

GGCS Guidance Document 18 – matching RGGOs to the consumption of Liquefied Natural Gas (LNG)

Version 1.1 – April 2020

Background

The Renewable Gas Guarantees of Origin (RGGOs) that are issued, tracked and retired via the GGCS Registration Database must be used by gas consumers to match their gas use to green gas production that enters the same Distribution Network (as defined below) they are consuming gas from.

If gas is being provided to consumers as Liquefied Natural Gas (LNG) then it is important to consider if the GGCS Scheme Rules regarding the use of the same Distribution Network are being met. This guidance is designed to help GGCS members determine if they are confident they are doing so.

GGCS Scheme Rule 10.2 states that in relation to end-use consumers *“The gas they¹ have consumed must have been withdrawn from the same Distribution Network into which the Green Gas, represented by the RGGOs they have been allocated, was injected.”*

For the purposes of the Scheme Rules a Distribution Network is defined as a *“system for transporting gas from a Gas Producer to an End-Use Consumer. Distribution Networks include the NTS, GDN, gas transportation infrastructure operated by IGTs (whether or not connected to the NTS or a GDN) and systems of distribution via bottles and tankers that form a distinct network.”*

This definition does not refer to the standard industry terminology of a distribution network, being the low and medium pressure gas pipelines that connect the high pressure transmission system to individual gas consumers.

Within this paper Green Gas refers only to biomethane and RGGOs are only those issued for biomethane injected into the UK gas grid

Book and Claim vs Mass Balance

It is important to understand that our requirement that RGGOs are matched to gas withdrawn from the same Distribution Network into which the Green Gas was injected is a **more restrictive methodology** than in a standard Book and Claim system².

A standard Book and Claim system would allow RGGOs for biomethane generated for production in **any location** to be matched to any gas consumption at **any location** regardless

¹ The end use-consumer

² Appendix B of the Scheme Rules defines Book and Claim as “A Book and Claim approach means that trade of an Energy Attribute Certificate (EAC) is not linked to the trade of the physical product however rule 10.2 must be applied”

of any physical connection or gas flow or transport between those locations. If applied to the GGCS this would allow RGGOs issued for biomethane injected in the UK to be allocated to gas consumed in, for example, North America.

The GGCS requirements can be defined as an “adapted” Book and Claim system. As stated above we require that producer and consumer are connected to the **same Distribution Network**. Gas consumption from the grid in the UK meets this requirement as does gas consumption from the grid in the countries surrounding the UK. However, gas consumption from an unconnected grid, for example Canada, cannot be matched to RGGOs issued for biomethane injected in the UK.

Some consumers and regulators require the relationship between biomethane production and consumption to constitute a “Mass Balance”. A Mass Balance requires a strict timeline between the date of injection and the date of consumption and losses during transportation must be accounted for. RGGOs may be used to help evidence a mass balance but we do not currently play any role in determining if it has taken place and we do not require our system users to mass balance Green Gas. For example we allow RGGOs to match gas consumption to gas production occurring beyond the three month maximum in the mass balance requirements.

When is matching RGGOs to LNG consumption allowed under the Scheme Rules?

The key consideration is the source of the LNG.

1) LNG produced from the liquefaction of gas taken from the UK gas grid (or connected gas grid)

The GGCS would consider that this gas had been withdrawn from the same Distribution Network into which the Green Gas that our RGGOs are issued for was injected and that RGGOs can be matched to the consumption of this LNG.

2) LNG sourced from a facility which is connected to the UK gas grid or the grid of a surrounding country

In this case the LNG will have almost certainly been delivered from a source unconnected to Distribution System into which the biomethane was injected, for example Qatar. However the LNG terminal will be connected to the Distribution Network into which the biomethane was injected through the infrastructure that regasifies the LNG and places it into the grid.

The view of the UK government’s Department for Transport is that, because of this type of connection, it considers the Isle of Grain LNG terminal to “form part of a grid system” (DfT, 2020) and that renewable fuels can be mass balanced from injection in a gaseous form into the grid, to withdrawal in a liquid form from the Isle of Grain LNG terminal and its subsequent distribution to transport use³.

³ Document & PoS checker OCTOBER 2019 V4.1 CA – Department for Transport, 2019 – available on request from Colin Anstee [Colin.anstee@dft.gov.uk]
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As mass balancing is a more stringent chain of custody than the “adapted” book and claim methodology required by the GGCS, then we consider it appropriate to allow RGGOs to be matched to LNG sourced from the Isle of Grain LNG terminal and equivalent facilities⁴.

If the Department for Transport's position changes then the GGCS will review our position and update this Guidance Document accordingly.

3) LNG sourced from a terminal which is not connected to the UK transmission or distribution system or the transmission or distribution system of a surrounding country

LNG sourced from this type of facility would not be considered as gas withdrawn from the same Distribution Network into which the Green Gas that our RGGOs are issued for was injected.

Therefore, RGGOs cannot be matched to the consumption of LNG from this type of source.

The exception to this would be if it could be shown that the LNG delivered to this kind of facility came from a LNG facility that was connected to the same Distribution Network into which the Green Gas that our RGGOs are issued for was injected, i.e. LNG that was reloaded from the Isle of Grain. However this is very unlikely as this type of reloading is limited.

Describing biomethane supply

GGCS members should be honest and transparent in their communication to gas consumers about what constitutes the supply of Green Gas.⁵

- You should be clear in your marketing material that you are matching customers' gas consumption to Green Gas injected into the grid and should not suggest that any physical quantities of Green Gas are being delivered to the customer (Scheme Rule 21.3).
- You should not claim that your customers purchase of RGGOs is supporting any additional production of Green Gas (assuming that the RGGOs you are using are for biomethane supported by the RHI or that Renewable Transport Fuel Certificates (RTFCs) have been awarded in respect of the supply of biomethane to a transport user).⁶
- We recommend that you describe your use of the GGCS (and other registries if applicable), and the concept of a Guarantee of Origin (GoO) to match customers to green gas production via the RGGOs process (see Scheme Rule 21.3).

⁴ The LNG terminal should be connected to the UK NTS in the same way as the Isle of Grain facility or be connected to transmission or distribution network in a country surrounding the UK where that network has a clear connection to the UK

⁵ Scheme Rule v3 “21.3 Scheme Participants must be honest and transparent when marketing Green Gas to End-Use Consumers. In accordance with Rule 2.2 they should not claim that the allocation of RGGOs represents the physical supply of Green Gas to an End-use Consumer. Where appropriate the process of issuing, transferring and retiring RGGOs should be explained.”

⁶ <https://www.greengas.org.uk/certificates/additionality>

Conclusions

It is the responsibility of GGCS members to understand the nature of gas consumption by potential end-use consumers that will be named on Retirement Statements.

They should be aware if those consumers are withdrawing gas from a gas grid or receiving it in liquid form (LNG).

If the consumer is receiving LNG then the GGCS member should understand which of the situations (1, 2 or 3) outlined above applies and ensure that they **only allocate RGGOs to gas consumption from LNG that has been sourced from the liquefaction of gas from the grid or from a facility that is connected to the grid.**

GGCS members should be aware that the Scheme Administrator may ask them to explain and evidence how they have determined that allocation of RGGOs to LNG is appropriate according to the GGCS Scheme Rules and this Guidance Document.

GGCS members should be aware that the Scheme Administrator may update the Scheme Rules and/or this guidance document in the future which may affect their ability to allocate RGGOs to LNG consumption.

The GGCS implements its Sanction Policy in any instances where it believes this guidance has not been followed.

Document Control

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1.0	07/07/2020	Jesse Scharf	
1.1	23/12/2020	Jesse Scharf	Spelling grammar corrected