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Welcome to February's issue of DeliveringDecarb. January might have felt like it went on for 65 weeks, but we've made it through one of the longest months of the year, hooray, and now we find ourselves at the end of February in the blink of an eye. Despite its relative shortness, February still manages to cram in some well-known and fun holidays, including Pancake Day and Valentine's Day. This year, in particular, February has even managed to squeeze in an extra leap day!

Much like February, we've packed in as much as we could about what's shaping the energy sector this month into a single newsletter delivered right to your inbox. It even comes with a note... Roses are red, energy will be green; read our newsletter to know everything in between.

So let's dive in as we're flipping with excitement to share what the last few weeks have brought us, from predictions about AI, and its role in spiking gas demands to green baked beans?

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01 Notable news

Kraft Heinz is exploring onsite green hydrogen production

Food company Kraft Heinz and the energy developer Carlton Power plan to develop a 20MW green hydrogen production facility, where hydrogen will be produced using water electrolysis processes powered by 100% renewable electricity.

This hydrogen would then be used to replace fossil fuels in heating processes at one of the company's food manufacturing plants in Wigan. Kraft Heinz estimates that the proposed project could meet at least half of the factory's natural gas demands while reducing its annual power-related carbon emissions by 16,000 tonnes.

Subject to planning approval and financing, the hydrogen facility could begin its first production in 2026.

[Read the full story](#)

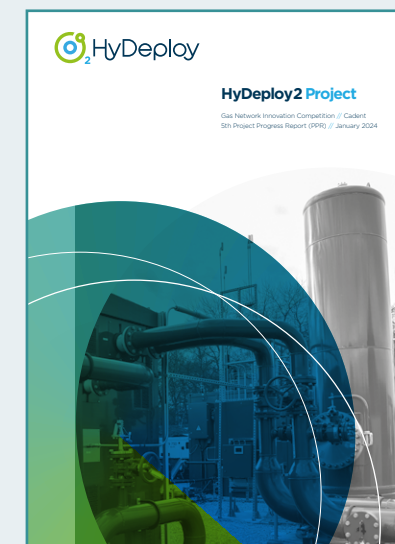
HyDeploy 2 progress report published for 2024

Cadent published the latest version of their HyDeploy 2 progress report, reflecting on key achievements from 2023. One of the triumphs included was the policy decision by the Government to support the blending of up to 20% hydrogen (by volume) into the GB gas distribution networks. Other achievements cited were the establishment of a cross-industry materials working group via the Energy Networks Association and the prioritisation of regular and informative communication since the start of the project.

Alongside highlights of last year, the report also focused on the outlook for 2024 with HyDeploy planning to submit documents for review by the HSE to aid the Department for Energy Security and Net Zero with their view on whether to proceed with enabling blending at scale. As well as actions for the future, it also cited potential challenges for hydrogen, including a lack of subject-matter experts in

this field and the rise in demand for “scarce resources.”

Jump to our Spotlight section for more or [download the full HyDeploy 2 progress report](#)



01 Notable news

NGN secured Ofgem funding of almost £500,000 for HyCoRe project

Ofgem has awarded funding of almost £500,000 for a Hydrogen Cost Reduction Programme (HyCoRe). Northern Gas Networks partnered with the Offshore Renewable Energy (ORE) Catapult, Kinewell Energy, Arup, University of Newcastle, Unasys, and National Gas Transmission to explore the role of hydrogen in reducing the upfront investment required to move to Net Zero.

HyCoRe partners and advisors will collaborate over the next six months and will focus on three key research areas:

National Modelling: identifying high-potential areas based on offshore/onshore constraints and opportunities.

Modelling of a selected regional specific solution: understanding infrastructure solutions that will provide connectivity between offshore wind production areas and energy consumers/ gas network.

Technical challenge assessment: identifying technical challenges that may impede deployment and design/optimisation of test/validation solutions to de-risk technology pathways.

Once UK regions with strong potential for green hydrogen have been identified, the aim is for the hydrogen to be produced from offshore wind and injected into the onshore gas network, to offer a more economical and deliverable solution than offshore wind farms producing electricity directly.

[Find out more about the project](#)

The UK cut emissions by 50% between 1990 and 2022, according to official statistics

The Government declared that the UK is the first major economy to halve its emissions – having cut them by 50% between 1990 and 2022, while also growing its economy by 79%. According to the announcement, these

reductions are largely due to cutting emissions from energy generation, through the shift away from using coal to using renewables. It adds that in 2012, coal provided almost 40% of UK electricity, but later this year, this will be zero.

Energy Security Secretary Claire Coutinho said:

“With some of the most ambitious targets in the world, we should be proud that we’ve over-achieved on our carbon budget for the third time in a row. We will continue to meet our targets but in a pragmatic way that doesn’t clobber extra costs onto hard working families.”

While statistics from recent years were impacted by the coronavirus pandemic, the Government are confident that the long-term trend shows that the UK is still driving down emissions.

[Access the full press release](#)

01 Notable news

BP boss predicts AI revolution could trigger global surge in fossil fuel demand

Murray Auchincloss, chief executive of BP, has predicted that the increased use of AI will trigger a global surge in demand for gas as well as energy from renewable sources such as wind and solar. Given the number of calculations needed to perform a task, AI tools such as ChatGPT are reported to consume about 10 times the energy of a standard browser search.

Mr Auchincloss said: “Gas production will probably go a little bit lower this decade and then will grow significantly as we move into the following decades... Generative AI is something that’s creating an even higher level of demand for electricity.”

The amount of energy consumed by the 8,000 data centres globally is predicted to soar by 73% to 800 terawatt hours (TWh) by 2026,

according to the International Energy Agency.



[Dive into the full story here](#)

BP’s biogas supply grew by 80% last year

Alongside predictions for the future of energy and AI, BP reported that its biogas supply

grew by 80%. Their biogas production volumes increased by 18% as did their biofuel production volumes. Its renewables pipeline also grew to 58.3 GW, up from 37.2 GW in the previous year and its hydrogen pipeline increased from 1.8 Mtpa in 2022 to 2.9 Mtpa in 2023, an increase of 61%.

[Discover the benefits of biogas for decarbonising heat](#)



01 Notable news

70% of people won't spend more time or money on a clean energy future

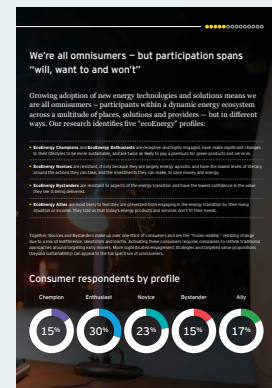
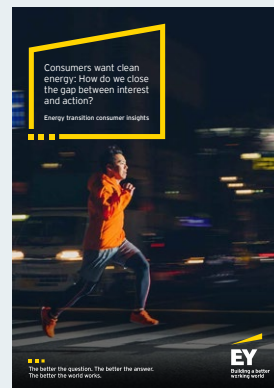
A report by EY, which surveyed nearly 100,000 residential energy consumers across 21 markets, revealed consumers are less confident in their energy future than they were a year ago. The report's key findings showed 65% of energy consumers know how to start making sustainable energy choices but 70% say they will not spend more time or money doing so as consumers struggle to recognise the benefits of their efforts.

Only 30% of consumers are confident that their energy will remain affordable, and 72% state they can't absorb a bill increase of 10%. Moreover, while 26% of consumers have a good understanding of terms such as renewable energy and sustainability, this figure has not improved over the last three years.

Greg Guthridge, EY Global Energy & Resources Customer Experience Transformation Leader, says:

“Energy consumers want a clean energy future but need a broad range of support to make personal energy choices. Closing the gap between their interest and action will depend on energy providers, government, and the broader energy ecosystem working together to pull every lever available.”

[EY's full report can be found here](#)



01 Notable news

Barclays won't provide direct funding for oil and gas expansion projects

In a Climate Change Statement, Barclays announced it would no longer provide direct funding for projects designed to expand oil and gas production, or infrastructure related to such projects.

The bank said there would also be restrictions on new financing for energy groups themselves, although these will be stricter for new clients than existing ones. The plan is not wholly focused on oil and gas. There will also be curbs on lending linked to coal mining and coal-fired power generation.

Barclays is not the first bank in Europe to introduce such commitments. HSBC, Lloyds, BNP Paribas, Societe Generale and Credit Agricole have all previously announced restrictions on funding for fossil fuels.

[The full announcement is available here](#)



BARCLAYS

02 Spotlight on... Hydrogen Projects

This month, we brought you updates from NGN and Cadent on two innovative projects that are working towards creating a low-carbon future and a future hydrogen economy. The UK is making huge investments in hydrogen, which includes NGN's HyCoRe project, one of thirty-six projects to have successfully secured a share of £16.09 million of Ofgem funding from its Strategic Innovation Fund.

Cadent's HyDeploy has laid the groundwork for testing the feasibility of hydrogen blending, with two trials that will help the HSE and the UK Government to make an informed and strategic decision about the future of hydrogen blending. Projects such as these are essential if the country is to achieve the government's ambition to deploy up to 10GW low carbon production capacity by 2030.

To add to the excitement, Cadent's latest HyDeploy 2 progress report published for 2024 has given a special mention of Xserve's Decarb Discussions within the key achievements section. Cadent has promoted its appearance on the podcast "to bring forward the key insights and technical findings" of the HyDeploy project.

If you haven't leapt at the chance already, it's well worth a listen. Like all the episodes, it can be played on demand on your favourite podcast apps.

[Listen to A conversation about the Hydeploy project](#)



03 Things to look out for

Throughout 2023, Xoserve has been working with the Fuel Bank Foundation, a charity which provides crisis support to households unable to pay for fuel, often resulting in missed meals and cold homes. Together, we've been looking at the energy trilemma, trying to focus on how to make the necessary changes to meet net zero targets by 2050, without driving up fuel poverty rates, and what can we do to minimise the financial impact of decarbonising the energy system on the most vulnerable members of society.

Unfortunately, there isn't one answer or one solution. To help the energy industry and policymakers gain valuable insight into the daily struggles of those living in fuel crisis, we're hosting an immersive event with the hopes to start considering a variety of solutions to these questions. Stay tuned for what comes out of this crucial discussion.



04 Policy milestones

Here are key Government energy policy / regulatory milestones:

- **2024** - H100 trial to commence
- **2024** - Energy Bill expected to complete
- **2024** - Future systems operator appointed
- **2024** - Smart meter rollout completed
- **2025** - New business models for hydrogen transport and storage infrastructure designed
- **2025** - Hydrogen certification scheme introduced
- **2025** - Target for reaching 1GW electrolytic hydrogen production capacity and price competitive annual allocation rounds
- **2026** - Final policy decision on whether hydrogen will support domestic heating
- **2026** - MHHS (Marketwide Half Hourly Settlement) begins
- **2030** - New target for creating up to 10GW low carbon hydrogen production
- **2030** - Hydrogen town trial to commence



05 Dates for your diary

We'd love to see you at our Hydrogen Implementation forums. To join, please email box.xoserve.decarbonisation@xoserve.com

Monthly decarb updates

DNS	Friday 15th March 2024	10:00 - 11:30
Shippers	Monday 18th March 2024	10:00 - 12:00
Metering	Thursday 14th March 2024	10:00 - 11:00
IGT	Monday 18th March 2024	2:00 - 3:00



As well as our regular sessions, we'd also like to invite you to these additional events:

Hydrogen Information Sharing Group

Hydrogen Information Sharing Group	Friday 8th March 2024	10:00 - 12:00
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Real Time Settlement Methodology

RTSM Shipper/Supplier Engagement	Tuesday 27th February 2024	10:00 - 12:30
RTSM IGT Engagement	Wednesday 28th February 2024	10:00 - 12:30

06 Keeping in touch

If you've found any of the topics in this month's newsletter particularly interesting, please get in touch or share your comments on LinkedIn, tagging @Xoserve. You can also delve deeper into decarbonisation with our Decarb Discussions podcast, which covers topics from different industry perspectives. To get involved and have your voice heard on our podcast channel, please get in touch.

Don't forget to sign up to our industry 'intranet'. An exclusive resource for the gas industry, the intranet is designed to keep you up to speed with the latest news, new projects and policy changes. It acts as a central repository for essential information related to your industry, some of which may not yet be available as a public resource. If you would like access to this site, please contact:

box.xoserve.decarbonisation@xoserve.com

