

Ofgem

Price Controls Operations Policy Team

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Friday, 04 April 2025

Dear Mr McCrone

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

We welcome the opportunity to respond to Ofgem's consultation on *a proposal to extend the National Gas Transmission's Network Innovation Allowance funding to support additional hydrogen innovation during RIIO-2*. This response is from Future Energy Networks (FEN) who represent the GB Gas Transmission and Distribution licensees.

FEN and our members support your minded to position to increase the value of NIA expenditure awarded to NGT for the HYINT term in SpC 5.2 of the Gas Transport Licence to allow them to further proceed with hydrogen-related innovation. Investing in the hydrogen safety case during the remainder of RIIO-2 is critical to ensure vital evidence is collated for HSE to allow Project Union to begin construction in 2026.

As you acknowledge in your consultation delaying investment in NGT's Project Union could impact government's ability to fully assess the role of hydrogen in the gas network which could slow the rate of decarbonisation in the UK and impact the country's ability to establish a hydrogen economy which is necessary to allow hydrogen to be produced at sufficient volumes to be used for power generation and in industry where electrification is not achievable or affordable.

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?**

FEN agree with the minded to position and associated NIA funding increases on submissions 1 and 4.

*Submission 2*

FEN consider investment in skills and competencies and operational tools and equipment linked to hydrogen to be critically important to the safe and effective delivery of hydrogen transmission. The need for green skills is recognised<sup>1</sup> as a key area for development to ensure the delivery of the transition to Net Zero and therefore funding is required to enable appropriate and effective delivery of specific training to relevant persons. Additionally, to allow operational staff to work safely, effectively and efficiently, investment is required in critical tools and equipment to allow them to work with a multiple molecule system. Finally, the learnings from these NGT projects can be used to inform the Gas Distribution Networks as the findings are likely to be applicable to their networks as well.

*Submission 3*

The HSE have requested NGTs policies are combined to a single document system rather than multiple papers. Creating this is going to be challenging and will require novel approaches to delivery of digital tools to meet the requirements of the HSE. Therefore sufficient funding in this area is critical.

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<sup>1</sup> [POST-PN-0711.pdf](#)

### Submission 5

In order to ensure resilient national infrastructure is maintained into the future, the identification and optimisation of digital tools for hydrogen is required. Work needs to be funded into digital tools to allow NGT to enhance asset management, workforce optimisation and ensure cyber threats are managed against.

National Gas, in their own response, provide further details of their opinions over the values of investment being afforded to submissions 2,3 and 5.

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

We have nothing to add to the proposed direction in Appendix 2.

### Conclusion

FEN support the increase of NIA funding for NGT to allow investment into further hydrogen-related innovation.

Should you wish to discuss the letter above please do not hesitate to contact myself or the team on the following email addresses: [james.earl@futureenergynetworks.org.uk](mailto:james.earl@futureenergynetworks.org.uk) or [gas@futureenergynetworks.org.uk](mailto:gas@futureenergynetworks.org.uk).

Yours sincerely



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