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‘The world is changing’ was the key message from the Chancellor of the Exchequer in March’s Spring Statement.

When it comes to the energy industry and decarbonisation, change is also on the cards, with several major developments of note over the past month. One theme that brings these together is how they impact the future and pace of blending, particularly when it comes to the infrastructure and the investment required to make blending possible.

In this month’s issue, we look at what the Spring Statement said about Climate Change Levy costs, a major investment in clean energy by the National Wealth Fund (NWF), the unveiling of the world’s first Green Hydrogen Shore Power Demonstrator at the Port of Leith, and news of a new carbon capture enabled energy-from-waste plant in North Lincolnshire.

In addition, a major consultation from the UK government that looks at how to make the North Sea ‘a world-leader in offshore industries, such as hydrogen, carbon capture and wind’, was published, interested parties have until 30 April to submit their response.

Finally, this month’s spotlight section takes a deeper look at the Seventh Carbon Budget from the Climate Change Committee, where we outline the key takeaways for hydrogen and carbon capture by 2040.

To receive our monthly newsletter straight to your inbox, please email decarbonisation@xserve.com

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01 Notable news

The Chancellor of the Exchequer delivers the Spring Statement

In the Spring Statement, the Chancellor of the Exchequer was keen to reiterate the importance of the Planning and Infrastructure Bill, and the growth it is forecast to bring to the UK.

This piece of legislation, which is currently working its way through Parliament, will play a crucial role in helping the UK to meet its clean power by 2030 targets. The proposed reforms are designed to speed up the delivery of vital energy infrastructure, such as hydrogen projects, to help the UK transition to a low-carbon, secure and reliable energy system.

One other key point that didn't create headlines but is very important for the UK hydrogen sector was the commitment to remove Climate Change Levy costs from electricity used in electrolytic hydrogen production.

This, alongside other initiatives, marks a key moment for the UK hydrogen sector, particularly with the Second Hydrogen Allocation Round (HAR2) shortlist due to be published following the completion of HAR1. These funding streams will support the growth of the UK's low-carbon hydrogen production capacity, working alongside policy to help to secure investment in the sector.

[Read the Spring Statement in full](#)



National Wealth Fund set to unlock £70 Billion for clean energy

The UK Treasury unveiled plans for the National Wealth Fund (NWF), designed to invest £70 billion to help deliver economic growth, make Britain a clean energy superpower, and strengthen the defence sector.

Money will be invested across the United Kingdom in projects like carbon capture, green hydrogen, gigafactories, green steel, and ports. The fund's economic capital limit is being raised to £7 billion, allowing for greater risk-taking and support for projects struggling to secure private finance.

The NWF will work closely with Great British Energy to support its quick establishment as a publicly owned clean energy company boosting Britain's energy security, making it a clean energy superpower, lowering bills, creating jobs, and growing the economy.

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The Chancellor also announced a new UK Strategic Public Investment Forum, joining up the UK's leading policymakers and public financial institutions.

[Read more about the NWF](#)



World's first green hydrogen shore power demonstrator showcased at Leith

The world's first Green Hydrogen Shore Power Demonstrator has been unveiled at the Port of Leith. Backed by Innovate UK and the Department for Transport, the project uses green hydrogen to power vessels while docked,

significantly reducing carbon emissions from port operations.

This initiative is part of the Clean Maritime Demonstration Competition Round 4 (CMDC4) and integrates water treatment, waste heat utilisation and hydrogen production to provide clean shore power for maritime operations – an important step in the decarbonisation of ports.

[Read the full story](#)

New EfW plant approved with carbon capture and heat network plans

Energy Secretary Ed Miliband has approved a 95MW energy-from-waste (EfW) plant in North Lincolnshire. The project is designed to be carbon capture enabled and will include a 30MWe battery storage facility. A district heat network is also planned to supply gas and power to a nearby housing development.

Despite objections from the UK Without Incineration Network, who argued there

is sufficient waste incineration capacity in the region, the approval was granted. The decision letter cited a recent Department for Environment, Food and Rural Affairs assessment indicating a current shortage of residual waste treatment capacity within a 100-mile radius of the proposed site.

The Secretary of State's decision also emphasised the significant national need for electricity, as outlined in National Policy Statements, which justified approving the development, overriding a recommendation for refusal from planning inspectors.

[Read more on the development](#)

New study outlines nine options for Grangemouth's future

A feasibility study, backed by £200 million from the UK Government and £25 million from the Scottish Government, has identified nine potential options for the long-term industrial future of Grangemouth.

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The study, named Project Willow, was commissioned by Petroineos, who owns the Scottish oil refinery and aims to build on the area's existing skills and heritage in fuel production to transition towards low-carbon energy.

The £1.5 million report, conducted by EY, suggests proposals likely to attract private investment and could create up to 800 jobs by 2040.

These options include plastics recycling and hydrogen production, with biomethane and hydrogen featuring as key components of a potential industrial cluster focused on waste-to-energy technologies and replacing natural gas with low-carbon hydrogen.

The governments aim to use this study to unlock investment and secure a sustainable future for the Grangemouth site.

[Download the Project Willow study](#)

New report on RIIO3 to support the transition to net zero

Utility Week and Economic Insight published a report exploring energy industry perspectives on why financeability and investability remain a stumbling block for the next energy price review (RIIO3).

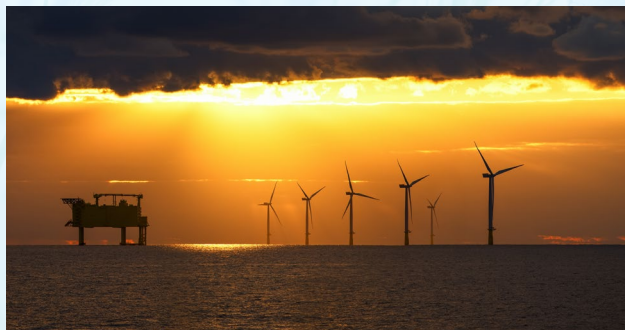
The findings based on interviews with senior regulatory, finance, and chief executives from seven different energy networks showed several key themes:

- Focus on investability is vital with the need for Ofgem to provide greater clarity and take a longer-term view.
- A call for not imposing gas dividend restrictions.
- Consider a true-up mechanism for the cost of debt.
- Review the cost of equity to reflect risks and competition.

- Fairer and more accurate assessments of financeability are needed.
- Ofgem should reconsider the incentives it offers.
- Change cashflow mechanisms.

[Access the full report](#)

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UK Government is consulting on plans to make the North Sea ‘a world-leader in offshore industries’

The UK Government is consulting on plans to make the North Sea ‘a world-leader in offshore industries, such as hydrogen, carbon capture and wind’. The consultation also seeks to provide the oil and gas sector with long-term fiscal certainty by phasing out the Energy Profits Levy and developing a new tax regime to encourage investment in jobs and economic growth.

Running until the end of April, the consultation aims to put North Sea communities, workers, businesses, and supply chains at the heart of the UK’s clean energy transition. The government anticipates that these plans will stimulate private investment in technologies that create new jobs for the existing workforce, support local economies, reduce carbon emissions, and bolster the UK’s energy security.

Alongside promoting clean technologies, the consultation addresses the government’s commitment to cease issuing new oil and gas exploration licenses to align with climate goals. It also engages with the oil and gas industry on the management of existing fields to ensure their continued contribution throughout the energy transition.

[Access the consultation](#)

UK carbon emissions fall to levels not seen since the 17th Century

Analysis from Carbon Brief shows that the UK’s greenhouse gas emissions fell by 3.6% in 2024, reaching the lowest levels since the 17th century. This reduction is largely attributed to a dramatic fall in coal consumption, marking the lowest usage since 1666. Key factors include the closure of the UK’s last coal-fired power station in Nottinghamshire and the shutdown of the Port Talbot steelworks in Wales, both occurring in September 2024. Additionally, fossil fuel-based electricity generation dropped to its lowest point since 1955, supplying only 29% of the UK’s electricity in 2024, further contributing to the emissions decline.

[Read more on the story](#)

01 Notable news



University of Manchester launched hydrogen paper to Parliament

The University of Manchester has launched a new publication, 'On Hydrogen', in the House of Lords, focusing on the complexities and challenges of the UK's developing hydrogen economy. The event brought together parliamentarians, industry leaders, and academics to discuss critical issues surrounding the future of low-carbon hydrogen in the UK. The paper features seven research-

based articles from University of Manchester experts and aims to provide actionable recommendations to inform policymaking in this important sector.

[Read the report](#)

Ofgem and Innovate UK publish Strategic Innovation Fund Round 5 Challenges

Together with Innovate UK, energy regulator Ofgem has published its Strategic Innovation Fund (SIF) Round 5 Challenges. The document outlines seven areas where energy projects that are truly transformative and deliver real benefits to consumers can apply for funding.

One of the seven innovation challenges focusses on green gas, specifically how low-carbon gases such as biomethane and Bio-SNG can be integrated into the network in a cost-effective way, without compromising system stability and reliability.

The integration of green gases will form an important part of the future energy mix, particularly for hard to decarbonise sectors such as heat and heavy industry.

[Read more about SIF funding](#)

02 Spotlight on...

The CCC published its Seventh Carbon Budget

The Climate Change Committee (CCC) emphasises in its Balanced Pathway that widespread electrification is crucial for decarbonising the UK. While electrification is key, the committee also highlights the importance of energy efficiency, behaviour change, carbon removal, and technologies like carbon capture and storage.

The budget report also estimates the overall cost of meeting the Balanced Pathway at approximately £4 billion per year. The Government has until 30 June 2026 to legislate for this seventh carbon budget, covering the period from 2038 to 2042.

Following the release of the Seventh Carbon Budget, Xserve analysed the report into the key takeaways for hydrogen and carbon capture by 2040:

- Hydrogen is expected to play a small but important role, particularly in hard-to-electrify industrial sectors.
- Hydrogen also has an important role in electricity supply as a source of long-term storable energy.
- The CCC sees no role for hydrogen in building heating and only a very niche, if any, role in surface transport.
- The CCC sees carbon capture (CCS) in industrial sectors with unlikely alternatives for process emissions.
- CCS can enable long-term storable, dispatchable power in the electricity supply sector, manufacture low-carbon hydrogen, and underpin engineered removals.
- There is a need to establish CO₂ storage and pipelines to connect sites.
- The route to net zero must include CCS.

[Access the full budget](#)

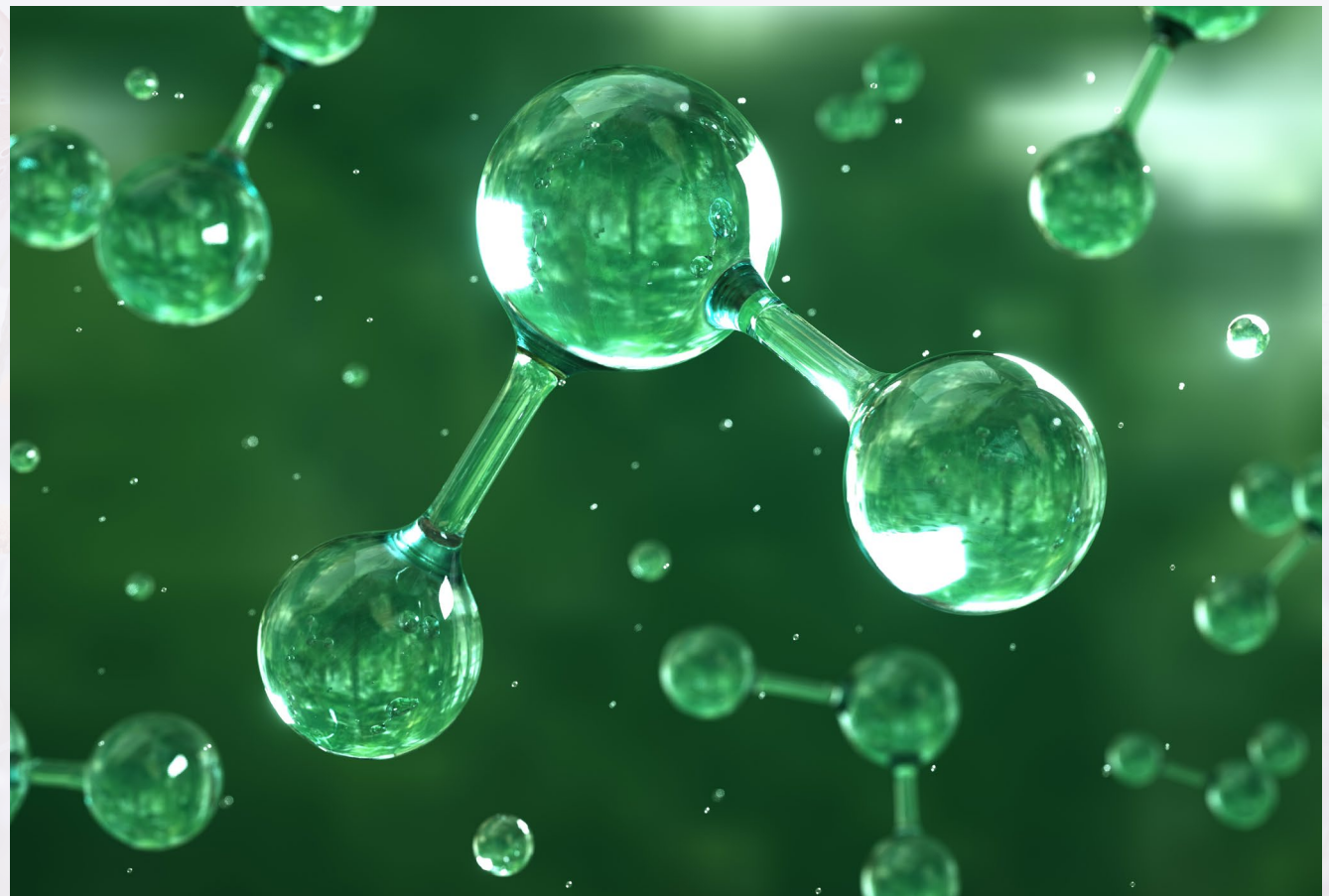


03 Things to look out for

Don't miss the April edition of DeliveringDecarb, where we'll be bringing together all the key elements shaping the future of decarbonised gas. We'll have the latest on biomethane advancements, the hydrogen economy, and developments within carbon capture and gas blending.

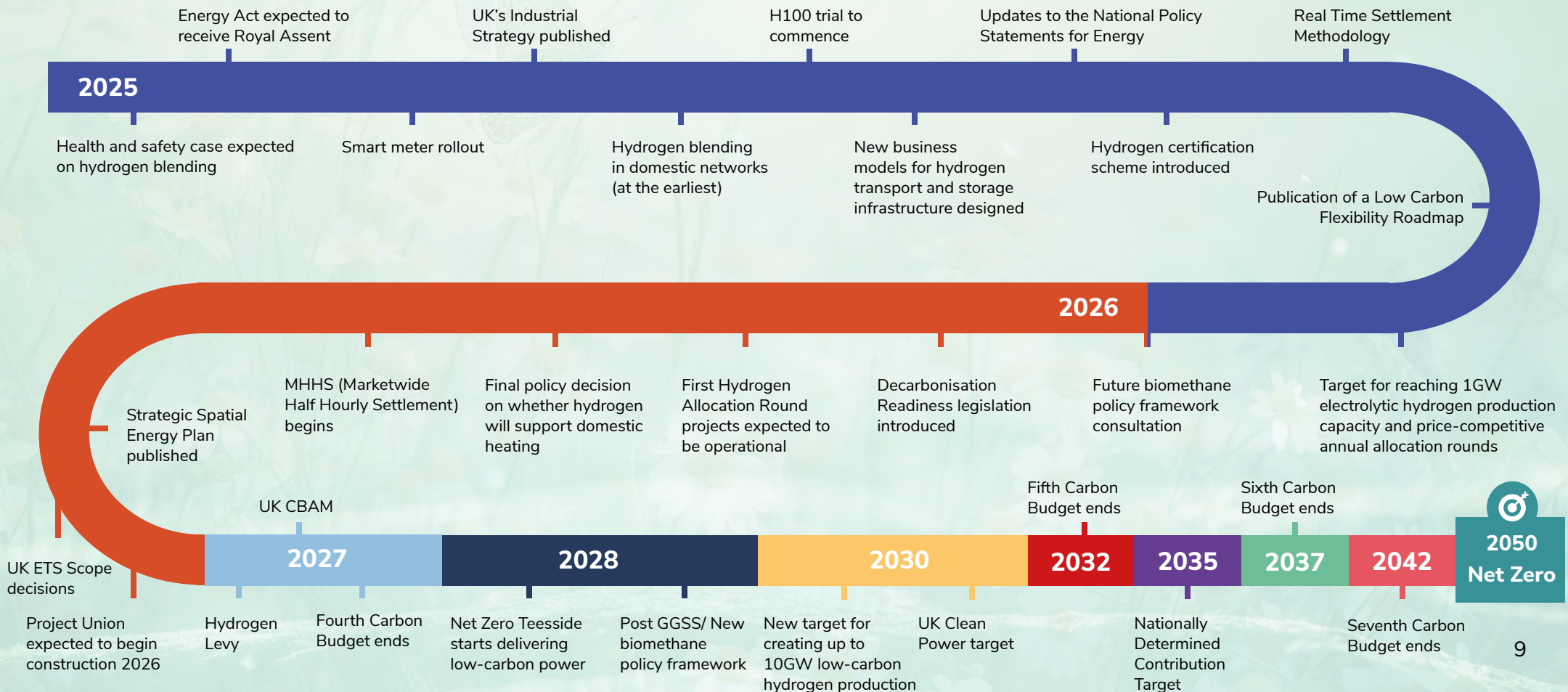
We're also expecting more policy announcements following the Spring Statement and future reports providing insight for industry leaders planning the future energy landscape.

If you can't wait, be sure to follow @Xoserve on [LinkedIn](#) for comments and key takeaways as they happen.



03 Policy milestones

Here are key Government Energy policy/regulatory milestones:



04 Dates for your diary

We'd love to see you at our Hydrogen Implementation forums.
To join, please email: decarbonisation@xoserve.com

Hydrogen Information Sharing Group	Friday 4th April	10:00 - 11:30
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DN Update	Monday 7th April	10:00 - 11:30
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Come say hello

Xoserve will be attending these events, so why not join us and say hello?

[Hydrogen UK Annual Conference](#) – NCC, Birmingham – **1st/2nd April**

[Innovation Zero](#) – Olympia London – **29th/30th April**



05 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 @Xserve.

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@xserve.com

