

Green Gas Certification Scheme (GGCS) response to Ofgem's Default Tariff Cap: Statutory Consultation

October 2018

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Introduction

The Green Gas Certification Scheme (GGCS) welcomes the opportunity to respond to Ofgem's consultation on plans to introduce a default supply tariff cap for domestic energy consumers.

We support Ofgem's change from its May 2018 consultation, which had proposed no exemptions or derogations for renewable gas tariffs, to the position now adopted in this paper, where a provision for suppliers to apply for a derogation will be made available.

The GGCS note that Ofgem's Overview document states:

"5.11. The supplier must also be able to provide clearly defined and robust evidence that it has met the derogation criteria, and that this evidence is able to be monitored on an ongoing basis."

And Appendix 10 to the consultation states:

"2.46.... We also noted that:

- there was no equivalent of the REGOs scheme that exists in electricity, which we could use to monitor the provenance of a gas supplier's fuel mix. We are aware of at least one industry-led certification scheme that mimics the REGO scheme, but we did not consider this sufficiently comprehensive and transparent.*

2.47. We noted that to consider an exemption for gas we would need an independent and comprehensive scheme that validates the supplier's purchase of renewable gas to base the assessment on. Our view was that, given the default tariff cap is temporary, it would not be proportionate to design and implement a new scheme for the purposes of the default tariff cap."

We believe the GGCS registry, which tracks biomethane, or 'green gas', through the supply chain to provide certainty for those that buy it, is in fact "sufficiently

comprehensive and transparent” as to meet Ofgem’s requirement.

This response will provide:

- Further background to the GGCS
- The system which we operate
- And the increasing importance of the scheme as government support for the biomethane to grid sector falls away from 2020 onwards.

Background to the GGCS

The government has helped drive growth of the biomethane to grid sector through the Renewable Heat incentive (RHI), providing support to renewable gas producers for each kWh of qualifying biomethane that is injected into the gas grid. However, apart from measuring the amount of green gas injected into the gas grid, the government is not duly concerned to how individuals or organisations who want to purchase renewable gas might be able to do so, or how the supply of renewable gas could be used as part of a company’s carbon reduction strategy.

There is no process in place in the UK for renewable gas as there is for renewable electricity, where one REGO certificate is issued to generators per MWh of qualifying renewable electricity generated. The provision of REGOs has allowed new products and services to emerge, allowing customers to take steps to purchase renewable power as part of their energy needs: it has also provided greater insight into renewables and their role in combatting climate change, as can be evidenced by the public’s strong support for renewable energy in the government’s quarterly ‘Energy and Climate Change Public Attitudes Tracker’¹. Many organisations have now adopted targets to increase their use of renewable power (such as the RE100 initiative); companies have also entered into contracts to directly source renewable electricity supplies from generators through long term PPAs, to investing in their own renewable generation systems onsite. All this activity has come about in the past decade through better awareness of renewable energy - however virtually all of this has been focused on renewable power: the GGCS believes there are similar opportunities around renewable gas: however consumer knowledge that such a product exists is low at the present time. Green gas certificates provide a key route for alerting consumers to fact that renewable gas supplies are now available.

The GGCS was established in 2010 as a not-for-profit industry-led scheme to support the development of this new green gas market. Since that first project was commissioned, supported through the Government’s Renewable Heat Incentive (RHI), the UK has seen significant growth in the UK BtG sector. It is anticipated by the end of 2018 there will be close to 100 schemes in place across the UK, generating biogas in anaerobic digestion (AD) facilities, upgrading this to grid quality standard (biomethane) before injecting these supplies into the gas grid.

¹ Energy and Climate Change Public Attitudes Tracker, BEIS

UK biomethane to grid capacity is around 4TWh per year. Though there has been appreciable growth in the sector since 2012, this capacity of green gas produced remains small compared to overall total national gas consumption – less than 1%.

The GGCS now has 50 biomethane to grid producer sites as members with a total production capacity of 3 TWh per annum, representing around 75% of biomethane injected in the UK to date.

The GGCS is also in discussion with alternative renewable gas producers, bringing forward options such as biopropane, BioSNG (substitute natural gas), renewable power to gas (P2G) systems, and renewable hydrogen. Industry estimates by the Energy Networks Association (ENA), National Grid and Cadent, all point to a significant potential for such gases to replace fossil gas over the period to 2050, with the Cadent study² suggesting between 68 – 183 TWh of renewable gas production by 2050.

In the longer term, the Clean Growth Strategy has set out that the Government wishes to *“Reform the RHI to focus the scheme towards long-term decarbonisation through greater uptake of technologies such as heat pumps and bio methane (biogas to grid)”*³ and decarbonising the gas grid is now seen as fundamental element of the UK achieving its 2050 carbon reduction goals. However, of key concern to the sector is that no Government support mechanism is in place to support new BtG projects beyond April 2021, when the RHI is set to end, and the government has signaled that no new renewable energy support systems will be in place until at least 2025.

Green Gas Tariffs

Until 2016, renewable *energy* tariffs available to domestic customers were in reality only renewable *electricity* tariffs. Biomethane to grid (BtG) schemes are a relatively new technology to the UK market, with the first project only coming online in 2012. Until that time the UK gas grid had no renewable gas flowing within its network.

The GGCS and green gas tariffs are now actively supporting consumer demand for renewable gas supplies. Renewable electricity supplies are now a common choice today for businesses and residential customers, and this market ‘pull’ for green electricity has led to significant action by companies wishing to green their business operations, most recently seen in the pledge by leading corporations committing to 100% renewable electricity supplies through the RE100 commitment⁴.

The GGCS anticipates similar actions will take place amongst energy consumers as awareness of the green gas sector grows and as supplies of renewable gas increases. This can already be seen in a number of other EU Member States in which BtG projects are more mature, where highly successful green gas certificate programmes

² Renewable gas potential in the UK, Cadent, October 2017

³ page 132, The Clean Growth Strategy, BEIS, 2017

⁴ <https://www.theclimategroup.org/RE100>

have been in active for several years, and have created precisely this increased awareness and 'consumer pull'. Currently biomethane is produced in 15 EU Member States and injected into the natural gas grid in most of them, and green gas certificate programmes operate in Germany, the Netherlands and Denmark amongst others.

Impeding the ability for consumers to source green gas supplies will not only risk impacting consumer awareness of renewable gas, but also at a time where the policy framework for the BtG sector beyond 2021 is still unknown, will potentially reduce opportunities for new projects to come forward.

The GGCS Register

A Comprehensive Scheme

The GGCS issues Renewable Gas Guarantees of Origin (RGGO) for units of green gas at its point of injection into the distribution grid. RGGOs are securely transferred between scheme participants and retired when allocated to a gas consumer.

As such any Green Gas Certificate listing retired RGGOs can be linked to a specific biomethane injection and all parties concerned can be assured that no double counting has taken place.

An Independent and Robust Scheme

The GGCS is administered by Renewable Energy Assurance Limited (REAL), which is an independent, not-for-profit organization, which also runs a number of other schemes which have widespread recognition in the environmental sector, including by government departments and regulators. These include;

- The Renewable Energy Consumer Code (RECC), the largest and most established code protecting customers purchasing renewable energy systems. The Code is recognised within the RHI Regulations on assignment of rights and is Chartered Trading Standards Institute approved.
- The Bio-fertiliser Certification Scheme and Compost Certification Scheme which are the only independent schemes in the UK which provide assessment of conformance with the national end of waste criteria set by the Environment Agency.

Governance of the GGCS is based on our Scheme Rules which are publically available on the GGCS website⁵ and via the contracts signed with Scheme Participants, example of which are provided as appendices to this submission.

The operation of the Scheme is conducted according out our Management System which sets out policies on whistle blowing, conflicts of interest and complaints by

⁵ <https://www.greengas.org.uk/governance/scheme-rules>

members and consumers.

Oversight of the Scheme is provided by the REAL company board⁶, an Oversight Panel composed of our members which meets twice a year, and a Compliance Committee which meets quarterly.

The Oversight Panel is open to external stakeholders and Ofgem staff have attended in the past: both the Oversight Panel and the Compliance Committee are chaired by people who are independent of the Scheme. These positions are currently held by:

- Gaynor Hartnell – former REA Chief Executive with over 20 years of experience in the renewable energy sector
- Pamela Taylor – formerly the Head of Enforcement and Chair of the Enforcement Oversight Board at Ofgem.

Market Recognition

The GGCS is a robust and proven system for tracking the injection and sales of renewable gas into the gas grid.

All major UK gas suppliers are now using the scheme⁷ to offer green gas to domestic and non-domestic consumers and our Certificates have been shown to meet the Quality Criteria of the GHG Protocol, the global standard in greenhouse gas emissions' reporting⁸.

Well known companies purchase Certificates issued by the GGCS including Sainsbury's, Landsec, Unliever, Kingspan, and John Lewis Partnership⁹, and have their green gas claims audited by external parties such as the Carbon Trust¹⁰. In addition, a broad range of NGOs, public bodies and SMEs are using the GGCS to evidence their green gas use.

Third-Party Auditing

We have recently been audited by EnviroSense¹¹, a respected consultancy who carry out a large number of engagements related to compliance with the requirements of the non-domestic RHI, the Renewable Obligation and the Feed-in-Tariff. The audit was conducted using the ISAE 3000 standard for non - financial reporting, which is widely used within the non-domestic RHI. The audit report is currently in draft form awaiting publication however we are confident that it will confirm that we are following the processes set out in our Scheme Rules and that double counting is not occurring with our system. We would be happy to share this report with Ofgem when finalised.

⁶ <https://beta.companieshouse.gov.uk/company/05720606/officers>

⁷ A list of our members is on our website here - <https://www.greengas.org.uk/certificates/for-sale>

⁸ See *Renewable gas market makes major breakthrough*, GGCS Press Release, 19 September 2016

⁹ <https://www.greengas.org.uk/news/more-companies-report-green-gas-use>

¹⁰ See *Renewable gas market makes major breakthrough*, GGCS Press Release, 19 September 2016

¹¹ <https://www.envirosenselimited.co.uk/>

We will be conducting a third party audit on an annual basis and would be happy to ensure that the format addressed any specific areas of Ofgem's interest and to carry out any *ad hoc* auditing required in the meantime.

A robust system for issuing RGGOs

The GGCS issue RGGOs based on evidence that a RHI support payment has been paid by Ofgem for those kWh of biomethane injected into the gas network. This evidence is verified by third parties during the non-domestic RHI auditing process.

A secure platform for transfer of RGGOs between parties

In seven years of operation the GGCS has not suffered from any security breaches or corruption of our database. All transactions are securely recorded with full traceability between RGGO issuance and retirement.

Safeguards against allocation RGGOs to more than two parties

When RGGOs are sold to gas consumers, such as a group of households on a green gas tariff, they are retired and no longer available to be sold to any other party.

A certificate that names the gas consumer is generated and can be validated on the GGCS website.¹²

Conformity with EN 16325 Standard related to Guarantees of Origin (GO) for energy

While EN 16325 is related to GOs for renewable electricity it is in the process of being revised to incorporate renewable gas and the GGCS believes that we will conform with the principles it sets out.

Green Gas Tariffs

The GGCS has 11 members who are offering domestic green gas tariffs and we believe that this represents around 400,000 households on such tariffs. They range in their offers between matching between 6% and 100% of gas supplied to RGGOs retired and listed on Green Gas Certificates.

These suppliers are;

- Bulb
- Good Energy
- Tonik
- Green Energy UK
- Bristol Energy
- Cooperative Energy
- ENGIE
- EON
- Npower
- Ovo

¹² <https://www.greengas.org.uk/certificates/validate>

- Solarplicity

The consultation notes that to receive a derogation the supplier should incur a “*materially higher costs due to the renewable element of the tariff.*” To date these suppliers had retired over 700GWh of RGGOs to their customers representing an approximate spend of £1,400,000. Much of this quantity has occurred during 2018 as there has been a significant increase in the number of tariffs on offer and the number of households involved.

At least one of these suppliers has included their green gas tariff within their fuel mix disclosure process, and the RGGOs were assessed to be suitable evidence of green gas supply.

RGGOs prices.

RGGOs are generally traded by MWh and while prices vary according to feedstock types and certificate vintages it can be assumed that a biomethane producer will typically receive £2/MWh from their sale. A supplier offering a green gas tariff may purchase RGGOs directly from a producer or via an intermediary in which case a mark-up will be added to the cost incurred.

As an average household uses around 12,000kWh of gas¹³, compared to 3,100 kWh of electricity, the cost to the supplier of offering a green gas tariff can be significantly more than a green electricity tariff.

The market has shortened considerably during 2018 which is pushing up prices. A supplier entering into forward contract with a supplier could be paying around £3/MWh¹⁴. At this price a supplier would incur a cost of over £30 per household on a 100% green gas tariff.

Recognition by Government

The Bus Service Operators Grant (BSOG) administered by the Department for Transport has been recognising Green Gas Certificates issued by the GGCS for the past three years.¹⁵

We have been in ongoing discussion with the Department for Transport (DfT) Renewable Transport Fuel Obligation unit about the use of the Scheme to evidence the supply of biomethane into vehicles.

¹³ <https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values>

¹⁴ The GGCS operates an over the counter trading platform and there is no formal price reporting. Information on prices is gathered informally from members.

¹⁵ <https://www.greengas.org.uk/news/transport-scotland-confirm-role-for-green-gas-certificates-in-low-carbon-emission-bus-lceb-scheme>

Conclusion

The GGCS believe that the system we operate is “sufficiently comprehensive and transparent” as to meet Ofgem’s requirement, and would be happy to provide further information, or a presentation on the system to Ofgem.

We also believe that a certification route to allow consumers to source supplies of green gas will be of increasing importance to the future of all forms of grid-injected renewable gas as the government’s renewable support mechanisms close.

For further information please contact Jesse Scharf, GGCS Scheme Manager (jscharf@greengas.org.uk), or Syed Ahmed GGCS Policy Advisor (sahmed@greengas.org.uk)

Following

Appendix 1: GGCS Producer Letter of Agreement

Appendix 2: GGCS Supplier Letter of Agreement

Appendix 1: GGCS Producer Letter of Agreement



80 The Strand,
London, WC2R 0DT

[Participant]
[Address]

Date

Dear Sirs,

Agreement between Renewable Energy Assurance Limited (REAL) and [●] recording terms of [●'s] participation in the Green Gas Certification Scheme (the Scheme).

The purpose of the Scheme is to allocate a unique Renewable Gas Guarantee of Origin (RGGO) for each kWh of Green Gas injected to the Gas Distribution Network, and to transfer those RGGOs through the supply chain to End-use Consumers, thereby precluding double selling and eliminating misleading claims from the marketplace.

[●] (the **Producer**) has elected and agreed to participate in the Scheme, and REAL has agreed to undertake the role of **Scheme Administrator** for the Scheme, in accordance with the terms set out in this letter agreement.

1 Definitions

1.1 Defined terms shall have the meanings given to them in Schedule 2.

2 Commencement and Term

2.1 This letter agreement will take effect on the Commencement Date and will continue unless and until terminated by either Party in accordance with the provisions of clause 7 below.

3 Obligations of Scheme Administrator

3.1 The Scheme Administrator will operate and maintain the IS System in accordance with good industry practice and will use all reasonable endeavours to ensure that the IS System is fully operational for the duration of the Scheme.

- 3.2 The Scheme Administrator will use all reasonable endeavours to ensure that the IS System generates a Renewable Gas Guarantee of Origin for each kWh equivalent of Green Gas the Producer injects into the Gas Distribution Network and registers on the IS System.
- 3.3 The Scheme Administrator will use all reasonable endeavours to ensure that the IS System is protected against fraudulent use.
- 3.4 The Scheme Administrator will investigate any instances of fraud or of suspected fraud promptly, and will report to the Scheme Participants the outcome of its investigations, having first consulted the Oversight Panel.
- 3.5 The Scheme Administrator will design, implement and administer an audit programme to give comfort to Scheme Participants and End-use Consumers in the integrity of the Scheme throughout the term of this letter agreement. The Scheme Administrator will set the scope of the audit programme following consultation with the Oversight Panel.
- 3.6 The Scheme Administrator will maintain an up-to-date version of the Scheme Rules on the Scheme Website. The Scheme Administrator may amend the Scheme Rules from time to time as it considers necessary in its reasonable discretion for the efficient functioning of the Scheme having consulted the Oversight Panel.
- 3.7 The Scheme Administrator will use all reasonable endeavours to promote the Scheme to appropriate stakeholders and Scheme Participants.
- 3.8 The Scheme Administrator will provide an Annual Report to all Scheme Participants.
- 3.9 The Scheme Administrator will use all reasonable endeavours to administer and implement the Scheme in a fair and equitable manner.
- 3.10 The Scheme Administrator's obligations will be limited to those duties set out in this letter agreement and the Scheme Rules.

4 Obligations of Producer

- 4.1 The Producer agrees to be bound by the provisions of this letter agreement and the Scheme Rules.
- 4.2 The Producer will arrange with the Gas Distribution Network Operator to inject Green Gas into the Gas Distribution Network, and to meter the quantity of Green Gas so as to give an energy value for such Green Gas in kWh.
- 4.3 As soon as practicable and in any event within 12 months of the end of the calendar month in which the injection of Green Gas referred to in clause 4.2 took place, the Producer will log into the secure area on the Scheme Website and enter accurately all required information relating to:
 - 4.3.1 the quantity of Green Gas in kWh injected into the Gas Distribution Network during each quarter, in accordance with the provisions of the RHI, based on the meter reading having first adjusted the total to subtract the quantity of propane added to such gas, if any; and
 - 4.3.2 with reference to section 4.8, evidence of that injection, as may be requested by the Scheme.
- 4.4 When the Producer enters into an agreement with a Gas Supplier, for the sale of all or some of the RGGOs registered in its account, the Producer will log into the secure area of the Scheme IS System to enter the required information relating to:
 - 4.4.1 the number of RGGOs it has contracted to sell; and
 - 4.4.2 the name of the Gas Supplier to whom it has contracted to sell them to.
- 4.5 The Producer will provide proof of eligibility for the RHI.
- 4.6 If the RHI is replaced either in whole or in part by another environmental incentive scheme, the Producer will provide proof of eligibility for the incentive scheme in accordance with clause 4.5, if applicable.

- 4.7 The Producer agrees to use the Scheme logo in accordance with the Scheme Administrator's guidance issued from time to time. The Producer agrees not to use the Scheme logo in any manner that is not authorised by the Scheme Administrator's guidance, without the prior written consent of the Scheme Administrator.
- 4.8 The Producer agrees to make all records relating to participation in the Scheme available to the Scheme Administrator or any person appointed by the Scheme Administrator to audit compliance with the Scheme on request and within reason.
- 4.9 The Producer agrees not to register the same units of Green Gas registered under the Scheme in accordance with clause 4.3 in any other scheme which has as its aim to authenticate Green Gas sold to End-use Consumers by tracking sale contracts in a similar manner.**
- 4.10 The Producer's obligations to REAL are limited to the obligations set out in this letter agreement and the Scheme Rules.

5 Payment

- 5.1 The Producer agrees to pay the Annual Participation Fee as set out in Schedule 1.
- 5.2 The Scheme Administrator will invoice the Producer for the Annual Participation Fee at the beginning of each calendar year. A Producer who joins the Scheme during the course of the year will be liable to pay the Membership Fee on a pro rata basis and the Scheme Administrator will invoice such Producers within 30 days of the Producer becoming a member of the Scheme.
- 5.3 Except as otherwise agreed in writing by the Scheme Administrator, the Producer will pay invoices by the Due Date when the Producer receives a VAT invoice from the Scheme Administrator.
- 5.4 Save as the context requires, all references to payments made in this Agreement are references to such payments exclusive of any VAT chargeable and where such payments fall to be made under this Agreement, such VAT shall be added to the amount at the rate applicable, if any, and paid in addition thereto subject to production of a valid and properly numbered VAT invoice.
- 5.5 If the Producer does not pay an amount by the Due Date the Scheme Administrator may charge interest at 3% per annum above the base rate of the Bank of England at the time on all unpaid amounts from the Due Date to the date of payment, such interest to be compounded monthly.

6 Limit on liability

- 6.1 The extent of the Parties' liability under or in connection with the Agreement (regardless of whether such liability arises in tort, contract or in any other way and whether or not caused by negligence or misrepresentation) shall be as set out in this clause 6.
- 6.2 Subject to clauses 6.5 and 6.7, each Party's total liability for breaches arising in any period of 12 continuous months shall not exceed the sum of £1,000,000 (GBP one million).
- 6.3 Subject to clauses 6.5 and 6.7 neither Party shall be liable for consequential, indirect or special losses.
- 6.4 Subject to clauses 6.5 And 6.7, neither party shall be liable for any of the following (whether direct or indirect):
- 6.4.1 Loss of profit;
 - 6.4.2 Loss of production;
 - 6.4.3 Loss of data;
 - 6.4.4 Loss of use;
 - 6.4.5 Loss of contract;

- 6.4.6 Loss of opportunity;
- 6.4.7 Loss of savings, discount or rebate (whether actual or anticipated);
- 6.4.8 Harm to reputation or loss of goodwill.
- 6.5 The limitations of liability set out in clauses 6.3 and 6.4 shall not apply in respect of a claim by REAL against the Producer in connection with a claim or claims made against REAL by a Scheme Participant as a result of the Producer's breach of contract, negligence, omission, wilful default or other wrongful act.
- 6.6 Except as expressly stated in this Agreement, and subject to clause 6.7, all warranties and conditions whether express or implied by statute, common law or otherwise are excluded to the extent permitted by law.
- 6.7 Notwithstanding any other provision of this Agreement, the liability of the parties shall not be limited in any way in respect of the following
 - 6.7.1 personal injury and/or death caused by negligence;
 - 6.7.2 Fraud or fraudulent misrepresentation;
 - 6.7.3 Any other liability that cannot be excluded or limited by law;
 - 6.7.4 Any losses caused by wilful misconduct.

7 Termination

- 7.1 Either Party may terminate this letter agreement by giving 3 months' written notice to the other Party.
- 7.2 Either Party may terminate this letter agreement immediately by giving notice to the other Party (the Breaching Party) in the following circumstances:
 - 7.2.1 if the other Party fails to pay any invoice by the Due Date and continues in such failure for more than 60 days after receiving written notice of that failure;
 - 7.2.2 there is a material breach of a Party's obligations under this letter agreement and continues in such failure for more than 90 days after receiving written notice of that failure; or
 - 7.2.3 either the Scheme Administrator or the Producer becomes Insolvent.

8 Consequences of Termination

- 8.1 On termination of this letter agreement all rights and obligations of the parties will cease to have effect immediately except that termination will not affect rights and obligations of the Parties under this letter agreement that have accrued at the date of termination or any express obligations in this letter agreement of a continuing nature including, but without limitation:
 - 8.1.1 the obligation on the Producer to make a payment due to the Scheme Administrator in relation to the Producer's participation in the Scheme prior to the termination date, pursuant to clause 5; and
 - 8.1.2 the obligation on the Producer to keep all Confidential Information confidential for a period of 2 years from the date of termination, pursuant to clause 11 (Confidentiality).

9 Conflicts of Interest

- 9.1 The Producer hereby confirms that it is not a Party to any previous or existing agreement which prevents it from entering this letter agreement or participating in the Scheme in accordance with this letter agreement.

10 Dispute Resolution

- 10.1 If any dispute or difference arises between the parties in connection with this letter agreement, the Parties will attempt to resolve such dispute or difference in good faith and without recourse to legal proceedings.
- 10.2 If the Parties are unable to resolve such dispute or difference within 10 Business Days of initial discussions between the Parties taking place, any Party may request to the others in writing that the matter be referred to senior representatives of the Parties with authority to settle the dispute, who will attempt to resolve the dispute within 15 Business Days of the written request to do so. Where such dispute is not resolved, the Parties may agree to refer such dispute to mediation or arbitration, as appropriate. If the Parties cannot agree on a method to resolve a dispute, that dispute will finally be determined by the courts of England and Wales.

11 Confidentiality

- 11.1 For the purposes of this letter agreement, Confidential Information will mean all information communicated to or obtained by a Party (the Receiving Party) or its representatives, directly or indirectly from the other Party (the Disclosing Party) in connection with the Producer's participation in the Scheme (the Purpose) whether in written, electronic or any other form or medium in which such information may be kept, or in the course of any oral or written communications, including contractual and commercial data and information.
- 11.2 The Scheme Administrator will keep confidential all data that is placed on the IS System by the Producer, save that the Scheme Administrator may disclose aggregated and anonymised figures relating to the volumes of Green Gas registered and RGGOs transferred pursuant to the Scheme.
- 11.3 Where the Scheme Administrator is the Receiving Party, it may disclose Confidential Information to its representatives, including any auditor of the Scheme provided that such representatives have agreed to be bound by a confidentiality undertaking equivalent to that set out in this clause 11.
- 11.4 The Receiving Party will adopt measures to protect the confidentiality of the Confidential Information that are at least equivalent to the measures it uses to protect its own confidential information and data.
- 11.5 Either Party may disclose any Confidential Information to the extent it is required to do so under any applicable law.
- 11.6 Clauses 12.3 to 12.4 do not apply to Confidential Information which:
- 11.6.1 is at the date of this letter agreement or becomes at any time after that date publicly known other than by breach of a confidentiality obligation;
 - 11.6.2 can be shown by the Receiving Party to the Disclosing Party's reasonable satisfaction to have been known by the Receiving Party before disclosure by the Disclosing Party to the Receiving Party; or
 - 11.6.3 is or becomes available to the Receiving Party otherwise than pursuant to this letter agreement and free of any restrictions as to its use or disclosure.

12 Miscellaneous

- 12.1 No term of this letter agreement is enforceable under the Contract (Rights of Third Parties) Act 1999 by a person who is not a Party to this letter agreement.
- 12.2 No variation of this letter agreement will be effective unless it is in writing signed by both Parties.
- 12.3 No waiver of any term, provision or condition of this letter agreement will be effective unless it is in writing and signed by the waiving Party.
- 12.4 Each of the Parties to this letter agreement confirms that this letter agreement and the Scheme Rules represent the entire agreement between them in relation to the Scheme.

- 12.5 If there is any conflict between the provisions of this letter agreement and the provisions of the Scheme Rules, then, to the extent such conflict arises, the terms of this letter agreement shall take precedence.
- 12.6 This letter agreement will be governed by and construed in accordance with English law.
- 12.7 Each Party irrevocably agrees that the Courts of England will have non-exclusive jurisdiction in relation to any claim, dispute or difference concerning this letter agreement and any matter arising therefrom.
- 12.8 This letter agreement may be executed in two counterparts both of which taken together will form one in the same agreement and either Party may enter into this letter agreement by executing a counterpart.

Please would you signify your agreement to the terms of this letter agreement by signing and dating both copies and returning one of the signed copies.

Yours faithfully

.....
For and on behalf of the Renewable Energy Assurance Limited

.....
Date

.....
For and on behalf of [****]

.....
Print Name

.....
Date

Schedule 1

Current Fees Payable to REAL by Green Gas Producers for participation in the Scheme as at the date of this letter agreement

Category of Fee	Amount
Annual Participation Fee	£500

Schedule 2

Definitions

Annual Participation Fee	the sum payable annually by Scheme Participants to the Scheme Administrator.
Annual Report	a report provided by the Scheme Administrator to Scheme Members detailing the amount of green gas registered on the GGCS during the preceding calendar year.
Breaching Party	either REAL or the Producer, whichever is responsible for a breach of the terms of this letter agreement.
Business Day	a day when clearing banks in the City of London are open for business.
Commencement Date	the date this letter is signed by the Producer.
Due Date	30 days from the date when the Producer receives an invoice from the Scheme Administrator.
End-use Consumer	any person who purchases RGGOs in respect of gas which is delivered through a meter that registers the volume of gas being consumed.
Gas Distribution Network	the Local Distribution Zone as defined in TPDA 1.2.2 of the UNC.
Gas Distribution Network Operator (GDN)	as defined in the UNC, a person (including national grid) which is, and in its capacity as, the owner or operator of one or more LDZ(s) and licensee under a Transporter's Licence authorising the conveyance of gas through such LDZs.
Gas Sale	an agreement for the transfer of RGGOs between Scheme Participants.
Gas Supplier	the holder of a licence issued by the Secretary of State pursuant to section 7A(1) or 7A(2) of the Gas Act 1986, or other individual or corporate body, who registers with the Scheme for the purpose of conducting Gas Sales with other Scheme Participants and/or the sale of RGGOs to End-use Consumers.
Green Gas	biomethane of a sufficient standard to be injected

	into the Gas Distribution Network which has been produced from renewable sources, including but not limited to biogas produced from anaerobic digestion, and 'syngas'.
Insolvent	<p>A Party will be deemed to be insolvent if:</p> <p>(a) a meeting is convened by the relevant Party or an order is made, or an effective resolution is passed, or notice is given for its winding up or dissolution (other than for the sole purpose of amalgamation and reconstruction);</p> <p>(b) any meeting of its directors or members resolves to make an application for, an administration order in relation to it or any Party gives or files notice of intention to appoint an administrator for it, or such administrator is appointed; or</p> <p>(c) an incumbrancer takes possession of the whole or any part of its assets, or a receiver or manager or administrative receiver is appointed over the whole or any part of its assets;</p> <p>(d) it ceases or suspends payment of any of its debts or is unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act 1986; or</p> <p>(e) a proposal is made for a composition in satisfaction of its debts or a schedule of arrangement of its affairs including a voluntary arrangement within the meaning of Part I of the Insolvency Act 1986.</p>
IS System	the information technology system which is used to run the Scheme.
Oversight Panel	a panel comprising representatives of founder Scheme Participants in the Scheme, together with representatives of other stakeholders including consumer and environmental bodies, as appointed by the Scheme Administrator from time to time and chaired by a person independent of the Scheme.
Party(ies)	REAL and the Producer, the parties to this agreement.
Producer	an individual or corporate body which produces Green Gas.
REAL	Renewable Energy Assurance Limited, a wholly-owned subsidiary company of the Renewable Energy Association.
RGGO	a Renewable Gas Guarantee of Origin. The IS System

	generates a unique RGGO for each kWh of Green Gas registered on the Scheme, where evidence has been provided of its injection into a Gas Distribution Network.
RHI	The Renewable Heat Incentive, a government scheme providing financial support in respect of the generation of heat from renewable sources or any other Government financial incentive scheme to promote renewable heat which confers pecuniary benefit on a Gas Producer, whether or not currently in existence, flowing from the use of Green Gas to provide heating.
Scheme	the Green Gas Certification Scheme.
Scheme Administrator	Renewable Energy Assurance Limited or REAL
Scheme Participant	a Producer or Gas Supplier who is registered to participate in the Scheme.
Scheme Rules	the rules governing the Scheme.
Scheme Website	www.greengas.org.uk , or any other website which the Scheme Administrator may establish.
Terminating Party	either REAL or the Producer, whichever Party initiates termination of this letter agreement in accordance with Clause 8.
UNC	the Uniform Network Code

Appendix 2: GGCS Supplier Letter of Agreement



80 The Strand, London,
WC2R 0DT

[Participant]
[Address]

Dear Sirs,

Agreement between Renewable Energy Assurance Limited (REAL) and [●] recording terms of [●'s] participation in the Green Gas Certification Scheme (the Scheme)

The purpose of the Scheme is to allocate a unique Renewable Gas Guarantee of Origin (RGGO) for each kWh of Green Gas injected to the Gas Distribution Network, and to transfer those RGGOs through the supply chain to End-use Consumers, thereby precluding double selling and eliminating misleading claims from the marketplace.

[●] (the **Gas Supplier**) has elected and agreed to participate in the Scheme, and REAL has agreed to undertake the role of **Scheme Administrator** for the Scheme, in accordance with the terms set out in this letter agreement.

13 Definitions

Defined terms used in this letter agreement have the meanings given to them in Schedule 2.

14 Commencement and Term

14.1 This letter agreement will take effect on the Commencement Date and will continue unless and until terminated by either Party in accordance with the provisions of clause 7 below.

15 Obligations of Scheme Administrator

- 15.1 The Scheme Administrator will operate and maintain the IS System in accordance with good industry practice and will use all reasonable endeavours to ensure that the IS System is fully operational for the duration of the Scheme.
- 15.2 When a Gas Supplier enters into a contract to supply RGGOs to an End-use Consumer, the Scheme Administrator will use all reasonable endeavours to ensure

that the IS System generates a certificate listing RGGOs for each kWh equivalent in that transaction.

- 15.3 The Scheme Administrator will use all reasonable endeavours to ensure that the IS System is protected against fraudulent use.
- 15.4 The Scheme Administrator will investigate any instances of fraud or of suspected fraud promptly, and will report to the Scheme Participants the outcome of its investigations, having first consulted the Oversight Panel.
- 15.5 The Scheme Administrator will design, implement and administer an audit programme to give comfort to Scheme Participants and End-use Consumers in the integrity of the Scheme throughout the term of this letter agreement. The Scheme Administrator will set the scope of the audit programme following consultation with the Oversight Panel.
- 15.6 The Scheme Administrator will maintain an up-to-date version of the Scheme Rules on the Scheme Website. The Scheme Administrator may amend the Scheme Rules from time to time as it decides in its reasonable discretion is necessary for the efficient functioning of the Scheme, having consulted the Oversight Panel.
- 15.7 The Scheme Administrator will use all reasonable endeavours to promote the Scheme to appropriate stakeholders and Scheme Participants.
- 15.8 The Scheme Administrator will provide an Annual Report to all Scheme Participants.
- 15.9 The Scheme Administrator will at all times administer and implement the Scheme with reasonable care and skill and in a fair and equitable manner.
- 15.10 The Scheme Administrator's obligations will be limited to those set out in this letter agreement and the Scheme Rules.

16 Obligations of the Gas Supplier

- 16.1 The Gas Supplier agrees and elects to participate in the Scheme and to be bound by the provisions of this letter agreement and the Scheme Rules.
- 16.2 The Scheme Administrator will use reasonable endeavours to ensure that the IS System automatically sends an email to alert the Supplier that a Gas Sale has been registered in its account on the IS System with details of the Producer or Gas Supplier and the date and quantity of RGGOs (in kWh) to be transferred.
- 16.3 Within 10 days of receiving such an email alert, the Gas Supplier will either acknowledge or deny the Gas Sale. If the Gas Supplier acknowledges the Gas Sale, the transfer of the relevant quantity of RGGOs to the Gas Supplier's account will be completed via the IS System.
- 16.4 The transfer of any quantities of RGGOs on the IS System will not be completed unless and until the relevant Gas Sale has been acknowledged by the Gas Supplier.
- 16.5 If the Gas Supplier enters into a Supply Agreement with an End-use Consumer for the sale of all or some of the RGGOs registered in its account, the Gas Supplier will log into the secure area on the Scheme IS System to enter the required information relating to:
 - 16.5.1 the number of RGGOs in its account it has contracted to sell; and
 - 16.5.2 the name of the End-use Consumer, or group of End-use Consumers, to whom it has contracted to sell them to.
- 16.6 If the Gas Supplier enters into an agreement with another Gas Supplier for the sale of all or some of the RGGOs registered in its account, the Gas Supplier will log into the secure area of the Scheme IS System to enter the required information relating to:
 - 16.6.1 the number of RGGOs it has contracted to sell; and
 - 16.6.2 the name of the Gas Supplier to whom it has contracted to sell them to.

- 16.7 The Gas Supplier agrees to use the Scheme logo in accordance with the Scheme Administrator's guidance issued from time to time. The Gas Supplier agrees not to use the Scheme logo in any manner that is not authorised by the Scheme Administrator's guidance, without the prior written consent of the Scheme Administrator.
- 16.8 The Gas Supplier agrees to comply with reasonable requests for records relating to participation in the Scheme and deliver such records to the Scheme Administrator or any person appointed by the Scheme Administrator to audit compliance with the Scheme on request.
- 16.9 The Gas Supplier's obligations to REAL are limited to the obligations set out in this letter agreement and the Scheme Rules.

17 Payment

- 17.1 The Gas Supplier agrees to pay the Scheme Participant and Gas Volume Fees as set out in Schedule 1.
- 17.2 All amounts payable in respect of the Annual Participation Fee will be invoiced by the Scheme Administrator at the beginning of each calendar year. Gas Suppliers joining the Scheme during the course of the year will be liable to pay the Participation Fee on a pro rata basis and the Scheme Administrator will invoice such Gas Supplier within 30 days of the Supplier becoming a member of the Scheme.
- 17.3 The Scheme Administrator will invoice the Gas Supplier for all amounts payable in respect of the Gas Volume Fee within 30 days of the end of each calendar month, in respect of the aggregate sales of RGGOs by the Gas Supplier to End-use Consumers registered in the preceding month.
- 17.4 Except as otherwise agreed in writing by the Scheme Administrator, the Gas Supplier will pay invoices by the Due Date when the Gas Supplier receives a VAT invoice from the Scheme Administrator.
- 17.5 Save as the context requires, all references to payments made in this Agreement are references to such payments exclusive of any VAT chargeable and where such payments fail to be made under this Agreement, such VAT shall be added to the amount at the rate applicable, if any, and paid in addition thereto subject to production of a valid and properly numbered VAT invoice.
- 17.6 If the Gas Supplier does not make payment by the Due Date the Scheme Administrator may charge interest at 3% per annum above the base rate of the Bank of England at the time on all unpaid amounts from the Due Date to the date of payment, such interest to be compounded monthly.

18 Limit on liability

- 18.1 The extent of the Parties' liability under or in connection with the Agreement (regardless of whether such liability arises in tort, contract or in any other way and whether or not caused by negligence or misrepresentation) shall be as set out in this clause 6.
- 18.2 Subject to clauses 6.5 and 6.7, each Party's total liability for breaches arising in any period of 12 continuous months shall not exceed the sum of £1,000,000 (GBP one million).
- 18.3 Subject to clauses 6.5 and 6.7 neither Party shall be liable for consequential, indirect or special losses.
- 18.4 Subject to clauses 6.5 And 6.7, neither party shall be liable for any of the following (whether direct or indirect):
- 18.4.1 Loss of profit;
 - 18.4.2 Loss of production;
 - 18.4.3 Loss of data;

- 18.4.4 Loss of use;
- 18.4.5 Loss of contract;
- 18.4.6 Loss of opportunity;
- 18.4.7 Loss of savings, discount or rebate (whether actual or anticipated);
- 18.4.8 Harm to reputation or loss of goodwill.
- 18.5 The limitations of liability set out in clauses 6.3 and 6.4 shall not apply in respect of a claim by REAL against the Gas Supplier in connection with a claim or claims made against REAL by a Scheme Participant as a result of the Gas Supplier's breach of contract, negligence, omission, wilful default or other wrongful act.
- 18.6 Except as expressly stated in this Agreement, and subject to clause 6.7, all warranties and conditions whether express or implied by statute, common law or otherwise are excluded to the extent permitted by law.
- 18.7 Notwithstanding any other provision of this Agreement, the liability of the parties shall not be limited in any way in respect of the following
 - 18.7.1 personal injury and/or death caused by negligence;
 - 18.7.2 Fraud or fraudulent misrepresentation;
 - 18.7.3 Any other liability that cannot be excluded or limited by law;
 - 18.7.4 Any losses caused by wilful misconduct.

19 Termination

- 19.1 Either Party may terminate this letter agreement by giving 3 months' written notice to the other Party.
- 19.2 Either Party may terminate this letter agreement immediately by giving notice to the other Party (the Breaching Party) in the following circumstances:
 - 19.2.1 if the other Party fails to pay any invoice by the Due Date and continues in such failure for more than 60 days after receiving written notice of that failure;
 - 19.2.2 there is a material breach of a Party's obligations under this letter agreement and continues in such failure for more than 90 days after receiving written notice of that failure; or
 - 19.2.3 either the Scheme Administrator or the Gas Supplier becomes Insolvent.

20 Consequences of Termination

- 20.1 On termination of this letter agreement all rights and obligations of the Parties will cease to have effect immediately except that termination will not affect rights and obligations of the Parties under this letter agreement that have accrued at the date of termination or any express obligations in this letter agreement of a continuing nature including, but without limitation:
 - 20.1.1 the obligation on the Gas Supplier to make a payment due to the Scheme Administrator in relation to the Gas Supplier's participation in the Scheme prior to the termination date, pursuant to clause 5; and
 - 20.1.2 the obligation on the Gas Supplier to keep all Confidential Information confidential for a period of 2 years from the date of termination, pursuant to clause 11 (Confidentiality).

21 Conflict of Interest

- 21.1 The Gas Supplier hereby confirms that it is not a Party to any previous or existing agreement which prevents it from entering this letter agreement or participating in the Scheme in accordance with this letter agreement.

22 Dispute Resolution

- 22.1 If any dispute or difference arises between the Parties in connection with this letter agreement, the Parties will attempt to resolve such dispute or difference in good faith and without recourse to legal proceedings.
- 22.2 If the Parties are unable to resolve such dispute or difference within 10 Business Days of initial discussions between the Parties taking place, any Party may request to the others in writing that the matter be referred to senior representatives of the Parties with authority to settle the dispute, who will attempt to resolve the dispute within 15 Business Days of the written request to do so. Where such dispute is not resolved, the Parties will refer such dispute to mediation or arbitration. If the Parties cannot agree on a method to resolve a dispute, that dispute will finally be determined by the courts of England and Wales.

23 Confidentiality

- 23.1 Subject to clause 11.6, Confidential Information means all information communicated to or obtained by a Party (the Receiving Party) or its representatives, directly or indirectly from the other Party (the Disclosing Party) in connection with the Scheme whether in written, electronic or any other form or medium in which such information may be kept, or in the course of any oral or written communications, including contractual and commercial data and information.
- 23.2 The Scheme Administrator will keep confidential all data that is placed on the IS System by the Gas Supplier, save that the Scheme Administrator may disclose aggregated and anonymised figures relating to the volumes of Green Gas registered and RGGO transferred pursuant to the Scheme.
- 23.3 Where the Scheme Administrator is the Receiving Party, it may disclose Confidential Information to its representatives, including any auditor of the Scheme, provided that such representatives have agreed to be bound by a confidentiality undertaking equivalent to that set out in this clause 11.
- 23.4 The Receiving Party will adopt measures to protect the confidentiality of the Confidential Information that are at least equivalent to the measures it uses to protect its own confidential information and data.
- 23.5 Either Party may disclose any Confidential Information to the extent it is required to do so under any applicable law.
- 23.6 Clause 11.1 does not apply to Confidential Information which:
- 23.6.1 is at the date of this letter agreement or becomes at any time after that date publicly known other than by breach of a confidentiality obligation;
 - 23.6.2 can be shown by the Receiving Party to the Disclosing Party's reasonable satisfaction to have been known by the Receiving Party before disclosure by the Disclosing Party to the Receiving Party; or
 - 23.6.3 is or becomes available to the Receiving Party otherwise than pursuant to this letter agreement and free of any restrictions as to its use or disclosure.
- 23.7 The Receiving Party will adopt all the necessary measures to protect the confidentiality of the Confidential Information. These measures will be no less onerous than those used in order to protect the Receiving Party's own confidential information and data.

24 Miscellaneous

- 24.1 No term of this letter agreement is enforceable under the Contract (Rights of Third Parties) Act 1999 by a person who is not a Party to this letter agreement.
- 24.2 No variation of this letter agreement will be effective unless it is in writing signed by both parties.
- 24.3 No waiver of any term, provision or condition of this letter agreement will be effective unless it is in writing and signed by the waiving Party.
- 24.4 Each of the Parties confirms that, subject to the obligations to comply with the provisions of the Scheme Rules, this letter agreement represents the entire agreement between them in relation to its subject matter.
- 24.5 If there is any conflict between the provisions of this letter agreement and the provisions of the Scheme Rules, then, to the extent such conflict arises, the terms of this letter agreement shall take precedence.
- 24.6 This letter agreement will be governed by and construed in accordance with English law.
- 24.7 Each Party irrevocably agrees that the Courts of England will have non-exclusive jurisdiction in relation to any claim, dispute or difference concerning this letter agreement and any matter arising therefrom.
- 24.8 This letter agreement may be executed in two counterparts both of which taken together will form one in the same agreement and either Party may enter into this letter agreement by executing a counterpart.

Please would you signify your agreement to the terms of this letter agreement by signing and dating both copies and returning one of the signed copies.

Yours faithfully

.....
For and on behalf of the Renewable Energy Assurance Limited

.....
Date

.....
For and on behalf of [*****] Ltd

.....
Print Name

.....
Date

Schedule 1

Current Fees Payable to REAL by Green Gas Suppliers for participation in the Scheme as at the date of this letter agreement

Category of Fee	Amount
Annual Participation Fee	£500
Gas Volume Fee	0.01p per kWh (£0.0001)

Schedule 2

Definitions

Annual Participation Fee	the sum payable annually by Scheme Participants to the Scheme Administrator.
Annual Report	a report provided by the Scheme Administrator to Scheme Members detailing the amount of green gas registered on the GGCS during the preceding calendar year.
Breaching Party	either REAL or the Gas Supplier, whichever is responsible for a breach of the terms of this letter agreement.
Business Day	a day when clearing banks in the City of London are open for business.
Commencement Date	the date this letter is signed by the Gas Supplier.
Due Date	30 days from the date when the Gas Supplier receives an invoice from the Scheme Administrator.
End-use Consumer	any person who purchases RGGOs in respect of gas which is delivered through a meter that registers the volume of gas being consumed.
Gas Distribution Network	the Local Distribution Zone as defined in TPDA 1.2.2 of the UNC
Gas Distribution Network Operator (GDN)	as defined in the UNC, a person which is, and in its capacity as, the owner or operator of one or more LDZ(s) and licensee under a Transporter's Licence authorising the conveyance of gas through such LDZs.
Gas Sale	an agreement for the transfer of RGGOs between Scheme Participants
Gas Supplier	the holder of a licence issued by the Secretary of State pursuant to section 7A(1) or 7A(2) of the Gas Act 1986, or other individual or corporate body, who registers with the Scheme for the purpose of conducting Gas Sales with other Scheme Participants and/or the sale of RGGOs to End-use Consumers.

Gas Volume Fee	a charge levied on a Gas Supplier's aggregate sales of RGGOs to End-use Consumers at the point at which a sale is registered on the Scheme IS System.
Green Gas	biomethane of a sufficient standard to be injected into the Gas Distribution Network which has been produced from renewable sources, including but not limited to biogas produced from anaerobic digestion, and 'syngas'.
Insolvent	<p>A Party will be deemed to be insolvent if:</p> <p>(a) a meeting is convened by the relevant Party or an order is made, or an effective resolution is passed, or notice is given for its winding up or dissolution (other than for the sole purpose of amalgamation and reconstruction);</p> <p>(b) any meeting of its directors or members resolves to make an application for, an administration order in relation to it or any Party gives or files notice of intention to appoint an administrator for it, or such administrator is appointed; or</p> <p>(c) an incumbrancer takes possession of the whole or any part of its assets, or a receiver or manager or administrative receiver is appointed over the whole or any part of its assets;</p> <p>(d) it ceases or suspends payment of any of its debts or is unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act 1986; or</p> <p>(e) a proposal is made for a composition in satisfaction of its debts or a schedule of arrangement of its affairs including a voluntary arrangement within the meaning of Part I of the Insolvency Act 1986.</p>
IS System	the information technology system which is used to run the Scheme.
Oversight Panel	a panel comprising representatives of Scheme Participants in the Scheme, together with representatives of other stakeholders including consumer and environmental bodies, as appointed by the Scheme Administrator from time to time, and chaired by a person independent of the Scheme.
Party(ies)	REAL and the Gas Supplier, the parties to this agreement.
Producer	an individual or corporate body which produces Green Gas
REAL	Renewable Energy Assurance Limited, a wholly-owned subsidiary company of the Renewable Energy

	Association.
RGGO	a Renewable Gas Guarantee of Origin. The IS System generates a unique RGGO for each kWh of Green Gas registered on the Scheme, where evidence has been provided of its injection into a Gas Distribution Network.
RHI	the Renewable Heat Incentive, a government scheme providing financial support in respect of the generation of heat from renewable sources or any other Government financial incentive scheme to promote renewable heat which confers pecuniary benefit on a Gas Producer, whether or not currently in existence, flowing from the use of Green Gas to provide heating.
Scheme	the Green Gas Certification Scheme.
Scheme Administrator	Renewable Energy Assurance Limited or REAL
Scheme Participant	a Producer or Gas Supplier who is registered to participate in the Scheme.
Scheme Rules	the rules governing the Scheme.
Scheme Website	www.greengas.org.uk, or any other website which the Scheme Administrator may establish.
Supply Agreement	an agreement for the sale of RGGOs between a Gas Supplier and an End-use Consumer
Terminating Party	either REAL or the Gas Supplier, whichever Party initiates termination of this letter agreement in accordance with Clause 8.
UNC	the Uniform Network Code