XOSERVE

DELIVERING DECARB

March 2026

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01 Notable news

Iran conflict sends shockwaves through UK gas market

The US-Iran-Israel war has affected energy prices around the globe, with market uncertainty and supply risks pushing up prices. With no clear end to the conflict, the International Energy Agency has warned the world could be facing an energy crisis on a scale surpassing both the 1970s oil shocks and the Russia's 2022 invasion of Ukraine combined.

In the UK, the impact has been immediate. Wholesale gas prices have surged to three-year highs, at times doubling since the conflict began, feeding directly into household costs. The energy price cap set by Ofgem is forecast to rise to around £1,800 a year from July, an increase of around 10%.

In response, Rachel Reeves has confirmed contingency plans for targeted support, though any intervention is likely to focus on the most vulnerable.

The crisis underlines the UK's structural exposure to global gas markets. A report by Public First, produced with Royal United Services Institute and commissioned by RenewableUK, found that while the UK's energy system is resilient, reliance on internationally traded gas leaves consumers vulnerable to repeated price shocks and rising fiscal costs.

In response to predicted soaring prices, industry groups such as the Anaerobic Digestion and Bioresources Association argue that scaling up biomethane and other low-carbon gases could help reduce this exposure.

As a domestically produced renewable gas, biomethane is less affected by geopolitical disruption and can be delivered through existing infrastructure, offering a more stable supply. The report's findings reinforce this view, highlighting that increasing home-grown energy, alongside renewables and storage, can improve resilience, limit price volatility and better protect consumers from global market shocks.

While not a complete solution, expanding low-carbon gas is increasingly seen as a practical step to both decarbonise the energy system and reduce the UK's vulnerability to crises such as the current conflict. At the same time the Government publicly rejected calls from Offshore Energies UK to increase North Sea production.

01 Notable news

Major biomethane milestone for UK as sector prepares for rapid, coordinated expansion

Cadent has announced that biomethane injected into its network since 2013 has surpassed 1.5 billion cubic meters, marking a major milestone for the UK's green energy sector. The volume is enough to heat 1.5 million homes for a year and has prevented an estimated 3 million tonnes of CO_2 emissions.

Biomethane is gaining traction as a practical alternative to fossil fuels, with Cadent currently supporting 47 biomethane plants and aiming to quintuple capacity from 4TWh to 20TWh by 2035.

To accelerate growth, the company introduced a new cost-sharing system for network upgrades, mirroring innovative biogas enablement approaches in Denmark and France by replacing rules that previously placed high financial barriers on developers.

The initiative, overseen in part by Ofgem, was designed to encourage more projects to apply ahead of the March 2026 cut-off for the Green Gas Support Scheme, the UK's main subsidy programme for biomethane

Read the full story here.

Work to start on £50m hydrogen production plant

A £50m hydrogen production plant is set to begin construction this year in Milford Haven, Pembrokeshire, marking a major step for Welsh clean energy ambitions. The West Wales Hydrogen project, developed by MorGen Energy, will create around 60 construction jobs and up to 10 permanent roles.

Built on the site of a former oil refinery, the plant will produce 2,000 tonnes of low-carbon hydrogen annually using electrolysis powered by renewable energy. It is expected to cut emissions by over 15,000 tonnes of CO_2 each year and support industries such as manufacturing and port operations in reducing reliance on fossil fuels.

Backed by the UK government's hydrogen funding scheme, the project is scheduled for completion by 2028.

Read the full story here.

01 Notable news

Biomethane developers file 38 applications for new or expanded UK production

Cadent has received 38 applications to build or expand biomethane plants across its network, marking one of the largest boosts in UK renewable gas capacity to date. The projects are spread across England, with the highest number in the East of England and East Midlands.

This is the first wave under Cadent's new cost-sharing 'clustering' model, supported by Ofgem, and the company says the strong response reflects growing confidence in biomethane as a key low-carbon energy source, with applications now under review before developers decide whether to proceed.

Read the full story here.

Stargate Hydrogen signs the first partnership in the United Kingdom with Seacht Group

Stargate Hydrogen has announced its first UK partnership with Seacht Group, officially entering the British hydrogen market. The agreement aims to support the development of green hydrogen projects as demand for low-carbon energy grows.

The collaboration combines Stargate's ceramic-based electrolysis technology with Seacht Group's local expertise to target opportunities across the UK.

The move forms part of Stargate Hydrogen's wider European expansion strategy, with plans to build further alliances in the UK. Industry leaders say green hydrogen will play an increasingly important role in decarbonising sectors such as energy and manufacturing, positioning the UK as a key growth market.

Read the full story here.

01 Notable news

Scientists turn rubber waste into new materials and capture CO_2

Scientists at University of St Andrews have developed two new techniques to recycle nitrile rubber (NBR) waste into valuable materials capable of capturing carbon dioxide. The research, published in Angewandte Chemie, targets a material that is notoriously difficult to recycle, with less than 2% currently processed.

Using a ruthenium catalyst, the team successfully converted NBR, commonly found in gloves and industrial seals, into polyamines and polyols. Notably, the resulting polyamines can absorb CO_2, offering a dual solution to plastic waste and emissions.

The researchers say the innovation could support a circular economy while addressing climate change. Lead author Dr Amit Kumar described the breakthrough as a way to tackle “two of the planet’s biggest waste problems” simultaneously.

Read the full story here.

East Coast chosen for first UK hydrogen network phase

National Gas has revealed plans for the first phase of its national hydrogen network, with development focused on the East Coast. The initial 300-mile pipeline will connect industrial hubs in Teesside to Yorkshire, the Humber, and the East Midlands.

Part of the wider Project Union scheme, the network will also link to the Humber Hydrogen cluster, supported by companies including Centrica and Equinor. The project aims to deliver up to 1,500 miles of hydrogen pipeline infrastructure.

Regulator Ofgem has already approved £164 million to support early development. Industry leaders say the project will be key to decarbonising heavy industry, boosting energy security, and positioning the UK as a global hydrogen leader.

Read the full story here.

UK’s first hydrogen-fuelled asphalt production

Heidelberg Materials UK has successfully used hydrogen to decarbonise asphalt production at its Criggion plant in Powys, marking a UK first at industrial scale. The trial, backed by the government’s Industrial Hydrogen Accelerator programme and the Department for Energy Security and Net Zero, produced over 1,300 tonnes of asphalt using hydrogen instead of fossil fuels.

The switch achieved a 76% reduction in direct emissions and cut the overall carbon footprint by 23%, without affecting material quality. More than 4,500kg of hydrogen was used, saving over 25,000kg of CO_2.

The company says hydrogen could play a key role in decarbonising heavy industries where electrification is difficult, with potential annual savings of up to 450,000 tonnes of CO_2 if adopted across the UK asphalt sector.

Read the full story here.

02 Spotlight on...Energy Transition Outlook

Earlier this month, DNV published its Energy Transition Outlook UK 2026, offering a detailed 'best estimate' of how the UK energy system is likely to evolve to 2060. It provides a grounded view of the pace of change, highlighting clear, ongoing roles for low-carbon gases and supporting technologies.

Overall, the report predicts that the UK will miss both its 2030 Clean Power and Net Zero target, with the latter predicted to be achieved around a decade later than the current 2050 target.

On hydrogen, the outlook reinforces its position as a key enabler in hard-to-electrify sectors. Deployment by 2030 is forecasted to be around 1GW – falling significantly short of the UK's 10GW ambition. However, there is a clear trajectory of growth through industrial clusters, supported by policy and early investment frameworks. DNV's analysis predicts that hydrogen will be established as an enduring component of the UK energy mix (largely in transport but also in industry and flexible power) with around 3.2MT being produced by 2060, equivalent to 4% of total energy demand, highlighting its importance in complementing electrification rather than competing with it.

For biomethane, the report points to steady and continued progress, playing a practical role in decarbonising the existing gas system, ultimately making up around 15% of the UK's gas supply by 2050. Its ability to utilise current infrastructure and deliver near-term emissions reductions remains a clear advantage, particularly as the system transitions. While overall volumes are naturally constrained by feedstock availability, its contribution is recognised as part of a balanced, whole-system approach.

02 Spotlight on...Energy Transition Outlook

CCS, alongside hydrogen, is highlighted as a key contributor to supporting a decrease in emissions. It is predicted to play a larger role in the 2030s due to a forecasted increase in carbon prices, helping industrial emissions fall materially by 2035. Although near-term capacity falls short of headline ambitions, with ~5 $MtCO_2$/yr installed capture by 2030, CCS remains central to tackling industrial emissions and supporting wider system decarbonisation, particularly where electrification alone is not sufficient.

The DNV analysis underlines that the role of gas is predicted to evolve rather than disappear, with around 25% of the current network still operational by 2060.

Even as electrification accelerates, the report recognises that existing infrastructure and assets have an ongoing role to play, particularly in ensuring resilience as the system becomes more variable.

Taken together, the DNV's outlook presents a credible pathway to net zero, where progress is driven by a combination of electrification and targeted deployment of low-carbon gases. While timelines extend beyond some policy ambitions, the direction of travel is clear: hydrogen, biomethane and CCS each have defined and lasting roles within a more integrated energy system.

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.

Hydrogen Network Code – industry engagement

DESNZ has announced the next step in developing a Hydrogen Network Code, a key component of the emerging regulatory framework for hydrogen pipeline networks. As set out in its response to the Hydrogen Economic Regulatory Framework consultation, government will lead the Code's development in partnership with industry, working closely with Ofgem and other stakeholders.

Industry engagement is set to begin shortly, targeting organisations across the hydrogen value chain, including producers, transporters, storage providers and offtakers, as well as relevant trade bodies. The aim is to ensure the Code reflects a broad range of perspectives as the market develops.

Engagement will take place at two levels: an open Code Engagement Forum, providing regular updates and opportunities for wider input, and a more focused Code Advisory Group, whose members will be selected through an expression of interest process to represent key stakeholder interests.

Further details will be shared at the first engagement session in April 2026, where the Advisory Group selection process and governance arrangements will be outlined.

Smart Metering Policy Framework

DESNZ has published its response to the Smart Metering Policy Framework post-2025, setting out how it will complete the rollout and maximise value through to 2030. A more flexible 'all reasonable steps' obligation will replace fixed installation targets, alongside stronger requirements on performance, transparency and consumer experience.

A key priority is ensuring meters are fully functional, with new obligations to restore smart services within 90 days and to replace ageing communications equipment. Suppliers will also be required to publish annual deployment plans, improving visibility and accountability across the rollout.

From a gas perspective, the response underlines the continued importance of smart metering while gas remains part of the energy mix. With a large proportion of homes still connected to the gas network, sustained rollout will help maintain accurate billing, support prepayment customers and avoid a fragmented system.

More broadly, the framework positions smart metering as a key enabler of a more flexible, decarbonised energy system, supporting smarter energy use and better integration with low-carbon technologies as the transition progresses.

03 Policy milestones

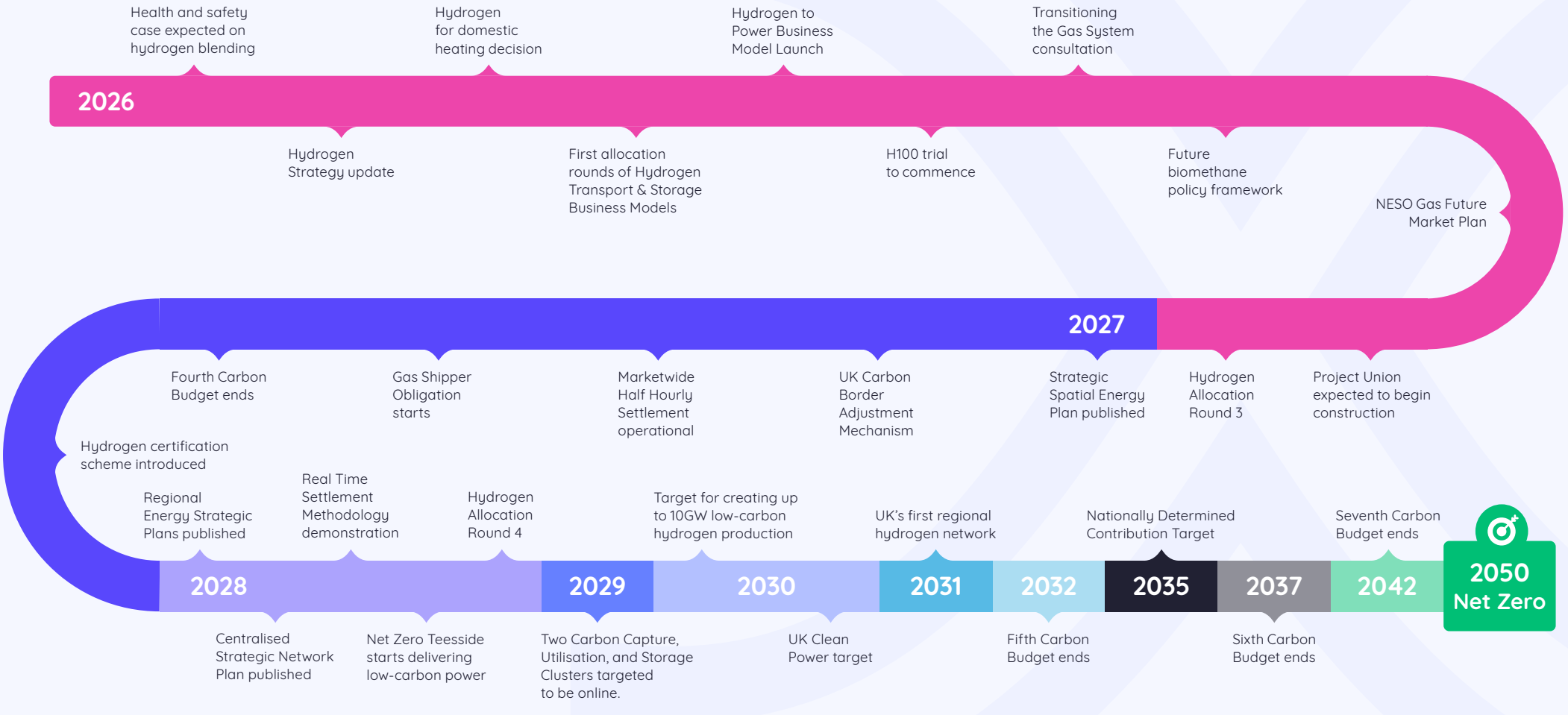
Upcoming opportunities to influence energy policymaking

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. **Carbon capture, usage and storage (CCUS): non-pipeline transport** – DESNZ is seeking views on policy proposals to support the deployment of domestic non-pipeline transport (NPT) projects. Responses can be submitted until 1 May 2026.
2. **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.

03 Policy milestones

Key Government energy policy/regulatory milestones:



04 Things to look out for

April'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
- Gas Network Innovation Strategy

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 April when you can meet the Decarbonisation Team. We'd love to see you there.

GDNs monthly decarbonisation meeting (internal)	**Online** Tuesday 7 April
Hydrogen Information Sharing Group	**Online** Friday 17 April March
REA Green Gas Forum, London	Tuesday 21 April

To join our quarterly Hydrogen 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 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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