

BEIS / HUK / REA Blending discussion

07 September 2022

Blending overview

Positive safety case - trials due to complete by early 2023



Positive economic case – due to be completed mid to late 2023



Practical implementation (e.g. legislative and regulatory changes to energy licences and codes) – from 2024

Technical delivery models and Market arrangements

How should blending work in practice?

Funding models

What support, if any should hydrogen producers receive for blending?

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