

# Consultation

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## Consultation on a proposal to extend the National Gas Transmission's Network Innovation Allowance funding to support additional hydrogen innovation during RIIO-2

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We<sup>1</sup> are consulting on a proposal to direct an additional £5.115m (2023/24 prices) to National Gas Transmission's (NGT) Network Innovation Allowance (NIA) via the Hydrogen Innovation funding mechanism (HYINT). We would like views from people with an interest in gas transmission and distribution networks, and the adaptability of these for hydrogen. We would also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We aim to publish all non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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<sup>1</sup> The terms 'we', 'us', 'our' refers to the Gas and Electricity Markets Authority (the Authority). Ofgem operates under the direction and governance of the Authority.

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## 1. Introduction

### Section summary

This section introduces our consultation on a proposal to extend National Gas Transmission's Network Innovation Allowance funding to support additional hydrogen innovation during RIIO-2.

### What are we consulting on?

- 1.1 We are consulting on our minded-to position to allow an additional £5.115m (in 2023/24 prices) for projects proposed by National Gas Transmission (NGT) under the Hydrogen innovation funding licence term found in Special Condition (SpC) 5.2 of NGT's Gas Transporter Licence.
- 1.2 We are also consulting on the wording of a proposed direction to give effect to our minded-to position, in accordance with SpC 5.2 of NGT's Gas Transporter Licence. The proposed direction is contained in Appendix 2.

### Background

- 1.3 Network companies are natural monopolies. Effective regulation of privatised for-profit monopolies is essential to ensure they cannot unfairly exercise their monopoly power to the detriment of their customers. This is particularly important in the case of essential utilities, such as energy, where consumers have no choice on whether or not to pay what they are charged. It is therefore crucial that an effective regulator protects energy consumers by controlling how much network companies can charge their customers.
- 1.4 We regulate the monopoly companies in the four energy network sectors: Electricity Transmission (ET), Gas Transmission (GT), Electricity Distribution (ED), and Gas Distribution (GD). Ofgem does this through periodic price controls that are designed to ensure network companies are properly incentivised to deliver the best possible outcomes for current and future energy consumers. This includes ensuring that consumers only pay for investments that are needed and do not overpay for those investments.
- 1.5 The current price control model is known as RIIO (Revenue = Incentives + Innovation + Outputs). RIIO-2 is the second electricity and gas price control under the RIIO model. The price control period runs from 1 April 2021 until 31 March 2026 for ET, GT and GD. The price control period for ED sector runs from 1 April 2023 to 31 March 2028.

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- 1.6 As part of our RIIO-2 innovation stimulus funding we decided to maintain the Network Innovation Allowance (NIA) to fund innovation relating to support for consumers in vulnerable situations and/or the energy system transition. The NIA enables companies to take forward innovation projects that have the potential to address consumer vulnerability and/or deliver longer-term financial and environmental benefits for consumers, which they would not otherwise undertake within the price control.
- 1.7 At RIIO-2 Final Determinations<sup>2</sup> we recognised that in the gas sector, there is uncertainty around the extent to which gas networks may, in the future, have in the role of transporting hydrogen and the extent of innovation activity needed to support this.<sup>3</sup>
- 1.8 We therefore introduced Part B "Hydrogen Innovation Funding (HYINT)" of SpC 5.2 to the Gas Transporter Licence, to allow the Authority to direct additional NIA funding for hydrogen innovation activities during RIIO-2 subject to the conditions set out in the licence being met.
- 1.9 NGT submitted to us a request on 9 December 2024 under SpC 5.2 for an additional £7.4m (in 2023/24 prices<sup>4</sup>) to enable the delivery of the hydrogen safety case for the transmission system by 2026, to allow Project Union to begin construction and develop the hydrogen core network for the UK.<sup>5</sup>

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<sup>2</sup> [RIIO-2 Final Determinations - Core Document](#)- page 108, section 8.66

<sup>3</sup> [RIIO-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator | Ofgem](#)

<sup>4</sup> This is equivalent to £5.2m in 2018/19 prices. We refer to the request in 2023/24 prices throughout the rest of this document to align with NGT's request unless specified otherwise.

<sup>5</sup> Project Union aims to create a hydrogen transmission network in Great Britain to transport 100% hydrogen, connecting hydrogen production and storage with end users. NGT propose to repurpose existing gas transmission network infrastructure with minimal new infrastructure by the early 2030s.

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## 2. NGT's Request

### Section summary

In this section, we describe NGT's request for additional innovation funding.

- 2.1 NGT are requesting £7.4m of NIA funding through SpC 5.2 of the Gas Transporter Licence to enable delivery of the portfolio of projects enabling the Hydrogen transition and safety case.
- 2.2 This additional funding would cover the development of the hydrogen safety case which would contribute to being able to repurpose the National Transmission System (NTS) for hydrogen. NGT have worked with the Health and Safety Executive (HSE) to identify the evidence requirements for the NTS that would demonstrate they can safely repurpose and have set out the required innovation project portfolio. NGT argue that securing this outcome would offer significant potential benefits to existing methane consumers in terms of asset transfers, which could significantly reduce any potential stranding risk and costs.
- 2.3 In the case that this request for further funding is unsuccessful, NGT claim they will be unable to complete the delivery of the evidence for the hydrogen safety case in the RIIO-2 period and will be required to pause until RIIO-3. NGT state that this delay will have a knock-on impact to the Project Union Safety Case and could prevent construction commencing in 2026.
- 2.4 NGT have broken down their request into the following submissions:
  - Submission 1 Hydrogen Materials Capability Evidence
  - Submission 2 Operational Procedures for Hydrogen
  - Submission 3 Safety Approach for Hydrogen
  - Submission 4 Measurement and Control
  - Submission 5 Supporting Digital Tools for Hydrogen
- 2.5 A further breakdown of each project included within each submission is set out below.

### Submission 1 Hydrogen Materials Capability Evidence

- 2.6 NGT have requested an additional £1.6m under Submission 1.
- 2.7 NGT have had feedback from HSE regarding the impact of hydrogen on NGT's materials across the network including metallics, polymers and other elements

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that NGT claim need resolution before the safety case can be finalised. NGT are therefore requesting HYINT funding for the following innovation projects:

- a) NTS Materials Pipeline Assessments phase 2
- b) Integrity Management of Hydrogen Pipelines phase 2
- c) Gas Inhibitors for Hydrogen Pipelines phase 3
- d) HyNTS & CO2nnect Corrosion
- e) Impact of hydrogen on wider network contents
- f) Impact of Hydrogen on NTS Oils & Greases – Phase 2
- g) Residual Stress Measurements through Girth & Seam Welded Pipes

### **Submission 2 Operational Procedures for Hydrogen**

2.8 NGT have requested an additional £2.4m under Submission 2.

2.9 NGT's work in the RIIO-2 period has been focussed on proving their asset capability and finding opportunities for repurposing. The operational aspects have been started in the last year and NGT claim this has highlighted a need to support the creation of operational and maintenance procedures for hydrogen. NGT are requesting HYINT funding for the following innovation projects:

- a) Pipeline installation techniques for hydrogen
- b) Operational tools and equipment
- c) HyNTS Operational Physical Testing
- d) Hydrogen Ready Recompression
- e) Hydrogen venting and flaring
- f) Skills and competencies and hydrogen awareness training methodologies

### **Submission 3 Safety Approach for Hydrogen**

2.10 NGT have requested an additional £1.6m under Submission 3.

2.11 The development and delivery of safety cases for hydrogen has been reviewed through the RIIO-2 period NGT claim a need to consider the impact of hydrogen in the documents that they produce and share with the HSE, working with the HSE to make the process more efficient. NGT would use the requested HYINT funding for the following innovation projects:

- a) TD/1 Process digitalisation
- b) Risk assessment approach (QRA)
- c) PSR / PSSR and GSMR approach for Hydrogen Transmission

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- d) Safe Control of Operations (SCO) for hydrogen
- e) Emergency scenarios management with hydrogen
- f) Ignition risk

#### **Submission 4 Measurement and Control**

2.12 NGT have requested an additional £1.4m under Submission 4.

NGT claim that several questions have arisen from their work to date on measurement that need further work for the safety case. NGT's request confirms that the additional funding requested will be used for the following innovation projects:

- a) Hydrogen AGI pipework integrity monitoring- Phase 2
- b) SCADA solutions Phase 2
- c) Blending Management Approach - Phase 2
- d) Variable Blends – Operational

#### **Submission 5 Supporting Digital Tools for Hydrogen**

2.13 NGT have requested an additional £0.4m under Submission 5.

2.14 NGT state that optimising the transition to hydrogen is an area of focus. This includes ensuring all data is available for assessing the development and ongoing operation of the network and to ensure timely responses to emergencies. NGT believe that cyber security is a vital element of this and want to find novel methods for attaining, protecting and utilising information. NGT state that they would use HYINT funding for the following projects:

- a) Secure Comms
- b) Integrate the CVDT and HyNTS Dataset



### 3. Our assessment of NGT's request and minded-to position

#### Section summary

In this section we explain our assessment of the request and minded-to position whether to direct an additional amount to NGT. We are seeking views on the questions below.

- Q1. Do you agree with our minded-to decision to approve additional funding for the projects listed in this chapter under the HYINT licence term, and at the value proposed?
- Q2. Do you have any views on the proposed direction for the Project contained in Appendix 2?

- 3.1 We can direct a positive value for the HYINT licence term when we have determined that the total value of NIA expenditure already awarded is insufficient for the licensee to proceed with further hydrogen-related innovation, that we consider the projects ought to proceed and they satisfy the eligibility criteria specified in the [RIIO-2 NIA Governance Document](#).<sup>6</sup>
- 3.2 We are minded-to direct a value of £5.115m (23/24 prices) for the HYINT term in SpC 5.2 of the Gas Transporter Licence. This compared to the original £7.4m requested by NGT.
- 3.3 A summary of our proposed adjustments can be found in Table 1 below:

| <b>NGT Submission</b>                       | <b>NGT proposed Costs 23/24 (£m)</b> | <b>Ofgem Consultation proposed adjustments 23/24 (£m)</b> | <b>Ofgem Consultation proposed funding 23/24 (£m)</b> |
|---|--------------------------------------|---|---|
| 1.0- Hydrogen Materials Capability Evidence | 1.6                                  | 0   | 1.6   |
| 2.0-Operational Procedures for Hydrogen     | 2.4                                  | -£0.44m   | 1.96  |

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<sup>6</sup> [RIIO-2 NIA Governance Document update | Ofgem](#), pages 17- 20, paragraphs 3.5-3.18

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|   |              |                 |                |
|---|--------------|-----------------|----------------|
| 3.0- Safety Approach for Hydrogen         | 1.6          | -£1.5m          | 0.1            |
| 4.0- Measurement and Control              | 1.4          | -£0.145m        | 1.255          |
| 5.0-Supporting Digital Tools for Hydrogen | 0.4          | -£0.2m          | 0.2            |
| <b>Total</b>                              | <b>£7.4m</b> | <b>-£2.285m</b> | <b>£5.115m</b> |

3.4 We have set out our reasons for our minded-to position below.

**Our assessment of NGT’s request**

**Our view of the current level of funding allowed through the NIA**

3.5 According to SpC 5.2.7 of the Gas Transporter Licence, in making our decision, we need to first decide if NGT’s current NIA funding is insufficient for them to proceed with their hydrogen related innovation.

3.6 NGT’s original NIA funding was set in RIIO-2 Final Determinations NGGT Annex at £25m (2018/19 prices).<sup>7</sup> When accounting for an 10% additional contribution by NGT this brings their total NIA funding to £27,777,778 (2018/18 prices). This is equivalent to £33,990,000 when converted into 2023/24 prices (including NGT’s contribution of 10%).

3.7 As of June 2024, NGT have sanctioned £27,261,711 (2023/24 prices) of NIA funding and have provided us with a detailed portfolio and timelines for activities that would take them to the end of RIIO-2. This portfolio accounts a further £13,774,859 in their pipeline that NGT have allocated to future projects, leaving a shortfall of £7.04m. Following discussions with NGT, this shortfall has since been revised to the £7.4m they have requested.

3.8 We are satisfied that this is sufficient evidence to conclude that NGT’s total NIA allowance is not currently sufficient for them to proceed with their hydrogen related innovation pipeline.

**Our view whether the project(s) should continue**

3.9 Our principal objective, enshrined in legislation, is to protect the interests of current and future consumers. Our duties have recently been updated by Government to include net zero and growth. The new net zero duty defines our

<sup>7</sup> [RIIO-2 Final Determinations - NGGT Annex \(REVISED\)](#), page 104, paragraph 5.3

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- principal objective to include consumers' interests in meeting the 2050 net zero target and other associated targets.
- 3.10 In our RIIO 3 Sector Specific Methodology decision we outlined that hydrogen could have a role in decarbonising the UK economy. However, its future demand and end uses are still uncertain pending several key government decisions on the future role of hydrogen.
- 3.11 Part of these decisions will be based on evidence of ongoing projects like NGT's Project Union, which aims to understand the feasibility of repurposing sections of its transmission network to connect hydrogen production to future hydrogen users in, and between, industrial clusters. The timelines for enabling Project Union to commence construction are driven by the industrial cluster's deployment and requirement for hydrogen resilience.
- 3.12 We consider the delay in NGT's work on Project Union now could have impact on the wider portfolio of activities that government are assessing regarding the role of hydrogen in the gas network, potentially slowing the decarbonisation of the UK economy.
- 3.13 Based on NGT's submission and the above reasons, we are satisfied that the proposed work packages will create evidence on the potential future use of the gas network and is consistent with our principal objective to protect consumers' interests, having regards to our decarbonisation targets. The potential repurposing of transmission assets to hydrogen could also prevent stranded assets, additional cost through new build and prevent costly decommissioning projects. It is in the consumers' interests that we support the exploratory phase of this hydrogen work to prevent these costs being passed onto them in the future.
- 3.14 We decided not to fund infrastructure for industrial use (including repurposing) in the next gas transmission price control starting in 2026 (RIIO-3) to avoid duplication with the government's Hydrogen Transport Business Model (HTBM). We have also made the same policy decision where it applies to Innovation projects, however this does not restrict us from an extension of NIA funding during RIIO-2 under the HYINT mechanism. NGT have claimed that all projects associated to this request are to be completed in RIIO-2 and are aligned to their current work delivering the evidence of network capability to the HSE. Based on the available information we believe that projects with an end date before April 2026 are appropriate and have no crossover with HTBM in this instance.

**Do the projects meet the eligibility criteria set out in the NIA governance document:**

- 3.15 We have considered whether NGT's submissions satisfy the eligibility criteria specified in the RIIO-2 NIA Governance Document. These are:
- Criteria 1 - Facilitate energy system transition and/or benefit consumers in vulnerable situations
  - Criteria 2 - Potential to deliver a net benefit to consumers
  - Criteria 3 - Involve Research, Development or Demonstration
  - Criteria 4 – Develop new learning
  - Criteria 5 – Be innovative
  - Criteria 6 – Not lead to unnecessary duplication
- 3.16 We consider NGT's project plan is broadly satisfactory and in line with the NIA project eligibility criteria. However, we do not consider that all costs and activities have been justified and/or fall within the scope of NIA.
- 3.17 We have set out our rationale for accepting or disallowing the proposed costs and activities below:

Submissions we propose to fully fund

- 3.18 Based on the information provided in NGT's request for an extension of their NIA funding via the HYINT mechanism, we are satisfied that the following submissions meet the eligibility criteria of the RIIO-2 NIA Governance Document and we are minded to accept these costs.
- 3.19 NGT has requested £1.6m under Submission 1: Hydrogen Materials Capability Evidence broken down as follows:
- a) NTS Materials Pipeline Assessments phase 2- £400,000
  - b) Integrity Management of Hydrogen Pipelines phase 2- in delivery
  - c) Gas Inhibitors for Hydrogen Pipelines phase 3-£400,000
  - d) HyNTS & CO2nnect Corrosion-£350,000
  - e) Impact of hydrogen on wider network contents-£200,000
  - f) Impact of Hydrogen on NTS Oils & Greases – Phase 2-£250,000
  - g) Residual Stress Measurements through Girth & Seam Welded Pipes- in delivery

3.20 Our assessment of NGT's submission is that these projects meet the eligibility criteria of the RIIO-2 NIA Governance Document. We consider that these projects have the potential to help facilitate the energy system transition by informing future decisions on the role of hydrogen (criteria 1) and provide a benefit to consumers through a safe and resilient network should repurposing of the existing transmission network take place (criteria 2). We also note that the majority of these projects involve developing new learning about the impact of hydrogen on materials which is untested at scale (criteria 3, 4 and 5) and which will provide evidence in NGT's safety case for hydrogen which goes beyond their Business-as-usual (BAU) operations. We therefore propose to allow the full £1.6m funding of NGT's projects under submission 1.

#### Submissions we propose to partially fund

3.21 Based on the information provided in NGT's request for an extension of their NIA funding via the HYINT mechanism, we think that some of the individual projects do not meet all of the eligibility criteria of the RIIO-2 NIA Governance Document. This is because we do not consider that we have seen sufficient evidence to explain why these projects are innovative, why NGT cannot fund these projects as part of its BAU activities, and why the projects can only be undertaken with the support of the NIA.

3.22 We are therefore minded to partially fund these submissions.

3.23 NGT has requested £2.4m under Submission 2: Operational Procedures for Hydrogen submission to contribute to the delivery of the following projects<sup>8</sup>:

- a) Pipeline installation techniques for hydrogen- £250,000
- b) Operational tools and equipment- £200,000
- c) HyNTS Operational Physical Testing- £800,000
- d) Hydrogen Ready Recompression- £200,000
- e) Hydrogen venting and flaring-£950,000
- f) Skills and competencies and hydrogen awareness training methodologies- £240,000

3.24 Based on our assessment of NGT's submission, we propose to fund £1.96m of Submission 2 for projects a, c, d and e as they meet both the eligibility criteria

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<sup>8</sup> We note a difference between NGT's request of £2.4m and the total project value of £2.64m

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- of the RIIO-2 NIA Governance Document, and we consider these as critical evidence in NGT's safety case for hydrogen that go beyond BAU.
- 3.25 We propose to remove NGT's proposed costs of £0.44m for projects b and f. From the information provided so far, we consider the establishment of specifications for operational tools and equipment along with development of training material to be a BAU activity. We are not persuaded that this meets eligibility criterion 5, to be innovative simply by virtue of being associated with hydrogen (as opposed to, for example, natural gas).
- 3.26 NGT has requested £1.6m under Submission 3: Safety Approach for Hydrogen broken down as follows:
- a) TD/1 Process digitalisation- in delivery
  - b) Risk assessment approach (QRA)-£480,000
  - c) PSR / PSSR and GSMR approach for Hydrogen Transmission-£500,000
  - d) Safe Control of Operations (SCO) for hydrogen-£400,000
  - e) Emergency scenarios management with hydrogen-£120,000
  - f) Ignition risk-£100,000
- 3.27 From this submission we propose to fund £0.1m of this submission for projects a and f, as we consider these as critical evidence in NGT's safety case for hydrogen that go beyond BAU and both meet the RIIO-2 NIA eligibility criteria.
- 3.28 However, we propose to remove costs of £1.5m for projects b, c, d and e based on the available information. Regarding NGT's Risk assessment approach (QRA), these have been provided to the HSE over the last 5 years, and it is unclear to see what additional value this will deliver for a net benefit to customers. For NGT's project for a PSR / PSSR and GSMR approach for Hydrogen Transmission, we hold the view that maintenance of compliance with regulations is a BAU activity. Similar to this we believe NGT's Safe Control of Operations (SCO) for hydrogen and Emergency scenarios management with hydrogen projects should be considered BAU, therefore not meeting eligibility criterion 5 of the NIA eligibility criteria.
- 3.29 NGT has requested £1.4m under Submission 4: Measurement and Control broken down as follows:
- a) Hydrogen AGI pipework integrity monitoring- Phase 2- £280,000
  - b) SCADA solutions Phase 2- £145,000
  - c) Blending Management Approach - Phase 2- £550,000
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- d) Variable Blends – Operational- £425,000
- 3.30 From this submission we propose to allow £1.255m of this submission for projects a, c and d, as we consider this to meet the RIIO-2 NIA eligibility criteria and to be critical evidence in NGT's safety case for hydrogen that go beyond BAU and meet the RIIO-2 NIA eligibility criteria.
- 3.31 We propose to remove NGT's proposed costs of £0.145m for project b. Whilst there may be a need for this upgrade work, it is unclear given the level of detail supplied in NGT's submission as to how this work can be considered innovative under the eligibility criterion 5 of the RIIO-2 NIA Governance Document.
- 3.32 NGT has requested £0.4m under Submission 5: Supporting Digital Tools for Hydrogen broken down as follows:
- a) Secure Comms
  - b) Integrate the CVDT and HyNTS Dataset
- 3.33 From this submission we propose to allow £0.2m of this submission for project b as we consider the integration of the CVDT and HyNTS to meet the RIIO-2 NIA eligibility criteria and to be critical evidence in NGT's safety case for hydrogen that go beyond BAU and meet the RIIO-2 NIA eligibility criteria.
- 3.34 We propose to also remove cost for NGT's project a, regarding Secure Comms totalling £0.2m. Whilst there may be a need for this upgrade work, it is unclear given the level of detail supplied in NGT's submission as to how this work can be considered innovative under eligibility criterion 5 of the RIIO-2 NIA Governance Document.

**Our minded-to position and proposed direction**

- 3.35 Having carefully considered NGT's request, we are therefore minded-to direct a value of £5.115m for the HYINT term in SpC 5.2 of the Gas Transporter Licence for the reasons described in this chapter. This minded-to position is based on the evidence submitted to us and we welcome further evidence provided at the consultation stage to help form our final decision
- 3.36 This adjustment relates to the regulatory year starting 1 April 2025.
- 3.37 We have set out a proposed direction to give effect to our minded-to position, if implemented, in Appendix 2 of this consultation.

## 4. Your response, next steps, data and confidentiality

### Section summary

This section explains how to respond to this consultation and how we will treat your response.

### How to respond

- 4.1 Stakeholders are invited to respond to this consultation, both generally, and in particular to the specific questions in Chapter 3, no later than 4 April 2025
- 4.2 Please send your response to [networks.innovation@ofgem.gov.uk](mailto:networks.innovation@ofgem.gov.uk).
- 4.3 Following the close of this consultation, we will consider all responses and publish our final decision and the final directions to give effect to our decision as soon as possible.
- 4.4 We aim to publish all non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

### Your response, your data and confidentiality

- 4.5 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 4.6 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.
- 4.7 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing



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its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

- 4.8 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

### **General feedback**

- 4.9 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

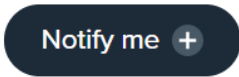
1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?

Please send any general feedback comments to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk)

### **How to track the progress of the consultation**

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit.

[ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)



Notify me +

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Would you like to be kept up to date with *Consultation* name will appear here? subscribe to notifications:

**Email\***

Submit >

Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

**Upcoming** > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

## Appendices

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## **Appendix 1 – consultation questions**

Q1. Do you agree with our minded-to decision to approve additional funding for the projects listed in this chapter under the HYINT licence term, and at the value proposed?

Q2. Do you have any views on the proposed direction for the Project contained in Appendix 2?

## **Appendix 2 – Proposed direction to NGT**

### **Introductory note**

A2.1 Following our assessment of NGT's request, we have set out our minded-to position. Any decision to direct a value for HYINT term in SpC5.2 of the Gas Transporter Licence will be implemented into NGT's licence via a direction.

A2.2 This Appendix provides a draft of the direction that will implement our Final Determination, as required by SpC 5.2. Following consultation, and proper consideration of consultation responses, we intend to confirm the direction at the same time as setting out our final decision.

A2.3 This draft direction is subject to responses to our minded-to position. Any representations with respect to the minded-to position and or associated draft direction below must be made by email to [networks.innovation@ofgem.gov.uk](mailto:networks.innovation@ofgem.gov.uk) on or before 4 April 2025.

### **Draft direction**

**To:**

**National Gas Transmission Ltd**

#### **Direction of a positive value for the HYINT licence term found in Special Condition (SpC) 5.2 of NGT's Gas Transporter Licence to add allowances to NIA allocation**

1. The licensee to whom this document is addressed is the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Special Condition 5.2 provides mechanisms by which the Licensee may seek additional funding to their Network Innovation Allowance to proceed with hydrogen related innovation during the RIIO-2 price control period.
3. On 9 December 2024, the Licensee submitted a request for extension of their NIA funding via the HYINT licence term to the amount of £7.4m (23/24 prices). On [x] we consulted on our assessment and minded-to position on this request.
4. We received [x] responses and have placed all non-confidential responses on our website. Having considered the consultation responses, we have decided to proceed with making this direction.

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5. This direction is issued pursuant to Special Condition 5.2 and directs a value for the HYINT term of [x] (23/24 prices). This direction applies for the regulatory year starting 1 April 2025.
6. This direction will take effect immediately. This Direction constitutes notice stating the reasons for the decision for the purposes of section 38A of the Act.

[signature]

Duly authorised on behalf of the Gas and Electric Markets Authority.

[xx xx xxxx]

## **Appendix 3 – Privacy notice on consultations**

### **Personal data**

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### **1. The identity of the controller and contact details of our Data Protection Officer**

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

#### **2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### **3. Our legal basis for processing your personal data**

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

#### **4. With whom we will be sharing your personal data**

We will not share your personal data with any third parties

#### **5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for six months after the project has closed

#### **6. Your rights**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it

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- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3<sup>rd</sup> parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

**7. Your personal data will not be sent overseas**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure government IT system.**

**10. More information** For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".