

GreenGas

CERTIFICATION SCHEME

Annual Report 2018



Green Gas Certification Scheme Annual Report 2018

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Introduction

Nearly 10 years have now passed since discussions began about establishing an industry-led green gas registry, at a time before any biomethane had been injected into the UK gas grid. Looking back, the most important virtue underpinning the Scheme's development has been patience!

From those initial conversations there was a two year wait for the first Renewable Gas Guarantees of Origin (RGGOs) to be issued and further years of encountering many blank faces when introducing the idea of green gas certificates to suppliers, shippers, civil servants, sustainability consultants and so on.

Skipping forward to 2019 the picture has transformed. Barrow Shipping, our first member, is now part owned by Centrica, and almost all the energy majors and Big Six suppliers are participating in the market. On the customer side we have gone from a few early adopters to a broad base of large corporates, small and medium sized businesses, alongside approximately 1,000,000 UK households on tariffs of between 6 and 100 percent green gas. At the same time the production side has boomed and we expect over 2TWh of RGGOs will be issued for 2018 biomethane production.

However green gas remains a small fraction of total gas consumption in the UK. We continue to practice patience, in waiting for the next generation of biomethane plants to commission and for progress with other types of gas such as bio-SNG and green hydrogen.

As always thank you to our members for your efforts in developing the market. We look forward to working with you in the year ahead.

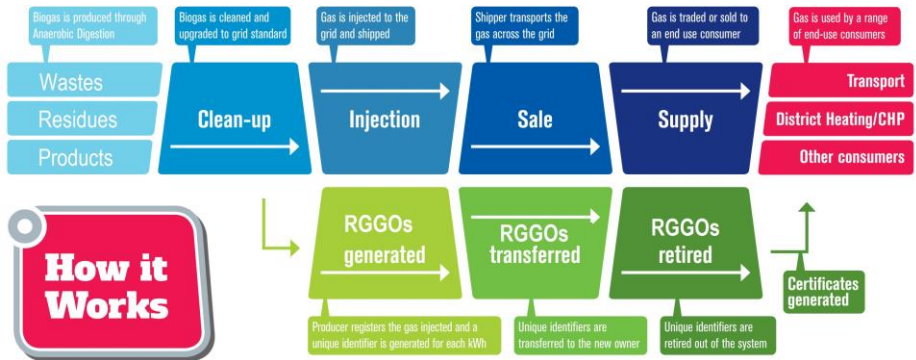
Gaynor Hartnell

GGCS Oversight Panel Chair, April 2019



How the scheme works

The GGCS is a voluntary scheme that issues, tracks and retires Renewable Gas Guarantees of Origin (RGGOs). By purchasing RGGOs gas consumers can show that they are using green gas and report greenhouse gas savings in comparison to the use of natural (fossil) gas.



Maintaining a Robust Scheme

The GGCS is administered by Renewable Energy Assurance Limited (REAL), a subsidiary of the Renewable Energy Association (REA), the UK's leading trade association for the clean tech and renewable sector.

Over the last ten years REAL has developed a reputation for integrity and transparency in administering a variety of codes and schemes within the renewables and organics sectors.

Our scheme rules are published on our website – www.greengas.org.uk – and they include provisions for the scheme to be monitored by an Oversight Panel composed of our members.

The Scheme maintains regular contact with relevant regulators and government departments and via our membership of the European Renewable Gas Registry (ERGaR) - www.ergar.org – looks to adopt best practice from biomethane registries outside the UK.

Monitoring Compliance

In 2018 we established a Compliance Committee and were pleased to appoint Pamela Taylor as the independent Chair. Pamela brings with her a wealth of experience including from time spent in senior positions at Ofgem.

The Committee met quarterly during the year to review internal audit reports covering the whole scope of the Scheme, from details of new members joining, through to gas registrations and RGGOs sales. It also commissioned and reviewed our first independent external audit, which provided further assurance that no double counting of green gas had occurred.

Alongside this, the Committee has been reviewing and challenging our management system, processes and ongoing operations, and is proving to be an essential mechanism in ensuring the Scheme is both robust and developing in line with growing demands of the market.

Biomethane production

At year end the GGCS had 55 biomethane producers participating in the scheme with RGGOs issued for 1.8TWh of gas injected during 2018. This total will rise as producers continue to register gas from the latter part of the year, but this is already a 50 percent increase on the 1.2TWh of RGGOs issued for 2017 production.

With 75-80 percent of the total biomethane volume injected in the UK registered with the GGCS, we are able to provide traders, suppliers and customers with the opportunity to source green gas at the volumes, vintages and feedstocks they require.

Relationship to the wider biomethane to grid market

99 producers have now applied to Ofgem for RHI support and another 20-30 projects may be taken forward under the RHI tariff guarantee system.

There is some uncertainty over the final number of projects that will complete, but the GGCS expects that majority of the additional green gas produced in the coming years will be registered with the GGCS.

Biomethane Supply

2018 was another year of strong growth in the number of suppliers using the Scheme with over 50 accounts in operation by year end (up from 32 in 2017).

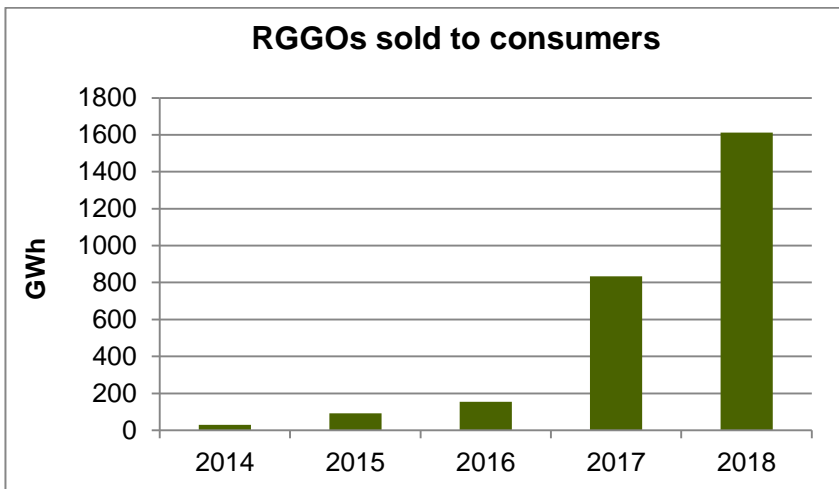
These suppliers are able to offer our producer members a range of opportunities to sell their RGGOs, from one-off transactions through to multi-year agreements incorporating support through ISCC Certification and transfers to the DENA Biogas Register in Germany.

Suppliers have continued to work hard to promote their green gas offers and the non-domestic market has diversified from large corporates to a range of SMEs and NGOs.

Bristol Energy, Ovo Energy and Coop Energy launched domestic green gas offers, and there are now an estimated 1,000,000 plus households now on tariffs that provide between 6 percent to 100 percent green gas, backed by our RGGOs.

Increasing volumes of RGGOs sold

Sales of green gas to consumers doubled from 2017 reaching 1.6TWh for the year. This included 350GWh sold via a transfer to the DENA Biogas Register in Germany. The remaining 1.2TWh was evenly split between UK domestic and non-domestic consumers with a small amount bought by UK transport operators.



Policy Activity

The GGCS works hard to engage with policy makers around the current and future potential of green gas and the role that tracking those gases from production to consumption can play. During 2018 we:

- Responded to Ofgem's consultation on the provision of derogations to renewable energy tariffs from the energy price cap. Ofgem subsequently granted temporary derogations to a number of GGCS supplier members.
- Alongside the Renewable Energy Association (REA), actively participated in the methodology process for the Gas Distribution Network Operators (GDNOs) future price control (RIIO-GD2).
- Following on from the government's consultation on a new Streamlined Energy and Carbon reporting framework for business, we liaised with BEIS on its new Environmental Reporting Guidelines, published by government in January 2019. This new guidance states that *"accounting of grid-injected biomethane is under review in parallel with the review of purchased electricity and updated guidance on that will be issued in due course."*
- Took part in ongoing discussions in relation to post-RHI support mechanisms for biomethane to grid projects.
- Explored the potential for RGGOs to support organisations reporting under the EU Emissions Trading Scheme (EUETS) and worked with the Department for Transport (DfT) on the use of biomethane within the Renewables Transport Fuel Obligation (RTFO).

The coming year will see growing policy work around the decarbonisation of heating, in advance of a new government Heat Strategy in 2021, which will examine the potential for green gas. Importantly, in response to the Chancellor's announcement in his Spring Statement 2019 to increase the proportion of green gas in the grid, the government has stated it will be consulting on the *"appropriate mechanism to deliver this commitment later this year"*, which the GGCS will be actively participating in.

Market developments

Increase in demand was driven by two key factors, the first being the growth in the number of households joining green gas tariffs being offered by GGCS members. With an estimated 1,000,000 households now being supplied between 6 percent to 100 percent green gas (depending on the tariff) there was approx. 600 GWhs of demand for green gas coming from the domestic sector.

The second factor was the ability to transfer RGGOs into the DENA Biogas Registry in Germany. Previous years had seen strong demand from customers outside the UK for Certificates issued directly from the GGCS system. However, receiving the Certificate from the DENA registry offers gas consumers in Germany and surrounding countries more familiarity and this has driven further demand.

The ability to make these transfers was a first for a UK biomethane registry and is an important step towards the electronic hub for transfers of RGGOs between registries in Austria, Denmark, Germany, Netherlands, and Switzerland and the UK. This hub is being developed by the ERGaR group (of which the GGCS is the UK partner).

While the level of activity in the transport sector remains limited, GGCS were pleased to have issued RGGOs for the first consignment of UK biomethane that was awarded Renewable Transport Fuel Certificates (RTFCs), after being supplied by CNG Fuels to its HGV customers.

Finally the recast European Union Renewable Energy Directive (RED II), which has now been agreed, has expanded its scope in the Guarantees of Origin sector to include all renewable energy, including green gas. This, regardless of the UK's future relationship to the EU, is leading policy makers and industry stakeholders to pay increasing attention to the existing biomethane registries. Through our own relationships at the UK level and through ERGaR at the European level, the GGCS is well placed to shape this conversation in the coming year.

A word from our members...

"ACT Commodities is a leading specialized trading firm in the fields of carbon emissions, biofuels, energy efficiency and renewable energy. We are proud to be working closely together with GGCS on helping our clients green their gas. With the help of the platform we can offer our clients a fully tracked green gas certificate which can be used to reduce Scope 1 emissions."

**Lior Raber - Environmental
Commodity Trader**



"Apsley Farms have been trading our biomethane on the GGCS for around 3 years and the platform has allowed us to reach a growing band of green gas users. The expectations of our buyers have pushed us to improve our carbon footprint and we are making good progress towards our long term objective of 100% CO2 savings."

Henry du Val de Beaulieu - Managing Director

GGCS Membership List

Producer Members (as of March 2019)	Supplier Members (as of March 2019)
<p>Burton Agnes Renewables Cannington Enterprises Ltd Condate Biogas Limited (Ixora Energy) Dwr Cymru Welsh Water Ellough AD Ltd Emerald Biogas Ltd Euston Biogas Ltd Faifields Farm Energy Ltd Fairfield Bio Energy Ltd Fraddon Biogas Ltd Gorst Energy Limited (Ixora Energy) Grissan Carnside Grissan Carrick Ltd Helmdon Blackpits Power Ltd Icknield Gas Limited Inchdairnie Renewable Gas Ltd JV Energen LLP Lake District Biogas Manor Farm Green Energy North Moor AD (Rockscape Energy) Northumbrian Water Limited Olleco Peacehill Gas Limited Pretoria Energy Company (Chittering) Ltd Pretoria Energy Company (Mepal) Ltd Raynham AD Plant ReFood UK Ltd ReFood UK Ltd (Dagenham) Ridge Road Biomethane (NWG Bioenergy Ltd) Riverside AD Riverside Bio Ltd Rotherdale Farm S&P Biogas Limited Severn Trent Green Power Ltd (Derby) Severn Trent Green Power Ltd (Roundhill) Severn Trent Green Power Ltd (Stoke Bardolph) Severn Trent Water (Minworth) Springhill AD STL Energy Ltd Stracthro Renewable Energy Ltd Strongford AD Plant Sustainable Energy Generation (Ixora Energy) Tamside AD Tornagrain Gas Mill Ltd United Utilities (Davyhulme) Wessex Water Enterprises Ltd Wight Farm Energy LLP Willand Biogas LLP Wyke Farms Ltd Yelspa Ltd</p>	<p>ACT Commodities B.V. AFS Energy B.V AXÉGAZ Trading & Technologies SAS Axpo Solutions AG Axpo Sverige AB Barrow Shipping Ltd BP Gas Marketing Ltd British Gas Trading Ltd Bulb Energy Ltd Ceres Energy Ltd Contract Natural Gas Ltd Co-operative Energy Ltd Corona Energy Retail 2 Ltd Crown Gas and Power Ltd E.ON UK Energy Markets Ltd ECOHZ AS ENGIE Gas Limited Essent Sales Portfolio Management BV Gazprom Marketing and Trading Retail Ltd GO2-markets GmbH Good Energy Gas Ltd Green Energy (UK) Plc Grissan Carrick Ltd Hudson Energy Supply UK Ltd Landwärme GmbH Natural Capital Partners Americas LLC Neas Energy A/S Npower Commercial Gas Ltd Nvalue AG Olleco Opus Energy Ltd OrangeGas BV Orsted Sales (UK) Ltd Ovo Energy Ltd Regent Gas Ltd Renewable Energy Services B.V. Renewable Transport Fuel Services Ltd SCB & Associates Ltd Shell Trading International Ltd SmartestEnergy Ltd Solarplicity Energy Ltd South Pole Group SSE Energy Supply Ltd STX Services B.V. The Renewable Energy Company Ltd Tonik Energy Ltd Total Gas & Power Limited Wessex Water Enterprises Ltd WINGAS GmbH Yelspa Ltd</p>

**For further information please visit
www.greengas.org.uk**

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