

# Green Gas Support Scheme (GGSS)

**Issue 5**  
**31 Jan 2023**

## Quarterly Report

### October to December 2022

The Green Gas Support Scheme (GGSS) quarterly report provides key statistics and data on the GGSS and the associated Green Gas Levy (GGL). Under Regulation 65 of the Green Gas Support Scheme Regulations 2021<sup>1</sup>, Ofgem is obligated to publish a quarterly report containing information relating to the scheme within one month of the end of each quarter. This report covers the fifth quarter since scheme launch, from 1 October to 31 December 2022.

**Table 1: Reporting periods and publication deadlines**

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

The regulations also require us to publish an annual report on the GGSS and GGL by 31 July each year. The first annual report which covers the period from scheme launch on 30 November 2021 to 31 March 2022 was published on 31 July 2022.<sup>2</sup>

## About the GGSS

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

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

<sup>2</sup> [Green Gas Support Scheme \(GGSS\) Annual Report – 2021-22](https://www.ofgem.gov.uk/publications/green-gas-support-scheme-ggss-annual-report-2021-22) <https://www.ofgem.gov.uk/publications/green-gas-support-scheme-ggss-annual-report-2021-22>

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

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

The GGSS opened to applications at 9am on 30 November 2021 when our application portal ("the GGSS Portal")<sup>3</sup> went live.

Our dedicated GGSS and GGL web pages<sup>4</sup> provide further information for prospective applicants or those interested in finding out more about the scheme, including information on the eligibility requirements, the tariffs that are available and how to apply, as well as key information on supplier obligations.

We have also published dedicated GGSS<sup>5</sup> and GGL<sup>6</sup> guidance documents<sup>7</sup>, which further explain our 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

### **GGL**

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

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<sup>3</sup> [The GGSS Portal](https://ggss.ofgem.gov.uk) <https://ggss.ofgem.gov.uk>

<sup>4</sup> [Green Gas Support Scheme and Green Gas Levy webpages](https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy) <https://www.ofgem.gov.uk/environmental-and-social-schemes/green-gas-support-scheme-and-green-gas-levy>

<sup>5</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>6</sup> [GGL Guidance](https://www.ofgem.gov.uk/publications/green-gas-levy-guidance) <https://www.ofgem.gov.uk/publications/green-gas-levy-guidance>

<sup>7</sup> The GGSS and GGL Guidance were updated on 19 November 2022 and 5 July 2022 respectively.

## Registered Scheme Participants

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

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

	Number of scheme participants	Volume of biomethane produced for injection by scheme participants	Number of periodic support payments made	Total value of periodic support payments made
Q3 FY21/22 (Nov-Dec) <b>to</b> Q2 FY22/23 (Oct-Dec)*	0	0	0	£0
Q3 FY22/23 (Oct-Dec)	1	0	0	£0

\* This period includes Q3 FY21/22 (Nov-Dec), Q4 FY21/22 (Jan-Mar), Q1 FY22/23 (Apr-Jun) and Q2 FY22/23 (Jul-Sep)

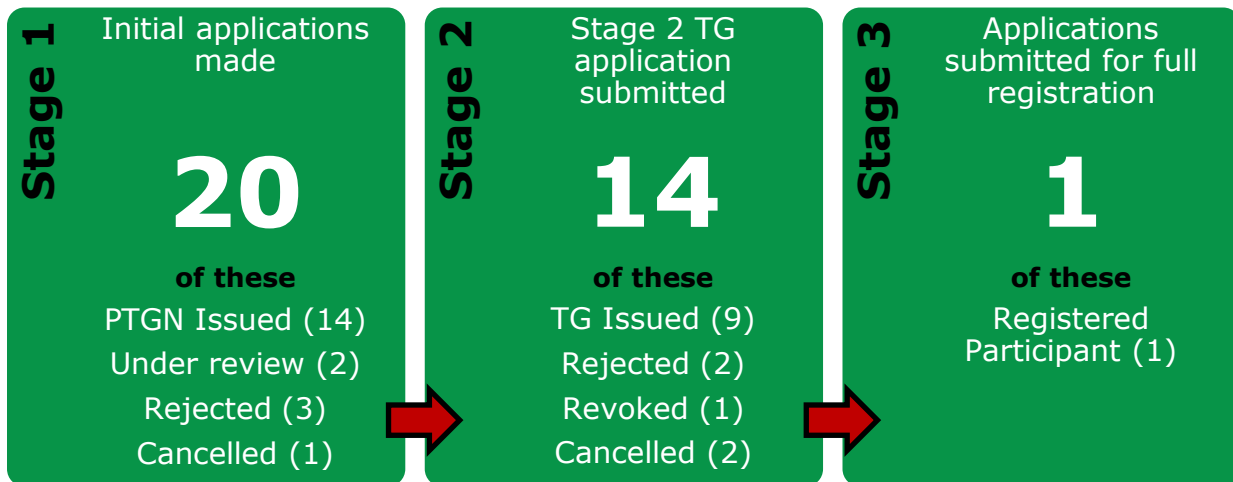
As of 31 December 2022, we had received a number of applications for tariff guarantees (see **Figure 1**). One applicant has successfully registered to the GGSS, however has not yet submitted their periodic data. Therefore, we have not yet calculated and made their periodic support payments.

## Tariff Guarantee Applications

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

As seen in **Figure 1**, we had received 20 applications for tariff guarantees<sup>8</sup> as of 31 December 2022. Of the 20 initial applications made at stage one, fourteen went on to be granted with Provisional Tariff Guarantee Notices (PTGN), two are still under review, three were rejected and one cancelled. From the fourteen PTGNs granted nine went on to be issued with a TG, two were rejected, one revoked and two cancelled. Of the nine applicants that have then been granted tariff guarantees, one application for full registration was received and has now been successfully registered on the scheme.

<sup>8</sup> Further information on the tariff guarantee application process can be found in our GGSS guidance. [Green Gas Support Scheme guidance](https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance) <<https://www.ofgem.gov.uk/publications/green-gas-support-scheme-guidance>>

**Figure 1: Tariff guarantee application progress**

## Additional Capacity Applications

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

As of 31 December 2022, we had received no applications for additional capacity. Applications for additional capacity may only be made by registered participants who increase or intend to increase (MIC).

**Table 3: Additional capacity applications**

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

## Budget Allocation

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

Please see our scheme guidance and the BEIS document, 'GGSS - Budget Management'<sup>9</sup> for further details of the Application Budget cap.

<sup>9</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>

The figures in **Table 4** show the budget available for each of the financial years in which applications may be made.<sup>10</sup> Publishing these figures is intended to allow prospective applicants to check that there are sufficient funds remaining in the financial year they intend to commence injection, and in subsequent years. Based on Tariff Guarantee applications received, the allocated budget shows a sharp rise between Financial Year 2022/23 and FY 23/24 as the majority of applicants to date are expected to commission during FY 23/24.

The figures in **Table 4** are correct as of 31 December 2022. We also publish more frequently updated budget figures on our website<sup>11</sup>.

**Table 4: Budget allocation**

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Annual Application Budget cap <sup>12</sup>	£37,000,000	£37,000,000	£65,000,000	£97,000,000	£130,000,000
Budget allocated (TG applications received) <sup>13</sup>	£233,937.85	£2,598,348.27	£25,415,226.04	£44,913,330.01	£50,428,408.85
Budget committed (TGs granted)	£233,937.85	£2,598,348.27	£23,929,739.37	£34,820,074.39	£38,039,732.46
Remaining budget available	£36,766,062.15	£34,401,651.73	£39,584,773.96	£52,086,669.99	£79,571,591.15

## Levy Payments

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

Levy payments due from each supplier are calculated using meter point data. All licenced suppliers, including those granted with a provisional exemption, are required to submit meter point data quarterly for each gas supply licence they hold. The data relates to the number of meter points the supplier has served on each day of the previous quarter. This data is also used by Ofgem to calculate the following quarter's credit cover requirements.

<sup>10</sup> The GGSS regulations require that to join the scheme, participants must commence biomethane injection into the gas grid no later than 30 November 2025.

<sup>11</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>12</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>13</sup> Figures are based on live TG applications, meaning any application that has been rejected and its 28 day right of review period has elapsed are not included.

Prior to a levy payment being due, obligated suppliers are required to have a level of credit cover<sup>14</sup> lodged. This helps ensure levy payments are collected in a timely manner and reduces the likelihood of a mutualisation<sup>15</sup> event being required. Where a supplier fails to make a levy payment or mutualisation payment in full by the due date, Ofgem will draw down funds from a supplier's lodged credit cover.

Suppliers of at least 95% green gas can be exempted from paying the levy. Before each scheme year, suppliers may submit evidence to Ofgem demonstrating the likelihood that they will be providing at least 95% green gas in that scheme year and Ofgem will determine whether that supplier should be 'provisionally exempt' based on that evidence. Provisionally exempt suppliers will not have to pay the levy or provide credit cover during the scheme year.

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

## Scheme Suppliers and Levy Payments

**Table 5** shows the number of obligated suppliers under the scheme. The number of obligated suppliers can vary quarter to quarter dependent on licence revocation and/or approval of gas supply licenses. One supplier has been determined to be provisionally exempt for FY22/23. Scheme suppliers were invoiced for the levy payment for the third time in October 2022. The sum of the quarterly levy payments collected was £13,170,270.55.

**Table 5: Scheme suppliers and levy payments made**

	Number of scheme suppliers <sup>16</sup>	Number of provisionally exempt scheme suppliers <sup>17</sup>	Sum of the quarterly levy payments paid by scheme suppliers <sup>18</sup>
Q3 FY21/22 (Nov-Dec)	85	N/A	N/A
Q4 FY21/22 (Jan-Mar)	98	1	N/A
Q1 FY22/23 (Apr-Jun)	94	1	£14,582,036.61
Q2 FY22/23 (Jul-Sep)	91	1	£13,011,589.23
Q3 FY22/23 (Oct-Dec)	90	1	£13,170,270.55

<sup>14</sup> Credit cover can be in the form of a payment made to Ofgem, a suitable letter of credit or a combination of these. [Further details in our Guidance on the GGL scheme](https://www.ofgem.gov.uk/publications/green-gas-levy-guidance) <<https://www.ofgem.gov.uk/publications/green-gas-levy-guidance>>

<sup>15</sup> Mutualisation is a process used to help ensure that in the event of a supplier or suppliers failing to meet their payment obligations (through levy payments and/or credit cover), there is not a shortfall in the levy fund. For further information please refer to our GGL guidance.

<sup>16</sup> The number shown is the number of different scheme suppliers active during the quarter. The number of scheme suppliers active at the end of the quarter may be lower.

<sup>17</sup> Where N/A is shown this indicates that the number of provisionally exempt suppliers could not be provided as provisional exemptions were not determined until March 2022.

<sup>18</sup> Where N/A is shown this indicates that no payment had yet been made by scheme suppliers as the first payment was not due until May 2022.

### Supplier Compliance

On 27 October 2022, Ofgem requested the Quarter Three levy payment from obligated suppliers; the deadline to provide this was 11.59 pm on 11 November 2022. There was one instance of non-compliance due to a supplier paying the levy one day after the deadline.

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

Two suppliers exited the market during this quarter. No levy payments were due for their Quarter Three and Quarter Four obligations. After determining their levy obligations, the excess credit cover held was returned to these suppliers as part of the former scheme supplier process.

Alongside information on late levy payments, in subsequent reports we may report further here on:

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

### Further information

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

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

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

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

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