
STATUTORY INSTRUMENTS

2021 No. 1335

The Green Gas Support Scheme Regulations 2021

PART 7

The levy

CHAPTER 2

Quarterly levy payments and levy credit payments

Calculation and notification of quarterly levy payments

40.—(1) The Authority must calculate the quarterly levy payment payable by a scheme supplier (the “quarterly levy payment”), in relation to each quarter of the scheme year beginning with 1st April 2022 and subsequent scheme years, as follows—

LR × M

where—

- (a) LR is the levy rate for the scheme year in which the previous quarter fell,
 - (b) M—
 - (i) in relation to the quarter beginning with 1st April 2022, is the sum of the meter point data for that scheme supplier for each day of the period beginning with 30th November 2021 and ending with 31st March 2022, as notified or determined under regulation 48,
 - (ii) in relation to the quarter beginning with 1st July 2022 and subsequent quarters, is the sum of the meter point data for that scheme supplier for each day of the previous quarter, as notified or determined under regulation 48.
- (2) The Authority must notify a scheme supplier, by the relevant dates specified in the scheme schedule, of the quarterly levy payments payable by that supplier.
- (3) The notification referred to in paragraph (2) must—
- (a) specify—
 - (i) the amount of the quarterly levy payment payable by the supplier,
 - (ii) the date by which the amount must be paid, being a date not less than 14 days after the date of the notification, and
 - (iii) details of how the payment must be made, and
 - (b) include information about the matters mentioned in—
 - (i) regulation 54 (interest on late payments), and
 - (ii) regulation 55 (draw down of credit cover).
- (4) A scheme supplier must pay quarterly levy payments to the Authority in accordance with any notification referred to in paragraph (2).

(5) Amounts paid to the Authority under this regulation must be paid into a bank account with the Authority as the beneficiary.

Calculation of credit cover requirement

41.—(1) Subject to paragraph (2), the Authority must calculate the credit cover requirement in relation to a scheme supplier, for each quarter of the scheme year beginning with 1st April 2022 and subsequent scheme years, as follows—

$LR \times (M \times 1.15)$

where—

- (a) LR is the levy rate for the scheme year in which the previous quarter fell,
 - (b) M—
 - (i) in relation to the quarter beginning with 1st April 2022, is the sum of the meter point data for that supplier for each day of the period beginning with 31st August 2021 and ending with 31st December 2021, as notified or determined under regulation 48,
 - (ii) in relation to the quarter beginning with 1st July 2022 and subsequent quarters, is the sum of the meter point data for that supplier for each day of the quarter beginning six months before the start of that quarter, as notified or determined under regulation 48.
- (2) Where a licensed gas supplier becomes a scheme supplier on or after 1st April 2022—
- (a) the Authority is not required to calculate the credit cover requirement in relation to that supplier for the quarter in which they become a scheme supplier (“the first quarter”), and
 - (b) the Authority must calculate the credit cover requirement in relation to that supplier, for the quarter following the first quarter, in accordance with paragraph (1) but with the modification that “M” is calculated as follows—

$$AM \times \frac{DQ}{DA}$$

where—

- (i) AM is the sum of the meter point data for that supplier which is available for the first quarter,
- (ii) DQ is the number of days in the first quarter,
- (iii) DA is the number of days in the first quarter for which meter point data for that supplier is available.

Levy credit payments

42.—(1) In relation to the scheme year beginning with 1st April 2022 and subsequent scheme years, the Authority must notify a scheme supplier of that scheme supplier’s credit cover requirement for each quarter—

- (a) no later than 21 days before the start of that quarter, or
 - (b) where regulation 41(2)(b) applies, as soon as reasonably practicable.
- (2) Where a scheme supplier’s credit cover requirement for a quarter exceeds their existing credit cover, or where the scheme supplier has no existing credit cover, the notification referred to in paragraph (1) must—
- (a) specify—
 - (i) the amount (the “deficit amount”) by which the scheme supplier’s credit cover requirement for the quarter exceeds their existing credit cover,

- (ii) the date by which the scheme supplier must pay the deficit amount to the Authority, being a date not less than 14 days after the date on which the notification referred to in paragraph (1) is given, and no later than seven days before the start of that quarter, and
 - (iii) details of how the payment (the “levy credit payment”) must be made, and
- (b) include information about the matters mentioned in—
 - (i) regulation 43 (letters of credit), and
 - (ii) regulation 55 (draw down of credit cover).
- (3) Subject to regulation 43(1) and (2), a scheme supplier—
 - (a) must pay any levy credit payment to the Authority in accordance with the notification referred to in paragraph (1),
 - (b) where—
 - (i) they have provided an acceptable letter of credit in respect of all or part of their credit cover requirement for a quarter, and
 - (ii) that letter of credit ceases to constitute an acceptable letter of credit, must, within 14 days of the letter of credit ceasing to constitute an acceptable letter of credit, pay such amount to the Authority as is necessary so as to ensure that their existing credit cover for that quarter is no less than their credit cover requirement for that quarter,
 - (c) where the amount of their existing credit cover is reduced as a result of a draw down to pay the whole or any part of a mutualisation payment in accordance with regulation 55 must, within 14 days of the date on which their existing credit cover is so reduced, pay such amount to the Authority as is necessary to ensure that their existing credit cover for the quarter in which the draw down took place is no less than their credit cover requirement for that quarter.
- (4) Amounts paid to the Authority under this regulation must be paid into a bank account with the Authority as the beneficiary.
- (5) Where a scheme supplier’s existing credit cover exceeds their credit cover requirement, the notification referred to in paragraph (1) must—
 - (a) specify the amount (“the excess amount”) by which the scheme supplier’s existing credit cover exceeds their credit cover requirement, and
 - (b) where any part of the scheme supplier’s existing credit cover has been paid to the Authority, include information about the matters mentioned in regulation 45 (repayment of levy credit payments).
- (6) For the purposes of this regulation, “existing credit cover”, in relation to a scheme supplier, means the total amount that supplier has—
 - (a) paid to the Authority in accordance with this regulation, and which continues to be held by the Authority, and
 - (b) provided to the Authority in the form of a letter of credit in accordance with regulation 43, and which continues to be an acceptable letter of credit.

Letters of credit

43.—(1) A scheme supplier may provide an acceptable letter of credit in respect of all or part of their credit cover requirement.

- (2) Where a scheme supplier—

- (a) provides an acceptable letter of credit by the date specified in the notice referred to in regulation 42(1), or
- (b) provides an acceptable letter of credit in the circumstances described in regulation 42(3)(b) or (c),

the amount the scheme supplier must pay to the Authority in relation to their credit cover requirement under regulation 42(3)(a), (b) or (c) (as applicable) is reduced by the amount specified in the letter of credit whilst it constitutes an acceptable letter of credit.

- (3) A letter of credit is acceptable where it is—
 - (a) issued by a person who holds a required credit rating,
 - (b) valid for at least the quarter to which it relates and the four weeks immediately following the end of that quarter,
 - (c) issued on such terms as the Authority determines are appropriate, and
 - (d) issued in such form as the Authority may specify.

(4) Where a scheme supplier has provided the Authority with a letter of credit issued by a person who ceases to hold a required credit rating, that letter of credit ceases to constitute an acceptable letter of credit from the 14th day after the day on which that person ceases to hold that rating.

(5) Subject to paragraph (7), a person holds a required credit rating if that person has been assessed by—

- (a) Fitch Ratings as having a short term debt rating of “F1” or better,
- (b) Moody’s as having—
 - (i) a short term debt rating of “P-1”, or
 - (ii) a long term debt rating of “A3” or better, or
- (c) Standard and Poor’s as having a short term debt rating of “A-1” or better.

(6) For the purposes of paragraph (5)—

- (a) “Fitch Ratings” means Fitch Ratings Limited (registered company number 01316230),
- (b) “Moody’s” means the corporation known as Moody’s Investors Service Inc. incorporated in the US State of Delaware with the file number 0577904,
- (c) “Standard and Poor’s” means the corporation known as Standard & Poor’s Financial Services LLC. incorporated in the US State of Delaware with the file number 4621989.

(7) The Authority may at any time give a notice to scheme suppliers specifying such alternative required credit rating as it considers appropriate, and that notice remains in force until such time as it is withdrawn by the Authority.