

# Green Gas Support Scheme (GGSS)

**Issue 8**  
**31 Oct 2023**

## Quarterly Report

### July to September 2023

The Green Gas Support Scheme (GGSS) quarterly report provides key statistics and data on the GGSS and the associated Green Gas Levy (GGL). Under Regulation 65 of the Green Gas Support Scheme Regulations 2021<sup>1</sup>, 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 second quarter of Scheme Year 3, from 1 July to 30 September 2023.

**Figure 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 second annual report which covers the period 1 April 2022 to 31 March 2023 was published on 31 July 2023.<sup>2</sup>

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<sup>1</sup> [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>>

<sup>2</sup> [Green Gas Support Scheme \(GGSS\) Annual Report - 2022-23](https://www.ofgem.gov.uk/publications/green-gas-support-scheme-ggss-annual-report-2022-23)

<<https://www.ofgem.gov.uk/publications/green-gas-support-scheme-ggss-annual-report-2022-23>>

## About the GGSS

The Green Gas Support Scheme (GGSS) is a government scheme designed to increase the proportion of 'green gas' in the gas grid, by supporting the deployment of new anaerobic digestion (AD) biomethane plants. The scheme is open to applications from eligible plants in England, Scotland and Wales until 30 November 2025.

The GGSS is funded through the Green Gas Levy (GGL), which places an obligation on all licensed fossil fuel gas suppliers in Great Britain (excluding those who supply at least 95% certified biomethane)<sup>3</sup> to pay a quarterly levy based on the number of meter points they serve.

Ofgem (on behalf of the Gas and Electricity Markets Authority) is the administrator of the GGSS and associated GGL. We administer the GGSS in line with the Green Gas Support Scheme Regulations 2021<sup>4</sup> (the Regulations) and the range of functions that we deliver, is directed by these regulations.

The GGSS opened to applications at 9am on 30 November 2021 when our application portal ("the GGSS Portal")<sup>5</sup> went live.

Our dedicated GGSS and GGL web pages<sup>6</sup> provide further information for prospective applicants, obligated suppliers or those interested in finding out more about the scheme. This includes information on the eligibility requirements, the tariffs that are available, how to apply and information on supplier obligations.

We have also published dedicated GGSS<sup>7</sup> and GGL<sup>8</sup> guidance documents, which further explain Ofgem's administration of the scheme, including guidance on:

### GGSS

- 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.

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<sup>3</sup> [DESNZ approved biomethane certification schemes for the purposes of GGL exemption](https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/exemptions-from-the-green-gas-levy-ggl-approved-biomethane-certification-schemes): <<https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/exemptions-from-the-green-gas-levy-ggl-approved-biomethane-certification-schemes>>

<sup>4</sup> [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>>

<sup>5</sup> [The GGSS Portal](https://ggss.ofgem.gov.uk) <<https://ggss.ofgem.gov.uk>>

<sup>6</sup> [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>>

<sup>7</sup> [GGSS Guidance](https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance) <<https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance>>

<sup>8</sup> [GGL Guidance](https://www.ofgem.gov.uk/publications/green-gas-levy-guidance) <<https://www.ofgem.gov.uk/publications/green-gas-levy-guidance>>

### **GGL**

- How to submit meter point data
- The provision of credit cover
- Making levy payments
- Our approach to compliance and enforcement
- Levy exemptions.

## 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 **Figure 2**. Due to delays in receiving data submissions from participants, the information for the most recently completed quarter of Scheme Year 3 (Q2 FY23/24) was not available to report at the time of writing.

**Figure 2: Registered scheme participants, biomethane production and payments**

	Number of scheme participants <sup>9</sup>	Volume of eligible biomethane produced for injection by scheme participants (m <sup>3</sup> )	Number of periodic support payments made	Total value of periodic support payments made <sup>10</sup>
Q3 FY21/22 (Nov-Dec) to Q1 FY22/23 (Apr-Jun)*	0	0	0	£0
Q2 FY22/23 (Jul-Sep)	1	246,292	1	£104,860.84
Q3 FY22/23 (Oct-Dec)	1	586,840	1	£228,414.58
Q4 FY22/23 (Jan-Mar)	1	583,870	1	£224,672.39
Q1 FY23/24 (Apr-Jun)	1	462,000	1	£257,920.37
Q2 FY23/24 (Jul-Sep)	1	N/A <sup>11</sup>	0	N/A <sup>11</sup>
<b>Total</b>	<b>1</b>	<b>1,879,002</b>	<b>4</b>	<b>£815,868.18</b>

\* This period includes Q3 FY21/22 (Nov-Dec), Q4 FY21/22 (Jan-Mar) and Q1 FY22/23 (Apr-Jun)

As of 30 September 2023, we had received a number of applications for tariff guarantees (see **Figure 3**). There is currently one registered participant on the GGSS scheme who has received four periodic support payments totalling £815,868.18 based on 1,879,001.57 m<sup>3</sup> of green gas injected into the grid. The green gas injected into the grid is enough to generate approximately 14,361,240 kWh<sup>12</sup> of heat output.

<sup>9</sup> Participants are shown as Registered from the period within which they were eligible to claim for support, irrespective of when the application was processed.

<sup>10</sup> Payments are reported against the period in which the biomethane eligible for payment was injected. The date the payment was made by Ofgem to the participant may differ to this.

<sup>11</sup> Where N/A is used, the injection and payment figures are not yet available at the time of reporting.

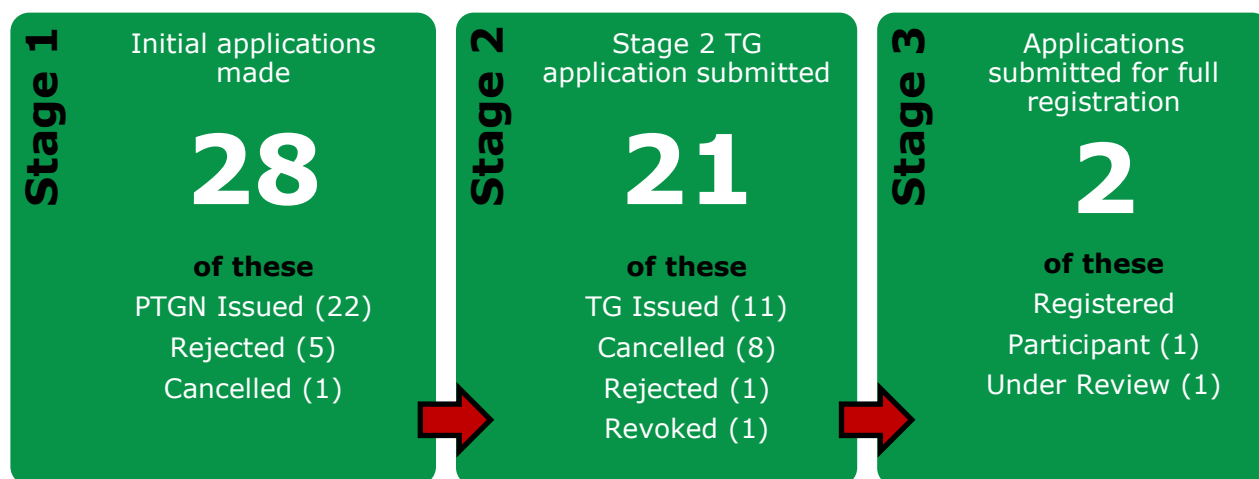
<sup>12</sup> kWhth (kilowatt hours of heat)

## Tariff Guarantee Applications

Tariff Guarantees (TGs) 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 seen in **Figure 3**, we had received 28 applications for tariff guarantees<sup>13</sup> as of 30 September 2023. Of the 28 initial applications made at stage one, 22 went on to be granted with Provisional Tariff Guarantee Notices (PTGN), five were rejected and one cancelled. From the 22 PTGNs granted, 21 went on to submit a stage 2 TG application. Of these, 11 went on to be issued with a TG, eight were cancelled, one was rejected and one revoked. Of the 11 applicants that have been granted tariff guarantees, two have been submitted for full registration. Of the two applications submitted for full registration, one application has successfully registered a participant to the scheme, the other application is currently under review.<sup>14</sup>

**Figure 3: Tariff guarantee application progress**



<sup>13</sup> Further information on the tariff guarantee application process can be found in our GGSS guidance. [Green Gas Support Scheme guidance](https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance) <<https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance>>

<sup>14</sup> In cases where an application has been unsuccessful the applicant may submit a new Tariff Guarantee application. Any resubmission of a previously unsuccessful application will be treated as a new application and subject to budget availability at the time of submission.

### Additional Capacity Applications

Scheme participants may also apply to register additional capacity on top of 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 30 September 2023, we had received no applications for additional capacity. Applications for additional capacity may only be made by registered participants who increase or intend to increase (MIC).

**Figure 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 Energy Security and Net Zero (DESNZ). This is the total estimated spend that can be allocated to applicants each financial year. All applications for a Tariff Guarantee (TG) 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 DESNZ document, 'GGSS - Budget Management'<sup>15</sup> for further details of the Application Budget cap.

The figures in **Figure 5** show the budget available for each of the financial years in which applications may be made.<sup>16</sup> 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. Based on Tariff Guarantee applications received, the allocated budget shows a sharp rise between Financial Year 2022/23 (Scheme Year 2) and FY 23/24 (Scheme Year 3) as the majority of applicants to date are expected to commission during FY 23/24.

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<sup>15</sup> [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>>

<sup>16</sup> The GGSS regulations require that to join the scheme, participants must commence biomethane injection into the gas grid no later than 30 November 2025.

The figures in **Figure 5** are correct as of 26 September 2023. We also publish more frequently updated budget figures on our website<sup>17</sup>.

**Figure 5: Budget allocation**

	Annual Application Budget cap <sup>18</sup>	Budget allocated (TG applications received) <sup>19</sup>	Budget committed (TGs granted)	Remaining budget available
FY 21/22	£37,000,000	£233,938	£233,938	£36,766,062
FY 22/23	£37,000,000	£2,598,348	£2,598,348	£34,401,652
FY 23/24	£32,900,000	£18,701,697	£17,125,509	£14,198,303
FY 24/25	£88,200,000	£38,941,305	£33,562,172	£49,258,695
FY 25/26	£132,200,000	£52,548,651	£41,459,574	£79,651,349
FY 26/27	£160,700,000	£55,166,970	£42,157,829	£105,533,030
FY 27/28	£172,300,000	£56,830,138	£42,928,187	£115,469,862

<sup>17</sup> [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>>

<sup>18</sup> The Annual Application Budget cap is a cap on the estimated spend that can be allocated for biomethane production within each scheme year.

<sup>19</sup> Figures are based on live TG applications, meaning any application that has been rejected and its 28 day right of review period has elapsed are not included.



## 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 the Department for Energy Security and Net Zero (DESNZ), in December and used to calculate suppliers' payment obligations in the following scheme year. The obligation period runs for the full duration of the scheme year (1 April to 31 March) with payments collected a quarter in arrears.

At the start of each quarter, all licensed suppliers are required to submit meter point data. For each gas supply licence held, suppliers must provide the cumulative sum of gas supply meter points served each day of the previous quarter.<sup>20</sup> This data is 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 set out in the published scheme schedule, which is available on the Ofgem website.<sup>21</sup>

Prior to a levy payment being due, obligated suppliers are required to have a sufficient level of credit cover<sup>22</sup> lodged. This helps ensure levy payments are collected in a timely manner and reduces the likelihood of a mutualisation<sup>23</sup> event being required. Where a supplier fails to make a levy payment or mutualisation payment in full by the due date, Ofgem will draw down funds from a supplier's lodged 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 that they expect to provide at least 95% green gas in that scheme year. Ofgem will then determine whether that supplier should be 'provisionally exempt'. 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% certified green gas during that year. The green gas must have been injected into the gas grid during that year and be certified by a DESNZ approved

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<sup>20</sup> Regulation 48 of the Green Gas Support Scheme Regulations 2021

<sup>21</sup> [GGL scheme schedule Apr 2023 to Mar 2024](https://www.ofgem.gov.uk/publications/green-gas-levy-annual-scheme-schedule-april-2023-march-2024): <<https://www.ofgem.gov.uk/publications/green-gas-levy-annual-scheme-schedule-april-2023-march-2024>>

<sup>22</sup> Credit cover can be in the form of a cash payment made to Ofgem, a suitable letter of credit or a combination of these. [Further details in our GGL Guidance](https://www.ofgem.gov.uk/publications/green-gas-levy-guidance): <<https://www.ofgem.gov.uk/publications/green-gas-levy-guidance>>

<sup>23</sup> For further information on mutualisation please refer to chapter 6 of our GGL guidance.

biomethane certification scheme<sup>24</sup>. If they cannot demonstrate this, they will no longer be exempt from the levy and will be required to make backdated levy payments. Suppliers who were not provisionally exempt but supplied at least 95% certified green gas during the year may submit evidence of this. If we determine they are exempt for that year, they will receive a refund of levy payments made for the year.

## Scheme Suppliers and Levy Payments

**Figure 6** shows the number of obligated suppliers under the scheme. The number of obligated suppliers can vary quarter to quarter dependent on licence revocation and/or approval of gas supply licenses. The sum of quarterly levy payments paid by scheme suppliers fell significantly for Quarter 2 of Scheme Year 3 in comparison to previous quarters. This is due to a reduction in the levy rate for Scheme Year 3<sup>25</sup>, effective from Quarter 2. One supplier has been determined to be provisionally exempt for Scheme Year 3 (FY23/24). Scheme suppliers were invoiced for the levy payment for the sixth time in July 2023. The sum of the quarterly levy payments collected in quarter 2 of Scheme Year 3 was £2,772,493.66.

**Figure 6: Scheme suppliers and levy payments made**

	Number of scheme suppliers <sup>26</sup>	Number of provisionally exempt scheme suppliers	Sum of the quarterly levy payments paid by scheme suppliers
Q3 FY21/22 (Nov-Dec)	85	N/A	N/A
Q4 FY21/22 (Jan-Mar)	98	1	N/A
Q1 FY22/23 (Apr-Jun)	94	1	£14,582,036.61
Q2 FY22/23 (Jul-Sep)	91	1	£13,011,589.23
Q3 FY22/23 (Oct-Dec)	90	1	£13,170,270.55
Q4 FY22/23 (Jan-Mar)	88	1	£13,189,985.89
Q1 FY23/24 (Apr-Jun)	87	1	£12,923,645.02
Q2 FY23/24 (Jul-Sep)	87	1	£2,772,493.66

<sup>24</sup> [DESNZ approved biomethane certification schemes for the purposes of GGL exemption](https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/exemptions-from-the-green-gas-levy-ggl-approved-biomethane-certification-schemes):

<<https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/exemptions-from-the-green-gas-levy-ggl-approved-biomethane-certification-schemes>>

<sup>25</sup> [Green Gas Levy \(GGL\) levy rates](https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/green-gas-levy-ggl-rates-underlying-variables-mutualisation-threshold-for-the-2023-2024-financial-year): <<https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/green-gas-levy-ggl-rates-underlying-variables-mutualisation-threshold-for-the-2023-2024-financial-year>>

<sup>26</sup> The number shown is the number of different scheme suppliers active during the quarter. The number of scheme suppliers active at the end of the quarter may be lower.

### Supplier Compliance

We monitor supplier compliance with their obligations under the GGL scheme and include details of any non-compliance in this section of the report. This can include things like missed or late levy payments, credit cover payments or mutualisation payments.

For the current quarter, Ofgem requested the Quarter Two levy payment from obligated suppliers on 27 July 2023; the deadline to provide this was 11.59 pm on 14 August 2023.

There were two instances of non-compliance due to suppliers making a levy payment after the deadline. Depending on the nature of the non-compliance, we may deem it appropriate to add details to the Supplier Performance Report (SPR)<sup>27</sup>. The SPR documents incidents where energy suppliers have not complied with their obligations. We publish this data to provide transparency, helping to hold suppliers to account for non-compliance which can impact the effectiveness of the schemes and increase the costs that are passed on to consumers.

Ofgem are required by GGSS Regulations to publish certain information about such defaults on the [Green Gas Levy default register](#).

### Further information

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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](mailto: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**.

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<sup>27</sup> [Supplier Performance Report \(SPR\)](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>