

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: | Thames Water |
| Organisational Type: | Regulated Utility/ Gas producer |
| Completed by: | Sebastian Eyre |
| Contact details: | Seb.eyre@thameswater.co.uk |

Consultation Questions

| |
|---|
| 1. Is there any additional information that you think should be included in Provisional Tariff Guarantee Notices (PTGNs)? |
| We think the information list is correct, but critical for the scheme is its production as this drive's subsidy revenues. Seasonality and geographic distribution of bio resources may be factors in production not just an expected aggregated maximum capacity. We would suggest altering the fifth bullet point on page 16 to include an indicator of the production profile e.g. matching gas seasonal wholesale market products e.g. winter/ summer production that biogas will be priced against. |
| 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. |
| We agree with the approach. |

| |
|---|
| 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. |
| We would suggest that Ofgem works with Ofwat to develop validation criteria. We operate under a price-controlled environment where we have legal obligations related to reporting of information to the regulator. This is a high standard of proof we think is worth developing. |
| 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. |
| We would suggest a similar regulatory evidential standard as a price control. |
| 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. |
| Water companies already have separate price control in PR19 the boundaries of which are defined and established. We would ask that the specification respects this boundary. Any disruption of this could hamper market entry of a reliable source of GG or make it more economic to develop generation/ CHP assets. |
| 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 would suggest Ofgem and BEIS consider that "Equipment required to measure energy content and volume of gas entering the network" is integral to the <i>operation of the scheme</i> for reconciliation, network charges and scheme calculations. Finally, we would not like to see a too prescriptive equipment list, which could stifle innovation in this area, for example by not including new types of digestion technology. |
| 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. |
| We would ask that the impact on cash flows be considered on the claimant, and that a commitment be given to pay as soon as is practical. |
| 8. Do you have any comments on the proposed process for submitting injection data? |
| |

| |
|---|
| We support the items in the data table in 4.2. |
| 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? |
| We agree with the process. |
| 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? |
| We have no comment. |
| 11. Do you have any comments on the overall arrangements for reporting on the waste and fossil fuel content of feedstocks? |
| We have no comment. |
| 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. |
| We agree with the criteria |
| 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. |
| We agree with the criteria |
| 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. |
| We agree with the administrative approach. We would suggest a more streamlined approach for water companies bioresource, such as a gateway for sewage companies. |
| 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 agree with the proposal. |
| 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. |
| We agree with the proposal. We note that there may not be many qualified auditing companies in this area. |

| |
|---|
| |
| <p>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.</p> |
| <p>We see no reason why not.</p> |
| <p>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?</p> |
| <p>It might be difficult to definitively prove this, but it is possible to reconcile digester capacity, predicted production and actual flows.</p> |
| <p>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.</p> |
| <p>We would suggest that the regulatory and evidential standards in our price control is sufficient to guarantee the information we submit is correct as in effect water companies would face double jeopardy if there was any type of attempted over claim for production as we would have likely beached our licence.</p> |
| <p>20. Do you have any additional comments on our proposed administration of GGSS/RTFO interaction?</p> |
| <p>As we have stated water companies under regulated price control are already being scrutinised by Ofwat. Our submissions have already been through a recognised reporting regime so we would like to see this recognised in the process.</p> |
| <p>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.</p> |
| <p>We support this proposal with the expectation that auditors need suitable site training. In any event there are HSE inspections taking place before commissioning so there is no reason why not. We would note that for biomethane production that is seasonal, the inspection may see the plant as more or less running at different levels of capacity (e.g. inspection during holidays vs rest of year)</p> |
| <p>22. Do you have any comments on the process for addressing overpayment?</p> |
| <p>We agree with the graduated approach to non-compliance.</p> |
| <p>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.</p> |

| |
|---|
| We agree with the proposals of the right to review. |
| 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. |
| We agree with the thinking behind these proposals |
| 25. Do you have any additional comments on how we will administer the change of registration process? |
| We agree with this proposal, as it links the asset's production with the subsidy. |
| 26. Do you have any comments on the process for withdrawing from the scheme? |
| We agree with this proposal. We note that there might be several reasons for leaving the scheme - parent company bankruptcy, merger, fraud etc. We suggest that if there is a financial issue production may well have ceased pending the new owners taking control. |
| 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? |
| Ofgem could use the thinking behind the TEC register as an example of market information. The test is the type of information a new investor would need to understand to make a rational decision- number of plants, capacity, age, planned decommissioning and future TEC requirements. To some extent this information in the form of connection requests will be available from the GDN's or TO. |
| 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. |
| We agree with the proposed approach, though it might be useful to include details of the necessary true up measures to mitigate shortfalls. Would they for example be set to recover revenues in the next quarter. |