems. Both policies differentiate between wastes/residues and other feedstocks, but the effects are different. It would be perfectly possible for errors to occur and it would certainly be reasonable for Ofgem to expect the third party reporting to assess the information provided by the producer. Doing this via a third-party report would also enable this conversation to be carried out between the operator and an expert and should result in better outcomes for both the operator and Ofgem.

Given the differences between the schemes, there needs to be a clear understanding of acceptable margins of error in the interaction between them. There may be occasions where differences of interpretation are possible and biomethane producers should not be obliged always to be subject to conservative assumptions meaning that they are systematically disadvantaged. As a minimum, Ofgem should ensure that the approach is objective and clearly set out.

The rules on how consignments of gas can be allocated between policies are unclear. If the gas injected by a GGSS biomethane producer derives 70% of its energy from waste and 30% from crop, does it have flexibility on which consignments waive the right to receive GGSS and so could claim RTFCs? This is an important point, given that the RTFO awards double certificates to renewable transport fuels made from wastes and residues. It would almost certainly be within the biomethane producer's financial interests to classify all the gas claiming RTFCs as deriving from waste.1

Given the significance of the financial implications, Ofgem should ensure that there is no ambiguity on this point – both for producers and their auditors.

Further points on specific audit requirements

In order for the new requirements to work smoothly, auditors must be given clear, specific and objective criteria to assess against. The initial introduction of sustainability reporting in the RHI and other support schemes took a 'principles-based' approach instead, and it took several years before a common understanding emerged between Ofgem and those providing reports.

If the expectation is that a report writer will check Gemini data and on-site fiscal flow and propane meters then this should be stated clearly, possibly via a template for audit reports. In paragraph 2.12 of this consultation it is stated the information provided to the report should show 'annual volume figures for NDRHI and RTFO claims'. If we assume that 'RTFO claims'

should read 'RTFC claims' this is still unclear as neither RHI periodic support payments (and in a similar way GGSS payments) nor RTFCs are claimed on a volume basis. It is very unlikely that the biomethane producer would also be the party claiming RTFCs so it does not follow that the producer will have access to this information. They could have sold the 'Proof of Sustainability' information at the same time they injected the gas to the grid and have no further involvement with it.

We note that the Green Gas Certification Scheme (GGCS) run by Renewable Energy Assurance Limited is working closely with stakeholders in this country, the EU and further afield to ensure those trading green gas certificates can have confidence in claims being made. Certificates awarded by GGCS state whether subsidies were received for the production of that gas, which can facilitate verification of claims that are split between GGSS and RTFO.

19. Can you suggest any different approaches that could be taken to evidence GGSS/RTFO interaction by biomethane producers? Please provide reasons for your answer/s and supporting evidence.

Ofgem should co-ordinate directly with DfT's RTFO unit on verification. Since any RTFC claim must be tied to information about the origin of the relevant fuel, it should be straightforward to check this against GGSS producer sites – particularly since from 1 January 2022, RTFCs for UK-produced biomethane must provide an RHI number where one exists (and presumably this will apply to the GGSS when the scheme is introduced).

This is the most appropriate place to verify information as, rather than relying on details of contractual arrangements between the producer and the transport fuel supplier, it enables the point of concern to be addressed directly - is any gas claiming support under both schemes? We raised this point at the stakeholder workshop on 15 July and were effectively told this was not an option given the differences between the schemes. We do not see this as an acceptable answer given that biomethane producers and the auditors will have to acquire an understanding of how the two schemes work – as will Ofgem when reviewing the audit reports it receives.

As a minimum, we would suggest that, where a producer has stated that they do not intend any of the gas they inject to claim RTFCs, a check with the RTFO unit should enable this to be verified without extensive document provision and auditing requirements to prove it. We note that the IT system for managing the obligation - RTFO Operating System (ROS) – is being overhauled. Ofgem and DfT should take the opportunity to ensure this facilitates checking claims between the schemes, for instance by enabling Ofgem personnel to access relevant information directly from the revised RTFO system.

20. Do you have any additional comments on our proposed administration of GGSS/RTFO interaction?

We would welcome a smooth interaction between the two schemes, to make it as easy as possible for producers to claim biomethane under RTFO or GGSS

21. Do you have any feedback on our proposal that all registered producers will be subject to a site audit during the first year of operation? Please provide evidence and examples to support your response.
This sounds like a sensible approach to ensure sites are compliant and any outstanding issues are quickly smoothed over within the first year. This is providing that the audit results are communicated to the Operator in a timely manner and providing the audit will not unfairly delay the first GGSS payment(s).
22. Do you have any comments on the process for addressing overpayment?
Overpayments should be addressed within one year from the money being paid. The operator should have the opportunity to negotiate a payment plan with the scheme administrators.
23. Do you agree or disagree with our proposed administration of the right of review? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
The process needs to be clearly defined and transparent – this should deifne the steps in the process as well as the expected time for replying and defining how long a producer has to request a review. Also, reviewers need to be more timely, as in the experience our members, they often take significant time to provide an answer. This is time a perspective applicant may not have to spare if securing funding/in build phase.
24. Do you agree or disagree with the proposal that new producers should be able to meet outstanding obligations on behalf of the previous registered producer? If you disagree, please provide alternative suggestions, including any evidence, to support your response.
There needs to be very clear guidance on how this process would work. In particular, existing participants will be unwilling to relinquish key documents in relation to their RHI registration and the prospective new registered producer (and possibly the gas transporter) may be reluctant to enter into those new documents until it is clear the transaction will proceed. Ofgem will need to set out with absolute clarity what is needed at every stage, including what information it requires with an application and what it will require for subsequent validation. Both the current and prospective producer must be confident that a minor uncertainty on this issue will not lead to the registration as a whole being put in jeopardy. A member of the REA noted that it is important that the process is very clearly defined with no ambiguity as this will form the basis for any legal interaction between the old applicant and the new one. It should be clearly defined who has the right to trigger a review for prior periods.
25. Do you have any additional comments on how we will administer the change of registration process?

In the experience of some members the change of ownership process is often very long and drawn out, for what should be a simple process. The online form on the account used for NDRHI is not fit for purpose (character restrictions, and only allows one application per account), so we hope this can be improved, or removed. There is too much emphasis on waiting on instruction from the original owner's email address, which often is no longer accessible (administration). The change of ownership process should allow for communication from consultants working for old or new owners, as often they have greater knowledge of what is required at each stage than the owner and can facilitate the change more effectively.

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

We would appreciate a middle ground whereby an owner may wish to sell their installation, however they have not secured a new buyer, so cannot engage in change of ownership. It's obviously imperative that the registration remains live during this period, so long as the correct notification is made within 28 days of a change.

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

It would be useful if the reports provide a clear idea on how well the sector is doing in terms of actual vs planned production.

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

Will the queuing system proposed for when there is no longer sufficient budget for certain project be managed differently to that for the TG mechanism on the NDRHI? The ability for allocated budget to leapfrog larger installations which may be earlier in the queue and be awarded to smaller installations later in the queue is unfair. This existing practice on the NDRHI means it becomes very difficult to secure budget for large installations.

Further comments on eligibility under the GGSS

Ofgem should also provide clarity and set out clear guidance on the eligibility of the following:

- Hub and spoke model
- Injection of biomethane into a non-standard pipeline
- Eligibility of e-methane

Hub and spoke:

We understand from BEIS that it is not the policy intent to exclude hub and spoke models ie a number of individual AD plants which share an injection facility and in some cases the biogas upgrade equipment, as long as these can be operated within the regulations.

We are supportive of these types of models as they can really help make small scale AD plants more attractive and make significant inroads into decarbonisation of the farming sector.

We would be happy to work with Ofgem to find ways that this model can be made to work from an administrative point of view.

Injection of biomethane into a non-standard pipeline

It is important to have confirmation that the Regulations are not specific about the nature of the network to which the AD plant must inject, as long as the gas meets the relevant definition of biomethane and all the relevant safety requirements and there is a Network Entry Agreement with the Gas Transporter.

Eligibility of e-methane

E-methane is the by-product from the combination of hydrogen produced from renewable electricity (e.g. from an on-site or off site electrolyser) and the CO_2 from the biogas reactor. This process can happen within the biogas reactor (ie digester) or within a separate methanation. reactor produced at an AD site from the combination of renewable electricity an in-situ reactor (a This additional methane is then mixed on site with the biomethane from the AD reactor and is injected into the grid. Effectively this process is a way to capture the CO2 from the biogas and boost methane production.

Members of the REA have been seeking clarity of whether the additional methane produced from the methanation reactor would be eligible to claim GGSS payments. They wouldn't invest in this technology unless clarity is provided up front on its eligibility.