

## July 2022 Hydrogen announcements

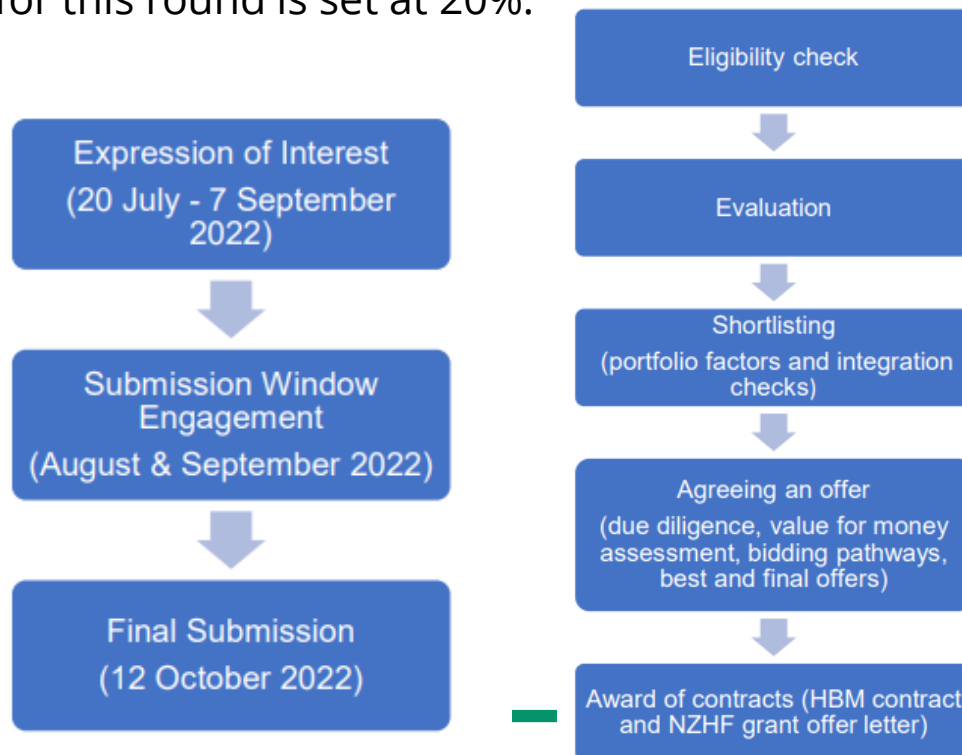
On **20<sup>th</sup> July** Government released:

- [Sector Development Action Plan](#): assesses the supply chain, skills, investment and export opportunities across the value chain necessary to achieve 10GW ambition for hydrogen
- Update to [map and list of potential hydrogen projects across the UK](#)
- [Update to the market](#): progress on delivering on the Hydrogen Strategy
- A [Research and Innovation \(R&I\) Brochure](#): overview of the key players and support in the UK public sector research and innovation ecosystem for hydrogen
- [Assessment](#) of the supply chain requirements to support the hydrogen economy in the UK
- Launch of first joint allocation round for the Net Zero Hydrogen Fund and the Hydrogen Business Model (*electrolytic projects only*):
  - Government [response](#) to the market engagement on electrolytic allocation for the Net Zero Hydrogen Fund and the Hydrogen Business Model; and
  - [Application form and guidance](#).



## Joint NZHF/HBM allocation (electrolytic)

- Government hopes to support at least 250 MW of electrolytic projects under first allocation round.
- Projects can apply for HBM revenue support only, or they can apply for joint HBM revenue support and CAPEX support through the NZHF.
- HBM provides funding for projects operational before 2025 - up to £100m of taxpayer funding that was committed through the Industrial Decarbonisation and Hydrogen Revenue Support (IDHRS) scheme in the Net Zero Strategy. HBM support will be levy funded from 2025 onwards.
- The NZHF's up to £240m of funding until 2025. Maximum grant level for this round is set at 20%.



## Exclusion of RTIs under the HBM

*'Risk taking intermediaries (RTIs) as offtakers:*

*Volumes sold to a risk-taking intermediary will not be eligible for subsidy under the HBM through this Electrolytic Allocation Round'.*

- A risk-taking intermediary is defined as *'an entity which purchases hydrogen for the purpose of resale'*.
- We have pushed back on this restriction because we believe RTIs are critical to the development of a liquid market for hydrogen and accelerate price discovery ie the emergence of a real hydrogen price.
- We are seeking examples from members of project structures that would be ruled out by this restriction to make a case to BEIS that these offtakers should be eligible.

**Please send us your feedback.**



# CCUS clusters projects selected and REA/BEIS roundtable on alternative H<sub>2</sub> pathways

- Following selection of Hynet and East Coast Cluster as Track 1 CCUS clusters in November 2021, on 12<sup>th</sup> August BEIS also [announced the 20 projects](#) - power CCUS, industrial carbon capture (ICC), waste and CCUS-enabled hydrogen that will proceed to the due diligence/negotiation stage of the Phase-2 Cluster Sequencing process.
  - *East Coast Cluster*
    - bpH2Teesside
    - H2NorthEast
    - Hydrogen to Humber (H2H) Saltend
  - *HyNet*
    - HyNet Hydrogen Production Project (HPP)
- On 27<sup>th</sup> July the REA hosted a **cross-cutting roundtable with BEIS focused on alternative pathways for hydrogen production** (ie non CCUS enabled nor water-based electrolytic). You can find [slides and key actions from the roundtable here](#).
- Several members of the REA involved in these pathways joined the roundtable, along with several civil servants across different Government departments. If you wish to know more please contact [Kiara](#).



## H<sub>2</sub> T&S infrastructure consultation

On 31<sup>st</sup> August published a [consultation](#) seeking views on:

- design options for hydrogen transport and storage infrastructure business model
- market barriers facing the development and operation of hydrogen pipelines and a hydrogen network
- suitability of existing of market and commercial arrangements
- need for strategic planning to guide rollout of infrastructure and
- role of blending.

This follows the government commitment in the [British Energy Security Strategy](#) to design new business models for hydrogen transportation and storage infrastructure by 2025.

The consultation closes on **22<sup>nd</sup> November 2022.**

**Member meeting to discuss REA's response: w/c 5<sup>th</sup> October, exact date tbc**





# REA CONFERENCE: THE HYDROGEN ECONOMY

**ON: MONDAY 28TH NOVEMBER 2022**  
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## Thank you

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