



# Green Gas Support Scheme Annual Report

Scheme Year 3 (1 April 2023 – 31 March 2024)

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## Foreword

In 2022, 42% of the UK's total energy consumption was used for heating but only 8% of that came from renewable sources<sup>1</sup>. To reach net zero carbon emissions by 2050, we need to increase the use of lower carbon energy to heat British homes and businesses. To help meet this challenge, the Green Gas Support Scheme (GGSS) opened to applicants in England, Scotland and Wales on 30 November 2021.

GGSS provides financial support to eligible new anaerobic digestion biomethane installations for the injection of 'green gas'<sup>2</sup> into the grid. In addition to helping decarbonise, the GGSS also helps promote a circular economy by making use of organic wastes, such as our domestic and industrial food waste, for production of green gas.

The GGSS is one of a range of schemes Ofgem administers on behalf of the UK government and the devolved administrations. Worth almost £10 billion in the year 2022 to 2023, our schemes are designed to advance decarbonisation and support vulnerable consumers.

GGSS policy is set by the Department for Energy Security and Net Zero (DESNZ), who maintain overall responsibility for the scheme. Ofgem is the scheme administrator and key to our role is the assessment of GGSS applications, issuing payments and ensuring that registered participants and gas suppliers comply with their responsibilities under the scheme.

The GGSS is a low volume, high impact scheme. This means that a small number of participants are anticipated to register over the scheme's lifetime, but they are expected to make a significant contribution to the proportion of green gas in the grid. To date the scheme has one registered participant, but I am impressed that they have already injected enough green gas to heat 1,600 typical UK homes for a year, or heat 6.9 million hot baths. DESNZ estimate that during peak years of scheme production the biomethane injected will be enough to heat 250,000 homes, and over the lifetime of the scheme 10.7 million tonnes of carbon savings could be achieved.

However, there have been challenges. Industry have reported difficulties securing waste feedstocks and essential specialist equipment which has impacted the project development timelines for applicants wishing to join the scheme. These challenges have seen a number of applicants withdraw their applications as they were unable to meet their original estimate for

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<sup>1</sup> [Renewables' shares of aggregated energy balances and gross final consumption for electricity, heat, transport, and overall renewables \(DUKES 6.5\)](https://www.gov.uk/government/statistics/renewable-sources-of-energy-chapter-6-digest-of-united-kingdom-energy-statistics-dukes): <<https://www.gov.uk/government/statistics/renewable-sources-of-energy-chapter-6-digest-of-united-kingdom-energy-statistics-dukes>>

<sup>2</sup> Green gases are renewable and low carbon gases that can be used in place of fossil fuels, reducing associated carbon emissions in the heat sector. For the purpose of the GGSS, green gas is biomethane produced by anaerobic digestion of organic matter in an oxygen-free environment.

the date that they would first inject green gas into the grid, but I am pleased that all have now reapplied with revised first injection dates. Mindful of these challenges, I am happy that following DESNZ's mid-scheme review the deadline for scheme applications has been extended from November 2025 to March 2028.

The GGSS is funded by a levy placed on fossil fuel gas suppliers in Great Britain, known as the Green Gas Levy (GGL). I therefore want to highlight the importance of scheme suppliers under the GGL understanding and complying with the rules and their responsibilities, in full and on-time. We take incidents of non-compliance extremely seriously and remind suppliers that it is their responsibility to ensure that they are compliant, and we may take enforcement action when this is not the case. By ensuring suppliers meet their obligations we protect the interests of British energy consumers and ensure a fair and inclusive energy transition.

We welcome comments from readers on the content of this report, so if you want to get in touch, please contact us at [SchemesReportingFeedback@ofgem.gov.uk](mailto:SchemesReportingFeedback@ofgem.gov.uk).

**Neil Lawrence**

Director, Delivery & Schemes

**Net  
Zero**

The GGSS scheme is helping to decarbonise Great Britain's gas supplies by increasing the proportion of 'green gas' in the grid.

**18,847**  
**MWh**  
**Green Gas injected**

Since the start of the scheme 18,847 MWh of green gas injection has been reported by the single registered participant. This is sufficient to heat approximately 1,639 typical UK homes for a year or 6.9 million hot baths.

**15**  
**Years**

15 years of tariff payments are provided to eligible biomethane producers.

**250**  
**Thousand Homes**

According to estimates from the Department for Energy Security & Net Zero (DESNZ)<sup>3</sup>, during peak years of production, the biomethane produced under the scheme is estimated to be enough to heat around 250,000 homes.

**10.7**  
**Million**  
**Tonnes CO<sub>2</sub>e**

DESNZ also estimate that 10.7 million tons of CO<sub>2</sub> equivalent in carbon savings could be achieved over the scheme's lifetime through the displacement of natural gas in the gas grid.

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<sup>3</sup> [DESNZ statistics viewed 10 June 2024](https://www.gov.uk/government/publications/green-gas-support-scheme-ggss): <<https://www.gov.uk/government/publications/green-gas-support-scheme-ggss>>

## Executive summary

Ofgem runs a range of low carbon energy and social schemes on behalf of government and for the devolved administrations. Together, these are worth almost £10 billion each year. Our schemes fall into three main categories: renewable electricity schemes, low carbon heat schemes, and energy efficiency and social schemes.

To meet ambitious government targets to reach net zero carbon emissions, we need to transition to use clean energy to heat British homes and businesses. To help achieve this the Green Gas Support Scheme (GGSS) opened to applicants in England, Scotland and Wales on 30 November 2021. The GGSS provides financial support to eligible new anaerobic digestion biomethane plants for the injection of lower carbon 'green gas'<sup>4</sup> into the gas grid. In addition to decarbonisation, the GGSS also helps promote a circular economy by making use of organic wastes, such as our domestic and industrial food waste, to heat British homes and businesses. 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).

As scheme administrator, Ofgem ensures the scheme is operated efficiently, including the registration and processing of applications for the GGSS, and the calculation of levy payments due by gas suppliers to fund the scheme. As part of our duties under the Green Gas Support Scheme Regulations 2021 (as amended) (the 'Regulations'),<sup>5</sup> we have produced this report to provide an update on scheme activity between 1 April 2023 and 31 March 2024 (Scheme Year 3).

## The Green Gas Support Scheme

### **Applications for registration (page 13)**

Since the start of the scheme to the end of March 2024, we have received 37 initial applications for registration. Of these, 16 have been issued with a tariff guarantee and one has then successfully completed the registration process. Securing a tariff guarantee is a compulsory stage of applying to the GGSS. Tariff guarantees are designed to provide increased certainty to developers and investors, by allowing a tariff rate to be secured before an installation is commissioned and fully registered on the scheme.

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<sup>4</sup> Green gases are renewable and low carbon gases that can be used in place of fossil fuels, reducing associated carbon emissions in the heat sector. For the purpose of the GGSS, green gas is biomethane produced by anaerobic digestion of organic matter in an oxygen-free environment.

<sup>5</sup> Regulations 65(3)(b) and 65(4). [The GGSS Regulations:](https://www.legislation.gov.uk/uksi/2021/1335/contents/made)  
<<https://www.legislation.gov.uk/uksi/2021/1335/contents/made>>

## **Registered scheme participants (page 18)**

Since the start of the scheme, support payments of £1.09 million have been made to the one registered participant, based on 18,847,157 kWh of eligible green gas injected into the grid. This quantity of green gas is sufficient to heat approximately 1,639 typical UK homes for a year<sup>6</sup> or 6.9 million hot baths<sup>7</sup>. However, these figures only account for injection that occurred up to the end of quarter two in Scheme Year 3 (September 2023). Data for injection that occurred during the rest of Scheme Year 3 is yet to be approved and paid.

## **The Green Gas Levy (page 19)**

The first levy payments were made by suppliers in May 2022 and a total of £21.32 million was collected during Scheme Year 3. It should be noted that where there are unused funds, they are carried over and considered alongside other variables resulting in adjustments to the levy rate in subsequent years.<sup>8</sup>

The number of suppliers under the scheme (scheme suppliers<sup>9</sup>) can vary from quarter to quarter, including following changes to supplier licences, such as revocations, transfers and new licences being granted. Over the course of Scheme Year 3, the number fell from 87 in Quarter 1 (April to June 2023), to 78 in Quarter 4 (January to March 2024).

However, not all scheme suppliers are required to make levy payments each quarter. One supplier was determined to be provisionally exempt for the year as they declared that they would supply at least 95% green gas to their customers. Additionally, obligated suppliers that did not serve gas meter points during a quarter are not required to make levy payments. As such the number of suppliers required to make levy payments (active suppliers<sup>10</sup>) stood at 71 in Quarter 1 (April to June 2023) and fell to 67 in Quarter 4 (January to March 2024).

As part of the government's Energy Price Guarantee, there was a temporary removal of green levies from household bills from 1 October 2022. The GGL was still collected from obligated suppliers, but the costs were not passed onto consumers through their energy bills. Instead, the costs were met by Government through general taxation. The Energy Price Guarantee ended for households without prepayment meters on 30 June 2023 and ended for all households on 31 March 2024.

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<sup>6</sup> The energy required to heat typical UK homes is calculated using [Ofgem's Typical Domestic Consumption Values](https://www.ofgem.gov.uk/decision/decision-typical-domestic-consumption-values-2023) for Gas in a medium use household (11,500 kWh per annum):  
<<https://www.ofgem.gov.uk/decision/decision-typical-domestic-consumption-values-2023>>

<sup>7</sup> The energy required to heat hot baths is calculated using the following formula (Energy required (kWh) =  $(4.2 \times \text{Litres of water (L)} \times \text{Temperature change (T) in } ^\circ\text{C}) \div 3600$ ) where L=90 and T=26°C.

<sup>8</sup> Regulation 39 sets out the calculation for the levy rate

<sup>9</sup> A scheme supplier is a licensed gas supplier.

<sup>10</sup> Active suppliers are those suppliers obligated to pay the levy in a given quarter.



## **Supplier compliance (page 22)**

As part of our role administering the GGL, we work to ensure that gas suppliers comply with their obligations. We take incidents of non-compliance extremely seriously and where suppliers fail to meet their obligations, we publish this information in our Supplier Performance Report (SPR)<sup>11</sup>. For non-compliances where a payment deadline has been missed, these are also published in the GGL default register<sup>12</sup>. Furthermore, for more serious or repeated incidents we formally engage with suppliers to understand their plans to improve and may ultimately take other compliance or enforcement action.<sup>13</sup>

We expect suppliers to be proactive in their engagement with the scheme. They should use the guidance available to co-ordinate their activities and ensure that they comply in full with their obligations, including meeting scheme deadlines. We expect suppliers to do this without need for proactive prompting from us and we will have a low tolerance for those that fail to do this.

There were nineteen incidents of statutory non-compliance<sup>14</sup> recorded in Scheme Year 3. Seven of these were for missed levy payments, two related to a failure to put in place the appropriate credit cover provision, and one for failing to make levy interest payments. It should be noted that any missed payments were subsequently made shortly after the deadline, or in two cases there was a draw down from credit cover. This meant that there was no shortfall in collection of the levy fund during Scheme Year 3. The remaining instances of statutory non-compliance related to suppliers failing to submit meter point data confirmation by the deadline.

There were also two incidents of administrative non-compliance<sup>15</sup> with one supplier making a duplicate levy payment and one supplier failing to submit notification of their licence revocation by the relevant deadline.

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<sup>11</sup> [Supplier Performance Report](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>

<sup>12</sup> [GGL default register](https://www.ofgem.gov.uk/publications/green-gas-levy-default-register): <<https://www.ofgem.gov.uk/publications/green-gas-levy-default-register>>

<sup>13</sup> The enforcement action we can take is set out in part 10 of the Regulations

<sup>14</sup> Statutory non-compliance refers to an incident where a supplier has failed to comply with a requirement in scheme legislation.

<sup>15</sup> Administrative non-compliance refers to an incident where a supplier has failed to comply with a requirement set by Ofgem.

## 1. About the scheme

This chapter provides an overview of the Green Gas Support Scheme (GGSS) and the Green Gas Levy (GGL), including the legislative background and Ofgem's administrative duties.

- 1.1 The GGSS is a government scheme designed to increase the proportion of 'green gas'<sup>16</sup> 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 31 March 2028.<sup>17</sup>
- 1.2 Support under the GGSS is provided to registered biomethane producers based on the volume of eligible biomethane (produced from AD) that they inject into the gas grid. Prospective scheme participants are required to follow a three-stage application process, the first two stages of which are required to secure a 'tariff guarantee' before their equipment is commissioned. Once commissioned, tariff guarantee holders may apply for full registration on the scheme.
- 1.3 Once registered, scheme participants who meet the eligibility criteria and continue to comply with the scheme requirements may receive quarterly periodic support payments for the eligible biomethane they inject, for up to 15 years.
- 1.4 The GGSS is funded through the 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>18</sup> to pay a quarterly levy based on the number of meter points they serve.
- 1.5 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 Regulations and the range of functions that we deliver, as outlined below, is directed by these regulations.

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<sup>16</sup> Green gases are renewable and low carbon gases that can be used in place of fossil fuels, reducing associated carbon emissions in the heat sector. For the purpose of the GGSS, green gas is biomethane produced by anaerobic digestion of organic matter in an oxygen-free environment.

<sup>17</sup> The GGSS was originally due to close to new applicants on 30 November 2025. A [regulation amendment](https://www.legislation.gov.uk/uksi/2024/642/contents/made) came into force in June 2024 extending the scheme until 31 March 2028:

<<https://www.legislation.gov.uk/uksi/2024/642/contents/made>>

<sup>18</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>>

## **GGSS**

- Publishing guidance for biomethane producers and prospective producers
- Processing and making decisions on GGSS registration applications
- Validating participants' periodic data
- Calculating and issuing participants support payments
- Monitoring and enforcing compliance with the Regulations
- Publishing reports in relation to the GGSS including information on tariff guarantees, the number of scheme participants, periodic support payments and the volume of biomethane produced.

## **GGL**

- Publishing guidance for scheme suppliers and an annual administrative timetable
- Validating and calculating supplier meter point data, credit cover requirements and levy payments due
- Monitoring and enforcing compliance with the Regulations, including publication of a default register which reports certain instances of non-compliance.

- 1.6 The Department of Energy Security & Net Zero (DESNZ) is responsible for the GGSS and GGL policy, scheme regulations, scheme budget and any promotion of the scheme.
- 1.7 The GGSS opened to applications on 30 November 2021 when our application portal (the 'GGSS Portal')<sup>19</sup> went live.
- 1.8 Our dedicated GGSS and GGL web pages<sup>20</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.

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<sup>19</sup> [The GGSS portal](https://ggss.ofgem.gov.uk/) <<https://ggss.ofgem.gov.uk/>>

<sup>20</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>>

- 1.9 We have also published dedicated GGSS<sup>21</sup> and GGL<sup>22</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
- Our approach to monitoring and enforcing participant compliance.

**GGL**

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

- 1.10 This report is produced to meet our obligation to publish a report on scheme activity annually by 31 July. This third annual report covers Scheme Year 3 (SY3) from 1 April 2023 to 31 March 2024.<sup>23</sup>

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<sup>21</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>22</sup> [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> Regulations 65(3)(b) and 65(4).

## 2. Applications for registration

This chapter provides information on the process for registration on the GGSS and a summary of applications made. An overview of the scheme budget position at the end of Scheme Year 3 is also provided.

- 2.1 Prospective scheme participants are required to follow a three-stage application process. The first two stages involve applying for a tariff guarantee before their equipment is commissioned. Once commissioned, tariff guarantee holders may apply for full registration on the scheme. If applicants meet the scheme eligibility requirements and continue to comply with the scheme rules, they may receive quarterly periodic support payments on the eligible biomethane they inject into the grid, for up to 15 years.

### Tariff guarantee applications

- 2.2 Tariff guarantees are a compulsory stage of applying to the GGSS<sup>24</sup>. They are designed to provide increased certainty to developers and investors, by allowing a tariff rate to be secured before an installation is commissioned and fully registered on the scheme.
- 2.3 As seen in **Figure 2.1**, we received 37 applications for tariff guarantees from scheme launch to 31 March 2024. Of the 37 initial applications made at stage one, 30 have been granted provisional tariff guarantee notices, six were rejected<sup>25</sup> and one cancelled.
- 2.4 From the 30 provisional tariff guarantee notices granted, 16 were issued with a tariff guarantee, two were rejected, one revoked and 11 cancelled. Of the 16 applicants that were granted tariff guarantees, five applications for full registration have been received, of which one has now been successfully registered on the scheme and the remaining four are under review.
- 2.5 Where we have rejected applications at stage 1, this has mainly been due to a failure by the applicant to provide evidence of planning permission or a connection

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<sup>24</sup> Further information on the tariff guarantee application process can be found in our GGSS guidance.

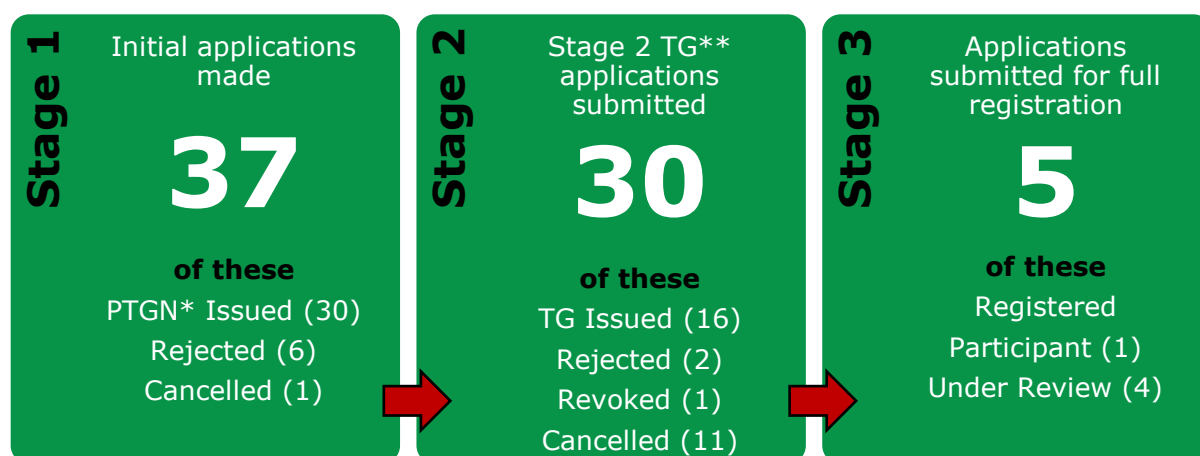
<sup>25</sup> In cases where an application has been unsuccessful the applicant may submit a new tariff guarantee application. Any resubmission of a previously unsuccessful application will be treated as a new application and subject to budget availability at the time of submission.



agreement. Rejections and revocations at stage 2 have occurred due to a failure to provide satisfactory evidence of 'financial close'<sup>26</sup>.

- 2.6 Where applications have been cancelled by an applicant, they have in most cases reported that this was due to supply chain and/or network issues affecting their ability to achieve the original injection deadline. All 12 of the cancelled applications have subsequently been re-submitted with amended injection dates to account for any delays.
- 2.7 It should be noted that for applicants that become participants of the scheme, they are entitled to payment from the date their applications were 'properly made'<sup>27</sup>. The budget for any retrospective payments is ringfenced, to be used should these applicants achieve registration.

**Figure 2.1: Tariff guarantee application progress**



\* Provisional tariff guarantee notice

\*\* Tariff guarantee

- 2.8 The tariff guarantees issued are split between Scotland, England and Wales with eight in Scotland, seven in England and one in Wales.

## Expected Injection Dates

- 2.9 **Figure 2.2** shows when the applicants granted tariff guarantees have commenced or expect to commence injection. Please note that applicants have until 182 days after

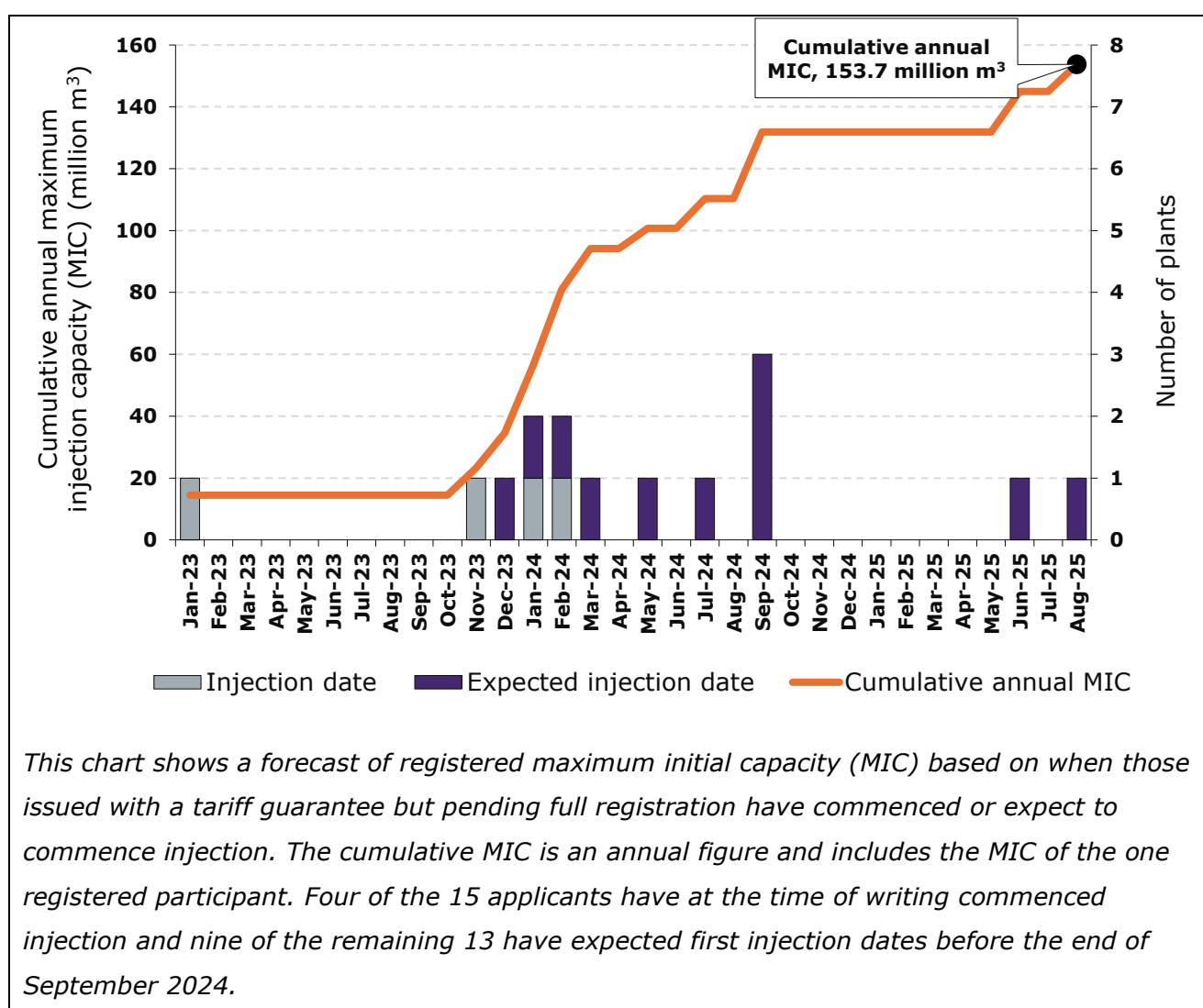
<sup>26</sup> To evidence 'financial close' applicants must demonstrate; i) that funds are available to cover the complete construction of the proposed project; and ii) that these funds are formally committed to the project.

<sup>27</sup> The date an applicant is entitled to receive payment from is the date their stage 3 registration application is 'properly made'. 'Properly made' means that we have received all the information from the applicant required to assess their stage 3 registration application.

their expected injection date or 31 March 2028 (whichever is earlier), to commence injection and submit their 'properly made' stage 3 application for registration. Therefore, the expected injection dates illustrated below may vary from their actual first injection dates. At the time of writing the applications with expected injection dates between December 2023 and May 2024 are within their 182-day grace period.

- 2.10 The expected maximum initial capacity (MIC)<sup>28</sup> of biomethane in relation to the 15 remaining tariff guarantees that have been issued is 148,482,000 m<sup>3</sup>. When combined with the one registered participant this gives a total MIC of 153,738,000 m<sup>3</sup>.

**Figure 2.2: Expected commencement of injection forecast**



<sup>28</sup> 'Maximum initial capacity' is defined in Regulation 4(17) and means the maximum volume of biomethane, expressed in cubic metres per year, which a biomethane producer is entitled to supply for injection under the 'network entry agreement' between the biomethane producer and the relevant network.

## Additional Capacity Applications

- 2.11 Scheme participants may also apply to register additional capacity on top of the MIC applicable to their initial registration. As additional capacity registered on the scheme will also utilise scheme budget, we check applications for additional capacity against the Application Budget cap.
- 2.12 As of 31 March 2024, 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 their MIC.

## Budget Allocation

- 2.13 The GGSS has an annual Application Budget cap, set by DESNZ. 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 available budget under the Application Budget cap. This ensures that there is available budget for them to register and receive payments under the scheme based on their estimated production.
- 2.14 Please see our scheme guidance and DESNZ document, 'GGSS - Budget Management'<sup>29</sup> for further details of the Application Budget cap.
- 2.15 **Figure 2.3** shows the budget available for each of the financial years in which applications may be made.<sup>30</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.

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<sup>29</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>30</sup> The GGSS regulations require that to join the scheme, participants must commence biomethane injection into the gas grid no later than 31 March 2028.

2.16 The figures in **Figure 2.3** were correct as of 31 March 2024. You can view the up-to-date budget figures on our website<sup>31</sup>.

**Figure 2.3: Budget allocation**

	Annual Application Budget Cap <sup>32</sup>	Budget allocated (TG applications received) <sup>33</sup>	Budget committed (TGs granted)	Remaining budget
<b>SY1</b> (2021 to 22)	£37,000,000	£233,938	£233,938	£36,766,062
<b>SY2</b> (2022 to 23)	£37,000,000	£2,598,348	£2,598,348	£34,401,652
<b>SY3</b> (2023 to 24)	£32,900,000	£13,832,946	£13,823,099	£19,067,054
<b>SY4</b> (2024 to 25)*	£88,200,000*	£48,771,010	£43,977,483	£39,428,990
<b>SY5</b> (2025 to 26)*	£132,200,000*	£67,040,606	£61,278,336	£65,159,394
<b>SY6</b> (2026 to 27)*	£160,700,000*	£73,743,326	£67,613,208	£86,956,674
<b>SY7</b> (2027 to 28)*	£172,300,000*	£77,199,009	£70,731,642	£95,100,991

\*DESNZ may revise budget caps on a quarterly basis. In December 2023, the Application Budget caps for SY4 and subsequent scheme years were revised. The revised Application Budget cap for Scheme Year 4 effective from 1 April 2024 is £51,700,000. The revised budget cap information is published on the DESNZ website<sup>34</sup>. Check the Application Budget Cap section of our website for updated information on remaining budget available for each scheme year<sup>35</sup>.

<sup>31</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>32</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>33</sup> Figures are based on live Tariff Guarantee (TG) applications, meaning any application that has been rejected and its 28 day right of review period has elapsed are not included.

<sup>34</sup> [GGSS Budget Caps for 2024-2025](https://www.gov.uk/government/publications/green-gas-support-scheme-budget-management/ggss-budget-caps-production-factors-and-inflation-forecasts-for-2024-2025) <<https://www.gov.uk/government/publications/green-gas-support-scheme-budget-management/ggss-budget-caps-production-factors-and-inflation-forecasts-for-2024-2025>>

<sup>35</sup> [Applicants: GGSS and GGL](https://www.ofgem.gov.uk/environmental-and-social-schemes/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/applicants>>

### 3. Registered scheme participants

This chapter provides information on registered scheme participants, biomethane injected, and support payments made.

- 3.1 The number of participants successfully registered on the GGSS stands at one. This has not changed since the end of Scheme Year 2.
- 3.2 As shown in **Figure 3.1** below, since the start of the scheme support payments of £1.09 million have been made based on 18,847,157 kWhth of eligible green gas being injected into the grid. However, these figures only account for injection that occurred up to the end of quarter two in Scheme Year 3 (September 2023). Data for injection that occurred during the rest of Scheme Year 3 is yet to be approved and paid.

**Figure 3.1: Registered scheme participants, biomethane production and payments**

	Scheme participants <sup>36</sup>	Biomethane produced (m <sup>3</sup> ) <sup>37</sup>	Eligible biomethane produced (kWhth) <sup>38</sup>	Number of payments made	Value of payments made <sup>39</sup>
<b>SY1</b> (2021 to 22)	0	0	0	0	£0
<b>SY2</b> (2022 to 23)	1	1,417,002	10,126,095	3	£557,947.81
<b>SY3</b> (2023 to 24)	1	1,018,220*	8,721,062*	2*	£531,112.69*
<b>Total</b>	<b>1</b>	<b>2,435,222*</b>	<b>18,847,157*</b>	<b>5*</b>	<b>£1,089,060.50*</b>

\*These figures are subject to change as data submissions covering quarters 3 and 4 of SY3 (October 2023 to March 2024) are yet to be approved and paid.

<sup>36</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>37</sup> The volume of gas injected into the grid in cubic meters (m<sup>3</sup>) – this is the volume of the 'C' term on page 65 of the GGSS Guidance and regulation 27(2).

<sup>38</sup> kWhth (kilowatt hours of heat). Eligible biomethane produced refers to the 'A' term defined in regulation 27(1) and is used for calculating the payment amount.

<sup>39</sup> Payments are based on the eligible biomethane (in kWh) participants inject into the gas grid and are reported against the period in which the biomethane was injected. The period the payment was made by Ofgem to the participant may differ to this.



## 4. The Green Gas Levy

This chapter provides an overview of the GGL and its operation during Scheme Year 3. This includes our work monitoring and enforcing supplier compliance.

- 4.1 DESNZ set the levy rate annually by 31 December and it is 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 quarterly in arrears. Where there are unused funds, they are carried over and considered alongside other variables resulting in adjustments to the levy rate in subsequent years.<sup>40</sup>
- 4.2 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>41</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.
- 4.3 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>42</sup>
- 4.4 Prior to a levy payment being due, obligated suppliers are required to have a sufficient level of credit cover<sup>43</sup> lodged. This helps ensure levy payments are collected in a timely manner and reduces the likelihood of a mutualisation<sup>44</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.<sup>45</sup>
- 4.5 Suppliers of at least 95% green gas can be exempted from paying the levy.<sup>46</sup> 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

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<sup>40</sup> Regulation 39 sets out the calculation for the levy rate

<sup>41</sup> Regulation 48

<sup>42</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>43</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>44</sup> For further information on mutualisation please refer to chapter 6 of our GGL guidance.

<sup>45</sup> Regulation 43

<sup>46</sup> Regulation 38

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.

- 4.6 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 biomethane certification scheme.<sup>47</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.

## The Energy Price Guarantee

- 4.7 As part of the government's Energy Price Guarantee there was a temporary removal of green levies from household bills from 1 October 2022. The GGL was still collected from obligated suppliers, but the costs were not passed onto consumers through their energy bills. Instead, the costs were met by government through general taxation. The Energy Price Guarantee ended for households without prepayment meters on 30 June 2023 and ended for all households on 31 March 2024.

## Scheme Suppliers and Levy Payments

- 4.8 **Figure 4.1** shows the number of obligated suppliers, the number of provisionally exempt suppliers, and the sum of levy payments made by suppliers under the scheme. The number of obligated suppliers can vary quarter to quarter depending on licence revocation and/or approval of gas supply licenses. At the time of writing, one supplier was determined to be provisionally exempt for 2023-24 with evidence to confirm their exemption for that year due to be submitted by 1 July 2024.

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<sup>47</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>>

4.9 In Scheme Year 3 levy payments of £21.32 million were collected. It should be noted that the formula<sup>48</sup> used by DESNZ to set each year's levy rate takes account of unused funds collected in previous years alongside other variables, resulting in the levy rate being adjusted accordingly.<sup>49</sup>

**Figure 4.1: Scheme suppliers and levy payments made**

	Number of scheme suppliers <sup>50</sup>	Number of provisionally exempt scheme suppliers	Number of active scheme suppliers <sup>51</sup>	Sum of the quarterly levy payments paid by scheme suppliers
<b>Q3 SY1</b> (Oct to Dec)	85	N/A	N/A	N/A
<b>Q4 SY1</b> (Jan to Mar)	98	1	N/A	N/A
<b>Q1 SY2</b> (Apr to Jun)	94	1	94	£14,582,036.61
<b>Q2 SY2</b> (Jul to Sep)	91	1	74	£13,011,589.23
<b>Q3 SY2</b> (Oct to Dec)	90	1	73	£13,170,270.55
<b>Q4 SY2</b> (Jan to Mar)	88	1	72	£13,189,985.89
<b>Q1 SY3</b> (Apr to Jun)	87	1	71	£12,923,645.02
<b>Q2 SY3</b> (Jul to Sep)	87	1	69	£2,772,493.66
<b>Q3 SY3</b> (Oct to Dec)	86	1	68	£2,807,610.56
<b>Q4 SY3</b> (Jan to Mar)	78	1	67	£2,813,594.32

<sup>48</sup> The levy rate formula is set out at Regulation 39(1)

<sup>49</sup> For further information on how DESNZ calculate the levy rate for each scheme year see their website [Green Gas Levy \(GGL\): rates and exemptions](https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions) <<https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions>> and in the [GGSS Regulations 2021 as amended](https://www.legislation.gov.uk/primary+secondary?title=green%20gas%20support%20scheme%20regulations) <<https://www.legislation.gov.uk/primary+secondary?title=green%20gas%20support%20scheme%20regulations>>

<sup>50</sup> A scheme supplier is a licensed gas supplier. The number shown includes all suppliers licensed at any point during the quarter. Therefore, the number licenced at the end of the quarter could be different.

<sup>51</sup> Active suppliers are those suppliers obligated to pay the levy in a given quarter. For more information on when scheme suppliers are not required to make levy payments, please refer to our GGL guidance.

## Supplier compliance.

- 4.10 As part of our role administering the GGL, we work to ensure that gas suppliers comply with their obligations. We take incidents of non-compliance extremely seriously and where suppliers fail to meet their obligations, we publish this information in our Supplier Performance Report (SPR)<sup>52</sup>. For non-compliances where a payment deadline has been missed, these are also published on the GGL default register<sup>53</sup>. Furthermore, for more serious or repeated incidents we formally engage with suppliers to understand their plans to improve and may ultimately take other compliance or enforcement action.<sup>54</sup>
- 4.11 We expect suppliers to be proactive in their engagement with the scheme. They should use the guidance available to co-ordinate their activities and ensure that they comply in full with their obligations, including meeting scheme deadlines. We expect suppliers to do this without need for proactive prompting from us and will have a low tolerance for those that fail to do this.
- 4.12 As summarised in **Figure 4.2** there were 21 incidents of non-compliance recorded in Scheme Year 3. Nineteen of these were statutory non-compliances<sup>55</sup> and two were administrative non-compliances<sup>56</sup>.
- 4.13 **Figure 4.3** details individual non-compliances by supplier.

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<sup>52</sup> [Supplier Performance Report](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>

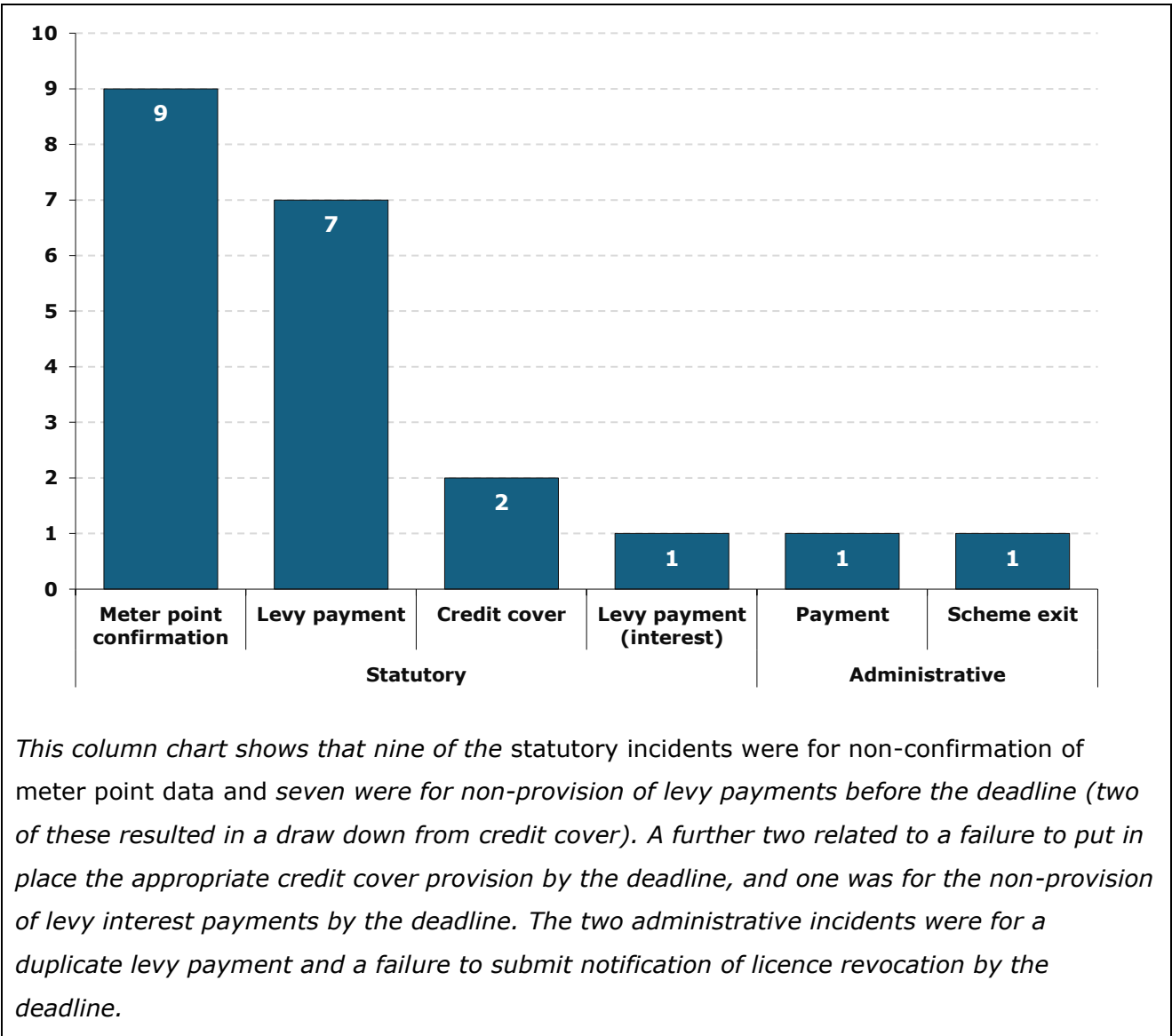
<sup>53</sup> [GGL default register](https://www.ofgem.gov.uk/publications/green-gas-levy-default-register): <<https://www.ofgem.gov.uk/publications/green-gas-levy-default-register>>

<sup>54</sup> The enforcement action we can take is set out in part 10 of the Regulations

<sup>55</sup> Statutory non-compliance refers to an incident where a supplier has failed to comply with a requirement in scheme legislation.

<sup>56</sup> Administrative non-compliance refers to an incident where a supplier has failed to comply with a requirement set by Ofgem.

**Figure 4.2: GGL Scheme Year 3 non-compliances**





**Figure 4.3: GGL Scheme Year 3 non-compliances - by supplier**

Supplier	Type	Statutory/ Administrative	Non-compliance	Incidents
<b>Delta Gas and Power</b>	Payment	Statutory	Failure to provide levy payment before the deadline so credit cover was draw down	1
<b>Delta Gas and Power</b>	Payment	Statutory	Failure to provide levy payment before the deadline	1
<b>Economy Gas Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>ENGIE Gas Ltd</b>	Payment	Statutory	Failure to provide levy payment before the deadline	1
<b>Flogas Enterprise Solutions Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>Gas Plus Supply Ltd</b>	Payment	Statutory	Failure to put in place Credit Cover by the deadline	1
<b>Good Energy Gas Ltd</b>	Payment	Administrative	Provided a duplicate levy payment	1
<b>I.A.Z.F.S. Ltd</b>	Scheme exit	Administrative	Failure to submit notification of licence revocation by the deadline	1
<b>Ovo Gas Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>Pozitive Energy Ltd</b>	Payment	Statutory	Failure to provide levy payment before the deadline	1
<b>SEFE Energy Ltd</b>	Payment	Statutory	Failure to provide levy payment before the deadline	1
<b>SEFE Energy Ltd</b>	Payment	Statutory	Failure to provide late payment interest in respect of late levy payment before the deadline	1
<b>Shell Energy Retail Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>SO Energy Ltd</b>	Payment	Statutory	Failure to provide levy payment before the deadline	1
<b>Square 1 Energy Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>Total Energies Gas and Power Ltd</b>	Payment	Statutory	Failure to put in place Credit Cover by the deadline	1

Supplier	Type	Statutory/ Administrative	Non-compliance	Incidents
<b>United Gas &amp; Power Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>Utilita Energy</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>Valda Energy Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1
<b>YU Energy Ltd</b>	Payment	Statutory	Failure to provide levy payment before the deadline so credit cover was draw down	1
<b>YU Energy Ltd</b>	Data	Statutory	Failure to submit Meter point data confirmation by the deadline	1

4.14 Supplier non-compliances can cause delays for scheme administration and requires additional Ofgem resource to address poor supplier engagement. However, no mutualisation exercises were required due to these non-compliances in Scheme Year 3, as any missed levy payments were subsequently covered shortly after the deadline and late payment interest calculated and paid. This meant that there was no shortfall in collection of the levy during Scheme Year 3.

## Areas for improvement

4.15 Reflecting on our engagement with suppliers on the scheme, we have identified several areas where issues have occurred. We engage with suppliers to provide feedback and expect suppliers to take note of this advice which will help prevent potential non-compliance and aid smooth scheme administration. As an example, two of the areas on which suppliers have been provided feedback are set out below.

### 4.16 Standby Letters of Credit (SBLC)

- We note examples of licensees sending us SBLC's that do not comply with the Regulations or requirements set out in the GGL Guidance for Suppliers, such as not being sent to us by the authorised signatory, and at times of the year where an amendment would not be considered. Ofgem will not, under any circumstances, consider an amendment request outside of the schedule, or one that does not adhere to our requirements.

#### 4.17 **Meter Point Data Submissions**

- We have seen several examples of licensees failing to confirm their meter point data. It is the licensees' obligation to confirm the meter point data provided by Xoserve when requested to do so via the GGL portal. It is important that this is done so that the correct levy payment can be calculated. It should be noted that even if the meter point data suggests that the levy payment due from a supplier will be equal to or below the new de minimis threshold set by DESNZ, this confirmation is still required.

## 5. Our administration

This chapter provides additional detail on our administration of the scheme during Scheme Year 3.

- 5.1 This chapter provides further information on certain aspects of our administration not covered elsewhere in this report.

### Stakeholder engagement

- 5.2 As administrators of the GGSS scheme, engagement with key stakeholders has been critical. Ensuring that scheme participants and potential applicants are aware of key scheme updates, such as the outcome of DESNZ's mid-scheme review and compliance-related insights, is vital to the effective and robust operation of the GGSS scheme.
- 5.3 To do this effectively, we carry out a wide range of activities with organisations and individuals representing scheme participants and scheme users. We meet them in a diverse range of settings, from board-level meetings and roundtables to conferences and other events. This allows for regular, detailed dialogue to take place between Ofgem and our external stakeholders.
- 5.4 We have a quarterly stakeholder forum for the GGSS where we regularly work with groups interested in the scheme, share information and listen to their feedback. This ensures that we are not making administrative decisions in isolation, but with expert input from groups with a wide range of perspectives.

### Document publications

- 5.5 During 2023 to 2024 we published two updates to GGL scheme guidance providing additional guidance and clarification including in relation to:
- Provision of credit cover and specifically a new process relating to an aspect of this (published in June 2023).
  - Regulation changes which came into effect in December 2023. These included introduction of a de minimis on levy payments and other specific payments, effective from 1 April 2024. This means that where for example a levy payment due is at or below the de minimis level it will not need to be paid. (published in December 2023).

[The Green Gas Levy guidance](#)

*<<https://www.ofgem.gov.uk/publications/green-gas-levy-guidance>>*

- 5.6 We also published an administrative timetable for 2024 to 2025 (the 'annual scheme schedule').

[Green Gas Levy Annual Scheme Schedule for April 2024 to March 2025](#)

*<<https://www.ofgem.gov.uk/publications/green-gas-levy-annual-scheme-schedule-april-2024-march-2025>>*

- 5.7 In addition to these publications we also updated the default register with supplier non-compliances on four occasions.

[The Green Gas Levy default register](#)

*<<https://www.ofgem.gov.uk/publications/green-gas-levy-default-register>>*

## 6. Looking forward

This chapter provides information on changes due to take place on the scheme, alongside other information affecting the broader policy landscape.

- 6.1 As the existing and forthcoming GGSS producers commission their anaerobic digestion plants and ramp up their injection of eligible biomethane, payments to producers will increase, further supporting the biomethane industry as a component in the Government's net zero strategy.
- 6.2 Last year, DESNZ consulted with stakeholders seeking input on a range of proposals as part of the scheduled GGSS mid-scheme review. Following this, their response<sup>57</sup> confirmed the decision to:
- Extend the scheme closure date for applications from 30 November 2025 to 31 March 2028
  - Adjust deductions of heat from registered heat pumps in calculations for payments.
- 6.3 The regulations for these changes were laid on 15 May 2024,<sup>58</sup> and came into effect on 4 June 2024. We have published guidance to reflect these changes and have made some changes to our processes and the GGSS Portal to enable us to implement them effectively.
- 6.4 In February 2024, DESNZ published a call for evidence<sup>59</sup> which summarised their initial thinking on a future policy framework to support biomethane after the GGSS closes for applications. This sought evidence to inform future policy development ahead of a future consultation. The call for evidence closed on 25 April 2024.
- 6.5 Regulation changes came into effect in December 2023 in relation to the GGL. One of the changes introduced a de minimis threshold for certain GGL payment obligations, which are applicable from the financial year 2024 to 2025. If levy payments and other

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<sup>57</sup> [Green Gas Support Scheme Mid-Scheme Review: government response](https://assets.publishing.service.gov.uk/media/65b24b32f2718c0014fb1d61/ggss-mid-scheme-review-government-response.pdf)  
<<https://assets.publishing.service.gov.uk/media/65b24b32f2718c0014fb1d61/ggss-mid-scheme-review-government-response.pdf>>

<sup>58</sup> [The Green Gas Support Scheme \(Amendment\) Regulations 2024](https://www.legislation.gov.uk/uksi/2024/642/pdfs/ukxi_20240642_en.pdf)  
<[https://www.legislation.gov.uk/uksi/2024/642/pdfs/ukxi\\_20240642\\_en.pdf](https://www.legislation.gov.uk/uksi/2024/642/pdfs/ukxi_20240642_en.pdf)>

<sup>59</sup> [Future policy framework for biomethane production: call for evidence](https://www.gov.uk/government/calls-for-evidence/future-policy-framework-for-biomethane-production-call-for-evidence)  
<<https://www.gov.uk/government/calls-for-evidence/future-policy-framework-for-biomethane-production-call-for-evidence>>

payments, as listed within the de minimis regulation<sup>60</sup>, are at or below the level of the threshold, suppliers are not required to pay them. This will help to improve efficiencies for both suppliers and Ofgem by removing the need for action to be taken for lower value payments at or below the de minimis threshold which would otherwise be due. DESNZ will publish the de minimis threshold each year and the first threshold has been set at £50 for 2024 to 2025.<sup>61</sup>

- 6.6 Our audit strategy includes a plan to audit all GGSS installations within the first year of their GGSS registration and this has been completed for the first registered participant. This allows us to check and verify the information provided during the application process. Any issues identified can then be addressed early in an installation's support period and if more serious issues are identified these can be dealt with using the powers available to us through GGSS legislation.<sup>62</sup> All registered scheme participants can expect to be contacted within this timescale.

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<sup>60</sup> See our GGL guidance paragraph 9.4 and regulation 43A(2) and (3) for an exhaustive list of which payments the de minimis applies to.

<sup>61</sup> [Green Gas Levy \(GGL\): rates, underlying variables, mutualisation threshold and de minimis for the 2024-2025 financial year](https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/green-gas-levy-ggl-rates-underlying-variables-mutualisation-threshold-and-de-minimis-for-the-2024-2025-financial-year#:~:text=The%20de%20minimis%20for%20a,2024%2D2025%20is%20%C2%A350.>) <<https://www.gov.uk/government/publications/green-gas-levy-ggl-rates-and-exemptions/green-gas-levy-ggl-rates-underlying-variables-mutualisation-threshold-and-de-minimis-for-the-2024-2025-financial-year#:~:text=The%20de%20minimis%20for%20a,2024%2D2025%20is%20%C2%A350.>>

<sup>62</sup> The enforcement action we can take is set out in part 10 of the Regulations:



## Appendix 1 – Mandatory reporting

Regulation 65(4) of the Green Gas Support Scheme Regulations 2021 (as amended) sets out the mandatory information that must be included in this annual report. Accordingly for the scheme year covered by the report, and the period beginning with 30 November 2021 and ending with the start of that scheme year, these reporting requirements are set out below:

	<b>Mandatory requirement</b>	<b>From: 30 Nov 2021 To: 31 Mar 2023</b>	<b>From: 1 Apr 2023 To: 31 Mar 2024</b>
<b>1</b>	<b>65(4) a)</b> the number of participants	Participants as of 31 March 2023 = <b>1</b>	Participants as of 31 March 2024 = <b>1</b>
<b>2</b>	<b>65(4) b)</b> the volume of biomethane produced for injection by those participants, including any additional biomethane in respect of which those participants are registered	<b>1,417,002 m<sup>3</sup></b>	<b>1,018,220 m<sup>3</sup>*</b> <i>* This figure is subject to change as data submissions covering quarters 3 and 4 of SY3 (October 2023 to March 2024) are yet to be approved and paid.</i>
<b>3</b>	<b>65(4) c)</b> the total number and value of periodic support payments made in respect of that biomethane	Number of payments = <b>3</b> Value of payments = <b>£557,947.81</b>	Number of payments = <b>2*</b> Value of payments = <b>£531,112.69*</b> <i>* These figures are subject to change as data submissions covering quarters 3 and 4 of SY3 (October 2023 to March 2024) are yet to be approved and paid.</i>
<b>4</b>	<b>65(4) d)</b> the number of scheme suppliers and, of those, the number who are provisionally exempt scheme suppliers	Scheme suppliers as of 31 March 2023 = <b>88</b> Provisionally exempt scheme suppliers = <b>1</b>	Scheme suppliers as of 31 March 2024 = <b>78</b> Provisionally exempt scheme suppliers = <b>1</b>
<b>5</b>	<b>65(4) e)</b> the sum of the quarterly levy payments paid by those scheme suppliers	<b>£53,953,882.28</b>	<b>£21,317,343.56</b>

<b>Mandatory requirement</b>		<b>From: 30 Nov 2021 To: 31 Mar 2023</b>	<b>From: 1 Apr 2023 To: 31 Mar 2024</b>
<b>6</b>	<b>65(4) f)</b> the number of occurrences of—		
	i. any scheme supplier failing to pay—	<b>0</b>	<b>0</b>
	(aa) a quarterly levy payment,		
	(bb) a levy credit payment	<b>0</b>	<b>0</b>
	(cc) a payment of additional credit cover	<b>0</b>	<b>0</b>
	(dd) a mutualisation payment	<b>0</b>	<b>0</b>
	ii. any scheme supplier making a payment after the due date, and the average number of days by which such payments were delayed.	<b>4 (avg. 2.25 days late)</b>	<b>7 (avg. 1 day late)</b>
	(aa) a quarterly levy payment		
	(bb) a levy credit payment	<b>6 (avg. 2 days late)</b>	<b>2 (avg. 1 day late)</b>
	(cc) a payment of additional credit cover	<b>0</b>	<b>0</b>
	(dd) a mutualisation payment	<b>0</b>	<b>0</b>
	iii. the Authority		
	(aa) drawing down credit cover in accordance with regulation 55	<b>0</b>	<b>2</b>
	(bb) carrying out a mutualisation process	<b>0</b>	<b>0</b>

## Appendix 2 - Associated links

- The Green Gas Support Scheme Regulations 2021 can be viewed on the [legislation.gov.uk](https://www.legislation.gov.uk) website:

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

<<https://www.legislation.gov.uk/uksi/2021/1335/contents/made>>

- Guidance documents on the GGSS can be viewed on the Ofgem website:

[Ofgem's GGSS guidance:](https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance)

<<https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance>>

- Guidance documents on the GGL scheme can be viewed on the Ofgem website:

[Ofgem's GGL guidance:](https://www.ofgem.gov.uk/publications/green-gas-levy-guidance)

<<https://www.ofgem.gov.uk/publications/green-gas-levy-guidance>>

- More information on the GGSS & GGL can be found by using the link to the Ofgem website below:

[Information about the GGSS and GGL schemes:](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>>

- The Department Energy Security & Net Zero (DESNZ) is responsible for the GGSS and GGL policy:

[DESNZ's webpage on the GGSS & GGL scheme:](https://www.gov.uk/government/publications/green-gas-support-scheme-ggss)

<<https://www.gov.uk/government/publications/green-gas-support-scheme-ggss>>

- The Future Support for Low Carbon Heat consultation response outlining the policy aims of the GGSS and GGL schemes is available below:

[Future Support for Low Carbon Heat & The Green Gas Levy](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/970565/green-gas-levy-future-support-low-carbon-heat-govt-response.pdf)

<[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/970565/green-gas-levy-future-support-low-carbon-heat-govt-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/970565/green-gas-levy-future-support-low-carbon-heat-govt-response.pdf)>

- The mid-scheme review consultation response, detailing DESNZ's policy decisions following the review is available below:

[Green Gas Support Scheme: mid-scheme review](https://www.gov.uk/government/consultations/green-gas-support-scheme-mid-scheme-review)

<<https://www.gov.uk/government/consultations/green-gas-support-scheme-mid-scheme-review>>

## Appendix 3 – Glossary<sup>63</sup>

### A

**Anaerobic digestion (AD)** – A natural process in which micro-organisms break down organic matter (e.g. animal manure or waste food) within an oxygen-free environment. This produces biogas which can then be ‘upgraded’, which removes contaminants to produce biomethane.

**Application Budget cap** - DESNZ operates an Application Budget cap against which applications to the scheme are checked to ensure that there is available budget for them to register and receive payments under the scheme based on their estimated production.

### B

**Biomethane** – Biomethane is a gas (biogas) produced from organic matter through anaerobic digestion and then purified.

### C

**Credit cover** – Credit cover means the amount provided by scheme suppliers in the form of cash credit cover and/or a valid letter of credit. The purpose of credit cover is to ensure that levy payments are collected in a timely manner, thereby reducing the likelihood of mutualisation events being required. If a supplier fails to meet their quarterly levy obligations by the relevant due date, Ofgem must draw down on their credit cover.

### D

**The Department for Energy Security & Net Zero (DESNZ)** – DESNZ is responsible for the GGSS and GGL policy, scheme regulations, scheme budget and any promotion of the scheme.

### E

**Energy Price Guarantee** – Designed to reduce the impact of energy price rises, the Energy Price Guarantee sets a maximum price domestic consumers will pay for their electricity and gas.

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<sup>63</sup> Many of the terms included in this glossary are defined in the Regulations and those definitions should be consulted for their legal meaning for the purposes of the Regulations.

## G

**GEMA** – The Gas and Electricity Markets Authority (GEMA) (the Authority) is the statutory body responsible for administering the GGSS in Great Britain (GB). The Authority's day-to-day functions are performed by Ofgem, the office of the Authority.

**Green Gas** - Green gases are renewable and low carbon gases that can be used in place of fossil fuels, reducing associated carbon emissions in the heat sector. For the purpose of the GGSS, green gas is biomethane produced by anaerobic digestion of organic matter in an oxygen-free environment.

**Green Gas Levy (GGL)** – The GGL funds the Green Gas Support Scheme (GGSS) by placing obligations on all licensed fossil fuel gas suppliers in Great Britain to pay a levy. Suppliers who supply 95% or more certified biomethane within a scheme year may be exempt from some requirements of the levy.

**Green Gas Levy (GGL) default register** – The default register is a register of supplier non-compliances published on our website. If a scheme supplier fails to meet certain obligations by the deadline, we are required to publish this information on the GGL default register.

**Green Gas Support Scheme (GGSS)** – The Green Gas Support Scheme (GGSS) provides tariff-support for biomethane produced via anaerobic digestion and injected into the gas grid. Producers will receive tariff payments for a 15-year lifetime. The scheme is open to new applicants in England, Scotland and Wales until 31 March 2028.

## L

**Levy exemption** - There is an exemption from the GGL for gas suppliers that can evidence that they have provided at least 95% biomethane using green gas certificates from a recognised certification scheme.

**Levy payment** – The Green Gas Levy (GGL) places an obligation on all licensed fossil fuel gas suppliers in Great Britain (except those provisionally exempt) to pay a quarterly levy. These levy payments will be used to fund payments made for eligible biomethane injection into the gas grid through the Green Gas Support Scheme (GGSS). Suppliers are required to meet their quarterly levy obligation by making a quarterly payment by the relevant dates specified in the scheme timetable. The quarterly levy payment is calculated using meter point data and the levy rate.

**Levy rate** – The levy rate is a factor used to determine suppliers' quarterly payment in conjunction with total meter point days data. The Secretary of State calculates and publishes the levy rate expressed in pence per meter point per day on a yearly basis. Ofgem then uses the levy rate to calculate credit cover requirements and quarterly levy payments payable by scheme suppliers.

## M

**Maximum initial capacity** - means the maximum volume of biomethane, expressed in cubic metres per year, which a biomethane producer is entitled to supply for injection under the 'network entry agreement' between the biomethane producer and the relevant network.

**Meter point** – Meter point refers to an individual gas meter supply point.

**Mutualisation** – A process where suppliers, who have met their levy obligation, are required to pay an additional sum to cover any shortfall caused by supplier(s) failing to make a levy payment and having insufficient credit cover in place to cover the full payment obligation.

## P

**Periodic data** – Periodic data refers to the quarterly submissions made by registered participants, used to determine the volume of biomethane eligible for payments.

**Provisionally exempt supplier** – Provisionally exempt suppliers are those licensed suppliers who Ofgem has determined are likely to supply at least 95% certified biomethane in the next scheme year, based on evidence submitted by those suppliers. Provisionally exempt suppliers will not be required to make levy payments or lodge credit cover for that scheme year and will not be required to comply with several other scheme requirements. 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.

## S

**Supplier Performance Report (SPR)** – The Supplier Performance Report (SPR) documents incidents where energy suppliers have not complied with their obligations under the environmental, energy efficiency and social programmes Ofgem administers on behalf of the Government. Non-compliances on the GGL are published in the SPR every six months on our website.

## T

**Tariff Guarantee** – Tariff guarantees are a compulsory part of applying to the GGSS. They are designed to provide increased certainty to developers and investors, by allowing prospective participants to secure a tariff rate before their installation is commissioned and fully registered on the scheme.