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| Network Innovation Competition 2020 Supplementary Answer form | | |

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| Project Name | H100 Fife | | |
| Question number | #15 | Pro forma section | 2 |
| Question date | 10/09/20 | Answer date | 14/09/20 |
| Question summary | Why is NIC funding requested for the purposes of understanding consumer acceptance of hydrogen interventions in the home? Should this not be subsidised by BEIS/government? | | |

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## Answer (please retain document formatting and do not exceed 2 pages unless otherwise agreed with Ofgem)

The demonstration of an end to end system in inexorably linked to the project success and learning. The technical validation of a hydrogen network could not be achieved without the inclusion of the upstream generation solution and downstream customer participation for the necessary period set out.

Notwithstanding this, understanding customer acceptance is of paramount importance. We have an obligation to ensure that the customer voice is represented in the face of decarbonisation and is it crucial that we validate the credibility of hydrogen and present a solution for the decarbonisation of heat that is social proofed.

A key driver of the project programme is to be operational ahead of heat policy decisions that will potentially have a very significant impact on gas customers. It is important the project learning and outcomes can be realised and shared prior to this milestone that will shape the future of heat.

H100 Fife will gather data and information on the willingness of and challenges for existing natural gas customers to switch to 100% hydrogen. Just as holidays are booked and products purchased based on customer reviews, it is important for customers to understand how existing gas customers feel about switching hydrogen in a real-world scenario to inform their future decisions. An online publication shows that 72% of customers will share a positive experience with 6 or more people. On the other hand, if a customer is not happy, 13% of them will share their experience with 15 or even more. This shows the impact of customer experience and the outreach potential. There is considerable value in understanding, researching, analysing and adapting our approach to customer engagement on hydrogen through the H100 Fife project, particularly when this represents customer attitudes towards a decarbonisation challenge that is to be overcome on a UK wide scale that will involve everyone. These insights will be shared with the energy networks, GDNs, industry, supply chain, policy and stakeholders to develop understanding of customer attitudes towards decarbonised gas alternatives, complementing desktop studies undertaken to date, such as the Climate Assembly and by H21 Social Sciences.

We have an opportunity to benefit from the openness and willingness of a community to transition to hydrogen and learn from these customers in a real-world demonstration. We also have a duty to ensure they are not disadvantaged in doing so, particularly as this is an area with high vulnerability.

Risk management and project control will be of critical importance to ensure participating customers benefit from the same level of service they do now with natural gas.

Full system management and control will be retained by SGN for the end to end project, protecting the customer from cross chain risks and providing security of supply.

NIC funding, paired with network investment, is being requested to cover a spectrum of necessary activities, where supplementary funding from Scottish Government has been awarded to contribute towards the end to end project delivery. There are no identified BEIS funding streams or parallel project solutions that we have identified that could interface with the H100 Fife network and that would allow the project to adhere to the projected programme and ensure gas customers benefit from the necessary customer insight.