



Response form: Consultation on a Green Gas Levy

The consultation is available at: <https://www.gov.uk/government/consultations/green-gas-levy>

The closing date for responses: 2 November 2020

How to respond:

We encourage respondents to make use of the online e-Consultation platform, Citizen Space, to respond to this consultation wherever possible. This is the department's preferred method of receiving responses.

Citizen Space: <https://beisgovuk.citizenspace.com/heat/green-gas-levy-consultation>

If using this response form, please return to:

Green Gas Levy Team, Department for Business, Energy and Industrial Strategy

Email: gglconsultation@beis.gov.uk

Please do not send responses by post to the department, as we may not be able to access them during altered working arrangements as a result of the COVID-19 pandemic.

Personal / Confidential information (required)

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

Data and responses may be processed by a third-party contracted by BEIS.

Are you happy for your response to be published?

- Yes
- Yes, but without identifying information
- No, I want my response to be treated as confidential

About You (required)

Name:	Andrew Newman
Email Address:	Andrew.newman@gas-users.org
Organisation (if applicable):	Gas Users Organisation C.I.C.
Additional information about your organisation:	The Gas Users Organisation is a recently formed community interest company established to operate for the benefit of households who use domestic gas; and for individual engineers registered with Gas Safe.

	Respondent type
<input type="checkbox"/>	Business representative organisation / trade body
<input checked="" type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Gas Supplier
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Other (please describe below)
Other:	

Would you like to be contacted when the consultation response is published?

Yes

No

Geographical Area (required)

**Does your interest in this consultation relate to a particular geographical area?
(select all that apply)**

England

Scotland

Wales

Responses that indicate the respondent's interest relates to Scotland or Wales may be shared with the Scottish or Welsh devolved authorities respectively, unless such respondents explicitly state they do not wish for their response to be shared. No personal data relating to respondents will be shared.

Questions

Scope of the levy

Question 1 (page 14)

Do you agree with our rationale for applying the levy to all suppliers of gas into the grid (apart from those that supply green gas exclusively)?

Yes

No

Please provide evidence to support your response

Enter text here A levy on suppliers that will be passed onto consumers is not in the interests of the 24 million households who use gas for their domestic heating. This is particularly concerning in the early phase where a flat charge per connected gas meter is proposed.

It is regressive to pass the costs onto domestic consumers, potentially laying the burden of paying for the decarbonisation of heat onto households that can ill afford increases in their energy bills.

The danger of the so-called Green Gas Levy, is that it establishes a principal of the consumer paying a gas meter tax for a relatively minor contributing strand towards decarbonisation, and that this regressive mechanism, once established without consumers even noticing, will then be employed to fund the much larger infrastructure projects required for blue and green hydrogen.

Design of the Green Gas Levy

Question 2 (page 19)

Do you agree with our rationale for proposing that the Green Gas Levy be charged on a per meter per day basis, according to gas supplier meter points served?

Yes

No

Please provide evidence to support your response

Enter A levy on suppliers that will be passed onto consumers is not in the interests of the 24 million households who use gas for their domestic heating. This is particularly concerning in the early phase where a flat charge per connected gas meter is proposed, so that a one bedroom flat will be charged the same rate as a ceramics factory.

text here

Question 3 (page 19)

Do you agree that the steps outlined in the consultation to provide notice to suppliers ahead of the first levy collection, and the notice period for subsequent years, are sufficient?

Yes

No

Please provide evidence to support your response

Enter text here

Question 4 (page 19)

Do you agree with our proposed methodology for calculating the pence per meter per day levy rate?

Yes

No

Please provide evidence to support your response

Enter text here

Question 5 (page 19)

What are your views on how underspend should be managed?

Please provide evidence to support your response

Enter text here

Question 6 (page 19)

Do you agree with our rationale for proposing that levy payments should be made quarterly?

Yes

No

Please provide evidence to support your response

Enter text here

Question 7 (page 19)

Do you agree with our proposal that gas suppliers should provide quarterly meter point data to Ofgem to inform quarterly levy payment calculations?

Yes

No

Please provide information about the availability of meter point data and the formats that it could be provided in

Enter text here

Question 8 (page 19)

Do you agree with the assumptions made and the cost set out for suppliers of familiarisation with the regulations and administration in the accompanying Impact Assessment (to be published during the consultation period)? Are there any other costs to businesses associated with the Green Gas Levy that have not been discussed that should be considered (e.g. engagement with customers and changes to billing systems)?

Yes

No

Please provide evidence to support your response

Enter text here

Question 9 (page 20)

Do you agree with the proposal to require all suppliers to secure credit cover?

Yes

No

Please provide evidence to support your response

Enter text here

Question 10 (page 20)

Do you agree with the forms of credit that we are proposing could be provided by suppliers? If not, what alternatives would you recommend that could be drawn upon quickly?

Yes

No

Please provide evidence to support your response

Enter text here

Question 11 (page 20)

Do you agree that credit cover should be lodged on a quarterly basis, (if there is not already sufficient cover in place), in order to cover the upcoming quarterly levy payment?

Yes

No

Please provide evidence to support your response

Enter text here

Distribution of costs

Question 12 (page 22)

Do you agree with our proposal for a flat rate charge for the levy, without tiering, as part of a per meter point levy design?

Yes

No

Please provide evidence to support your response

Enter text here
A levy on suppliers that will be passed onto consumers is not in the interests of the 24 million households who use gas for their domestic heating. This is particularly concerning in the early phase where a flat charge per connected gas meter is proposed, so that a one bedroom flat will be charged the same rate as a ceramics factory.

Enter text here

Impacts on billpayers

Question 13 (page 24)

What are your views on the impact that the Green Gas Levy could have on billpayers?

Please provide evidence to support your response

While a transition to green gas (hydrogen and/or biomethane) is in the best interests of consumers as the best option to implement the decarbonisation of domestic heat, there are technical issues with biomethane from AD that limit this technique to being of secondary importance. The future heavy lifting will be from developing the production of hydrogen at scale, by electrolysis and steam reformation; and also from the production of either bioSNG or hydrogen from gasification of municipally sourced waste.

The danger of the so-called Green Gas Levy, is that it establishes a principal of the consumer paying a gas meter tax for this relatively minor contributing strand towards decarbonisation, and that this regressive mechanism, once established without consumers even noticing, will then be employed to fund the much larger infrastructure projects required for blue and green hydrogen, and for gasification.

The technical issues limiting AD are:

The UK Grids are not designed for smaller distributed sources like biomethane from AD, and lack of capacity has been a pinch point inhibiting expansion of the biomethane market, as new plants must find sites where there is enough capacity in inject their gas which is particular problem on those parts of grid which have very low demand in the summer.

Lack of grid capacity has led to approximately 30% of potentially viable biomethane projects in the UK either not proceeding at all, or the gas has gone instead to electricity generation through Combined Heat and Power (CHP), rather than being fed into the grid.

In the UK, some projects have failed, due to lack of capacity in the grid to receive the gas, for example, Grindley Farm, has been closed since 2018, having operated for only 1500 hours since opening in 2016. In addition, Anaerobic Digesters and upgrade plants are designed to operate with a fixed capacity, so lack of capacity in the grid during summer months can cause the gas to be flared. This is common in the UK.

The UK has failed to develop a strategic plan for feedstock supply chains. Cadent has pointed out that the UK lacks a joined-up government approach to waste and energy. At present there is no clear policy on how land should be used, with competing demands between energy crops, food, leisure and wildlife. There is understandable scepticism in many quarters towards using land for biomass rather than food production, and it is welcome that BEIS is encouraging biomethane via AD to be produced from waste instead.

However there are very good reasons why AD projects in the UK have mainly used agriculturally sourced biomass (typically maize) as the fuel-stock, [1] as this has the advantage of greater geographic flexibility, because a potential producer could find a spot on grid with capacity, where they could get planning permission, and then find local farmers to produce feedstock. The availability of feedstock is more geographically constrained when relying on waste, which means there may not be capacity in the grid local to where feedstock supply is. Furthermore, Biogas plants sometimes receive objections from local residents due to problems with odour, or the increased freight traffic on rural roads delivering feedstock. Use of waste as feedstock would likely increase such traffic for rurally located AD plants.

Budget control and financial management

Question 14 (page 27)

Do you agree with the proposed approach to budget control and financial management?

Yes

No

Please provide evidence to support your response, including any views on the proposed change to the quarterly meter reading submission process for biomethane producers

Enter text here

Question 15 (page 27)

Do you agree that the backdated payments proposal will provide the necessary certainty for biomethane developers to proceed with applying to the Green Gas Support Scheme during the gap in funding availability?

Yes

No

Please provide evidence to support your response

Enter text here

Compliance and enforcement

Question 16 (page 29)

Do you agree with the proposed mutualisation process? If not, what alternative mechanism would you propose?

Yes

No

Please provide evidence to support your response

Enter text here

Question 17 (page 29)

Do you agree with the proposal that Ofgem may report and publish information on non-compliance and enforcement action?

Yes

No

Please provide evidence to support your response

Enter text here

Question 18 (page 29)

Do you have any views on how reporting can be used to best contribute to compliance with scheme obligations?

Please provide evidence to support your response

Enter text here

Question 19 (page 30)

Do you agree with the proposed approach of applying interest to late payments?

Yes

No

Please provide evidence to support your response

Enter text here

Question 20 (page 30)

Do you agree with the proposed range of interest applied to late payments? Do you have any views on the appropriate rate of interest to mitigate against late payments?

Yes

No

Please provide evidence to support your response

Enter text here

Question 21 (page 30)

Do you agree with the proposed approach for Ofgem to issue financial penalties, including the proposed maximum limit?

Yes

No

Please provide evidence to support your response

Enter text here

Question 22 (page 31)

What do you consider the maximum fine should be where a gas supplier has either a low turnover or no turnover at all?

Please provide evidence to support your response

Enter text here

Question 23 (page 31)

Do you have any views regarding the pursuance of debts through the courts by Ofgem?

Please provide evidence to support your response

Enter text here

Future considerations for the Green Gas Levy

Question 24 (page 35)

Do you agree with more closely aligning levy costs with consumption through volumetric approach, as the scheme develops?

Yes

No

Please provide evidence to support your response

While a volumetric approach is superior to a flat charge per gas meter, this will still disproportionately pass the costs of decarbonisation on to domestic consumers.

Although, the anticipated increases to domestic bills to pay for biomethane at this stage may be modest, it establishes a precedent that could pass on considerable higher costs to consumers in any future transition to hydrogen, or to biomethane produced by gasification/methanation. Already we see this in the operation of subsidies to fund renewable electricity sources, which are paid for by a levy on household energy bills. The OBR calculate by 2022 the green levy to pay for renewables will cost £10 per week per household on household energy bills regardless of income and ability to pay.

Question 25 (page 35)

Which of the three options set out in the 'Future considerations for the Green Gas Levy' chapter would be the most suitable for designing a volumetric levy? We would welcome views on how to overcome any of the issues with those approaches that have been identified.

Please provide evidence to support your response

Enter text here

Question 26 (page 35)

Are there any feasible alternatives to the proposals set out in this chapter for achieving a levy that is proportionate to gas volumes?

Yes

No

Please provide evidence to support your response

Enter text here

Question 27 (page 35)

How can we ensure that a volumetric levy is designed in a way that promotes a competitive gas supply market and minimises costs, administrative burden, and other impacts on suppliers?

Please provide evidence to support your response

Enter text here

Thank you for responding to the Consultation on a Green Gas Levy.

This consultation will close on 2 November 2020, after which responses will be analysed and it is expected that the government response will be published this winter.

Following the government response, the introduction of regulations to deliver these policy proposals will be subject to an affirmative statutory instrument.