

Dear Allan,

Please see below a brief response to your consultation on the draft determinations for the East Coast and Hyline Cymru hydrogen network FEED funding applications, in particular focussing on the East Cost FEED.

VPI is a leading power company operating over 3GW of gas generation in GB, as well as being the largest operator of grid scale battery energy storage in Ireland. We believe that ensuring system security as we decarbonise is essential, and are developing and delivering a range of projects that help grid operators to deliver net zero ambitions, including by delivering Hydrogen ready generation solutions in strategically important areas of the network.

Do you agree with our assessment of the Needs cases for the three East Coast FEED studies?

We support the assessment of the Needs cases for the three East Coast FEED studies, particularly the role of National Gas Transmission (NGT) in delivering Project Union. The East Coast region has been identified as a key site for a core hydrogen network due to its large industrial base, access to offshore wind power, and significant potential for hydrogen production, storage, and demand.

The FEED work is crucial for delivering a hydrogen economy and low carbon generation in the UK. It provides detailed design and cost estimates necessary for the development of hydrogen networks, which are essential for decarbonizing hard-to-abate sectors like heavy industry and power generation. The FEED studies will also support the Department for Energy Security and Net Zero (DESNZ) in making informed decisions about funding and project selection.

NGT's Project Union aims to establish a high-pressure hydrogen transmission backbone, starting with the East Coast. This project is strategically important as it connects key hydrogen production hubs and storage facilities, ensuring a reliable supply of hydrogen to energy-intensive industries. Given the importance of hydrogen in managing a Clean Power system and the future capability to utilise high proportions of H2 in natural gas, enabling a hybridised transition that facilitates blending on the path to a standalone H2 infrastructure is a good use of funding.

Do you agree with our minded-to decision to approve funding for the NGT PU: East Coast project under the NZASP re-opener mechanism, and at the value proposed?

While we agree with the decision to approve NGT funding for the East Coast project, we believe that the allowed funding should be higher. The current proposal of £30.27 million does not fully account for the essential enabling activities that are critical to the success of the FEED study and the overall project.

The enabling activities are integral to the delivery of the FEED study. These activities are not business as usual (BAU) for NGT, as they involve significant innovation, collaboration, and research to ensure the feasibility and cost-effectiveness of the hydrogen network.

Given the complexity and uncertainty associated with hydrogen production, demand, storage, and the policy landscape, it is clear that these enabling activities are essential for the successful delivery of the FEED study and the overall project. Therefore, we believe that the allowed funding should be increased to fully cover these enabling activities, ensuring that the project can proceed without unnecessary delays or compromises.

If you would like to discuss our response and/or VPI activity more generally please do not hesitate to get in touch using the details below.

Kind regards,

Peter

Peter Frampton

Market Compliance and Regulation Officer