



## **Draft Determinations: East Coast and Hyline Cymru hydrogen network FEED funding applications**

*Open Consultation Response from Mercia Power Limited*

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By email: [allan.rankine@ofgem.gov.uk](mailto:allan.rankine@ofgem.gov.uk)

### **Q2 - Do you agree with our assessment of the Needs cases for the three East Coast FEED studies?**

Mercia Power Response (Mercia Power) **supports Ofgem's assessment** of the Needs cases for the three East Coast Hydrogen FEED studies and the proposed funding under the RIIO-2 NZASP re-opener mechanism.

As a provider of 284 MW of flexible electricity generation capacity across 38 sites in the UK, Mercia Power plays a key role in balancing an electricity system dominated by intermittent renewables. Our generation sites are typically fast-acting, distributed peaking plant assets, operating within tight spatial footprints in urban environments. While carbon capture and storage (CCS) can also be considered a primary decarbonisation route for power generation, our operational footprint presents a specific constraint. The space on our sites is limited, and as a result, CCS infrastructure is unlikely to be technically or economically feasible for our facilities.

We are actively preparing to transition to hydrogen-fuelled generation. We are already able to procure engines that are 100% hydrogen-ready, and we are developing plans to deploy these across our portfolio where a reliable supply of low-carbon hydrogen can be guaranteed. Hydrogen offers a scalable, dispatchable, and low-carbon fuel option for firm power response capacity, which is increasingly important as we transition to a renewables-led system.

However, our ability to transition to hydrogen-ready engines at scale is contingent on timely and reliable access to pipeline hydrogen. Localised transport by road is unlikely to be sufficient for large-scale deployment. We therefore view the proposed East Coast Hydrogen cluster, and Cadent's East Coast Hydrogen Pipeline (ECHP) in particular, as a critical enabler of our decarbonisation pathway.

To continue participating in future Capacity Market auctions, we will need to demonstrate clear decarbonisation readiness. For Mercia Power, hydrogen is the primary route to achieving this. Pipeline access to low-carbon hydrogen will enable us to transition our flexible generation fleet,

ensuring we remain compliant with future market requirements while continuing to support the UK's energy security.

The proposed ECHP North pipeline from Immingham through Scunthorpe, Doncaster and Rotherham directly aligns with areas where Mercia Power is already active and developing future projects. Four of our existing generation sites, with a combined installed electrical capacity of approximately 28 MW, fall within or adjacent to the Phase 1 route. We understand from our engagement with Cadent that these areas are considered within the scope of the pipeline's design, and we have begun to work collaboratively to define connection points and anticipated demand volumes. Pipeline access will allow us to transition from fossil-based fuels to hydrogen without significantly changing site layout or process design.

In summary:

- Mercia Power is committed to supporting the net-zero transition in the power generation sector.
- Our assets are **not compatible with CCS**, making **hydrogen the only viable decarbonisation route**.
- We are **hydrogen-ready** but need assurance that pipeline access will materialise in suitable areas and timescales.
- The ECHP North – Phase 1 project directly intersects our operational footprint, supporting **28 MWe across four sites**.
- We **strongly support Ofgem's assessment** and encourage funding under the NZASP re-opener mechanism.

We therefore **support Ofgem's assessment** that Cadent's East Coast North project meets the strategic and consumer value criteria for funding and urge Ofgem to proceed with the proposed funding award under the NZASP re-opener. We would welcome continued engagement with Cadent and stakeholders to ensure our project timelines and hydrogen readiness are aligned with the rollout of pipeline infrastructure in the East Coast cluster.