

## Green Gas Levy (GGL) Summary of updates in the GGL Guidance

### Introduction

This document outlines the updates that we have made in each iteration of the Green Gas Levy guidance. The paragraph numbers referred to in this document relate to the paragraph numbers at the time of updating.

### Overview of amendments to Green Gas Levy Guidance

#### Version 3.0

##### Throughout the document

- Minor amendments to text to improve clarity and updates to cross-references to other sections within the document.
- Replaced references to Department for Business, Energy and Industrial Strategy (BEIS) with Energy Security and Net Zero (Energy Department).
- For clarity and replaced references to “levy credit payment” with credit cover.
- References to regulations throughout updated to Green Gas Support Scheme Regulations 2021, as amended by the Green Gas Support Scheme (Amendment) Regulations 2023 (the GGSS Regulations)

##### GGL overview

- Paragraph 1.5: Added sentence asking Suppliers to familiarise themselves with the amendments to the GGS Regulations 2021 (The Green Gas Support Scheme (Amendment) Regulations 2023))

##### GGL Guidance

- Paragraph 1.11: Added reminder for Suppliers to seek their own legal and technical advice in relation to their obligations under the GGSS Regulations and clarified that in the event of any ambiguity or conflict between the guidance and the GGSS regulations, the regulations would take precedence.

##### Related publications and useful links

- Included link to Green Gas Support Scheme (Amendment) Regulations 2023.

**Supplier contact requirements**

- Table 1: Removed reference to return of excess credit cover in exceptional circumstances and updated with “discretionary return of excess credit cover”.

**Introduction to credit cover**

- Paragraph 4.3: Replaced reference to return of credit cover “in exceptional circumstances” and specified June, September and December as the times when we will consider return of excess credit cover outside of the annual process.
- Paragraph 4.14: Added sentence to indicate that de minimis threshold will apply to credit cover requirements.

**Cash credit cover**

- Paragraph 4.18: Removed reference to return of excess credit cover “in exceptional circumstances” and updated with “discretionary process for return of excess credit cover”.

**Amending letters of credit**

- Paragraph 4.30: Added clarification that suppliers *must* request agreement *from Ofgem* to amend an existing letter of credit
- Paragraph 4.32: Added sentence to clarify that an amended letter of credit will supersede the previous letter of credit lodged.
- Figure 1: Included a new flow diagram in place of example previously in paragraph 4.32 to clarify an amended letter of credit will supersede the previous letter of credit.
- Paragraph 4.33: Added clarification a supplier may only submit a request *to Ofgem* to amend a letter of credit during four working day period as published in scheme schedule.
- Figure 2: Add asterisk to the figure to clarify that a letter of credit that has been amended and re-lodged may be amended again in the future.

**Return of excess credit cover**

- Paragraph 4.48 and 4.49: Removed reference to return of excess credit cover “in exceptional circumstances” and updated description to a “discretionary process”.
- Paragraph 4.51: Added new sentence to indicate that de minimis threshold will apply to annual return of excess cash credit cover.

### **Discretionary return of excess credit cover**

- Changed the sub heading to “discretionary” return of excess credit cover from “return of excess cash credit cover in exceptional circumstances”.
- Paragraph 4.55: Deleted the requirement to provide a reason when requesting return excess cash credit cover.
- Paragraph 4.56: Removed reference to “in exceptional circumstances” and updated with “discretionary” return of excess cash credit cover.
- Paragraph 4.57 (second bullet): Rephrased paragraph removing reference to the minimum threshold of £250 for returning funds as a “de minimis threshold”.
- Removed the last paragraph in this section referring to return of a lower amount than requested amount.

### **Repayment of interest on credit cover (annual process)**

- Paragraph 4.64: Added sentence to indicate de minimis threshold applies to annual return of interest on cash credit cover

### **How payments are calculated**

- Paragraph 5.7: Added sentence to indicate that de minimis threshold will apply to quarterly levy payments.

### **Credit cover draw down**

- Paragraph 6.4: Added paragraph setting out when we will issue a “new notification” for credit cover in rare cases, if a previously issued requested for credit cover is rendered insufficient following draw down of credit cover after a mutualisation event.
- Paragraph 6.5: Paragraph edited to include that in particular circumstances, when a supplier is exiting the market, the former scheme supplier may be able to pay the final quarterly levy payment instead of us drawing down on a letter of credit in the first instance.

### **Receipt of late payment and return of mutualisation payment**

- Paragraph 6.20: Added sentence to make it clear that if the mutualisation amount is above the threshold for mutualisation we will continue with the mutualisation process.
- Paragraph 6.23: Added new sentence to indicate that de minimis threshold will apply to amounts re-distributed to suppliers due to receipt of a late mutualisation payments.

### **How to make a mutualisation payment**

- Paragraph 6.19: Added sentence to indicate that de minimis threshold will apply to mutualisation payments.

### **Receipt of late payment and return of mutualisation payment**

- Paragraph 6.20: Added sentence to clarify that if the mutualisation amount is still above the threshold after having received a late payment, we will continue with the mutualisation process.
- Paragraph 6.23: Added sentence to indicate the de minimis threshold will apply to mutualisation payment amounts re-distributed to suppliers due to receipt of a late payment

### **Overview of enforcement powers**

- Paragraph 7.1: Minor amendments made to paragraph to improve clarity relating to the separately published enforcement guidelines and annexed penalty policy.
- Paragraph 7.2: Added sentence to describe how the Anticipated Default Notice acts as a warning that further enforcement action will follow if the full payment is not made by the required deadline.
- Paragraph 7.3: Is expanded to provide more detail on the Enforcement Notice content and how it will differ depending on whether it's issued for breach of payments or other obligations.

### **How to query or challenge a decision**

- Paragraph 9.1: Added sentence providing link to our Enforcement Guidelines for further information on appeals.

### **De minimis for levy collection and other payments**

- Paragraphs 9.2 – 9.11: New section of guidance added to outline the de minimis for levy collection and other payments. This section explains what a de minimis is, how it will be set, an exhaustive list of payments which the de minimis will apply to, and, how we will administer the de minimis.
- Table 5 has also been added to show whether a supplier can expect a notification for payments that are below de minimis.

### **New suppliers and new licenses**

- Paragraph 9.13-9.14: Minor changes made to paragraph to improve clarity on when a new supplier is providing the first and second credit cover requirements.
- Paragraph 9.15: The formula to calculate the credit cover requirement for the second quarter of a new supplier (the first time a new supplier is asked to lodge credit cover) has been amended to reflect the 2023 regulation amendment. Instead of using “number of days in first quarter”, it is replaced by “number of days remaining in the first quarter from and including the date on which the supplier becomes a scheme supplier”.
- Paragraph 9.16: New paragraph and formula added on how the credit cover requirement for the third quarter of a new supplier is calculated.
- Paragraph 9.17: Added new sentence to indicate that de minimis threshold will apply to requests for new scheme suppliers to provide credit cover.

### **Former scheme supplier**

- Paragraph 9.18: Amended paragraph to inform that in certain circumstances we will offer former scheme suppliers the opportunity to pay the final quarterly levy payment instead of drawing down on letter of credit in the first instance.
- Paragraph 9.19: Added new sentence to indicate that de minimis threshold will apply to final quarterly levy payments due from former scheme suppliers.
- Paragraphs 9.25: Amendments made to improve clarity and make it explicit that a final quarterly levy payment due is made up of both any quarterly levy payment due for the previous full quarter, and the quarterly levy payment payable in relation to the final quarter
- Paragraph 9.27: New paragraph added providing further explanation of the approach to receiving the final quarterly levy payment from former scheme supplier. The paragraph also sets out the “in lieu” amount and “outstanding” amount in relation to final quarterly levy payment.

### **Notification of final quarterly levy payment**

- Paragraphs 9.28-9.32: Added new paragraphs setting out the changes relating to how the final quarterly levy payment should be made, describing circumstances and notification contents for cases in which:
  - credit cover will be drawn down in the first instance, and
  - payments can be made directly to avoid letter of credit draw down

### **Return of excess credit cover lodged**

- Paragraph 9.34: New paragraph added to indicate that de minimis threshold will apply to both final quarterly payments owed and return of excess cash credit.

### **Appendix 4 – Glossary**

- The below terms have been added to the glossary:
  - De minimis
  - Final quarterly levy payment
  - In lieu amount
  - Outstanding amount

## **Version 2.0**

### **Throughout the document**

- Updated references to paragraph numbers to credit cover section.

### **Related publications and useful links**

- Updated link to annual scheme schedule to direct to the GGL publications website page

### **Introduction to credit cover**

- Paragraph 4.2: Sentence 'credit cover will remain in place for the duration of the quarter' amended to indicate a supplier may elect to provide credit cover in respect of multiple quarters upfront.
- Paragraph 4.4: New paragraph to indicate suppliers may use the amendments process for letters of credit

### **How credit cover will be calculated**

- Paragraph 4.5: New sentences added to indicate that we will confirm as part of a notification if sufficient credit cover is lodged, whether any further credit cover is needed. This will take into account any remaining credit cover already lodged in the form of a letter of credit.
- Paragraph 4.6: Description of definition 'M' updated to change the tense of the exception to "was" rather than "is".
- Paragraph 4.9: New paragraph added referring to the amendment process for a letter of credit, to indicate an amended letter of credit must have been both issued and received by Ofgem before the deadline for providing credit cover.
- Paragraph 4.11: Clarification added relating to any remaining credit cover lodged to indicate "(whether as cash or as the available balance on an undrawn or partially drawn letter of credit)"
- Paragraph 4.1: Reference to process for amending letters of credit added

### **Cash credit cover**

- Paragraph 4.18: Word "change" altered to "increase in value"

### **Letters of credit**

- Paragraph 4.19: Additions to the text in bullets as follows:
  - Two sentences added to second bullet point relating to provision of credit cover for multiple quarters. If this is done it must be valid for at least 28 calendar days following the end of those quarters. If the credit cover obligation increases further credit cover must be provided.
  - Fifth bullet point expanded to refer to drafting instructions indicated by asterisks in the letter of credit template at Appendix 1.
  - Sixth bullet point amended to reference 'at schedule 1 of the template'
- Paragraph 4.20: Sentence added to indicate suppliers should liaise with the issuer of the letter of credit in relation to completing highlighted fields in the template for the form of demand at Schedule 1.
- Paragraph 4.25: New paragraph added to indicate we may draw down on any letter of credit which has not expired at that time if we need to, as directed by the scheme regulations.

### **Amending letters of credit**

- Paragraphs 4.29 – 4.45: New section of guidance added to outline new process by which a supplier may amend a letter of credit that has already been lodged. There are two distinct time windows when this should be done depending on whether it is to increase the duration or value of it (first window), or to reduce the value of it (second window). These timeframes for requests and associated are deadlines set out within an amended scheme schedule. The template letter of credit in the appendix has been updated, and there is a new diagram providing a high level over view of the process at figure 1.

### **Process for return of a letter of credit**

- Paragraph 4.58 updated to indicate that the new process for amending letters of credit should be followed in the first instance to make a change to a letter of credit. Also removed reference to requesting a return of a letter of credit to increase the value of cover provided by a letter of credit.

### **Appendix 1 – Template: letter of credit**

Changes made throughout the template, and therefore the new template should be used for any new letters of credit or amendments to letters of credit. A high level summary of changes include:

- Schedule 1 Addition of a new definition for amendment request



- A new heading and section relating to amendment
- Changes to the Form of Demand within the first paragraph to enable amendments
- Addition of Schedule 2: Form of Amendment Request

## **Version 1.2**

### **Throughout the document**

- Minor amendments to text to improve clarity and updates to cross-references to other sections within the document. To this end, all references to “section” have been replaced by “paragraph”.
- Removal and amendment of text which was time limited.

### **Supplier contact requirements**

- Section summary and paragraph 2.2: Amended to emphasise the supplier responsibility to inform us of changes to supplier contact details to ensure only the correct contacts receive information from us.
- Table 1: Amended to include that an authorised signatory contact as well as a lead finance contact may request return of excess credit cover in exceptional circumstances.

### **How meter point data must be submitted**

- Paragraph 3.9: Amended to reflect that digital service now developed to verify meter point data.

### **How credit cover will be calculated: Quarterly process**

- Paragraph 4.8: Added paragraph to indicate that we send a notification for credit cover to all supplier (except provisionally exempt suppliers) regardless of whether additional credit cover needs to be lodged for the next quarter.

### **Cash credit cover**

- Paragraph 4.13: Last bullet point amended to indicate that suppliers should now log onto the GGL system to confirm cash credit cover has been paid.

### **Letters of cover**

- Paragraph 4.18: To the sentence “All relevant fields must be completed within the template letter of credit”, added “,these are highlighted for ease of identification in the template at appendix 1”
- Paragraph 4.18: Added sentence to indicate that letters of credit should not be amended to mark them for the attention of an individual or the Green Gas Levy Compliance team.

### **Return of excess cash credit cover in exceptional circumstances**

- Paragraph 4.32: Added bullet point to indicate that a request for return of excess cash credit cover in exceptional circumstances should be submitted by either the authorised signatory or finance contact.
- Paragraph 4.34: Reworded to clarify that excess cash credit cover in exceptional circumstances can only be returned once per year per supplier licence.
- Paragraph 4.35: Added "e-mail" which was omitted by error.

### **Repayment of interest on credit cover (annual process)**

- Paragraph 4.39: Added clarification that interest earned on cash credit cover held in March will be paid the following year as part of that year's process.

### **Calculation and payment of late interest**

- Paragraph 5.17: Amended to correct that Ofgem will be calculate any late payment interest due from a supplier and inform that supplier by e-mail confirming the amount to be paid and an invoice for late payment interest or if we are drawing down on credit cover for a missed payment will also draw down the late payment interest.
- Paragraph 5.18: Amended to correct that late payment interest "is" calculated rather than "should be" calculated according to the formula provided.
- Paragraph 5.19: Updated the example to reflect the now higher Bank of England base rate of 3.5%.
- Paragraph 5.20: Amended to clarify that we "will" be taking into account changes to Bank of England base rate when calculating late payment interest.

### **Pre-scheme year notification**

- Paragraph 8.6: Added a bullet to indicate the declaration from the supplier will also include confirmation of agreement that we can share any certified biomethane certificate with the relevant certification body for verification purposes.
- Paragraph 8.7: Clarification added that copies of Gas Purchase Agreement (GPAs) provided as evidence should be for the full year if available of the relevant scheme year.

### **Confirmation of provisional exemption**

- Paragraph 8.18: Added a paragraph encouraging supplier to notify us as early as possible if a supplier expects to be exempt for the current/previous year but was not granted provisional exemption for that year.

### **Post scheme year notification and exemption**

- Removed paragraph indicating that updated version of guidance to be published detailing how suppliers must submit evidence of having provided at least 95%.

### **Post scheme year notification**

- Paragraphs 8.23 – 8.28: Added new paragraphs providing information on the format of the notification suppliers that were either provisionally exempt or have supplied at least 95% green gas in the previous scheme year must send, evidence that must be provided to support the notification, how and when the notification must be submitted.

### **Confirmation of exemption**

- Paragraphs 8.29 to 8.33: Added new paragraphs to provide information on the process for determining whether a supplier is exempt, including that we may ask for additional information and may we issue a “minded to” notice where we anticipate a supplier will be determined not be exempt.

### **Provisionally exempt suppliers determined not to be exempt**

- Paragraph 8:44: Footnotes added to clarify the levy rate, the variable “ $P_m$ ” and “ $RP_m$ ” to be used in the calculation of backdated levy payment.

### **Calculation and payment of final quarterly levy payment**

- Paragraph 9.14: Added sentence to clarify that we will be returning any interest that has been earned on the cash credit cover when we return the excess amount of cash credit lodged to a former scheme supplier, rather than as part of the annual process.

### **Appendix 1 – Template Letter of Credit**

- Highlighted the relevant fields which must be completed within the template letter of declaration and form of demand.

### **Appendix 2 – Declaration letter for provisional exemption**

- Added paragraph in letter indication confirmation of agreement from supplier for us to share any certified biomethane certificate with relevant BEIS approved certification scheme for verification purposes.

### **Appendix 3 – Declaration letter for exemption**

- New appendix providing template declaration letter for suppliers to use as notification that at least 95% gas supplied in the previous scheme year was certified biomethane from an approved certification scheme.

## **Version 1.1**

### **Throughout the document**

- Minor amendments to text to improve clarity and updates to cross-references to other sections within the document.
- Removal and amendment of text which was time limited referring to the regulations coming into force and levy activities being carried out for the first time.

### **Personal Data**

- Section 1.17: Link amended to the GGL privacy notice instead of the Ofgem privacy policy.

### **Related publications and useful links**

- Added details of and hyperlinks to the Green Gas Levy enforcement guidelines and statement in respect to penalties and to the Green Gas Levy Default Register.

### **Supplier contact requirements**

- Section 2, Table 1: Amendment to aspects of the role descriptions to reflect the functionality available for suppliers within the current levy administration. The service is still in development and further functionality is envisaged.
- Section 2.6: Added recommendation for suppliers to proactively sign up to receive alerts relating to updates on environmental schemes on our website.

### **Calculating cumulative total number of meter points**

- Section 3.4: Clarification on definition of Meter points within GGL Regulation 2021 referring to the Uniform Network Code Transportation Principal Document and supply meter points that have a meter point reference number (MPRN) assigned.
- Section 3.5: Further points added on meter point data submission with clarification on twin stream sites with multiple meters attached to one supply point, supply meter points with an MPRN assigned (not shipper sites) and shared supply points

### **Introduction to credit cover**

- Section 4.1: Removed reference to date for first credit cover requirement. The requirement is for credit cover to be in place for each quarter by the dates indicated in

the annual scheme schedule, for the period starting 1 April 2022 and subsequent quarters.

### **Cash credit cover**

- Section 4.12: Sentence to indicate that the requirement to e-mail us after cash credit cover has been provided may be updated as the digital portal is developed.
- Section 4.13: Added cross-reference to guidance on return of excess credit cover.

### **Letters of credit**

- Amendments throughout the guidance to reflect that letter of credit can be issued by any financial institution or person that meets the requirements and “issuing bank” replaced by “issuer”.
- Section 4.15: Footnote added to refer to GGSS Regulation 2021, Regulation 43(3)(a) in relation to the criteria a letter of credit must follow.
- Section 4.15: Clarification that the validity period is 28 **calendar** days immediately following the end of that quarter instead of 28 days.
- Section 4.15: Added requirement to include our bank account details to the letter of credit’s ‘form of demand’.
- Section 4.16: Included confirmation that an email address must be provided in the letter of credit at Clause 5(a).

### **Process for return of a letter of credit**

- Section 4.36: Sentence added to clarify the process for the return of a letter of credit applies to letters of credit that have been provided for more than one quarter’s obligation.

### **How to make levy payments**

- Section 5.14: Clarification that when suppliers send notification email confirming a payment has been made, the relevant licence that the payment relates to is required.

### **Late payment interest**

- Section 5.16: New paragraph advising suppliers that late payment interest must also be paid following failure to make other types of payments by their due date.

### **Calculation and payment of late interest**

- Section 5.19: Correction for error in the example to demonstrate payment of late interest. The missing percentage sign included in the workings and amount due changed to £10,000. from £100.

### **Credit cover draw down**

- Section 6.3: Inclusion of footnote to refer to GGSS Regulations 2021, Regulation 42(3)(c)

### **How and when mutualisation is triggered**

- Section 6.9: Clarification that mutualisation notice is expected to be issued between 7 and 21 **calendar** days after mutualisation is triggered.

### **Reporting on the Default Register**

- Section 6.22: Amended wording to publish information as soon as practicable relating to suppliers from “we will” to “we are required to” and hyperlink added to link to the published default register on Ofgem’s website
- Section 6.23 and Section 6.24: Amended Section 6.23 to remove reference to a supplier’s failure to pay late payment interest being a prompt for publishing details about a default on the default register, and amended section 6.24 to indicate that this is information we are required to publish about a default.
- Section 6.23 and Section 6.24: Removed references to publishing information on the default register if suppliers fail to provide meter point data by required deadline, however we may publish any other information such as this if we deem it appropriate in relation to a scheme supplier’s failure to comply with the regulations such as failing to make a quarterly levy payment.

### **Enforcement**

- Section summary: Amended ‘intend to issue’ to ‘have issued’ enforcement guidelines and a statement in respect of penalties.

### **Overview of enforcement powers**

- Section 7.1: Added link to Green Gas Levy Enforcement Guidelines and Statement in Respect of Penalties.



### **Pre-scheme year notification and provisional exemption**

- Sections 8.3 and 8.4. New paragraphs clarifying that the provisional exemption and exemption mechanisms apply to levy payments due to be made during the relevant scheme year during which a supplier is provisionally exempt or are subsequently granted exemption for.

### **Pre-scheme year notification**

- Section 8.5: Removal of section relating to provisional exemption process in the first year of scheme (30 November 2021 – 31 March 2022).

### **Calculation and payment of final quarterly levy payment**

- Section 9.10: The Final Levy Payment Due calculation moved to section 9.11.
- Section 9.13: Added missing bullet to the reminder that compliance and enforcement action may be taken should a payment not be made by the required deadline.

### **Appendix 1, Template Letter of Credit**

- Correction to cross-reference on guidance to submitting letters of credit to section 4.15 to 4.19 (incorrectly read as 4.16).
- Amendment to letter of credit throughout to refer to 'Issuer' rather than 'Issuing bank'
- The salutation on the form of demand has been amended from 'Dear Sirs' to 'To whom it may concern'.
- [Issuing bank] in first sentence amended to [Name of issuer] to draw attention to the need to insert the name of the bank, financial institution or person providing the letter.
- Removal of square brackets at 3(b) around the time that the letter of credit expires. This should not be amended.

### **Appendix 3: Glossary, 'D'**

- Default Register: Description amended for clarity including removal of reference to publishing failure to provide or verify meter point data by supplier within required deadline.