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| Network Innovation Competition 2020 Supplementary Answer form | | |

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| Project Name | H100 Fife | | |
| Question number | #35 | Pro forma section | 7 |
| Question date | 24/09/20 | Answer date | 28/09/20 |
| Question summary | How does SGN Futures LTD owning and operating the elements of the project set out in the bid not limit competition for the development of new hydrogen market? Who will assume these roles if the trial is successful and expands further? | | |

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

The proposed model set out in the submission is designed to enable the project to be delivered and support the hydrogen economy.

A key requirement of the ‘first of a kind’ project will be safe control of the end to end process, ensuring a safe demonstration affording security of supply and the other customer protection measures set out in Section 8 of our submission.

It is proposed that SGN Futures will be subject to the same knowledge dissemination and IPR requirements set out by both the NIC and Scottish Government grant terms, therefore all relevant learning will be publicly available. This will not restrict competition, rather encourage it.

The project’s element 12 ‘Project Exit Strategy’ is detailed in Section 2 and Appendix I of the submission. The production of a detailed exit strategy is a deliverable of the project (Section 9 of the submission) and informs one of the project’s go / no go stagegates as detailed in Section 6 and Appendix C of the submission. Our programme indicates that this strategy will be finalised by April 2026 and the exact details of this strategy will be informed by the project’s success and outcomes, as well as government heat policy decisions which are expected to be in place in the middle of this decade. A spectrum of options can be expected, determined by a number of factors not all of which will be known at this time, however we anticipate that options may include scenarios such as; open competition for the provision these services, SGN Futures enduring, incorporation into Phase 2, SGN managing the network as an SIU, site decommissioning, sale/takeover. All of the above will be subject to conditions with the Scottish Government Grant and relevant regulation. The full details will be explored and agreed in 2026 in line with the project timeline.

Notwithstanding to the developing exit strategy, the key point to note is SGN Futures will be subject to the same knowledge dissemination and IPR requirements set out by both the NIC and Scottish Government grant terms (as the same for any project partner), therefore all relevant learning will be publicly available to ensure (amongst other things) open competition.