

Contents

Welcome to our May newsletter summarising the latest news in gas decarbonisation, focusing on practical next steps and industry collaboration.

01 Notable projects

02 Industry news

03 Spotlight on... Hydrogen village trials

04 Policy milestones

05 Dates for your diary

06 Industry Engagement

01 Notable projects

In the last month we've seen several exciting decarbonisation projects - from hydrogen village trials and H100 to industrial clusters via Project Union - take significant steps forward. As the UK's journey to net zero gathers momentum, these are the key gas industry projects worth keeping a close eye on:

100% Hydrogen

Hydrogen village trials

This month [May] saw a major step forward for the Hydrogen Village Trials, with Ofgem announcing two potential trial areas within Whitby (Ellesmere Port) and Redcar. Whitby has been chosen because of its proximity to the HyNet hydrogen production facility, while the Redcar site is also near to areas identified for low-carbon hydrogen production.

Networks Cadent (Whitby) and NGN (Redcar) are leading the projects, and both companies are now working with residents and industry to determine next steps. This will include holding meetings and events to explain the benefits of the programme and how it would work.

In 2023, Ofgem will confirm which of the locations will progress to go live from 2025, with 100% hydrogen replacing natural gas in the pipelines for about two years.

Find out more [here](#).

H100 Fife

H100 Fife, the world's-first hydrogen neighbourhood trial, is an exciting 100% hydrogen project led by SGN. It aims to demonstrate that hydrogen could offer a practical, low-cost, low disruption solution for decarbonising heat and unlike the hydrogen village trials, it will use a separate network from the current natural gas one.

Customers who choose to opt-in to the project will have their homes supplied with hydrogen from next year.

SGN is working closely with residents and local authorities to move the project forward. Up to 300 customers in Fife are being offered the chance to opt-in for a new hydrogen gas supply. These customers will remain with existing suppliers and be able to switch or revert back to natural gas during the trial if they choose. Customers will receive free hydrogen appliances and SMETS 2 hydrogen meters installed at no cost. Servicing and maintenance will also be provided for the duration of the trial, free of charge.

The hydrogen network is planned to go live in 2023, and will be operational until March 2027.

For more information, [click here](#).

01 Notable projects

Hydrogen blending

Future Billing Methodology

Back in February, Cadent and its partners ran a consultation on five options for Future Billing Methodology. This concerns the options for blending hydrogen and biomethane at scale, and the best ways to manage Flow Weighted Average Calorific Value (FWACV) within networks to support fair billing. It focuses specifically on the transition between isolated trials and large scale decarbonisation in live networks. The consultation closed on March 1, 2022, and workshops were well attended and detailed responses received.

All materials are available on the Future Billing Methodology hub on the Xoserve site, and the consultation recommendations document is also available now. To view it, [click here](#).

HyDeploy

A collaboration between Northern Gas Networks, Cadent, the HSE and other partners, HyDeploy is trialling hydrogen blending up to 20% to prove the gas network's ability to accommodate it. It aims to provide evidence that taking the blend has no impact on customers' gas supplies and residents don't notice any difference when using the hydrogen blend.

The trial is due to close next month and further details will be shared as soon as they're available. In the meantime, you can find more information [here](#).



02 Industry news

Project Union

National Grid Gas is aiming to connect industrial clusters around the UK to potentially create a 2000km hydrogen backbone by the early 2030s, repurposing about 25% of the current gas transmission pipelines. The project is known as Project Union, and more information will be shared in due course. In the meantime, you can learn more [here](#).

Guarantee of Origin for hydrogen

The benefits of a UK hydrogen [Guarantee of Origin \(GoO\)](#) certification scheme have been explored in the latest Hydrogen Gas Market Plan project led by National Grid Gas.

As Britain furthers its aims to transition to a hydrogen energy future, a GoO scheme will be essential to verify the origin of hydrogen products and account for claims of hydrogen product consumption when, for example, businesses report their carbon footprint.

Future Grid

Work is ongoing in the build and commission phase of the National Grid Gas FutureGrid project, which seeks to build a hydrogen test facility in Northern England and look at the possibility of converting the National Transmission System to transport hydrogen. Find out more [here](#).

Changes to Future Energy Scenarios

National Grid ESO has announced that it is making changes to its Future Energy Scenarios (FES). The aim is to make enhancements to ensure they provide a more accurate view of local decarbonisation. The operator will build the FES at a regional level to ensure they can meet local requirements and will also help developers with advice on the location of generation sites.



03 Spotlight on... Hydrogen Village trials

As mentioned above, the Hydrogen village trials are under discussion for Whitby (Ellesmere Port) and Redcar. The trials are gaining a lot of attention, which also inevitably brings a number of questions from all involved, from suppliers to residents and business owners.

That's why we've developed operational briefs and a contact centre with FAQs for suppliers, detailing what will be happening, where and when so you can answer any questions you may receive from your customers.

Visit [Cadent](#) to find out more about the Whitby project, and [NGN](#) for more about Redcar.



04 Policy milestones

Here are the key Government policy/regulatory milestones:

- **Autumn 2022** – Indicative assessment on the value-for-money case for blending hydrogen in the existing network
- **Q4 2022** – Business model for hydrogen support finalised
- **2022** – Decision on rebalancing policy costs between electricity and gas
- **2022** – Final investment decisions on two 'Track 1' Carbon Capture & Storage (CCS) clusters
- **2023** – Final policy decision on hydrogen blending

- **2023** – First hydrogen support contracts allocated
- **2023** – Hydrogen heating trials to commence in local neighbourhood
- **2023** – Decision on hydrogen village location
- **2025** – New business models for hydrogen transport and storage infrastructure designed
- **2025** – Hydrogen certification scheme introduced



- **2025** – Hydrogen village trials to commence
- **2025** – Target for reaching 1GW electrolytic hydrogen production capacity and price competitive annual allocation rounds
- **2030** – New target for creating up to 10GW low carbon hydrogen production
- **2030** – Hydrogen town trial to commence

05 Dates for the diary

We'd love to see you at our Hydrogen Implementation forums! To join, please email victoria.mustard@xserve.com



Don't miss these upcoming summer sessions:

24.06.2022 10:00 - 12:00 Metering & IGT working group

01.07.2022 11:30 - 13:00 Shipper working group

20.06.2022 10:00 - 12:00 Network working group

06 Industry Engagement

With so much change across the industry, we know that keeping track of all of the projects and changes can be difficult. That's why we have launched an Industry "Intranet". This will be a central repository where you can access latest news, updates, project findings and industry thinking.

If you would like access to this site please contact victoria.mustard@xserve.com

