

4th April 2025

David McCrone
Ofgem,
10 South Colonnade,
London,
E14 4PU



Dear David,

**Consultation on additional Network Innovation Allowance
funding for National Gas Transmission**

This non-confidential response is made on behalf of Cadent Gas Limited and outlines general support for Ofgem's minded-to direction of an additional £5.115mil (2023/2024 prices) to National Gas Transmission's (NGT) Network Innovation Allowance (NIA) via the Hydrogen Innovation funding mechanism (HYINT).

Although at transmission level, we believe NGT's hydrogen transportation innovation work, proposed to be funded through this direction, will provide relevant learnings to the wider industry. We also recognise the same criticality identified by the consultation document. The portfolio of demonstrations and evidence that the government needs to assess in order to understand the future role of hydrogen has dependencies upon the delivery of projects such as NGT's Project Union, as well as other gas transporters' programmes.

As outlined in our response to the consultation's Question 1, we support the direction to award increased NIA funding on the prerequisite that the project is open to collaboration and the learnings are shared to maximise the benefits to industry and consumers. We believe the project has the potential to generate insights that are transferable to some gas distribution network (GDN) assets and processes – particularly GDN-operated LTS pipelines. We would encourage the project to consider how its openness to collaboration can promote insight sharing to the benefit of other industry parties and to avoid potentially inefficient future duplication.



Yours faithfully,

Edward Allard
Industry Codes Manager

Annex 1 – Responses to the consultation document’s question set

1. 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 the value proposed?

Yes, we support Ofgem’s proposed direction to increase NGT’s NIA funding by £5.115mil (2023/2024 prices) via the HYINT. This support is based on the assumption that the project will open to collaboration and transferable learning from the project will be shared with other, relevant industry parties. As outlined in our covering letter, we believe the project has the potential to generate insights that can benefit wider industry participants including GDNs. We also agree with the significance of supporting programmes like Project Union, that provide the information necessary for the government to make an informed decision on the future role of hydrogen and its decarbonisation benefits to consumers.

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

No further views on the proposed direction.