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Welcome to the latest edition of the **DeliveringDecarb** newsletter, bringing you all the latest on gas decarbonisation across Great Britain.

This month, our Spotlight section focuses on Gas Blending. Blending low and zero carbon gases like hydrogen and biomethane into our existing natural gas network creates an important opportunity to lower carbon emissions and get us one step closer to a net zero energy system - so why aren't we doing more of it? Thanks to insightful contributions from a range of gas industry experts, we've been able to formulate some answers to that question; taking a deep dive into the challenges and possible solutions, and exploring the initiatives that could help to make blending a success. Be sure to make time for the latest Xoserve blog and DecarbDiscussions podcast if it's a topic that interests you.

We've also got the usual project updates and useful dates for your diary. If there's a forum you want to be involved with, or you would love to be the next guest expert on our podcast, please get in touch. You'll find all the details you need below.

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## 01 Notable news

### **Octopus Energy boss pushes policy makers to boost renewables production**

Greg Jackson, Octopus' Chief Executive, has called for UK renewable energy generation to be increased, and bureaucratic 'logjams' to be removed, so that production can satisfy growing demand and provide consumers with better alternatives to fossil fuels.

Speaking during the latest wave of Just Stop Oil protests, Jackson has cited the renewables



connection queue, frustrating red tape, and planning problems for onshore wind as issues that need to be tackled. He also believes that 'competition at every level of the grid' would help the UK to speed up the transition to renewables.

Octopus has been working with local communities through its Windr programme to connect pro-wind turbine communities with on-shore wind projects that could help them bring the cost of power down within months.

[Read more here.](#)

### **National Gas highlights hydrogen opportunity for seven LDZs**

Hydrogen could potentially be the answer to decarbonising terraced houses and flats located in seven of the 12 Local Distribution Zones (LDZs) across England and Wales, according to a new report from National Gas.

Retrofitting the UK's varied housing stock with low-carbon heating systems represents a major challenge on the path to net zero. Heat pump installation costs are coming down but remain unaffordable for many households, and may not be the most practical or cost-effective solution for properties like terraced houses or flats, where space is a concern. These properties account for 57% of England and Wales' housing stock and are particularly concentrated in urban areas - with 76% of them located in seven of the 12 LDZs.

With Project Union gathering pace, hydrogen could offer a viable alternative for low carbon heating in these types of properties. The project will repurpose existing pipelines to create a 2,000km hydrogen 'backbone' for the UK.

Read the full [Xoserve blog](#)

## 01 Notable news

### **CityAM reports that the UK will have to spend £9m more on imported gas**

News outlet CityAM has reported that the UK will be forced to spend £9m more on imported gas if the UK Government fails to ramp up the roll out of heat pumps and clamp down on new gas connections.

While the article correctly points out that importing gas would be more costly and more carbon intensive than its suggested alternatives, it fails to mention the potential of green gases like hydrogen to plug the capacity gap and make use of renewable generation that cannot be connected quickly enough to the grid.

Previous Energy and Climate Intelligence Unit (ECIU) analysis has shown that as domestic fossil fuel production continues to decline, rising gas imports could mean that a house with

a gas boiler and standard electricity demand would pay as much as £5,700 to foreign gas companies by 2035, including £140 per year to Qatar.

Read the [full article here](#)

### **Ofgem will have statutory duty to prioritise the UK's 2050 net zero target**

Thanks to a recent amendment, the UK Energy Bill will now place a specific net zero mandate on energy regulator Ofgem. This duty will come into force two months after the Energy Bill gets Royal Assent.

The Government's amendment to the Energy Bill has been welcomed by the regulator. It restates Ofgem's principal objective to protect the interests of existing and future gas and electricity consumers, also adding a specific

duty to support the Government in achieving its legal obligation to reach net zero by 2050. The mandate sends a clear message that the UK must end its traditional dependence on fossil fuels and exposure to volatile global markets.

[Read more here](#)



## 01 Notable news

### UK Government sets end-date for oil and gas windfall tax

On 9th June, the UK Treasury announced that it will only wind back the Energy Profits Levy when energy prices “consistently return to normal levels for a sustained period”. This is defined as a maximum of £56.19 per barrel of oil and 54p per therm of gas. The Treasury predicts that this will not happen until the winter of 2027-28. The 75% ‘windfall tax’ will therefore end in March 2028, to be replaced with a new ‘Energy Security Investment Mechanism’ which brings taxation down pre-price-crisis levels of 40%.

The levy angered environmental groups when first introduced, as it included an investment allowance enabling companies to claim back up to 90% of their tax rate for fossil fuel exploration and capacity investments. The announcement of its removal has now also led to controversy, due to the fact that an equivalent tax on renewables, the Electricity Generator Levy (EGL), will remain unchanged.

[Read more here](#)



### Government responds to Scottish Affairs Committee's hydrogen and carbon capture report

On June 8th, the Scottish Affairs Committee published the UK Government's response to its Hydrogen and Carbon Capture Report. The report was written by a cross-party Committee of MPs, and warned that the UK will fail its net

zero targets unless a strong hydrogen economy is developed and carbon capture technology is rolled out at scale.

In its response, the Government agrees on the potential of hydrogen to enhance energy security, but avoids setting an interim targets for hydrogen generation from now to 2050, as recommended by the Committee. The response also does not outline a timeframe for securing an export market, nor plans to make exports more commercially viable.

However, since the report's publication, the Government has announced a £20 billion fund for carbon capture, utilisation and storage (CCUS) as part of its Spring Budget. In March, the Government also launched Track-2 of the carbon CCUS cluster sequencing process, which aims to identify the next two CCUS clusters that will be operational by 2030.

[Read more here](#)



## 02 Spotlight on... Gas Blending

### Is Britain ready for hydrogen blending?

Introducing a hydrogen blend into the natural gas network will bring challenges as well as opportunities. While Gas Blending has the potential to help us decarbonise the gas system there are important steps that need to be taken first if we are to establish a world-leading hydrogen economy, overcome safety concerns and engage consumers in a positive way.

In our new DecarbDiscussions podcast, Xoserve's Decarbonisation Strategy Lead Vicki Mustard discusses what's ahead for hydrogen blending - and why Britain hasn't been able to get there yet - with representatives from the Energy Networks Association, National Gas, Wales & West Utilities and SGN. Hear what industry experts believe needs to happen to make hydrogen blending a success, and what impacts they believe Gas Blending will have on the industry and consumers.

- [Listen to the podcast](#)
- Blog coming soon



## 03 Things to look out for

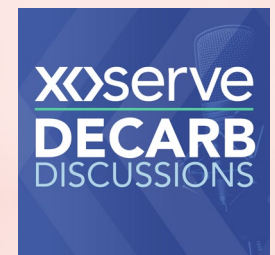
### New in the Decarb Knowledge Centre: Hydrogen and domestic heating

The role of hydrogen in domestic heating has been a regular topic of gas industry conversation this month. With so much press attention on the long waiting times for new renewable electricity grid connections, we can't help but wonder where green hydrogen is in the broader energy conversation.



Xoserve is working hard to help raise the profile of green gas. Look out for our next DecarbDiscussions Podcast and blog with guest contributor **Alex Brightman**, Hydrogen Home Co-ordinator, NGN, which will focus on how hydrogen could be the missing piece of the domestic heating puzzle. Coming soon.

In the meantime, take a look at all of our [DecarbDiscussions Podcasts](#) available now.



## 04 Policy milestones

Here are the key Government 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
- **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
- **2030** - New target for creating up to 10GW low carbon hydrogen production
- **2030** - Hydrogen town trial to commence





## 05 Dates for your diary

As always, we'd love to see you at our Hydrogen Implementation forums.  
To join, please email [box.xserve.decarbonisation@xserve.com](mailto:box.xserve.decarbonisation@xserve.com)

### Don't miss these upcoming sessions:

<b>Shipper Update</b>	21st July	11:30 - 13:00
<b>Metering Update</b>	21st July	10:00 - 11:00
<b>DN Update</b>	25th July	10:00 - 11:30
<b>IGT Update</b>	28th July	10:00 - 11:00

Please note that the **Metering** and **IGT** working groups are now bi-monthly, with dates to be released in next month's newsletter.



## 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 a range of 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](mailto:box.xoserve.decarbonisation@xoserve.com)

