**Notes from HUK/REA meeting with BEIS on Hydrogen Blending on 08/07/2022**

**Attendees:**

In the meeting from BEIS: Will Lockhead (WL), Jeremy Brutus (JB), Vickie Robinson (VR), Andrew Fairbanks (AF), Carolyn Campbell (CC) and Chris Thomas (CT)

In the meeting from industry: Angela Needle (AN/HUK), Harry Spencer (HS/Madano), Michael Donnelly (MD/HUK), Kiara Zennaro (KZ/REA), William Mezzullo (WM/REA) and Tommy Isaac (TM/ Progressive Energy, HUK & REA, paper’s author).

**Notes and actions**

* HUK and REA shared the paper on benefits of blending. JB noted that there were benefits from blending that he wasn’t aware of that could be built into the Value for Money Assessment (VMA). This includes the benefits of reducing curtailment of renewable electricity and natural synergy with electrolytic production due to flexibility of blending. **Demonstrates the value of ensuring that the wider benefits are communicated to BEIS**
* BEIS assumption had been that blending supports hydrogen + CCUS over electrolytic hydrogen more because of the scale of the challenge. **JB asked us if smaller electrolytic producers will be able to access the network, TI explained that the LTS is 11,000km in the UK, so high chance of a local connection**
* Discussed COMAH designation being a real barrier to the smaller producers due to the limitations in skills/knowledge in the UK and the significant burden placed by these regulations. This limits production and site storage to 2tH2 (c. 4MW of production). Blending is therefore preferable over large volumes of on-site storage.
* Prior to discuss the detailed industry proposals, WL made it clear that they are not mined to incentivise blending in the business models from the start without the completion of the 2023 blending decision. They cannot incentivise something that cannot be done legally, or that has not been approved as possible, safe or economically viable.
* Then the group had a discussion about the evidence for the safety and VFM case and if there were gaps missing. **JB identified that gaps that industry could help with as:**
	+ **Who bears the cost of blended hydrogen if blending is imposed on consumers?**
	+ **What are the implications for a hydrogen retail market and how do we get there?**
	+ **How do we minimise the risk that producers would be tied into blending contracts over other offtakers? Want blended hydrogen to be flexible so that it can be used by new industrial consumers as they come on-line.**
* TI ran through the proposals on how to support hydrogen blending under the HBM with the following discussion:
	+ First biomethane plant (Rainbarrow Farm in Poundbury) was operated outside of GSMR with an exemption. The same could be done for hydrogen. **WM to provide further detail on this case.**
	+ BEIS asked how this proposal will impact on both producers, consumers and government. Where is the upside for Government E.g. if production starts with no blending (at higher risk), and then blending is allowed (at lower risk), does this enable the producers to make more hydrogen? Where is the upside of this proposal over the current plan? How would this be taken account of in negotiations? **Questions for the group to return with**
	+ BEIS team to consider the proposal and set up another meeting to include Julie Cox from Energy UK
* Next steps:
	+ Hydrogen UK (Madano) to arrange follow up discussion with BEIS in a couple of weeks.
	+ Hydrogen UK and REA to provide BEIS with requested further information, specifically regarding how the biomethane GSMR exemptions worked (WM to provide the details) and information to support economic assessment to inform 2023 blending decision, regarding benefits of reduced carbon monoxide risks, greater social acceptability and costs of blending.
	+ Trade associations to liaise with BEIS to confirm the set of questions they would like to cover, in order to shape the next meeting, and to seek further feedback on proposed approach, and specific questions to inform follow up discussion.