

Consultation - RIIO2 Draft Determination - Network Grid Gas Transmission

I am responding to the invitation for comments on Ofgem's draft determination response to NGT RIIO2 business plan. (Question 16 Do you agree with our proposals on the CVPs?).

I shall direct my comments to the lack of support within the draft for a role that NGT requests for the future of hydrogen research/studies in the period 2021-2026.

Notwithstanding the award for a study to test blends of hydrogen in an infrastructure test bed, there is no strategic role for NGT to contribute to a future hydrogen economy.

My understanding from Ofgem's website is that the agency is working with HM Government to achieve the 2050 targets for carbon neutrality.

By 2050 there will be a requirement for gas as an energy source for heating and power generation in the UK. Whether the ultimate solution for domestic heating is heat pumps or distributed heat, there will be a requirement for decentralised CHP plant and CCGT generators.

To decarbonise the existing gas transmission and network capacity hydrogen or biogas will have to substitute LPG or North Sea/Continental sources.

Germany has produced a strategic plan for hydrogen that targets volumes to be initially produced by steam reformation of CH₃ which will lead onto green generation utilising renewable electricity.

Ofgem have recognised as much but not given any direction or funding to support either other than ten years of discussion around carbon capture and on/off pilots.

More importantly Ofgem is in a unique position to direct funding into areas where synergies need to match an economic outcome for 2050.

How much risk analysis is being carried out by Ofgem to identify the pathway to the 2050 targets?

Would it not make sense to transfer some of that risk to NGT over RIIO2 to map out the issues; not limited to security, planning, infrastructure location, technology transfer and communication.

My background is within the water industry and I've yet to understand how the production of hydrogen or biofuels for that matter are being integrated into the water sector. Anyone understanding the science will appreciate that water is a significant component in hydrogen production. There is no transparent communication or knowledge within the trade body around the needs and requirements of hydrogen production at scale which requires somebody to start the conversation at a practical level to inform a wider conversation on strategic direction.

NGT are well placed as a regulated body to appreciate the constraints and issues around water and wastewater, not least regulatory cycles, and provide the necessary practical guidance to economic regulators.

All of the above is missing from the draft determination. Warm words on the website about carbon neutrality and discussions with environmental groups just doesn't cut the mustard if the UK is to get anywhere near the 2050 target.

The current roll out of Smart electricity meters should be a lesson on how not to tackle the future of domestic heating. Gas infrastructure exists and should be utilised first before transitioning to heat pumps and distributed heat. Give gas customers confidence and consistency in something they understand, value and find reliable.

Allow a targeted programme of risk-based studies to be delivered over the RIIO2 period that gets value from the business as usual process and builds up a picture of scale able hydrogen production that is based on practical experience of managing infrastructure assets.

Gas customers have paid for the knowledge and experience of NGT, let them get the value of that expertise through the RIIO2 business plan as part of the pathway to a low carbon hydrogen future.

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