Hydrogen transport and storage infrastructure consultation

Blending Workshop

17 October 2022

Department for Business, Energy & Industrial Strategy

Housekeeping

- **No planned fire alarms**. In the event of an emergency please follow the signs to nearest emergency exit and move away from the building.
- **Please take care when moving around the room.**
- **Those joining online please remain on mute during the breakout discussions and post any questions into the chat.** Please include your role and organisation.
- If we do not have time to respond to your question, you are welcome to reach out to us via email: hydrogentransportandstorage@beis.gov.uk
- **We will be recording the session** for note taking purposes. We have no plans to share the recording.

Agenda

Welcome and Introductions	1400 - 1410
Consultation chapter overview	1410 - 1420
Break out discussion groups	1420 - 1445
Short Break	**1445 - 1455**
Large group reflections, feedback and Q&A	1455 - 1520
Wrap up and close	1520 - 1530

Strategic role of blending

There may be significant value in having blending available to support development of the hydrogen economy

- By providing a route to market for hydrogen producers during the early development of the hydrogen economy, blending may help to **bring forward investment** and support its early growth.

However blending can only be a transitional option

- It may only have a **limited and temporary role in gas decarbonisation** as we move away from the use of natural gas.
- Most appropriate strategic role for blending, if enabled, is to act as a **reserve offtaker.**

Blending to Manage Volume risk

- Ahead of a mature hydrogen market, there may be significant value in having blending available to offer producers a route to market.
- Blending could manage the risk of producers being unable to sell enough volumes of hydrogen to cover their costs (i.e. volume risk) by absorbing excess volumes of hydrogen for which there are no alternative routes to market.
- This may de-risk investment in additional hydrogen production capacity, helping to drive up the pace of hydrogen economy growth.

Categories of volume risk

Early years

- Hydrogen transport and storage infrastructure risk
- Delays to at scale adoption of hydrogen

Ongoing

- Demand volatility

Break out discussion groups

Group 1	• To what extent might lead times for H2 T&S infrastructure limit the scale of production in early years? Can blending help and for how long may it be necessary? • Will new transport infrastructure for 100% H2 be required to enable blending and on what scale?
Group 2	• Could a reserve offtaker (e.g. blending) help stimulate growth in H2 demand through providing offtakers more confidence in the availability of H2? • Could a reserve offtaker (e.g. blending) have value in managing volatile demand?
Group 3	• Are there any alternative reserve offtakers that could help manage volume risk instead of/in combination with blending?
Group 4	• Do you see any further benefits and/or risks associated with blending?

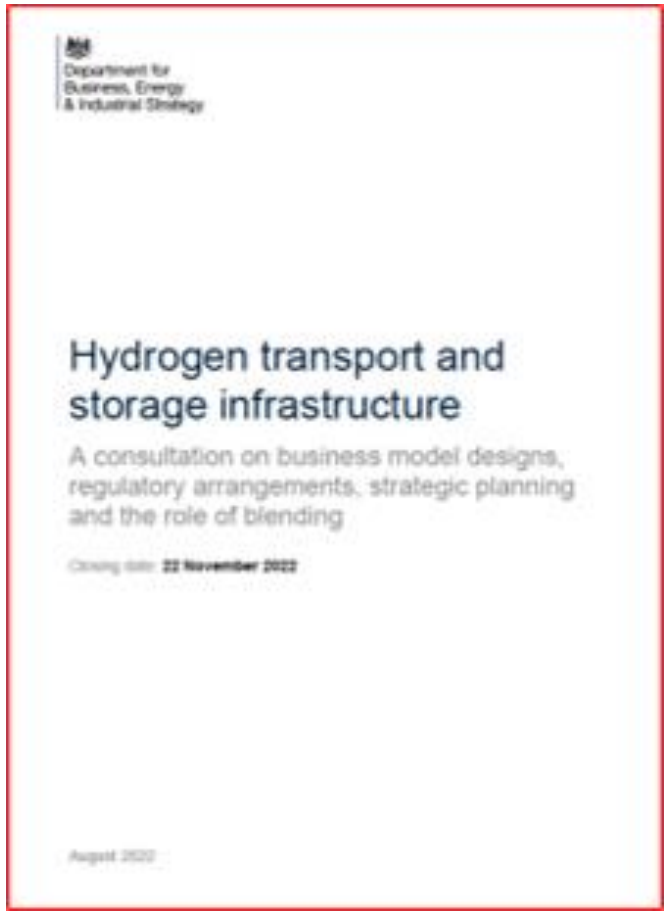
Break – 10 mins

Group feedback discussion

Next steps

- The consultation closes on **Tuesday 22 November 2022.**
- Formal written responses to the consultation are still required.
- This workshop was just to gather initial views and supplement the upcoming formal written responses.

email: hydrogentransportandstorage@beis.gov.uk



Thank you