'Green gas' boost as National Grid secures £5 million for green gas study

Gas bill pilot project seeks to open the door to more green gas

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- **Updating gas bill calculations aims to cut propane use in biogas**
- **Scheme could pave the way for a future low carbon gas grid**

A trail-blazing pilot scheme that aims to further open the door to lower carbon, 'green' gas has won £4.8 million of Ofgem funding.

National Grid Gas Distribution, working with DNV GL, a global oil and gas advisory company, has been awarded funding under Ofgem's Network Innovation Competition.

The money will be used for a three-year pilot study to update the way gas bills are calculated, to take into account more of the 'green', lower carbon alternatives to natural gas likely to be powering homes and businesses in the future.

The initiative aims to cut out the use of propane – a costly greenhouse gas – which is currently being added to bio-methane and other lower carbon gases for gas billing reasons. This should open the door to more green gas entering Britain's gas pipeline network and cement its essential role in meeting the UK's carbon reduction targets for 2030 and 2050.

David Parkin Director of Network Strategy at National Grid Gas Distribution, said: "Ofgem's decision to award National Grid £4.8 million for this programme reflects how serious the UK's gas grids are about delivering low carbon heat, as well as delivering a sustainable gas future which works for consumers as well."

National Grid Gas Distribution will be working in a partnership, which includes DNV GL, a global advisory company which provides software, technical assurance and independent expert services to the gas and energy industries.

Hari Vamadevan, Regional Manager, DNV GL Oil & Gas, said: "We are delighted that this outstanding project has received Ofgem sponsorship. We believe it is important to assess the financial consequences for gas consumers in a future where alternatives are being sought to facilitate a lower carbon outlook."

Gas consumers are charged on the basis of the amount of energy their gas contains (calorific value). However, the energy content of gas is not measured at people's gas meters.

Instead, gas network operators, such as National Grid, measure the calorific value of the gas being injected at each entry point on their pipeline networks and work out an average calorific value.

Because new, lower carbon alternatives to natural gas, such as bio-methane, have a lower energy content than natural gas, the current energy calculation process requires that bio-methane producers have to add propane, a costly greenhouse gas, to bring it up to the average calorific value of the traditional gas sources.

The pioneering pilot will look at how customers can be billed using the calorific value of the gas they actually receive, rather than using an average.

This should remove the need for alternative, low carbon gas producers to add costly propane to their gas to bring it up to an average calorific value, and so open the door to more environmentally-friendly alternatives to natural gas.

The study will look at a number of methods for achieving this, including using smart meters to record the calorific value of gas being used by homes and businesses.

The successful bids are among a host of initiatives being pursued by National Grid Gas Distribution as part of its 'Future of Gas' vision, to see Britain heating its homes, powering its industry and fuelling its vehicles on low carbon – or even no carbon – energy.

The company is exploring low carbon alternatives to natural gas to support the Government in its drive to reduce greenhouse gas emissions and tackle climate change in an affordable and sustainable way.

Last week the company signed a £6.3m deal to help fund the world's first commercially operating BioSNG (bio-substitute natural gas) plant in Swindon, which will make gas from household waste.

The facility will accept 10,000 tonnes of waste from the local area and produce enough green gas to heat 1,500 homes or fuel 75 heavy good vehicles. The technology has the potential to provide enough gas to fuel all of Britain's heavy good vehicles or meet one third of its domestic heating demand.

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Notes for editors

Notes to Editors:

National Grid is pivotal to the energy systems in the UK and the north eastern United States. We aim to serve customers well and efficiently, supporting the communities in which we operate and making possible the energy systems of the future.

National Grid in the UK:

- We own and operate the electricity transmission network in England and Wales, with day-to-day responsibility for balancing supply and demand. We also operate, but do not own, the Scottish networks. Our networks comprise approximately 7,200 kilometres (4,474 miles) of overhead line, 1,500 kilometres (932 miles) of underground cable and 342 substations.
- We own and operate the gas National Transmission System in Great Britain, with day-to-day responsibility for balancing supply and demand. Our network comprises approximately 7,660 kilometres (4,760 miles) of high-pressure pipe and 618 above-ground installations.
- As Great Britain's System Operator (SO) we make sure gas and electricity is transported safely and efficiently from where it is produced to where it is consumed. From April 2019, Electricity System Operator (ESO) is a new standalone business within National Grid, legally separate from all other parts of the National Grid Group. This will provide the right environment to deliver a balanced and impartial ESO that can realise real benefits for consumers as we transition to a more decentralised, decarbonised electricity system.

- Other UK activities mainly relate to businesses operating in competitive markets outside of our core regulated businesses; including interconnectors, gas metering activities and a liquefied natural gas (LNG) importation terminal – all of which are now part of National Grid Ventures. National Grid Property is responsible for the management, clean-up and disposal of surplus sites in the UK. Most of these are former gas works.

Find out more about the energy challenge and how National Grid is helping find solutions to some of the challenges we face at https://www.nationalgrid.com/group/news

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