



XOSERVE

DELIVERING
DECARB

June 2025

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01 Notable news

Ofgem confirm funding for hydrogen innovation

The regulator reaffirmed their initial decision to direct some investment into adapting the gas network for hydrogen. The original proposal would have seen an extra £5.1 million into the National Gas Transmission's (NGT) Network Innovation Allowance via the Hydrogen Innovation funding mechanism.

However, after consultation, Ofgem said it would direct a reduced level of funding into their area. Although the actual amount hasn't been confirmed, it will reflect the organisation's assessment of the scope and impact of proposed workstreams while balancing consumer value and system readiness.

[Read the full announcement](#)

Final RIIO-2 decisions for East Coast and Hyline Cymru Hydrogen Network FEED

Having received applications from East Coast and Hyline Cymru hydrogen network FEED projects for additional allocations via the re-opener uncertainty mechanism, Ofgem have made its final determination on funding for both projects.

The Final Determination for the WWU Hyline Cymru project FEED study concluded with no funding allocation. The reason was that the project does not meet Ofgem's gas consumer and strategic requirements.

However, the East Coast project received a significant endorsement from stakeholders. Therefore, £73.12 million was awarded to three gas networks. Ofgem's recognition that the East Coast projects "offer near-term emission reduction, supporting the decarbonisation of critical industry."

These final decisions were made based on Ofgem's Draft Determination in consultation with stakeholders (primarily Cadent, Northern Gas Network and NGT) and in reflection of Ofgem's funding challenges, which need to prioritise projects where there is clear evidence of consumer benefit.

[Get all the funding decision details](#)



01 Notable news

DNV sets out global forecast for CCS to 2050

Risk management experts DNV have released their report 'Energy Transition Outlook: CCS to 2050' as they mark a turning point for this technology. The whitepaper forecasts that the pipeline for carbon capture and storage (CCS) projects and their operational capacity will grow significantly in the next five years.



It also highlights:

- A quadrupling of capture and storage capacity by 2030
- Strong growth in hard-to-decarbonise sectors, with manufacturing accounting for 41% of annual carbon capture
- 6% of global carbon emissions will be captured by CCS in 2050

[Check out the full report](#)

Norwegian cement producer opens industrial carbon capture project

In a first for industrial decarbonisation, Heidelberg Materials has opened a full-scale CCS facility at its cement plant in Brevik, Norway. Able to capture around half of the site's emissions (up to 400,000 annually), it's a major step towards carbon-free cement production. Currently, this accounts for 7% of global greenhouse gas emissions.

Part of the Norwegian government's carbon-cutting project Longship, any emissions captured on-site will be shipped to the country's west coast and stored deep beneath the seabed. The facility will also use amino-based solvents to create its cement, which means the product will be almost completely carbon neutral.

[Discover the project's impact](#)

01 Notable news

Challenges ahead for UK clean hydrogen despite investment

Alongside the £500 million investment announced in the spending review, UK hydrogen infrastructure has been allocated more than £2 billion from Hydrogen Allocation Rounds, with £400 million of private funding going into specific projects.

Despite the enthusiasm of investors, critics have raised concerns over:

- The focus on blue hydrogen, which is dependent on natural gas
- Green hydrogen's prohibitive expense
- Delays and failures in previous energy projects, e.g. Sizewell C

[Read the full analysis](#)

€1 billion EU funding for 15 renewable hydrogen projects

The EU's Innovation Fund will invest €992 million of public money into hydrogen projects across five different countries. Spanning sectors such as transport, chemicals, methanol and ammonia production, the 15 initiatives have been selected by the European Commission.

They'll aim to produce 2.2 million tonnes of renewable hydrogen and cut carbon emissions by more than 15 million tonnes in the next ten years. This investment sits alongside funding in individual countries and a €3 billion hydrogen support scheme approved by the European Commission.

[Here's a complete outline of the funding](#)



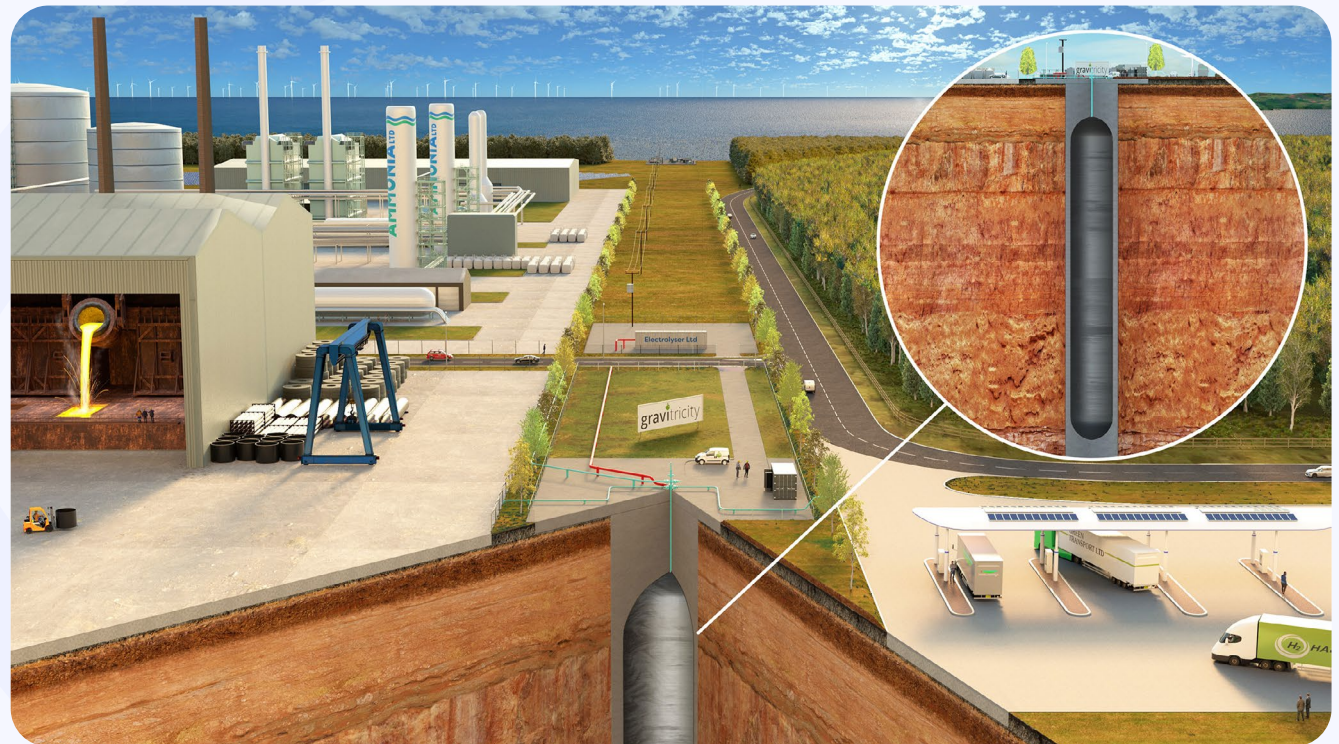
01 Notable news

National Gas gets £500K for Gravitricity underground hydrogen storage system

An innovative pilot project by Edinburgh-based energy storage specialist has received funding from Ofgem. Using purpose-built and lined geographical shafts, the H2FixiStore system will store up to 100 tonnes of pressurised hydrogen, equivalent to 3.3GWh of raw energy.

Not dependent on the presence of salt caverns, this system can be placed in any geological location depending on storage demand. It's expected to make a significant contribution to Scotland's Green Export Scenario, which could produce 3.3 million tonnes of green hydrogen by 2045.

[Get the full details on this system](#)



Artist's impression - Gravitricity

02 Spotlight on...

Three major UK Government releases and their impact on decarbonisation

This month, the UK Government unveiled three policy documents – the Spending Review, UK Infrastructure: A 10-Year Strategy, and the Industrial Strategy. They also released an update about the midstream gas system to the market.

These announcements have been keenly awaited by the gas sector to provide clarity on the nation's ongoing decarbonisation efforts, particularly concerning the roles of hydrogen, biomethane, and Carbon Capture, Usage and Storage (CCUS).

Key points include:

The Spending Review:

1. An additional £9.4 billion in capital spending by 2029, partly earmarked for “maximising deployment to fill the [CO₂] storage capacity.”
2. Confirmed support for two industrial decarbonisation clusters – Acorn in north-east Scotland and Viking in the Humber – anticipated to become operational in the 2030s.
3. £500 million for the development of a regional hydrogen network.

UK Infrastructure: A 10-Year Strategy

1. The Strategy acknowledges that while electrification is a primary decarbonisation route, it is not the sole solution. Hard-to-decarbonise sectors will require other solutions, including CCUS, hydrogen, or biomethane.

2. The Government committed to ensuring that new gas capacity remains investible for when it is needed, highlighting the ongoing strategic role of gas within the energy mix.
3. The document confirmed NESO's responsibility to produce a Strategic Spatial Energy Plan and a Centralised Strategic Network Plan, alongside their role in delivering Regional Energy Strategic Plans.

The Industrial Strategy:

1. The export market for UK hydrogen-related manufacturing could reach between £5.8 billion and £9.8 billion by 2050, highlighting a major economic opportunity.
2. The Government aims to launch HAR3 by 2026 and HAR4 from 2028, providing further deployment certainty.
3. An aim to launch the first transport and storage allocation rounds in 2026.

02 Spotlight on...

4. Confirmation that the new Hydrogen to Power business model will be launched in 2026, providing essential support for hydrogen production.
5. Confirmation that the establishment of the UK's first regional hydrogen network is set to commence from 2031.
6. A commitment of at least £5.8 billion in funding targeting carbon capture, low carbon hydrogen, gigafactories, ports and green steel over this Parliament as part of the Empowering the National Wealth Fund.
7. The Government said it is considering expanding the successful Contracts for Difference (CfD) Clean Industry Bonus to hydrogen, potentially stimulating further investment.
8. A crucial upcoming development is the consultation on hydrogen blending into existing gas distribution and transmission networks, expected this summer, with a final decision anticipated next year.

This is a significant step towards understanding the future role of blending.

9. The government will respond to the consultation on bringing Greenhouse Gas Removals technologies into the UK Emissions Trading Scheme shortly.
10. Bioenergy, including biomethane, was acknowledged as vital for the Clean Energy Superpower Mission, although no new specific investment or growth announcements for this fuel in industry were made.

Midstream Gas Market Update:

1. Recognition of the changing role of gas as the UK shifts to green energy and an outline of the Government's understanding of the challenges and opportunities this holds.

2. The three challenges in transitioning the gas system in a fair, resilient and cost-effective way were noted as:

- a. Ensuring the reliance of the gas supply and infrastructure
- b. Balancing infrastructure investment and affordability
- c. Managing a planned and orderly operational transition as parts of the gas network are repurposed or decommissioned over the long term

3. Mention of opportunities for the industry, consumers and stakeholders to contribute to this programme of work via:

- a. A consultation on gas system resilience in autumn 2025
- b. A call for evidence on network investment and cost recovery in late 2025
- c. A call for evidence on the operational transition of the gas system in 2026

03 Policy Milestones

The path to a decarbonised energy system will be marked with significant policy milestones and project developments. As the gas industry continues its efforts to transition to net zero, understanding these key events is essential. Here we highlight the policy announcements, project milestones and consultations impacting the decarbonisation of gas, including the pending Hydrogen Strategy update, expected in the next few months.

Upcoming opportunities to influence energy policy:

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

1. Ofgem is consulting on its proposed methodology for valuing natural gas assets when they are repurposed for future hydrogen or CO₂ transport and storage networks.

They are also seeking views on managing costs incurred before and after asset transfer.

[Submit your response](#) by 1 July 2025

2. HM Revenue & Customs is holding a technical consultation on the draft primary legislation for the Carbon Border Adjustment Mechanism (CBAM). This mechanism, set to take effect from 1 January 2027, will place a carbon price on specified goods imported into the UK from sectors at risk of carbon leakage, including hydrogen, cement, and steel.

[Submit your response](#) by 3 July 2025

3. DESNZ are currently requesting feedback on their working paper - Community benefits and shared ownership for low carbon energy infrastructure - hydrogen to power and power CCUS are listed within the scope of technologies which could be included in these schemes.

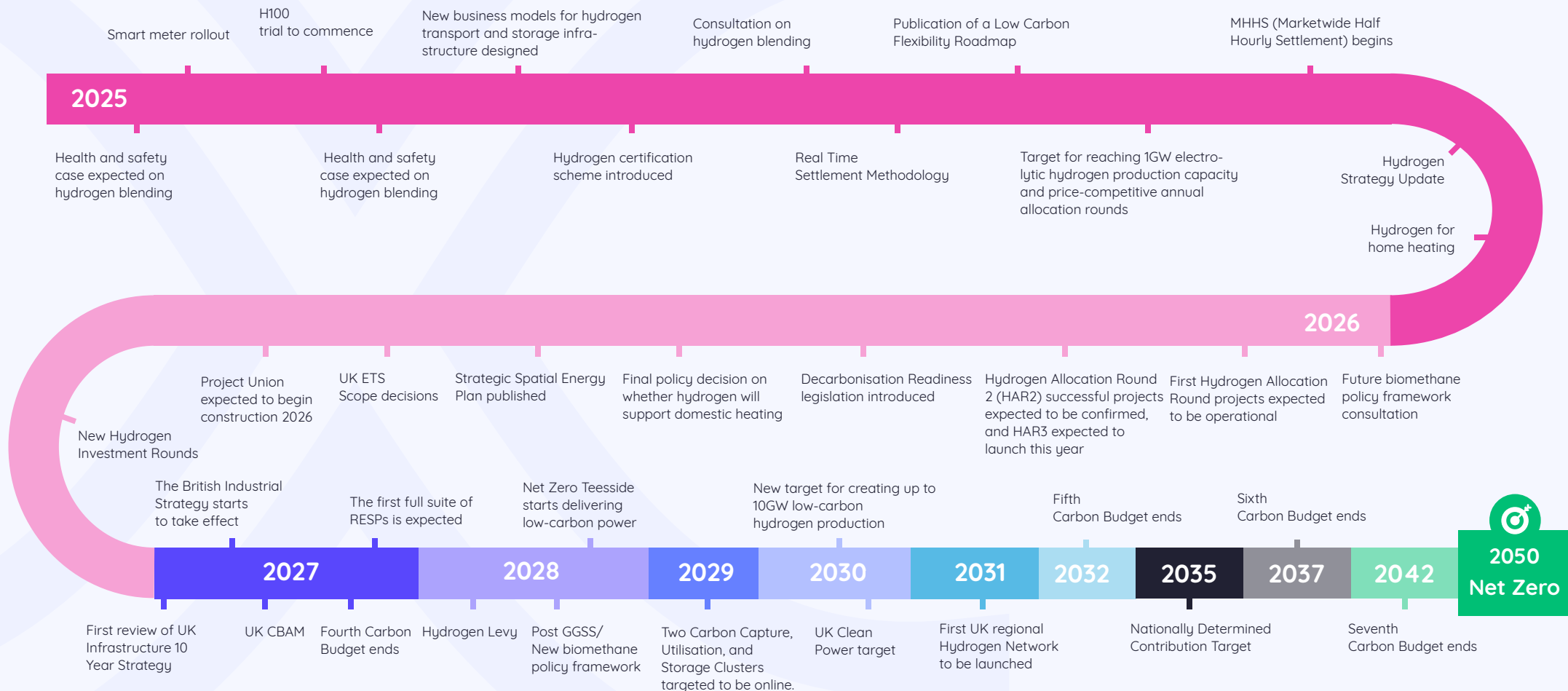
[Submit your response](#) by 16 July 2025

4. DESNZ has launched a consultation seeking views on policy options to expand the market for low-carbon industrial products, with an initial focus on sectors like steel, cement, and concrete. This aims to establish a framework, guidance, and tools to help buyers identify and compare lower-carbon industrial products, driving demand for decarbonised materials for net zero infrastructure.

[Submit your response](#) by 15 September 2025

03 Policy Milestones

Key Government energy policy/regulatory milestones:



04 Things to look out for

July's DeliveringDecarb edition will keep you informed of the latest policy announcements before Parliament's summer recess. We'll also bring you any new data or research on the potential future role and benefits of biomethane, hydrogen and gas blending.

Plus, you can expect valuable insights into any major projects in the hydrogen and decarbonisation sector.

For now, here are some upcoming publications to keep an eye on in the near term:

Expected July 2025:

- [NESO's Centralised Strategic Network Plan \(CSNP\) methodology consultation](#)
- [Ofgem's RIIO Determinations](#)
- [NESO's Future Energy Scenarios \(FES\) \(14th July\)](#)

Expected Autumn 2025:

- [UK Government's Updated Hydrogen Strategy](#)

Expected end of 2025:

- [Consultations on hydrogen blending at a transmission level and for home heating](#)
- [Hydrogen Transport & Storage Market Framework consultation response](#)

If you can't wait till next month's issue for the latest updates, 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 July for your diary where you can meet the Decarbonisation Team – we'd love to see you there:

Hydrogen Information Sharing Group	Friday 4th July
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Gas Distribution Networks Monthly Decarbonisation Meeting	Monday 7th July
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Xoserve Customer Strategy Day	Tuesday 8th July
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Community of Meter Asset Providers (CMAP) Meeting	Thursday 10th July
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We also host Hydrogen Implementation Forums for Shippers, IGTs and Meters on a quarterly basis. To join these 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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