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Welcome to **DeliveringDecarb**, the last newsletter of the summer. In this month's instalment, we will look at the most notable news stories from August. Energy experts and policymakers continue to explore methods to reach net zero and with almost two-thirds of the year behind us, we're starting to see how government energy schemes and policies might start to take shape in 2024.

In this month's Spotlight section, we've rounded up key messages from the Government's 'Energy Week'. We also delved into food waste and anaerobic digestion as an energy source and two energy experts debated the role of hydrogen for domestic heating. If these topics interest you, then be sure to head over to our [Decarbonisation knowledge centre](#), where you can find the latest discussions from our Xserve blog and podcast.

If you'd like to be the next guest expert on our podcast, please get in touch by emailing box.xoserve.decarbonisation@xoserve.com.

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01 Notable news

HyGreen Teesside on track to be among the UK's largest green hydrogen facilities

BP Alternative Energy Investments project, HyGreen Teesside, has entered the negotiation stage of the government's electrolytic hydrogen allocation round. HyGreen Teesside is due to start production in 2026 and is planned to be one of the UK's biggest hydrogen facilities. It is initially targeting 80MW of green hydrogen production, with potential further growth of up to 500 MW by 2030.

The project aims to support large-scale decarbonisation of heavy transport, airports, ports, and rail in the UK as well as carbon-intensive sectors in the region, such as chemical and process industries. Nineteen other hydrogen projects were shortlisted for this allocation round, including proposals from SSE Renewables, EDF Renewables Hydrogen and Scottish Power.

[Read more on HyGreen Teesside.](#)

Government published new Biomass Strategy 2023

This month, the UK government released its long-awaited biomass strategy, laying out intended steps to develop a sustainable biomass sector. The new strategy develops on the biomass policy statement published in 2021 and aims to set out the role biomass can play in reaching net zero.

The strategy, welcomed by green groups, reiterates an existing Government ambition to deliver 5 Mt of carbon removals annually by 2030, potentially increasing to 23 Mt by 2035 and 81 Mt by 2050 with Bioenergy with Carbon Capture and Storage (BECCS) to provide the majority of these carbon removals. It also outlines planned applications across industry, heating and transport in the short, medium and long term.

[Read the Government's full Biomass Strategy 2023.](#)

DESNZ investigated the validity of BECCS as a greenhouse gas removal option

In conjunction with the Biomass Strategy, the government also published a report led by the DESNZ Chief Science Advisory's Task and Finish Group to set out a position on the validity of BECCS as a greenhouse gas removal option to achieve negative emissions. According to that report, well-regulated BECCS can achieve its objective and ensure positive outcomes for the people, the environment and the climate.

[Download the BECCS research and report.](#)



01 Notable news

Government unlocked new £10m Community Energy Fund

The Government announced a £10m Community Energy Fund for rural and local communities to develop clean energy projects such as rural heat networks. Applications open in the Autumn, with solutions that provide local jobs and improve energy security given priority. The funds, distributed through Local Net Zero Hubs, will support local authorities to develop net zero projects and attract commercial investment. The investment aims to support projects that will provide families and businesses with affordable, secure and clean home-grown energy, reduce costs and fuel poverty.

[Read the full story here.](#)

RAP published options for decarbonising the UK's gas grid

The Regulatory Assistance Project (RAP), an independent organisation supporting a global energy transition, published a briefing for UK policymakers and regulators. The briefing looks at gas network contraction and decommissioning, as well as policy and regulatory models which could decarbonise the UK's gas grid. The briefing proposes three options for the British government to manage the decommissioning of the gas network and best protect customers from associated risks:

- Business-as-usual wind-down with accelerated depreciation and the potential for a decommissioning fund.
- Evolutionary regulation to encourage gas networks into clean heating.
- Nationalisation with planned wind-down.

[Download RAP's briefing here.](#)

Prime Minister committed to new North Sea oil and gas licences

UK Prime Minister Rishi Sunak issued hundreds of new development licences, claiming he is backing the North Sea oil and gas industry to “make Britain more energy independent”. The first licence will be issued this autumn, with at least one hundred licences set for approval in the next round.

Sunak also announced support for two carbon capture and storage (CCS) clusters, Acorn CCS and Viking CCS, in Scotland and the Humber, respectively. The two projects have been awarded Track 2 status as part of the UK Government's CCS cluster sequencing process. With the previous two clusters announced, these four clusters will build a new carbon capture usage and storage industry using the North Sea for CCUS storage.

[Read more on the story here.](#)

01 Notable news

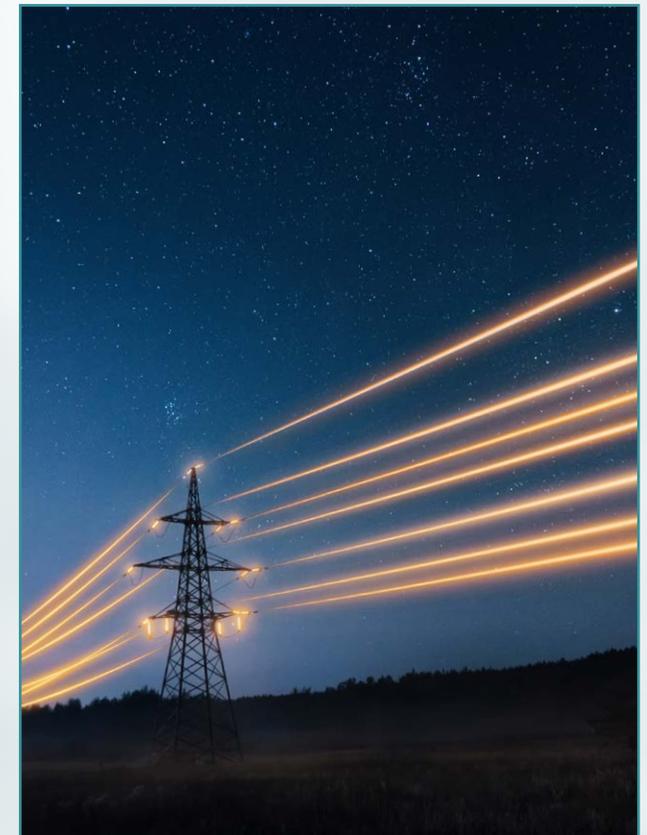
Recommendations to accelerate the electricity transmission infrastructure published

UK's Electricity Networks Commissioner, Nick Winser, published recommendations on how to accelerate the deployment of electricity transmission infrastructure. The report, welcomed by Energy Security Secretary Grant Shapps, sets out plans to "bolster the country's energy security" and reduce current timescales for delivering onshore transmission network infrastructure to seven years to help achieve energy security and net zero more quickly.

The report lists eighteen recommendations, including:

- The FSO should be established quickly and be responsible for producing a Strategic Spatial Energy Plan (SSEP)
- The SSEP should be endorsed regularly by DESNZ and Ofgem, and be referred to in the Energy NPS
- Ofgem should urgently conclude the Future Systems and Network Regulation (FSNR) consultation and establish a new regulatory arrangement with the TOs
- An Energy System Delivery Board, chaired by Government, and including Ofgem, the FSO and TOs needs to be established

[Report findings and recommendations can be viewed here.](#)



01 Notable news

Ofgem approved SGN project to repurpose natural gas pipelines for hydrogen

Ofgem has approved the next stage of an SGN project to trial 100% hydrogen gas through a 30 km decommissioned pipeline between Grangemouth and Granton. Over the past year, SGN carried out surveys and assessments to determine the integrity of the pipeline. Evidence from the testing confirmed the suitability of the pipeline for hydrogen testing, resulting in a green light for the project to progress to the next stage.

Gemma Simpson, SGN director of LTS Futures, said: “If we’re successful we’ll be able to proceed to a live trial in 2024 which will deliver a blueprint for repurposing Great Britain’s LTS network, driving decarbonisation and supporting our net zero goals.”

[Read the full story here.](#)

DESNZ published the latest Hydrogen Strategy Update.

The Government released its Hydrogen Strategy Update, reaffirming plans to deliver a more secure, cleaner energy system, with hydrogen envisaged to play an increasingly important role during and after the transition. The update also confirmed the Government’s intentions to consult further on hydrogen blending in 2023 and is continuing to target a policy decision in 2023 on whether to allow up to 20% hydrogen blending into gas networks.



The update provided a list of upcoming opportunities for stakeholders to provide feedback on policy development and engage with plans for funding, including:

- A consultation on the need and potential design options for hydrogen to power market intervention
- A consultation on hydrogen blending
- The launch of the second hydrogen allocation round
- A consultation to finalise the design of Phase 3 of the IETF

[Download the full Hydrogen Strategy Update](#)

02 Spotlight on... Energy Week

Round up of Government measures to strengthen UK's energy independence

During 'Energy Week' (24th July – 4th August) the Department for Energy Security and Net Zero made several announcements to help secure the UK's energy independence and keep the country on track for net zero.

The week started with the Prime Minister's announcement to grant hundreds of new oil and gas licences in the UK and concluded with the publication of the Electricity Networks Commissioner's report. There were several other announcements, a new task force and a roundtable with energy leaders hosted by Energy Secretary Grant Shapps.

New measures to speed up Sizewell C

24 JULY 2023

'Great British Nuclear' aims to accelerate roll out of nuclear power to improve energy security

£170m investment confirmed to speed up construction of Sizewell C.



Plans for new oil and gas licences announced

31 JULY 2023

Hundreds of new oil and gas licences will be granted as a measure to increase energy security.

Third and fourth carbon capture usage and storage (CCUS) clusters in the UK confirmed:

- Acorn in North East Scotland
- Viking in the Humber

New taskforce to increase nuclear skills announced

1 AUGUST 2023

Nuclear Skills Taskforce, chaired by Sir Simon Bollom, announced.



DESNZ says it will bring together "government, employers and academia to meet nuclear skills growth opportunities."

Reforming the Energy Retail Market consultation launched

24 JULY 2023

Department for Energy Security and Net Zero launches consultation into reforms for the energy retail market.

Its vision - an energy market that:

- works better for consumers
- is more resilient and sustainable
- supports wider energy system transformation

CONSULTATION CLOSES ON 18 SEPTEMBER 2023

Energy industry roundtable hosted at Downing Street

2 AUGUST 2023

Renewables, oil and gas and nuclear companies meet with Energy Secretary Grant Shapps to discuss working together to:

- **Boost the UK's competitiveness** and investment into home-grown clean energy
- **Create and safeguard jobs** across the country
- **Reduce energy bills** for consumers and households
- **Make progress** towards net zero

PROJECTS WORTH UP TO £100 BILLION TO BE BUILT ACROSS THE UK OVER THE NEXT 10 YEARS.

£22m announced for Contracts for Difference Scheme

3 AUGUST 2023

£22 million increase for the Contracts for Difference (CfD) scheme takes the total budget to £227 million for this auction:

- Established technologies such as solar and offshore wind increases from £170 million to **£190 million**
- Emerging technologies such as floating offshore wind increases from £35 million to **£37 million**
- **£10 million** for tidal stream projects

Proposals for greater protection for heat network customers

4 AUGUST 2023

Department for Energy Security and Net Zero announces plans to protect homes and businesses on heat networks:

- Potential future price cap on energy bills
- Consistent standards for quality of service and supply of heat
- Regular and clear bills.

Ofgem given powers to regulate heat networks from 2025.

THE HEAT NETWORKS CONSUMER PROTECTION CONSULTATION CLOSES ON 27 OCTOBER 2023.

03 Things to look out for

Anaerobic digestion and biomethane's role in reaching net zero

Did you know... methane from food waste is eighty times more potent than CO₂ as a greenhouse gas?

We've all been talking about hydrogen and the potential benefits it could bring for the UK's energy transition but hydrogen isn't the only low-carbon gas playing a crucial role in the journey to net zero. In our next podcast, we explore the role of anaerobic digestion in producing clean energy.



04 Policy milestones

Here are key Government energy policy / regulatory milestones:

- **2023** - Final policy decision on [hydrogen blending](#)
- **2023** - First [hydrogen support contracts](#) allocated
- **2023** - Decision on hydrogen village location
- **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** - Hydrogen village trials to commence
- **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're coming to the end of the summer holidays, and while sessions will not be taking place in August, they will commence again in September.

For the latest industry updates, you'll still have the monthly newsletters, podcasts and the Xoserve website to keep you informed. Any key government policy decisions or updates on relevant projects will be sent via email. If you're not subscribed to our mailing list, please contact us at decarbonisation@xoserve.com.

Shipper Working Group	8th September	11:30 - 13:00
Metering Working Group	15th September	10:00 - 11:00
IGT Working Group	22nd September	10:00 - 11:00
DN Working Group	26th September	10:00 - 11:30

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



06 Keeping in touch

We've been working on a range of initiatives designed to help raise awareness of gas decarbonisation and keep everyone in the industry connected. Our DecarbDiscussions podcast is one such initiative and covers topics from different industry perspectives. If you'd be interested in getting involved and hearing your voice on our podcast channel, please get in touch.

And 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

