

Angus McIntosh
Director of Energy Futures
SGN
Axis House
5 Lonehead Drive
Newbridge
EH28 8TG

4th February 2022

Dear Angus,

Letter of support and commitment to SGN's LTS Futures Programme NZASP Reopener bid

INEOS are pleased to hear that the needs case for the LTS Futures Programme has been demonstrated and Ofgem have triggered the Net Zero Pre-Construction and Small Net Zero Projects (**NZASP**) reopener for this Research and Development (R&D) project. The LTS Futures Programme forms part of the UK's National Hydrogen Research Programme to deliver a net zero decarbonisation solution for customers. The project seeks to research, develop, test and evidence the compatibility of the Local Transmission System (LTS) assets, pipelines, associated plant and ancillary fittings, culminating in a 'first of a kind' repurposing trial and demonstration. The programme provides many opportunities that will bring considerable benefits.

We believe that INEOS in Grangemouth is ideally located to be a hub for low carbon hydrogen production, use and export. Our operations sit at the apex of a diverse and well developed gas supply chain which has price advantages and a combination of import and indigenous gas reserves. That our Grangemouth operations are located close to hydrogen use centres, is also advantageous. But hydrogen cannot easily replace other fossil fuels without significant pre-investment, including some gas network upgrades. The LTS Futures project will deliver a blueprint for repurposing the existing LTS infrastructure to 100% hydrogen, helping to drive deep decarbonisation at scale across Scotland and for other networks within the UK. This work is critical in illustrating the viability of LTS infrastructure to distribute hydrogen.

INEOS look forward to working with SGN to support the delivery of this project and hope to see progression continue through from funding award, to live trial and development of a blueprint for LTS repurposing. To support the delivery of this project INEOS will work closely with the LTS Futures Programme to commit the experience of our world class engineering teams, and our project management skills with a track record of complex project delivery.

Yours sincerely,



Andrew Gardner
Chairman, INEOS Grangemouth