

Green Gas Support Scheme (GGSS)

Issue 1
31 Jan 2022

Quarterly Report

November to December 2021

This is the first of our Green Gas Support Scheme (GGSS) quarterly reports, which provides key statistics and data on the GGSS and the Green Gas Levy (GGL). Under regulation 65 of the Green Gas Support Scheme Regulations 2021¹, Ofgem is obligated to publish a quarterly report containing information relating to the scheme within one month of the end of each quarter. This report covers the initial (shorter) quarter from scheme launch on 30 November to 31 December 2021. Subsequent quarterly reports will be published in line with the schedule shown in **Table 1** below.

Table 1: Reporting periods and publication deadlines

| Reporting Period | Publication deadline |
|---------------------|----------------------|
| January to March | 30 April |
| April to June | 31 July |
| July to September | 31 October |
| October to December | 31 January |

The regulations also require us to publish an annual report on the GGSS and GGL by 31 July each year. The first annual report will cover the period from scheme launch on 30 November 2021 to 31 March 2022 and will be published by 31 July 2022.

Please note: GGL payments will not be due from suppliers until May 2022, so besides the number of participating scheme suppliers, this report will not include any other data relating to GGL activity.

¹ [Link to Green Gas Support Scheme Regulations 2021](https://www.legislation.gov.uk/uksi/2021/1335/contents/made)
<<https://www.legislation.gov.uk/uksi/2021/1335/contents/made>>

About the GGSS

The GGSS is designed to support the deployment of new anaerobic digestion (AD) biomethane plants to increase the proportion of green gas in the gas grid. Support is provided to registered biomethane producers based on the volume of eligible biomethane, produced from AD, that they inject into the gas grid.

The GGSS is funded through the GGL, which places an obligation on licensed fossil fuel gas suppliers in Great Britain to pay a quarterly levy based on the number of gas meter points they supply.

Ofgem is the administrator of the GGSS and GGL. We administer the GGSS in line with the Green Gas Support Scheme Regulations 2021, which came into force on 30 November 2021.

The GGSS opened to applications at 9am on 30 November 2021 when our application portal ("the GGSS Portal")² went live.

Our dedicated GGSS web pages³ provide further information for prospective applicants or those interested in finding out more about the scheme, including information on the eligibility requirements, the tariffs that are available and how to apply.

We have also published dedicated scheme guidance⁴, which further explains our administration of the scheme, including guidance on:

- how to apply for a tariff guarantee
- how to register as a scheme participant once commissioned
- tariffs, tariff tiers and tariff start dates
- ongoing obligations on participants
- how to submit periodic data and receive payments
- the audit regime and compliance processes

² [Link to the GGSS portal](https://ggss.ofgem.gov.uk/): <<https://ggss.ofgem.gov.uk/>>

³ [Link to Green Gas Support Scheme and Green Gas Levy webpages](https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy) <<https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy>>

⁴ [Link to draft GGSS guidance](https://www.ofgem.gov.uk/publications/green-gas-support-scheme-draft-guidance-comment) <<https://www.ofgem.gov.uk/publications/green-gas-support-scheme-draft-guidance-comment>>

Registered Scheme Participants

Information on the number of registered scheme participants, the volume of biomethane produced and the periodic support payments made are shown below in **Table 2**.

Table 2: Registered scheme participants, biomethane production and payments

| | |
|--|---|
| Number of scheme participants | 0 |
| Volume of biomethane produced for injection by scheme participants | 0 |
| Number of periodic support payments made | 0 |
| Total value of periodic support payments made | 0 |

As of 31 December 2021 we had received a number of applications for tariff guarantees (see **Table 3**), but none had progressed to be registered on the scheme.

Tariff Guarantee Applications

Tariff guarantees are a compulsory stage of applying to the GGSS. Tariff guarantees allow prospective scheme participants to secure a tariff rate before their installation is commissioned and registered on the scheme.

As of 31 December 2021 we had received seven applications for tariff guarantees, four of which were received on the day the scheme opened to applications (30 November 2021).

Table 3: Tariff guarantee applications

| | |
|---|---|
| Number of tariff guarantee applications made | 7 |
| Number of provisional tariff guarantee notices issued | 0 |
| Number of tariff guarantees granted | 0 |

Additional Capacity Applications

Scheme participants may also apply to register additional capacity, in addition to the maximum initial capacity (MIC) applicable to their initial registration. As additional capacity registered on the scheme will also utilise scheme budget, applications for additional capacity must also be checked against the Application Budget cap.

As of 31 December 2021 we had received no applications for additional capacity. Applications for additional capacity may only be made by registered participants, so we will not receive any applications for additional capacity until at least one scheme participant is registered.

Table 4: Additional capacity applications

| | |
|---|---|
| Number of applications to register additional capacity received | 0 |
| Number of participants registered in respect of additional biomethane | 0 |

Budget Allocation

The GGSS includes an annual Application Budget cap, set by the Department for Business, Energy and Industrial Strategy (BEIS). This is the total estimated spend that can be allocated to applicants each financial year. All applications for a tariff guarantee or for additional capacity will be checked against the Application Budget cap to ensure that there is available budget for them to register and receive payments under the scheme based on their estimated production.

Please see our scheme guidance and the BEIS document, 'GGSS - Budget Management'⁵ for further details of the Application Budget cap.

The figures in **Table 5** show the budget available for each of the financial years in which applications may be made.⁶ Publishing these figures is intended to allow prospective applicants to check that there are sufficient funds remaining in the financial year they intend to commence injection, and in subsequent years. The allocated budget shows a sharp rise between FY22/23 and FY23/24, as the majority of applicants to date are expected to commission during FY22/23.

The figures in **Table 5** are correct as of 31 December 2021. We also publish more frequently updated budget figures on our website⁷.

Table 5: Budget allocation

| | FY 21/22 | FY22/23 | FY23/24 | FY24/25 | FY25/26 |
|--|-------------|-------------|-------------|-------------|--------------|
| Annual Application Budget cap ⁸ | £37,000,000 | £37,000,000 | £65,000,000 | £97,000,000 | £130,000,000 |
| Budget allocated (applications received) | £18,229 | £1,236,214 | £19,224,607 | £25,709,057 | £26,944,483 |
| Budget committed (applications granted) | - | - | - | - | - |
| Remaining budget available | £36,981,771 | £35,763,786 | £45,775,393 | £71,290,943 | £103,055,517 |

⁵ [Link to Green Gas Support Scheme – Budget Management](https://www.gov.uk/government/publications/green-gas-support-scheme-budget-management/green-gas-support-scheme-budget-management) <https://www.gov.uk/government/publications/green-gas-support-scheme-budget-management/green-gas-support-scheme-budget-management>

⁶ The GGSS regulations require that to join the scheme, participants must commence biomethane injection into the gas grid no later than 30 November 2025.

⁷ [Link to Green Gas Support Scheme – Applicants](https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy/green-gas-support-scheme-and-green-gas-levy-applicants) <https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy/green-gas-support-scheme-and-green-gas-levy-applicants>

⁸ The Annual Application Budget cap is a cap on the estimated spend that can be allocated for biomethane production within each scheme year.

Levy Payments

The GGSS is funded by a levy placed on all licensed fossil fuel gas suppliers in Great Britain, known as the Green Gas Levy (GGL). The levy rate is set annually by BEIS, and the obligation period runs the full duration of a scheme year (1 April to 31 March). Levy payments are due on a quarterly basis, and the first levy payment must be made by obligated suppliers in May 2022.

Prior to a levy payment being due, obligated suppliers are required to have credit cover⁹ in place. This helps ensure levy payments are collected in a timely manner and reduces the likelihood of mutualisation¹⁰ being required. Where a supplier fails to make a levy payment or mutualisation payment in full by the due date, Ofgem may draw down funds from a supplier's credit cover.

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 at least 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 provide credit cover during the scheme year.

At the end of the relevant scheme year, provisionally exempt suppliers must demonstrate that they have supplied at least 95% green gas during that year. If they cannot demonstrate this, they will no longer be exempt from the levy and will be required to make backdated levy payments.

Scheme Suppliers and Levy Payments

Table 6 shows the number of suppliers participating under the scheme, although this figure is still provisional as our determination is still in progress.

The first levy payment is not due to be paid until May 2022, so there have not yet been any payments made by scheme suppliers. Furthermore, any provisional exemptions will not be determined until March 2022, so it is not yet possible to provide figures on the number of provisionally exempt suppliers.

⁹ Credit cover can be in the form of a payment made to Ofgem, a suitable letter of credit or a combination of these. [Link to further details in our Guidance on the GGL scheme](https://www.ofgem.gov.uk/publications/green-gas-levy-guidance): <<https://www.ofgem.gov.uk/publications/green-gas-levy-guidance>>

¹⁰ Mutualisation is a process used to help ensure that in the event of a supplier or suppliers failing to meet their payment obligations (through levy payments and/or credit cover), there is not a shortfall in the levy fund. For further information please refer to our GGL guidance.

Table 6: Scheme suppliers and levy payments made

| | |
|---|------------------|
| Number of scheme suppliers | 85 (provisional) |
| Number of provisionally exempt scheme suppliers | N/A |
| Sum of the quarterly levy payments paid by scheme suppliers | N/A |

Supplier Compliance

In subsequent reports, after the first levy payments have been made, we will report here on:

- Instances of a supplier failing to pay, or making a late payment of:
 - a quarterly levy payment,
 - a levy credit payment,
 - a payment of additional credit cover,
 - a mutualisation payment,
- Instances of Ofgem:
 - drawing down on a supplier's credit cover
 - carrying out a mutualisation process.

Further Information

For more information visit the Ofgem GGSS and GGL web pages at:

<https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy>

Here you will find information about the application process, the tariffs that are available and the remaining scheme budget. Existing applicants can also access the application portal.

If you can't find the information you need on our website, our customer service team will be happy to help. You can contact us by email at GGSS.enquiry@ofgem.gov.uk or by telephone at 0300 303 5997

For press enquiries please contact Ofgem's press office on 0207 901 7179.
