

## Contents

### **A very warm welcome to the July edition of DeliveringDecarb!**

While July is typically a time for slowing down, with Parliament breaking for summer and industry leaders swapping the boardroom for surfboards, this July has been unusually action-packed. So far this month, we've seen monumental changes, including a General Election that led to the new Labour Government stepping into Downing Street after a landslide victory.

The following day, Ed Miliband was appointed as the Secretary of State for Energy Security and Net Zero, and soon after, various policies began to take shape. The King's Speech addressed energy-related topics, including the announcement that GB Energy would receive £8.3 billion in public funding over the course of the parliament, with substantial private sector investment needed to support the development of a decarbonised power system.

So, for this exciting instalment of DeliveringDecarb, grab a nice cooling beverage before diving into this month's energy news shaping the industry and Britain's path to net zero.

### **01 Notable news**

### **02 Spotlight on...The first two weeks of a Labour Government**

### **03 Things to look out for**

### **04 Policy milestones**

### **05 Dates for your diary**

### **06 Keeping in touch**

## 01 Notable news

### FES 2024 report outlines three pathways for achieving net zero

ESO published its 2024 Future Energy Scenarios (FES), presenting an analysis of potential strategies for transitioning Britain to a net zero energy system. The report outlines three distinct and different pathways that could lead to achieving net zero emissions.

The three successful pathways:

#### Holistic transition:

- Net zero is met through a mix of electrification and hydrogen, mainly in industrial clusters.
- Strong consumer engagement with smart homes and EVs providing grid flexibility.
- Unabated gas drops to zero after 2036.
- Moderate nuclear capacity, lowest hydrogen power.
- High flexibility through electricity storage and interconnectors.

- Negative emissions of 51 MtCO<sub>2</sub>e are required, achieved through a mix of bioenergy with carbon capture and direct air carbon capture.

#### Electric engagement:

- Net zero is met mainly through electrification.
- Consumers engaged with smart tech like heat pumps and EVs.
- Highest peak electricity demand, requiring high nuclear and renewable capacities.
- Reduced use of natural gas plants after 2035.
- Flexible supply with electricity storage, interconnectors and low-carbon power.
- Negative emissions of 51 MtCO<sub>2</sub>e are required.
- Focus on bioenergy with carbon capture and storage.

#### Hydrogen evolution:

- Rapid hydrogen use in industry and heating.
- Use of hydrogen boilers.
- Hydrogen is common for heavy goods vehicles, but high EV uptake.
- Hydrogen power plants, with a reduced need for renewables and nuclear.
- Lower use of natural gas plants after 2035.
- Hydrogen storage provides key flexibility.
- Negative emissions of 51 MtCO<sub>2</sub>e are required, mainly achieved through bioenergy with carbon capture and storage.

A fourth, “counterfactual” pathway where net zero is missed is also considered. The report details the expected energy requirements for all of these scenarios, while also making strategic recommendations to help reach the best possible scenario.

[Read the full and summarised version of FES](#)



## 01 Notable news

### **The “heart” of Hinkley Point C is showcased in a video update.**

The next phase of the Hinkley Point C nuclear power station was announced in a video update detailing the ongoing preparations for installing the “heart” of the plant. Viewers saw a behind-the-scenes look at the final stages of the tunnels, extending miles beneath the seabed, which will supply cooling water to the station. The 50-metre-tall Turbine Hall which will house the Arabelle turbine, was also showcased. Hinkley Point C, once operational, will provide zero-carbon electricity for around six million homes. The project was expected to be completed in 2027 but is now likely to be operational after 2030.

[Learn more about its progress](#)



### **Harbour Energy expects to extract less oil and gas this year.**

Harbour, the largest producer of fossil fuels in the UK’s North Sea, said it will extract less oil and gas than expected this year, as it reported a fall in profit. The price of gas in the UK, measured in therms, fell from 69p to 58p during the six months before July.

The amount of oil and gas that Harbour produced also reduced slightly from 211,000 barrels of oil equivalent per day to 196,000. It expects production to fall even further in the second half of the year, due in part to drilling delays at one of its UK oil fields.

[Read the full story](#)

## 01 Notable news

### DESNZ publishes its Public Attitudes Tracker for Spring 2024

The Public Attitudes Tracker follows the UK's public awareness, attitudes and behaviours relating to the policies of the Department for Energy Security and Net Zero (DESNZ), such as energy and climate change.

The report highlights key findings from the last quarter:

- 91% said they had heard of net zero, compared to 89% in winter 2023.
- Overall support for renewable energy was high. The highest was for solar (88%) followed by wave and tidal (83%) and offshore wind (83%).
- Twice as many people opposed (41%) than supported (21%) the construction of a nuclear power station in their local area. The primary reason for opposition was fear over safety and security.

- Awareness of hydrogen currently being used as a fuel in some industrial processes increased between spring 2022 and spring 2024 from 75% to 80%.
- Awareness of the need to change how homes and buildings are heated to reach the net zero target has declined slightly to 86% from 88% in winter 2023.
- 87% of people were aware of low-carbon heating systems.

[Access the full tracker report](#)





## 01 Notable news

### **The steel industry says high electricity prices could hinder the switch to green technology**

The steel industry says high electricity prices in Britain could be a disadvantage, hindering UK efforts to switch to greener technology and acting as a barrier to investment from heavy industry. Much of the European investment in steel innovation – such as making direct reduced iron using hydrogen – has been directed where cheap hydropower is abundant.

In the UK, companies paid nearly £66 per megawatt-hour for wholesale electricity in the second quarter of 2024. The Government has taken some action to reduce industrial energy costs, but some feel that room for manoeuvre is limited because UK electricity prices are closely related to prices for methane burned in power stations.

[Read the full article](#)



### **The UK Government will get to work launching GB Energy following its election win**

Secretary of State for Energy Security and Net Zero Ed Miliband said the Labour Party will “hit the ground running” in launching GB Energy, the new publicly owned company. An increase in windfall tax for North Sea oil and gas operators will raise £8.3 billion

in funding for GB Energy, headquartered in Scotland. The new entity will be a key driver in decarbonisation targets, and support emerging technologies such as green hydrogen and carbon capture and storage. Energy industry leaders hope that there will be more announcements on hydrogen and domestic heat infrastructure, as well as regional investment for clean power generation.

### **Brett Ryan, Head of Policy and Analysis at Hydrogen UK, said during a webinar:**

“We’ve heard under GB Energy about the allocation of £500m to green hydrogen, but the details are a little bit light, so we look forward to working with Labour’s team on designing those support packages.”

[Read more on the story](#)

## 01 Notable news

### **ADBA presents the new Government with a 10-point biogas roadmap**

The Anaerobic Digestion and Bioresources Association (ADBA) has said that Labour's plan includes key goals that can be met best through green gas expansion. The association outlined a ten-point programme for green gas in the first year of Government.

#### **ADBA's 10-point road map:**

1. Build 1,000 new biogas plants to shield consumers from sky-high prices.
2. Keep supermarket shelves stocked by using UK-made biofertiliser.
3. Clean up our rivers and beaches by treating farm waste with AD.
4. Create 18,000 new skilled jobs across the UK.
5. Stop the Emissions Trading Scheme penalising green gas.

6. Pledge to establish a plan to decarbonise farming and use farm wastes.
7. Ease local planning with guidance to every local authority.
8. Ease permitting and grid connections.
9. Ban food waste going to landfills and mandate weekly food waste collections.
10. Curb climate change from powerful methane.

[See the full roadmap plan](#)





## 02 Spotlight on...The first two weeks of a Labour Government

In the previous DeliveringDecarb newsletter, we reviewed the election manifestos of the potential next UK Government. With the election outcome now decided, we're starting to gain more clarity on what the new leadership expects to achieve over the next five years.

Following his appointment as Secretary of State for Energy Security and Net Zero Ed Miliband outlined his priorities for his department. Those priorities include:

- Boosting energy independence and cutting bills through clean power by 2030.
- "Taking back control of our energy" with Great British Energy.
- Upgrading Britain's homes and cutting fuel poverty through the Warm Homes Plan.
- Reforming the energy system with customers at the forefront.
- Creating jobs in Britain's industrial heartlands, including a just transition for the industries based in the North Sea.

- Leading international climate action, based on domestic achievements.

A week after the election results, the new government also announced that the de facto ban on new onshore wind farms would be lifted. In a policy statement, officials wrote:

"We are committed to doubling onshore wind energy by 2030. That means immediately removing the de facto ban on onshore wind in England." The change came into force immediately and was confirmed in Parliament on 18 July.



## 03 Things to look out for

Decarbonising heat and reaching net zero targets is considered one of the biggest challenges of our time, particularly as the new Government is establishing their plans across a range of issues. Yet, the new Government has made early progress, and initial decisions have started to form a route toward net zero.

Further announcements are anticipated regarding the decarbonisation of heat and other energy topics related to hydrogen and green gas in alignment with Labour's manifesto over the next five years. However, we may not hear much more as Parliament breaks for summer.





## 04 Policy milestones

Here are key Government Energy policy/regulatory milestones:

- **2024** - Energy Bill expected to complete
- **2024** - Future systems operator appointed
- **2024** - Smart meter rollout completed
- **2025** - H100 trial to commence
- **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 [decarbonisation@xserve.com](mailto:decarbonisation@xserve.com)

<b>DN Update</b>	Thursday 1st August 2024	10:00 - 11:30
<b>Shipper Update</b>	Friday 20th September 2024	10:00 - 11:00
<b>IGT Update</b>	Friday 20th September 2024	11:30 - 12:30
<b>Metering Update</b>	Friday 20th September 2024	14:00 - 15:00

<b>Hydrogen Information Sharing Group</b>	Friday 2nd August 2024	10:00 - 12:00
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## 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:

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