

# GreenGas

CERTIFICATION SCHEME

**Annual Report 2019**



# Green Gas Certification Scheme Annual Report 2019

## Contents

Introduction	1
How the Scheme Works	2
Maintaining a Robust Scheme	2
Biomethane Production	3
Biomethane Supply	4
Policy Activity	5
Market Developments	6
A word from our members	7

## Introduction

The last 12 months have seen climate change move up the political agenda which is most welcome. Clearly one of the biggest challenges is the decarbonisation of our heating system, with a range of technologies putting themselves forward as the solution.

The REA Bioenergy Strategy released in September 2019 estimated a potential annual supply of biomethane of 6,100GWh/year by 2032, showing that our sector can make a significant contribution. This is ten to fifteen times the current production level. How that will complement other heating solutions being advocated, such as hydrogen and heat pumps, is all to be seen but there are certainly interesting times ahead.

One key step will be the Government's commitment to introduce the mandatory collection of food waste across England (as is already the case in Wales and Scotland) by 2023, which should be nicely timed with the new support mechanism for green gas trailed in the 2020 Spring Budget.

During 2019 GGCS continued to grow in membership, welcoming more producers and traders. We are on track to issue over 2,500GWh of RGGOs for 2019 production while RGGO retirements during the year increased to a similar level. Over 300GWh of that demand for retirement came from transfers under the new agreement put in place with the *DENA Biogasregister* in Germany. We anticipate the launch of the ERGaR Hub in 2020 will push the number of transfers higher by allowing UK biomethane traders to send and receive RGGOs with a further four registries.

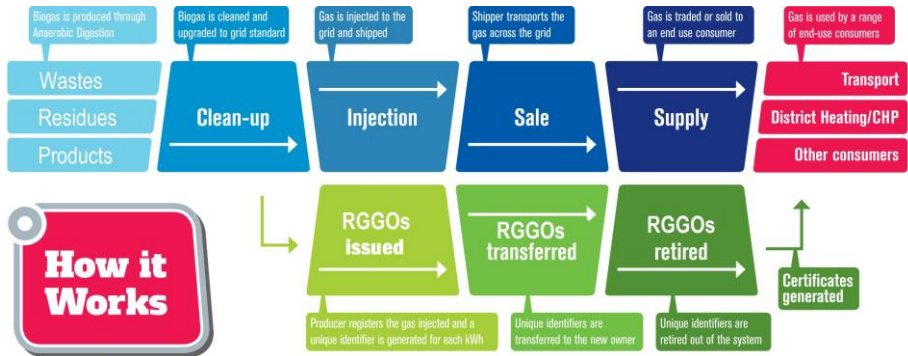
Of course, as we have entered 2020 Covid has proved to a challenge the sector, with fluctuating feedstock levels for biomethane producers and energy trading and supply businesses switching to working from home in the space of a few weeks. No doubt 2020 will prove another busy year for the Scheme!

Gaynor Hartnell - GGCS Oversight Panel Chair, May 2020



## 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 Association for Renewable Energy and Clean Technology (REA).

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](http://www.greengas.org.uk) – and they include provisions for the scheme to be monitored by an Oversight Panel composed of 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](http://www.ergar.org) – looks to adopt best practice from biomethane registries outside the UK.

## **Monitoring Compliance**

Our 2018-19 external audit confirmed that the Scheme has been following our Rules and management system and we have implemented the recommendations of our 2017-18 audit in introducing third party data verification of the quantities of biomethane injected by our members.

This will provide additional assurances to the market and we hope give more consumers the confidence to purchase green gas.

We continue to hold quarterly Compliance Committee meetings led by our independent Chair, [Pamela Taylor](#). Over the year the Committee has reviewed and challenged our processes and management systems, for example recommending a more comprehensive system for monitoring of the domestic green gas tariff market, to ensure that customers' gas use is being matched to RGGOs and trust in the market is maintained.

## **Biomethane Production**

At year end of 2019 the GGCS had 61 biomethane producer members and RGGOs were issued for 1,900GWh of gas injected over the year. We estimate this total will rise to 2,500GWh as producers continue to register gas from the latter part of the year.

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.

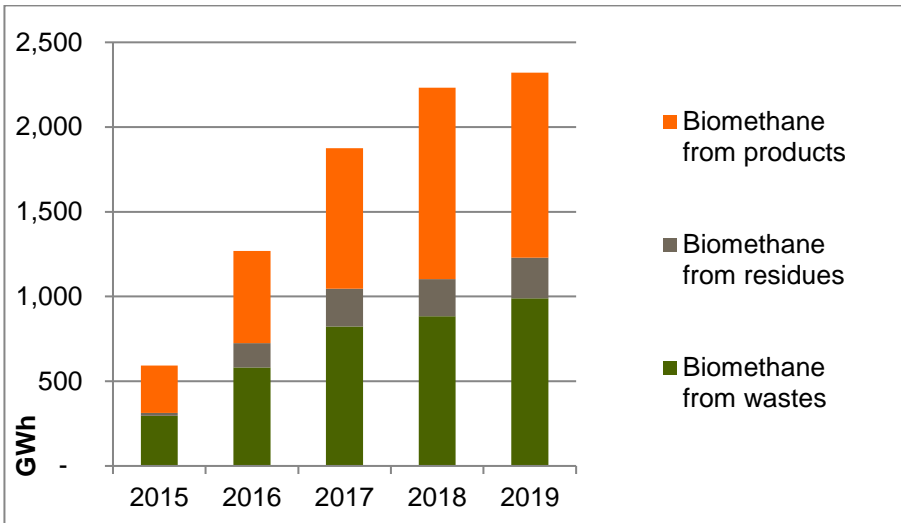


Figure 1. RGGOS issued by year and feedstock

### Relationship to the Wider Biomethane to Grid Market

The number of biomethane plants that have made applications for RHI support remains flat and stands at 99. At the start of 2020 we saw the deadline for certain plants to claim their guaranteed tariff and we are waiting to see how many of those will get to full production capacity in the year ahead.

We now know there is an extension to the current RHI and have seen the outline of how the future Green Gas Support Mechanism may be structured. We hope that this will lead to a consistent pipeline of new projects over the coming years.

### Biomethane Supply

More traders entered the market in 2019, taking the number of accounts to 65 (up from 50 in 2018).

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 Biogasregister in Germany.

### Increasing Volumes of RGGOs Retired

RGGOs are retired when purchased by a gas consumer, either individually or via a tariff, or when they are transferred to another biomethane registry (such as DENA). Year on year volumes of RGGOs retired were 1,000GWh higher than in 2018, reaching 2,500GWh.

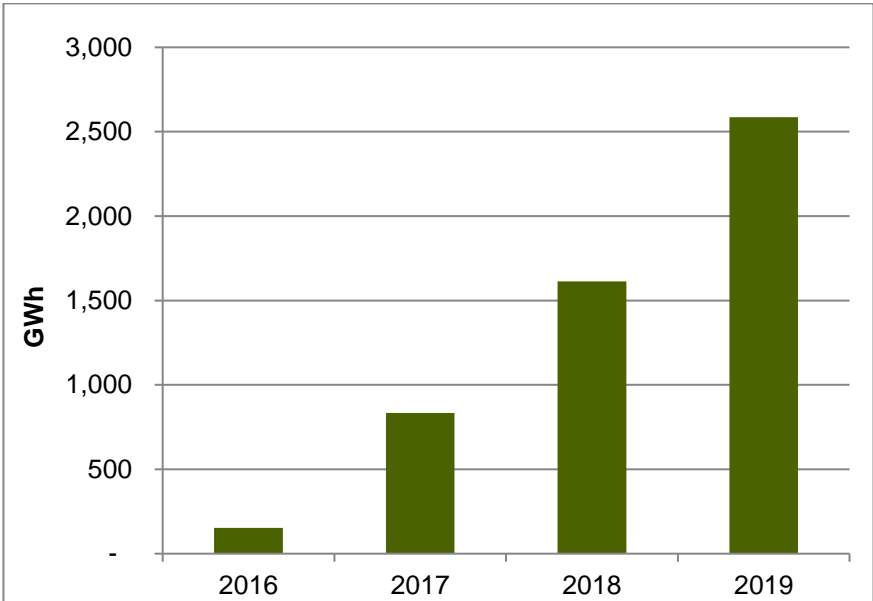


Figure 2 - RGGOs retired each year

## 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. Work streams and achievements included;

- Three GGCS members were awarded derogations from the energy price cap in part based on their green gas offer, after the GGCS provided strong evidence to Ofgem of the value that these tariffs were providing the green gas sector.
- Working with our partners in the Association for Renewable Energy and Clean Technology (REA) to lobby for a future support mechanism for biomethane production, to build on the RHI. The RHI has now been extended and a new Green Gas Support Scheme is being consulted on.
- Keeping members informed of the impact of the UK leaving the European Union on the GGCS and the wider green gas market.
- Taking an active role in Ofgem's consultations around the future business plans of the Gas Distribution Network Operators (GDNOs) under the next RIIO period starting in 2021. Both Ofgem and the GDNOs are now strongly supporting proposals to decarbonise gas supplies with a significant role for the future of biomethane.
- Publishing guidance for members on the UK government's revised approach to emissions reporting under its new Streamlined Energy and Carbon Reporting policy
- Liaising with HMRC regarding the introduction of reverse charging VAT on RGGOs
- Monitoring developments at the European level, in particular the provisions of the second Renewable Energy Directive, which are due to make GoO for green gas a government mandated activity within the EU from June 2021



- Updating members on revisions to the GHG Protocol guidance around emissions reporting and biomethane and joined the WRI Working Group to finalise this new guidance for 2021.

## **Market Developments**

The growth in volumes of RGGOs retired reflects the ongoing work of GGCS members to market green gas products to their customers and the success of green gas tariffs such as that offered by [Bulb](#).

The “long tail” of small SME customers continued to grow alongside larger one off events such as such [4,500 churches and schools switching to green gas](#) as part of a deal arranged by Centrica.

In September the upgraded system for transferring RGGOs to the DENA Biogasregister in Germany went live, removing the need for UK producers to register with DENA and allowing transfers from any UK trading account to any DENA trading account. This facilitated over 330GWh of transfers in only 3 months which was equivalent to the total volume transferred in all of 2018.

During the year, work to develop the ERGaR hub for the multilateral transfers between six biomethane registries continued and the IT infrastructure moved to the testing phase. We expect the hub to go live in 2020 and be a significant driver of further demand.

## **A Word from our Members...**

“We bring market access to Biogas producers across the United Kingdom, identifying opportunities and delivering on the natural synergy between Biogas producers and our diverse client base.

With the help of the GGCS, together we can drive forward the future ambitions of reducing emissions, increasing corporate responsibility and broaden the horizons of the UK’s Biogas producers.”

**Gregor Carswell - Environmental Commodities Trader**



“Working with the GGCS is very important for Bio Collectors as it provides our clients with independent assurance as to the source and sustainability of all our food waste derived biogas. As more companies and consumers recognise the many benefits of using Biogas, it is essential they can trust that it has been produced in an environmentally conscious and truly sustainable manner.”

**Paul Killoughery – Managing Director**



**For further information including membership lists of producers and traders active on the GGCS please visit [www.greengas.org.uk](http://www.greengas.org.uk)**

**Contact:**

**Brettenham House, 2-19 Lancaster Place, London,  
WC2E 7EN**

**Jesse Scharf, GGCS Scheme Manager  
020 7981 0853 / [jscharf@greengas.org.uk](mailto:jscharf@greengas.org.uk)**

**Virginia Graham, REAL Chief Executive  
[vgraham@greengas.org.uk](mailto:vgraham@greengas.org.uk)**

**Twitter: [@GreenGasCert](https://twitter.com/GreenGasCert)**