XOSERVE

DELIVERING DECARB

October 2026

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01 Notable news



Government's Autumn Budget signals energy market reform

The Autumn Budget delivered a series of energy-related measures, including support for households facing higher energy costs and plans to reform gas standing charges. While the full implications for consumers and the wider energy sector are still emerging, the announcements highlight the Government's continued focus on energy affordability and market reform. We'll take a closer look at what the Budget means for the gas and decarbonisation sectors in next month's Spotlight On.

Read the budget in full here.

Jackdaw gas field gets green light

The Government has approved gas production at the Jackdaw field in the North Sea, with supplies to UK homes and businesses expected to begin by the end of October.

The project could increase domestic gas production by around 6% at peak, contribute an estimated £2.9 billion to the UK economy and safeguard hundreds of jobs. Alongside the decision, the Government announced a £2 billion Energy Wealth Fund to reinvest North Sea oil and gas revenues in renewable and low-carbon energy, supporting the longer-term transition and future energy security.

Read the full story here.

01 Notable news

Government will not publish rejected SSEP pathways

The government is not expected to publish the alternative pathway options submitted as part of the first Strategic Spatial Energy Plan (SSEP), with only the preferred approach expected to be made public. NESO submitted six pathway options to government in August, providing different routes for meeting Great Britain's future energy needs and informing the development of the final plan.

The decision means stakeholders are likely to see only the final selected approach, rather than the full range of options considered. A consultation on the draft SSEP is expected in early 2027, providing further opportunity for stakeholder engagement before the plan is finalised.

Read the full article here.

Ofgem outlines how gas network regulation must evolve

In an opinion piece for Utility Week, Ofgem's Jack Presley Abbott examines how gas network regulation may need to adapt as demand declines and the energy system decarbonises.

The article highlights the need for clearer arrangements around network connections and capacity allocation, while maintaining security of supply and ensuring network costs are recovered fairly as patterns of gas use change. It also outlines Ofgem's ongoing work on gas connections, disconnections and cost allocation to help ensure the regulatory framework remains fit for purpose throughout the transition.

Read the full piece here.

World's first purpose-built offshore platform for Carbon Capture and Storage (CCS)

Eni CCUS Holding has completed installation of the world's first offshore platform dedicated to CO_2 transportation and storage, marking a key milestone for the HyNet industrial decarbonisation cluster.

The Douglas CCS platform will receive captured CO_2 from industrial sites across North West England and North Wales, using repurposed offshore pipelines to transport it to depleted gas reservoirs for permanent storage. The wider project is around 50% complete and is expected to support more than 2,000 jobs during construction.

Read the full story here.

01 Notable news

UK biomethane project targets 420GWh annual output

SmartestEnergy has signed a long-term agreement with Zenco Group to market biomethane and its associated Renewable Gas Guarantees of Origin (RGGOs) from a new UK bioenergy facility.

Expected to begin operating in 2028, the project aims to produce up to 420GWh of biomethane annually, using anaerobic digestion and sustainably cultivated seaweed feedstock. Once fully developed, it is expected to become one of the UK's largest renewable gas and renewable fuels facilities, supporting the growth of low carbon gas supply.

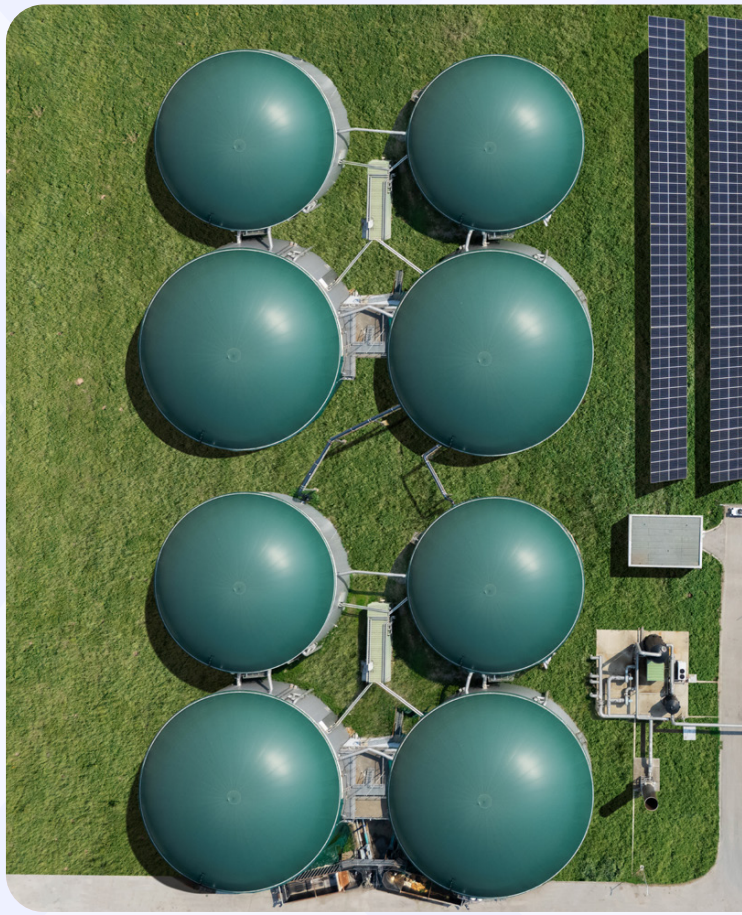
Read the full story here.

European hydrogen and ammonia projects move forward

Several developments have highlighted continued activity in Europe's low-carbon fuel sector. The UK Ammonia Alliance has published a roadmap outlining how the UK could establish a low-carbon ammonia industry, with an estimated £1.5bn of potential investment and support for 5,500 jobs. The roadmap explores opportunities in fertiliser production, maritime transport, power generation and hydrogen applications.

Meanwhile, the Cromarty green hydrogen production facility in the Scottish Highlands has secured planning consent, with the 15MW project expected to supply low-carbon hydrogen to industrial users and the transport sector. In Portugal, the first phase of Galp Energia's 100MW renewable hydrogen facility at Sines is expected to begin operating by the end of the year.

Read the full article here.



01 Notable news

Global reports weigh up pathways to net zero

Three new reports from DNV, McKinsey and the Energy Transitions Commission (ETC) examine the pace, economics and technologies shaping the global energy transition to 2050.



DNV finds that energy-importing regions are moving away from fossil fuels faster than exporters, while solar, wind and battery storage benefit from falling costs. McKinsey highlights grid investment and energy security as critical challenges across different transition scenarios.

The ETC argues that nuclear could play a role in the UK's low-carbon energy mix, but renewables remain the more cost-effective option for expanding low-carbon generation in most countries.

Together, these reports highlight the complex trade-offs shaping the road to net zero, with affordability, energy security, infrastructure investment and the relative costs of different technologies all influencing the pace and direction of the transition.

Read a full summary of the reports here.



Featured Insight

Orlando Minervino
Head of Strategy Development

Preparing the gas market for a more diverse energy system

In a new Xoserve op-ed for Utility Week, Orlando Minervino explores how the gas market must evolve to accommodate a growing mix of biomethane, hydrogen and other low-carbon gases. The article highlights the importance of adapting market arrangements, data and processes to support the energy transition while maintaining security of supply and consumer confidence.

Read the full article here.

02 Spotlight on...Unlocking biomethane's potential

In recent years, biomethane has risen from a niche application to a genuine alternative for natural gas. NESO's recent 10 Year Outlook highlights this rise: the operator forecasts biomethane to almost double from around 7 TWh today to almost 15 TWh by 2036

However, there is still a lot of work to be done to turn this potential into deployable energy. Producers need a clear route to market, and consumers need a guarantee that their demand can be met.

The Green Gas Taskforce and Wales & West Utilities recently published their report on Wales' green gas opportunity. While this report sets out the scale specifically of Wales' biomethane potential, it provides a useful broader perspective of how biomethane could contribute to the UK's future energy mix supporting decarbonisation, energy security and regional economic growth.

The report estimates that Wales has sufficient sustainable feedstock to produce 3 TWh of biomethane a year by 2030, rising to 10 TWh by 2050, which would meet almost half of Wales' 2025 economy-wide gas demand, or around 80% of the gas currently used to heat Welsh homes.

The economic benefits identified by the report are substantial too. The wider green gas sector could support around 3,000 jobs in Wales alone and generate £4 billion in gross value added by 2050, with wages estimated at 28% above the Welsh average. Many of these opportunities could be rooted in rural communities, helping diversify farm incomes and strengthen local supply chains.

Wales' potential sits within a wider opportunity to expand sustainable biomethane production across Great Britain. While some aspects of the report are unique to Wales, it provides a useful illustration of what could be achieved elsewhere in the UK.

Similar feedstock resources, established gas infrastructure and growing demand for low-carbon gases could support significant growth across Great Britain.



02 Spotlight on...Unlocking biomethane's potential

From challenge to opportunity

Although data underpinning NESO's most recent Ten Year Outlook puts the volume of biomethane injected into the gas grid in 2025 at only 1% of total gas demand, NESO's complementary analysis of biomethane's role in the energy system finds that production could grow substantially, to 64 TWh by 2050.

In their analysis, NESO also highlights the need to balance greater output against feedstock availability and environmental impacts. The operator identifies potential roles in hard-to-electrify industry and transport, as well as in flexible, low-carbon power generation.

That power-generation opportunity is particularly relevant as electricity demand grows and the energy system relies increasingly on renewables.

DNV's UK Energy Transition Outlook 2026 forecasts that unabated gas will still account for 15% of UK electricity generation in 2030, despite significant growth in wind and solar. Meanwhile, NESO's own modelling suggests that making biomethane available for dispatchable power could reduce the need for new generation assets and related infrastructure, potentially lowering future system costs.

Across the UK the challenge is ensuring that biomethane is produced sustainably and used where it delivers the greatest value. Here, NESO's Gas Market Roadmap identifies the need for gas market arrangements to adapt as demand and the mix of consumers change, while emerging markets for biomethane and other low-carbon gases develop.

For Welsh projects and others across the UK, network access, connection costs and confidence in future market arrangements will all influence whether the region's estimated resource can become a commercially viable production.

One of those potential future markets is data centres, whose electricity needs are growing alongside demand for AI and digital services. The Renewable Energy Association's report, Biomethane: An Immediate Clean Power Solution for Data Centre Energy Needs, argues that biomethane could support reliable, lower-carbon power for this growing sector.

With grid connection queues that can stretch five to ten years, the report identifies the potential for on-site biomethane generation to be deployed more quickly.

02 Spotlight on...Unlocking biomethane's potential



Realising The UK's Potential

The recent extension of the Green Gas Support Scheme (GGSS) commissioning deadline to 2030 provides additional certainty for developers, although industry groups continue to argue that longer-term support mechanisms will be needed to unlock future growth.

Realising the UK's biomethane opportunity will require more than available feedstock and existing infrastructure. The Green Gas Taskforce report calls for clearer policy direction, including a national biomethane target, support beyond the current funding framework, and stronger markets for associated products such as digestate and greenhouse gas removals.

These priorities reflect the wider challenges identified by NESO: increasing production alone will not guarantee that biomethane delivers its full value. Developers need confidence that projects can connect to the network and secure viable markets for their gas, while farmers and other feedstock providers need dependable arrangements that make participation worthwhile.

This is part of the reason why the Green Gas Taskforce has launched their Back Great Britain, Build Green Gas campaign. The campaign calls for greater ambition to unlock the sector's potential and highlights the domestic economic benefits, including the estimate that 85p of every £1 invested in biomethane stays in Britain.

03 Policy milestones

The path to a decarbonised energy system continues to be shaped by steady policy and regulatory developments. Here we highlight the latest funding allocations, evidence publications, and consultation outcomes impacting the sector's transition.

Green Gas Support Scheme extension officially takes effect

The Government has officially extended the Green Gas Support Scheme commissioning deadline from 31 March 2028 to 31 March 2030. The extension gives eligible applicants an additional two years to commission biomethane plants and begin injecting gas into the grid. The deadline for new Stage 1 applications remains at 31 March 2028, and the maximum tariff support period remains 15 years, with payments ending no later than 31 March 2043.

Gas Disconnections Framework Review

Ofgem has published its review of the gas disconnections framework, finding that existing arrangements were not designed for a declining gas network and can lead to inconsistent consumer experiences, uneven protections and significant cost differences. Ofgem recommends immediate regulatory improvements through a Disconnections Action Plan, alongside work with industry and Government towards a more unified framework in the early 2030s.

Ofgem updates biomethane connection funding rules

Ofgem has updated Special Condition 3.21 of the Gas Transporter Licence, allowing unused biomethane connection funding to be shared more flexibly across networks within the same corporate group. The change is intended to better align funding with demand and support the delivery of biomethane connection projects.

Minister highlights CCUS role in reindustrialising Britain

Minister Martin McCluskey reaffirmed the Government's commitment to a strong UK CCUS sector at the Carbon Capture and Storage Association's 2026 annual conference. He said the programme's next phase would involve difficult funding decisions, with public investment targeted where it delivers the greatest value.

The minister also outlined plans to support sector growth through measures aimed at simplifying network access, enabling non-pipeline transport solutions and facilitating international CO_2 transfers. These reforms are intended to help expand the market while reducing reliance on public subsidy over time.

03 Policy milestones



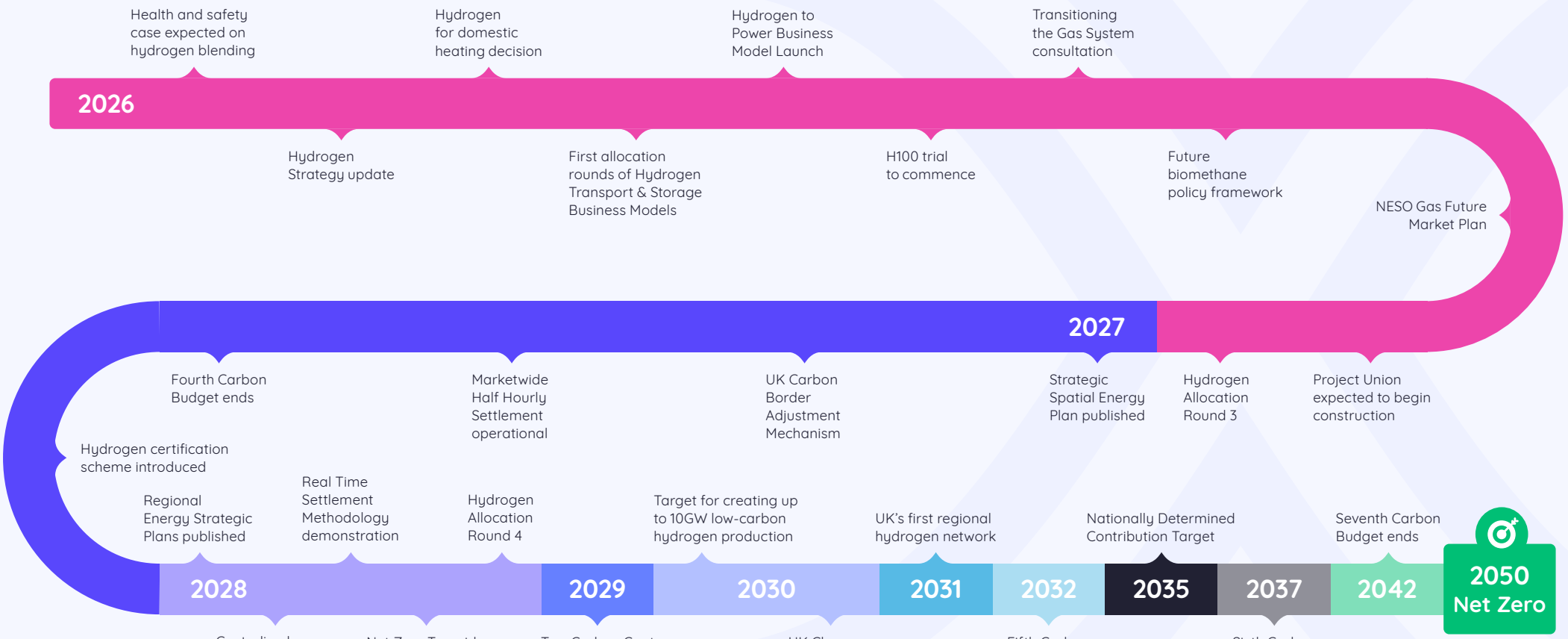
Upcoming opportunities to influence energy policymaking

Several consultations and calls for evidence are currently open, offering stakeholders the opportunity to provide input on topics spanning hydrogen, biomethane, AI and the future of the gas system:

1. **Fracture and fatigue assessment –** IGEM is seeking comments on the IGEM technical standard IGEM/TD/24 - Fracture and fatigue assessment of natural gas pipelines to be repurposed for hydrogen service. Comments can be submitted until 5 November.
2. **Hydrogen gas quality specification –** IGEM is seeking comments on the IGEM technical standard IGEM/H/4- Hydrogen gas quality specification for conveyance in a dedicated hydrogen gas network. Comments can be submitted until 5 November.
3. **Vision for an AI-enabled clean energy system –** DESNZ is seeking evidence on how artificial intelligence can transform the energy system, including opportunities, risks, and barriers to adoption. Responses can be submitted until 6 November.
4. **Redaction policy annex –** Ofgem is seeking views on their proposed redaction policy addition to the re-opener guidance for carbon dioxide transport and storage. Responses can be submitted until 6 November.
5. **Biomethane Strategy and Policy Framework –** The Department for the Economy is consulting on their Biomethane Strategy and Policy Framework which aims to supports energy and agricultural resilience, nutrient management and decarbonisation. Responses can be submitted until 15 December.
6. **Gas system in transition –** DESNZ is seeking evidence on how gas network and disconnection costs should be recovered as gas demand changes. Responses can be submitted until 23 December.

03 Policy milestones

Key Government energy policy/regulatory milestones:



04 Things to look out for



November'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:

- Hydrogen Strategy update
- Health and safety case on hydrogen blending
- Hydrogen for domestic heating decision
- First allocation round of Hydrogen Transport & Storage Business Model
- Hydrogen to Power Business Model Launch
- Gas System Security of Supply consultation response
- Future biomethane policy framework
- Hydrogen Allocation Round 3 launched

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 Dates for your diary

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

Utility Week Forum	**London** Wednesday 25 – Thursday 26 November
Hydrogen Information Sharing Group Meeting	**Online** Friday 27 November

To join our quarterly Green Gas Implementation Forums or enquire about our meetings above, please email decarbonisation@xoserve.com.



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 Xoserve 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



Orlando Minervino
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