

The logo features a stylized 'X' symbol on the left, composed of two interlocking curved lines. To its right, the word 'OSERVE' is written in a clean, white, sans-serif font. The 'X' and 'O' are connected, and the 'S' is a simple, rounded shape. The entire logo is set against a dark blue background with vibrant, diagonal streaks of light in shades of purple, blue, and cyan.

XOSERVE

DELIVERING
DECARB

April 2026

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01 Notable news

FEN's Gas Networks Innovation Strategy

Future Energy Networks (FEN) has published its 2026 Gas Networks Innovation Strategy, setting out how the UK's gas transmission and distribution networks will support the transition to a low-carbon energy system while maintaining safe, reliable and affordable energy supplies.

The strategy outlines five key innovation themes:

- 1. Sustainability** – Reducing environmental impact through advanced detection and remedy, and investing in low-carbon construction and maintenance
- 2. Digitisation** – Embedding a 'digital by default' approach using data and digital tools to maximise efficiency and interoperability
- 3. Planning** – Enabling whole-system optimisation with the wider energy industry, ensuring the opportunities gas networks offer is built into regional and strategic plans

- 4. Equitable energy** – Ensuring vulnerable customers are not left behind in the transition
- 5. Green Gas integration** – Connecting, transporting and blending more green gases and enabling new flexible demand side applications

Together, these priorities aim to deliver a fair, low-carbon gas future throughout the RII0-GD/T3 price control period.

Overall, the strategy positions innovation as central to improving efficiency, cutting emissions and ensuring the long-term resilience of the UK's gas network, while highlighting the importance of cross-sector collaboration.

[Read the full strategy here.](#)

GMT secures £195m project financing

GMT (a biomethane developer) has secured a £195 million project investment from the Dutch Bank ING to scale its UK biomethane infrastructure.

The investment will support multiple projects across the UK, including an initial £80 million tranche and a further investment of up to £115 million for future expansions.

The funding will support the economic rollout of additional biomethane, biogenic CO₂ and biofertiliser production facilities, strengthening UK energy security and decarbonisation.

The deal marks a significant step in scaling domestic, low-carbon gas infrastructure across the UK.

[Read the full story here.](#)

01 Notable news

Hydrogen investment fuels South Yorkshire's next industrial era

The Department for Energy Security and Net Zero (DESNZ) and Great British Energy (GBE) have announced an £86.5 million investment package to support the expansion of a major hydrogen production supply chain manufacturer in South Yorkshire. The funding includes £40 million from GBE, taking a c.10% equity stake in ITM Power, and a £46.5 million government grant.

The investment will enable a 1GW expansion of ITM's electrolyser factory, supporting over 400 new jobs and strengthening the UK's position as a strategic supplier of green hydrogen production components. Electrolysers, which use electricity to split water into hydrogen and oxygen, are critical to scaling low-carbon hydrogen.

The funding will accelerate deployment of ITM's next-generation 'Chronos' technology, designed to improve efficiency of hydrogen electrolysis, reduce the cost of zero emission gas production, while enabling these to be better integrated or co-located with renewable electricity generation.

Government and industry leaders have positioned the project as a key step towards boosting UK energy security, reducing reliance upon imported fossil fuels, and driving regional economic growth in South Yorkshire.

[Read the full story here.](#)

East Coast Cluster Delivers £1.5bn of UK Supply-Chain Contracts

The East Coast Cluster (ECC) has awarded £1.5 billion in contracts to UK carbon capture businesses.

Led by contracts with NZT Power and the Northern Endurance Partnership, the programme is expected to support over 3,000 jobs and deliver more than 50% UK supply chain content.

The milestone reflects strong engagement from both local Teesside firms and national contractors, spanning engineering, construction and operations.

Backed by UK Government investment, the projects mark a significant step in scaling carbon capture infrastructure while driving regional growth and supporting the UK's net zero ambitions.

[Read the full story here.](#)

01 Notable news



Hydrogen and CCUS skills initiative readies industry for net zero and economic growth

The Hydrogen and Carbon Capture Skills Accelerator has identified the key skills, roles, and training needed to support the UK's growing hydrogen and carbon capture utilisation and storage (CCUS) sectors. Delivered by the Hydrogen Skills Alliance, the initiative brought together employers and training providers across pilot regions in the North West and South West.

Over six months, the Accelerator developed new skills frameworks, training courses, and qualifications, while mapping critical job roles and assessing workforce readiness across 12 UK regions.

The programme highlights the importance of coordinated industry and education efforts to build a skilled workforce, supporting the UK's net zero ambitions and wider clean energy job growth.

[Read the full story here.](#)

Solar reactor turns plastic waste into clean hydrogen

Researchers at the University of Cambridge have developed a solar-powered reactor that converts hard-to-recycle plastics into clean hydrogen fuel using acid recovered from old car batteries.

The process uses sunlight to break down plastics such as PET, nylon and polyurethane, producing hydrogen alongside useful chemicals like acetic acid.

By combining plastic waste with recycled battery acid, the system offers a circular, low-cost approach to grey hydrogen production from difficult waste streams.

The researchers say the technology could support scalable, low-carbon hydrogen generation, though further work is needed to move from laboratory to commercial deployment.

[Read the full story here.](#)

01 Notable news

Accelerating CCS Technologies (ACT-3) programme results

DESNZ has published the first five reports from the ACT3 CCS research programme, a Europe-wide initiative supporting collaborative projects in the CCUS space.

The portfolio spans innovations in CO₂ conversion to chemicals, improved wellbore integrity for long-term storage, and enhanced subsurface risk modelling and monitoring. Demonstrations include ship-based carbon capture achieving up to 80% capture rates, alongside circular carbon solutions such as bio-based fuels and CO₂ derived products.

Projects also delivered new datasets, modelling tools and frameworks to improve storage safety and scalability.

Collectively, the results demonstrate increasing technical maturity and real-world applicability of CCUS, supporting industrial decarbonisation, economic growth and the UK's transition to net zero.

[Read the reports here.](#)

Cadent-sponsored report highlights role of gas in meeting AI energy demand

Stonehaven has published a report, sponsored by Cadent, titled 'Solving the AI Energy Dilemma', outlining that energy infrastructure is now the primary constraint on the UK's AI ambitions. Government plans to scale AI compute capacity from 0.5 GW in 2025 to 6 GW by 2030 risk being slowed by electricity grid constraints, long connection times and high-power costs.

The report positions the gas network as a pragmatic near-term solution for some AI related data centre developments, noting that gas connections and on site generation can often be delivered faster and at lower cost than electricity alternatives. Market interest is evidenced by a significant number of recent gas connection enquiries from data centre developers.

Cadent is clear that fossil gas alone is not a durable long-term solution, instead highlighting biomethane – including the potential for net-negative emissions when combined with CCS – as the credible decarbonisation pathway, with policy and regulatory design now the principal barriers to scale.

[Read the full report here](#)

02 Spotlight on...Ofgem's Second Strategic Direction Statement

The latest Strategic Direction Statement (SDS-2) published by Ofgem earlier this month marks an important evolution in how policy expectations are being translated into tangible actions across the energy sector. While headline changes from the first iteration are relatively small, the direction of travel is becoming clearer particularly for the gas system and its role in the transition to net zero.

At its core, SDS-2 reinforces a key narrative: continued uncertainty around the long-term future of the gas network, alongside a firm expectation that industry should act now in key areas. This is especially evident in the growing emphasis on biomethane as a near-term decarbonisation pathway, signalling that low-carbon gas solutions are no longer just transitional concepts, but immediate priorities.

The SDS uses three time horizons for defining when stakeholders are expected to implement the described objective: "Act Now", "Think & Plan" and "Listen & Wait". Notably, several objectives have been re-prioritised, reflecting both policy maturity and practical constraints. For example, "Recover the cost of the existing gas network" has shifted from "Act Now" to "Think & Plan", acknowledging dependency on future government decisions, while "Adaptability for innovation" has moved to "Act Now", highlighting the urgency of enabling faster deployment of net zero solutions.

There are also clear signals around system resilience and efficiency. New objectives, such as strengthening emergency contact arrangements, underline the importance of operational readiness as the system becomes more complex. At the same time, broader reforms like the Cost Allocation Recovery Review point to future changes in how system costs are distributed, an area that could have significant implications for market participants.

Perhaps most significantly, SDS-2 continues to emphasise the role of codes as a delivery mechanism for policy. With the transition towards code manager arrangements progressing, expectations on coordination, prioritisation and execution are increasing. Industry bodies are not only being asked to respond to change, but to actively shape how it is implemented through code modifications, data sharing improvements and innovation frameworks.

Ultimately, SDS-2 is less about redefining direction and more a clear expectation to accelerate delivery where policy directions are already clearly set out.

[Read the full statement here](#)

03 Policy milestones

The path to a decarbonised energy system will be marked with significant policy milestones and regulatory developments. As the gas industry continues its efforts to transition to net zero, understanding these key events is essential. Here we highlight recent developments impacting the decarbonisation of gas.

UK moves to decouple gas from electricity price

The Government has [announced](#) reforms to break the link between gas prices and electricity costs, aiming to shield households and businesses from global price volatility while accelerating the transition to clean energy.

Central to this is the introduction of voluntary long-term fixed-price contracts for existing low-carbon generators, reducing their exposure to gas-driven wholesale prices, alongside an increase in the Electricity Generator Levy to capture excess profits during price spikes. These measures are designed to stabilise bills, strengthen investment in renewables and support a more electrified energy system.

Methodology for NESO's Centralised Strategic Network Plan published

NESO has [set out](#) its methodology for the Centralised Strategic Network Plan (CSNP), a new, whole-system approach to planning Great Britain's future electricity, gas and hydrogen networks.

The CSNP will provide a 25-year view of infrastructure needs, guiding investment and delivery through a structured planning process.

Ofgem has [conditionally approved](#) the methodology, stating it provides a credible framework, subject to further detail in limited areas.

DESNZ and Ofgem launch review into wider access to smart meter data

DESNZ and Ofgem have [launched](#) a scoping exercise for a possible smart meter data repository. The initiative will consider design, delivery, potential roles and responsibilities and a cost-benefit analysis of options. The department expects this to be completed by May 2026, after which there shall be a consultation on the preferred way forward.

In parallel, DESNZ has [published](#) an updated evaluation plan for the smart meter rollout, highlighting over 41 million meters installed and their growing role in enabling a flexible, low-carbon energy system.

03 Policy milestones

The Future Homes and Buildings Standards – Consultation Outcome

The Government has published the outcome of the Future Homes and Buildings Standards 2023 consultation, introducing new Building Regulations to improve energy efficiency, ventilation, and overheating protection in new homes and buildings across England from March 2027.

A key outcome relevant to the UK gas industry is the requirement for all new buildings to produce at least 75% lower carbon emissions than homes built to the 2013 standards. This effectively mandates the use of low-carbon heating systems, such as heat pumps.

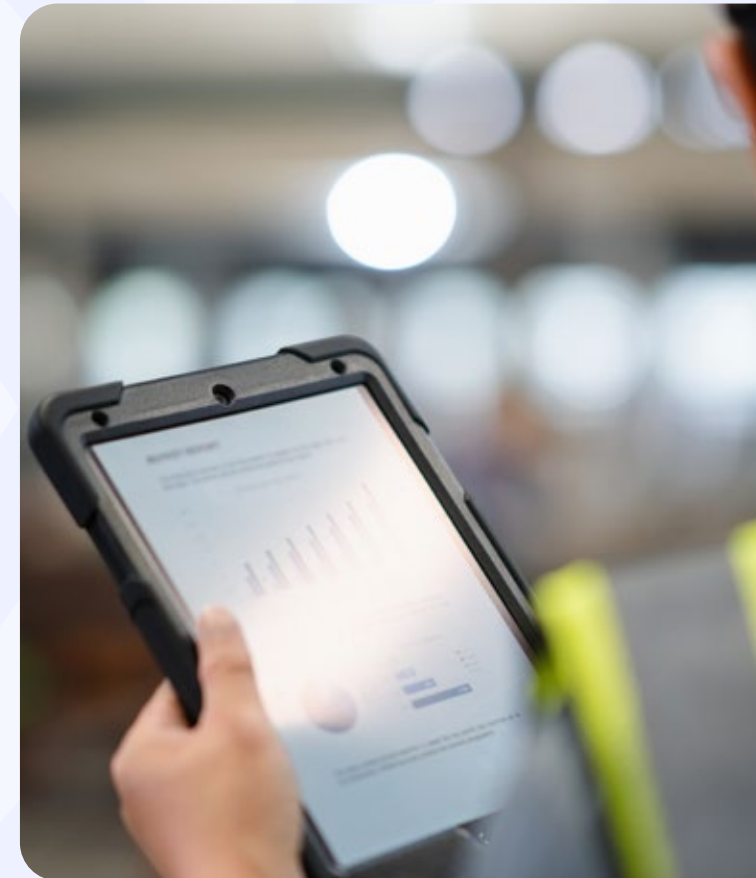
While not an explicit legal ban, this effectively phases out gas boilers in new-build properties across the UK, as gas boilers will not meet the new standards in most cases.

Energy Digitalisation Framework

DESNZ has set out the Energy Digitalisation Framework, establishing a coordinated approach to using data and digital tools across the energy system.

While progress has already been made, the current energy network digitisation landscape is fragmented, with inconsistent standards and unclear responsibilities. The new framework addresses this by introducing a more structured, organisation-led ‘data domain’ model with dedicated coordinators to set standards and improve interoperability.

It also aligns key digital infrastructure, including data sharing infrastructure and consumer consent systems, and creates long-term governance through a Digitalisation Coordination Function role to ensure architectural coherence. Overall, the framework aims to unlock a smarter, more connected energy system that supports flexibility, consumer benefits, and the transition to clean energy.



03 Policy milestones



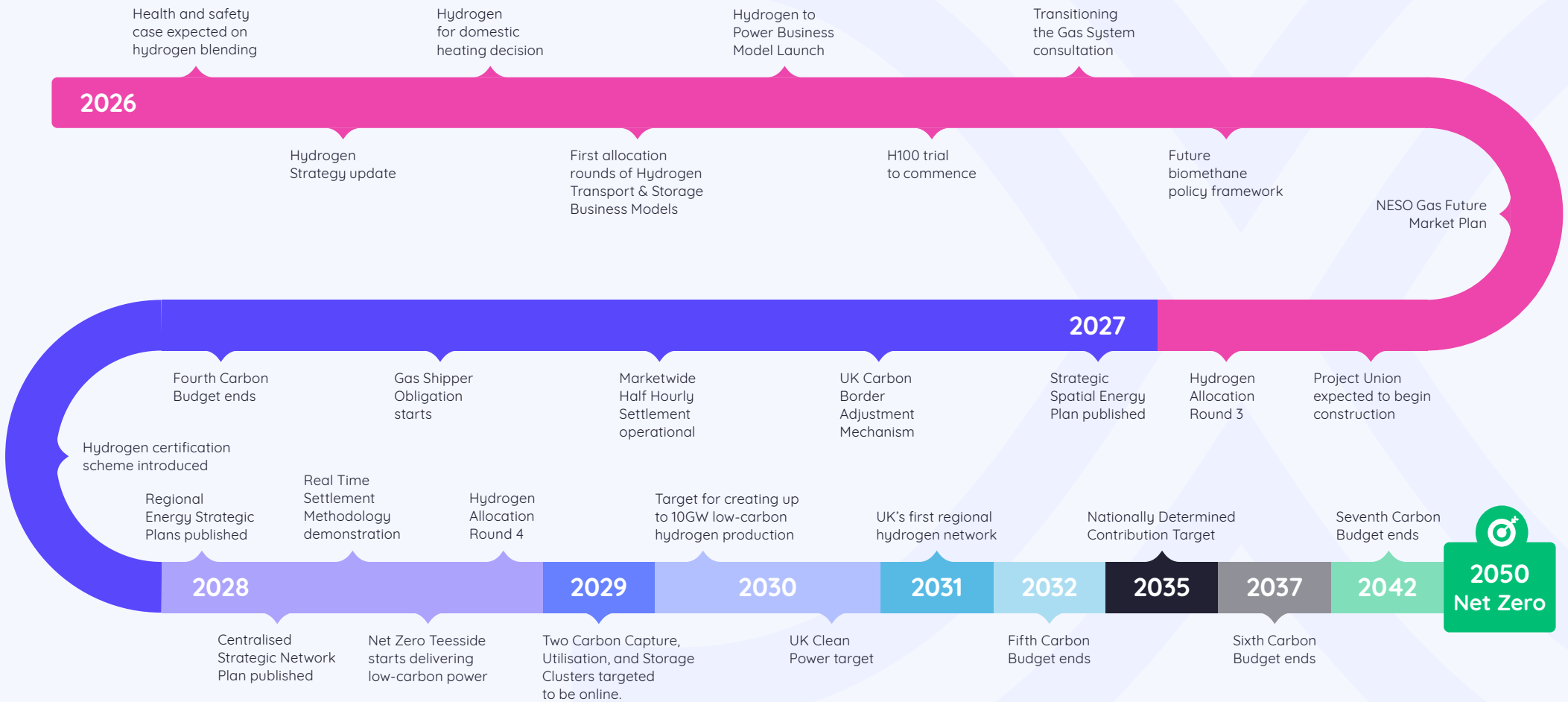
Upcoming opportunities to influence energy policymaking

Several important consultations are currently open or closing soon, offering stakeholders a chance to provide expert input on key aspects of the decarbonisation transition:

- 1. Assessment of NESO's Business Plan 3 performance** – [Ofgem](#) is seeking views from any stakeholders who have evidence and positions to share on how well NESO are performing against their stated BP3 objectives. Responses can be submitted until 18 May 2026.
- 2. Update of the Independent Gas Transporters Relative Price Control** – [Ofgem](#) is seeking views on updating the Independent Gas Transporters Relative Price Control to reform pricing rules and improve transparency for gas transportation charges across the sector. Responses can be submitted until 22 May.
- 3. Consultation on the draft second preliminary Strategic Direction Statement for industry codes** – [Ofgem](#) is seeking feedback on the second preliminary Strategic Direction Statement for industry codes. Responses can be submitted until 28 May 2026.
- 4. UK Emissions Trading Scheme: Regulating cross-boundary CCS pipelines** – The [UK ETS Authority](#) is seeking views on making regulatory requirements for cross-boundary carbon capture and storage (CCS) pipelines less complex, burdensome and costly. Responses can be submitted until 4 June 2026.
- 5. CCUS East Coast Cluster: NPT Pathfinder selection process** – [DESNZ](#) has opened applications for the NPT Pathfinder selection process for non-pipeline transport CCUS projects seeking ECC Teesside network connection by 2032. Applications can be submitted until 12 June.

03 Policy milestones

Key Government energy policy/regulatory milestones:



04 Things to look out for



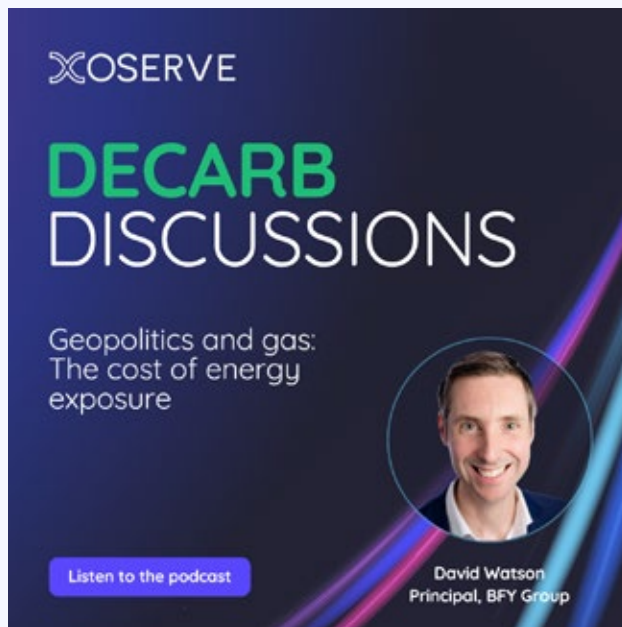
May's DeliveringDecarb edition will keep you informed of any new announcements, consultations or research on the potential future role and benefits of biomethane, hydrogen, gas blending and CCUS. For now, here are some upcoming publications to keep an eye on in the near term:

Expected in the coming months:

- UK Government's updated hydrogen strategy
- Gas Shipper Obligation consultation response
- Hydrogen blending into the GB gas transmission network response
- Consultation on hydrogen for home heating
- Hydrogen transport and storage market framework consultation response
- Future framework for biomethane production
- Transitioning the Gas System call for evidence
- Network investment and cost recovery call for evidence

If you can't wait until next month's edition of DeliveringDecarb, be sure to [follow Xoserve on LinkedIn](#) for comments and key takeaways as they happen.

05 Xoserve Updates



In the latest episode of the Decarb Discussions podcast, **Geopolitics and gas: the cost of energy exposure**, Xoserve is joined by David Watson from BFY Group to explore what recent geopolitical events mean for the UK energy system.

The discussion focuses on a key takeaway: the UK's vulnerability is driven less by physical supply constraints and more by exposure to global energy prices and what this means for energy security, affordability and decarbonisation.



We also explore:

- The UK's exposure to global gas price volatility
- Lessons from the Russia-Ukraine crisis and how they apply today
- The energy "trilemma" of security, affordability and decarbonisation
- The role of low-carbon gases, including biomethane and hydrogen, in reducing long-term price risk
- Gas storage and the future role of the UK gas network
- Why data, market governance and system rules must evolve at pace

To listen to the Podcast, head over to the [Xoserve website](#).

06 Dates for your diary

Here are some upcoming dates in May when you can meet the Decarbonisation Team. We'd love to see you there.

GDNs monthly decarbonisation meeting (internal)	 Online Tuesday 5 May
Utility Week Live - Birmingham	 Tuesday 19 May

To join our quarterly Green Gas Implementation Forums or enquire about our meetings above, please email

decarbonisation@xoserve.com.



07 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.

To help you stay ahead of the curve, we've created the Decarbonisation Knowledge Centre, for the latest news, exciting new projects, and important policy updates. We're confident you'll find a wealth of valuable resources on decarbonisation.

If you'd like to suggest any ideas, please contact: decarbonisation@xoserve.com



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