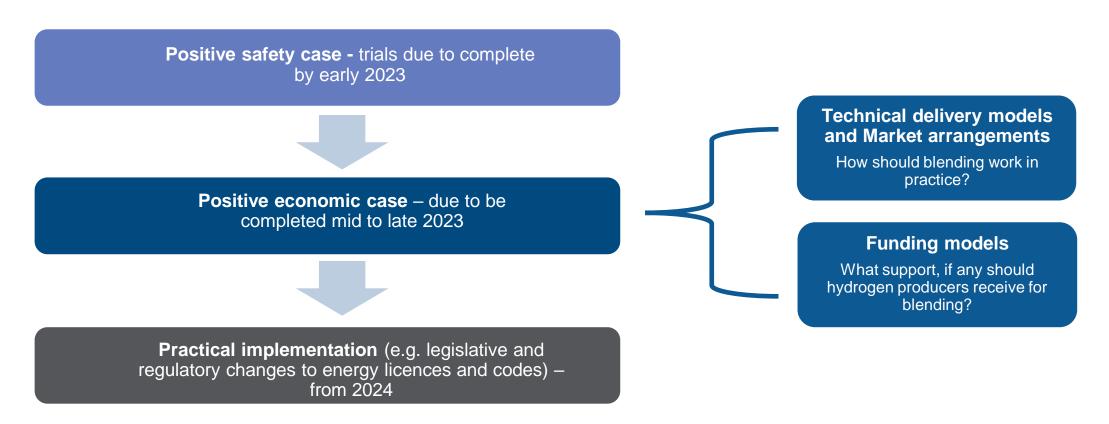
BEIS / HUK / REA Blending discussion

07 September 2022



Blending overview



Strategic Case

Development of commercial & technical model options

Longlist options analysis

Shortlist Options analysis
Value for Money assessment of leading option(s)

Potential Consultation

Completion of economic and safety case

Recommendation to ministers & policy decision

Legislative changes to give effect to blending (if decision is positive)

Implementation readiness

Q1-Q3 2022 Q4 2022 **2023 2024-25**



Blending economic case considerations

Technical Models / Market & Trading Arrangements

- Where/how should injections occur (centralised and/or free market approach)?
- Changes to Market and Trading arrangements e.g. which market actor (networks and/or shippers) should buy the hydrogen from the producer for injection?
- How/whether billing methodologies be updated to ensure consumers who receive blended gas pay a fair price?
- Which users require de-blending infrastructure to be installed, and how should this be paid for?
- Costs of technical models/market arrangements implementation (e.g. network upgrades, infrastructure costs, operational costs) and cost recovery mechanism.

Funding / Policy interactions / benefits

- Whether/how blended volumes could be commercially supported
- Costs of any funding and cost recovery mechanism
- Interactions with other policy areas –e.g. ETS and low carbon H2 certification scheme.
- Benefits (e.g. strategic case, CO2 savings)

Safety

Costs of making blending safe, compliance with safety requirements

