

Future of Gas

Minutes from Steering Group meeting on 18th May 2021

Location

Virtual Event

Attendees

Chris Logue (Chair) – National Grid
Alexandra Howe – BEIS
Angus Paxton – AFRY
Bill Goode – National Grid
Bogdan Kowalewicz – Ofgem
David Mitchell – Chemical Industries Association
Emma Buckton – NGN
Francesca Bell – OGUK
Hywel Llyod – 100UK
Jon Cramner – National Grid
Julie Cox – Energy UK
Kirsty Ingham – ESB
Lisa Fischer – E3G
Lorna Millington – Cadent
Mollie Griffiths – BEIS
Neil Rowley – National Grid
Nicola Barber – BEIS
Professor Joe Howe – Thornton Energy Institute
Ray Arrell – REGEN
Richard Fairholme – Uniper
Robin Crannings – Storengy
Rosannah East – National Grid
Safia Miyanji – BEIS
Jon Parker – BEIS
Sam French – Johnson Matthey
Sam Hughes – Citizens Advice
Stella Matthews – Northern Gas Networks
Steven De Ranter – Interconnector UK
Susannah Ferris – National Grid
Thomas Koller – ENA
Will Webster – OGUK

Apologies:

Rob Hewitt – BEIS
Marcus Newborough – ITM Power
David O'Neil – Ofgem
Corin Taylor – DNV GL

New Members:

Sam Hughes – Citizens Advice

Guests:

Stella Matthews – Northern Gas Networks
Safia Miyanji – BEIS
Jon Parker – BEIS
Nicola Barber – BEIS
Francesca Bell – OGUK

Welcome and Introduction:

The chair welcomed attendees and confirmed the agenda for the day. The Chair then introduced a new member of the Steering Group, Sam Hughes from Citizen Advice. Sam is leading on the relationship between Citizens Advice and gas networks and also holds a seat on the UNC Panel. The chair then welcomed guests to the meeting.

Actions from last meeting:

National Grid highlighted two actions from the last FOG SG held in March. The first action covered the outcomes of the last FOG debate which was led by REGEN. This debate highlighted that regionality is a really important area of consideration for gas networks and that more work needs to be done at the regional level. National Grid pointed to the write-up as a helpful output of the last meeting. The second action covered the importance of industry collaboration in the FOG programme. National Grid said that collaboration with industry has always been the goal and this will be revisited and improved upon through an upcoming review of the Terms of Reference for the group.

Members Update:

Members provided updates to the group on key areas of interest.

BEIS flagged that Jon and Nicola are here for broader representation from BEIS. Two updates followed. First, the Gas Blending Group is issuing a new invitation to attendees starting from 1st June. Second, BEIS are going to run a call for evidence later this year on the future of the gas system. They are keen to engage with members of the FOG SG to make sure they are asking the right questions about what the future of the gas system should look like.

REGEN were really pleased with the regionality debate and asked if any feedback could be provided to National Grid. REGEN had three updates. Firstly, they have launched a new publication around the models for ground source heat pumps ([link](#)). Secondly, REGEN have a secondment into the COP26 unit of the Cabinet Office. This has encouraged them to think about reducing their own GHG emissions and they are keen to share their learnings. Thirdly, they are running an event bringing together Trade Associations to look at how the energy sector can support the Race to Net Zero Campaign ([link to register](#)).

UK100 are hosting a Resilience Summit in July covering how local and national levels will work on the energy transition. A specific piece of work led by Hwyl is covering how DNOs can engage local government and highlight best practice.

ENA are hosting a hydrogen safety mini summit on 20th May which will cover how hydrogen can deliver a safe and secure gas supply to people's homes ([link to register](#)).

Northern Gas Networks are going to release H21 results at ENA Hydrogen Safety Summit. The hydrogen homes are nearing completion and they will be open to visits from August ([email address to book visits](#)). H21 Phase 2 is ongoing, hoping to start testing in the next few months and HyDeploy should start blending next month.

Citizens Advice have recently published some research looking at local area energy plans detailing the situation at the moment and the levels of engagement from stakeholders and networks. Gives an initial view of what zoning could look like in the future and the risks involved ([link](#)).

Energy UK highlighted there is a meeting on Friday 21st relating to HyDeploy and industrial and commercial engagement.

New Build Homes Gas Connections - FOG Debate

BEIS are doing a review of the Gas Act which is an Energy White Paper commitment. The review will consider whether the current legislation is fit for purpose in a world which is transitioning to low-carbon gas. Part of the review is looking at whether the Gas Act is in line with the Future Homes Standard which has banned new homes from using fossil fuel heating, including gas, from 2025. Changes to the Gas Act could bring this into force sooner. The key benefit is that it would provide the regulatory change needed to fully decarbonise the way we heat and power buildings, helping the UK reach its target of net zero carbon emissions by 2050.

NGN: there was a question around whether any decision made could be reviewed at a later date. **BEIS:** have been thinking about this and take the point onboard.

NGN: suggested it might be worth consulting with housebuilding companies so that they can use this information to plan their future strategy.

UK100: raised a concern that a lot of places think they're going to get lots of green hydrogen soon. There was a request for BEIS to help the country, location by location, understand where natural gas will become hydrogen and when. If there are places which will never be fuelled by hydrogen then a plea to help them move forward with electrification.

Citizens Advice: raised a concern for households in fuel poverty and whether gas might be the best option for them, rather than electrification which may require high levels of retrofitting which there isn't funding for currently. These households need to be considered because they are the most vulnerable energy consumers in the country and could easily fall through the gaps. Gas will be best solution until funding is made available for another option. **BEIS:** will unpack this in more detail with Ofgem

Cadent: wondered if there could be some assessment for gas connections to new builds, rather than it be banned completely. Perhaps the legislation could help facilitate whether a gas connection is the right choice in some instances. **BEIS:** agreed they don't want to incentivise the wrong type of behaviour and revert to using another high carbon fuel, perhaps through a forced connection to the electricity grid which may not be fully decarbonised.

National Grid: asked what assessment of carbon intensity do BEIS anticipate? Noting that the primary aim is looking at new build homes which can help reduce demand upfront. **BEIS:** said this is a sensitive area and there is a need to look through a future lens and avoid causing problems in the long run. BEIS are willing to have a conversation around whether new builds are the right focus or whether it would be better to consider existing homes.

Johnson Matthey: made the point that the gas grid is an existing asset which transports energy more quickly and efficiently than electricity. When we think about heating our homes, there is a lot of focus on what happens in a house and not enough focus on the production of energy and the infrastructure we have. **BEIS:** appreciated the feedback and challenge.

ESB: agreed with Cadent that there needs to be more nuance around this. Then raised a point around peak heat and peak industrial demand because of temperature fluctuations and asked whether this is the most efficient option and whether gas could be a good back up?

Energy UK: raised points on customer choice and acceptability asking whether it would be desirable to have a house with a heat pump and whether that would be value added or not.

UK100: asked whether we could move a bit quicker on where in the country is likely to be connected to hydrogen. Then asked for some direction from BEIS on how likely it is that we will continue with the infrastructure we've got and improve it or see the transition as an opportunity to build new infrastructure and assets.

BEIS: thanked the group for the feedback and challenge to their approach. They highlighted there will be a consultation on this and to raise views there.

GMaP Project Updates:

National Grid provided updates on current GMaP projects.

Balancing. Jon Cranmer gave an overview of the Balancing GMaP project which is now drawing to a close. The project was tasked with reviewing the current gas balancing arrangements to see if any changes would be required in the next decade considering the net zero agenda. It was a collaborative project, undertaken with participation from industry throughout. The project is now in the phase of writing up the final report which will contain high level concepts and discussion ideas. It is hoped the report will be published in a few weeks.

Blending. Bill Goode gave an update on a cross-programme project between GMaP and the Gas Goes Green Programme, jointly led by National Grid and SGN. Bill highlighted the project is trying to produce a timeline for what and when market changes (legislative, regulatory, safety) are required to facilitate hydrogen blending. The timeline needs to be both credible and ambitious. The project is now in the process of producing a working level document which will include general and specific market requirements.

Q&A on Blending:

Energy UK: raised a question around how customers would fit into this project. There was another question on the level of blend being looked at. **National Grid:** noted that customers would need to be considered as part of the research. The level of blending required would be worked out as part of the timeline.

NGN: have spoken to a lot of industrial and commercial end users who are interested and concerned about blending. I know its being covered by HyDeploy, but many of them ask for a timeline of when they can expect a blend so this is a good start. When reaching out to stakeholders, there is need to include end users and tie into the HyDeploy project.

GMaP Project Updates Continued:

Hydrogen. Susannah Ferris gave an update on the H2 GMaP work area. The Hydrogen GMaP project has had its second working group to explore the next project options. A shortlist has been developed and the next project will be selected shortly. The De-blending market frameworks project, which is an innovation funded project, has been approved by an internal sanctioning committee. Frontier have been selected as a supplier for this project based on a long history of experience in market design. Susannah signposted that initial outputs from the first Hydrogen GMaP project and the Gas Quality GMaP project are available on the National Grid website.

AOB:

The Chair closed by thanking those that presented and attended the meeting.

Next Meeting:

Wednesday 14th July 2021

Other links from the meeting:

North West Hydrogen Alliance <https://www.nwhydrogenalliance.co.uk/>

Options for Energy Bill Reform <http://www.publicfirst.co.uk/wp-content/uploads/2021/04/OptionsEnergyBillMaster.pdf>