

Public

# 04 Gas Advisory Council

22<sup>nd</sup> October 2025  
Birmingham



# 04 GAC Agenda

22nd October 2025 – Birmingham (Edgbaston Hotel)

Time	Topic	Lead
10:00–10.10	Welcome – Actions Review	Independent Chair
10.10–10.30	NESO Headline Report	Gas Market Strategy Manager
10.30– 11.00	DESNZ Biomethane Updates	DESNZ
11.00–12.00	NESO Updates: EMAC Updates NESO Business Plan feedback Hydrogen Infrastructure Planning: NESOs Role Investor Strategy	Head of Future Market Design Regulation Team Strategy and Policy Team Investment Strategy Team
12.00–13.00	Lunch	
13.00–13.15	Sequencing GAC projects to maximise outcomes	Martin Shannon
13.15–14.00	Proposed Programme Structure for GAC Projects & FMP	Gas Market Strategy Manager
14.00–14.15	<i>Break</i>	
14.15–15.30	Future Market Plan Outline	Gas Market Strategy Team
15.30–15.45	AOB & Close	Independent Chair

## 04 GAC Objectives



# Actions Review

ID	Description	Owner	Status
1	NESO to review naming conventions of GAC compared to MAC and EMAC	Tech Sec	Closed – GAC focus is broader than markets
2	NESO to review feedback form GAC 3.5 breakout sessions and return with project & working group plans to GAC 04	Tech Sec	Closed – form closed and feedback incorporated
3	GAC members to provide any additional online feedback if any in response to the Whole Energy Market Coordination Report	GAC members	Assumed Closed – unless further comments
4	NESO to take onboard GAC feedback to Business Plan	NESO Regulation Team	Closed – to be discussed during 04 GAC

# NESO Headline Report

Martin Shannon

# Headline Report: Summary Insights – Sep \ Oct 25

- 1. DESNZ opened the Capacity Market consultation for Prequalification 2026; closes 27 Nov 2025.**
  - Sets the market rules and incentives that determine the role and investability of flexible gas and hydrogen to power capacity in system adequacy
- 2. DESNZ issued a call for evidence on Hydrogen-to-Power (H2P) and interconnectors; closes 27 Nov 2025.**
  - Informs how hydrogen-fired generation and cross-border flows will be integrated into adequacy planning and dispatch, shaping future Gas Future Market Plan assumptions
- 3. DESNZ published the annual “new technologies in the Capacity Market” open letter; closes 26 Oct 2025.**
  - Signals emerging asset classes (including H2P) that may require code, testing and metering changes
- 4. Ofgem’s draft determinations on FEED funding for the North West and St Fergus to Teesside hydrogen corridors consulted to 30 Sep 2025.**
  - Indicates near term decisions on hydrogen network corridors that affect locational options for gas/hydrogen supply and blending

# Headline Report: Summary Insights – Sep \ Oct 25 –con't

- 1. DESNZ consultation on hydrogen blending into the GB gas transmission network closed 16 Sep 2025; analysis underway.**
  - Outcomes will set technical and commercial parameters for blended operation (billing, gas quality, emissions) relevant to multi-gas system design
- 2. Green Gas Support Scheme (GGSS) tariffs held steady from 1 Oct 2025, providing near-term biomethane stability and near-term investor certainty.**
  - Provides short term certainty, possible DESNZ announcement soon on extension to 2030? Followed by a future consultation on replacement of GGSS.
- 3. First real-world UK trial of ~2% green hydrogen co-firing at the Brigg power station completed, demonstrating operational feasibility.**
  - Offers operational evidence on mixing hydrogen with natural gas for power, informing practicability, operability and emissions accounting practices

# NESO Recent publications for GAC

- **Winter Outlook 2025/26 (Report + Data) — 9 Oct 2025**

**What:** Full assessment of electricity security of supply for Winter 2025/26; downloadable report and workbook.

**Why it matters:** Sets baseline adequacy assumptions for gas-to-power interactions and resilience planning.

<https://www.neso.energy/publications/winter-outlook?>

- **Press release: “Strongest winter electricity margins in six years” — 9 Oct 2025**

**What:** Headline summary of Outlook results (indicative margin ~ 6.1 GW, ~10%).

**Why it matters:** Frames external expectations and stakeholder sentiment around system risk this winter.

<https://www.neso.energy/neso-sets-out-expectations-strongest-winter-electricity-margins-six-years?>

- **Article: “Winter Outlook — Complacency isn’t an option” — Oct 2025**

**What:** Context piece on resilience duties and preparedness alongside the Outlook.

**Why it matters:** Signals NESO’s operating posture and cross-industry readiness asks.

<https://www.neso.energy/news/winter-outlook-complacency-isnt-option?>

- **Future Energy Scenarios (FES) 2025 — published Jul 2025**

**What:** NESO’s independent whole-system pathways; exec intro, full report, and data.

**Why it matters:** Underpins demand/supply scenarios used in network capability and market design.

<https://www.neso.energy/publications/future-energy-scenarios-fes?>



# NESO Recent publications for GAC– con't

- **Connections Reform — updated delivery timeline — 1 Oct–2 Oct 2025**

**What:** Refreshed plan for 2025–26 delivery; timeline pages and news update.

**Why it matters:** Directly affects project start dates, capacity availability, and Clean Power 2030 pacing.

<https://www.neso.energy/news/unveiling-connections-reform-timeline?>

- **tRESP consultation (transitional Regional Energy Strategic Plan) — launched Sep 2025**

**What:** Six-week consultation on the first regional energy plan; final due Jan 2026.

**Why it matters:** Will inform DNO ED3 business plans and locational infrastructure needs NESO must coordinate.

<https://www.neso.energy/what-we-do/strategic-planning/regional-energy-strategic-planning-resp/transitional-regional-energy-strategic-plan-tresp-consultation?>

- **North Hyde Substation Outage — Final Report — 1–2 Jul 2025**

**What:** Final incident review and recommendations; publication page and downloadable report.

**Why it matters:** Lessons for operational resilience and emergency coordination across vectors.

<https://www.neso.energy/national-energy-system-operator-publishes-final-report-review-north-hyde-substation-outage?>

# Open consultations of interest to GAC

	Title / Subject	Short Description & Relevance	Closing Date	Notes / Key Focus
● Open	Capacity Market: Proposed Changes for Prequalification 2026 (DESNZ)	Consultation on reforms ahead of PQ2026 — new multi-price-cap option, storage & flexibility testing, and sustainability criteria (incl. biogenic sources).	27 Nov 2025 (11:59 pm)	Core to Capacity Market decarbonisation and Clean Power 2030 delivery.
● Open	Capacity Market: Hydrogen-to-Power & Interconnectors — Call for Evidence (DESNZ)	Seeks input on integrating Hydrogen-to-Power into the Capacity Market and refining interconnector de-rating.	27 Nov 2025 (11:59 pm)	Bridges power-market design with emerging hydrogen generation.
● Open	Open Letter on New Technologies in the Capacity Market (2025)	Annual DESNZ review of new eligible technologies; specifically includes Hydrogen-to-Power (H2P).	26 Oct 2025 (11:55 pm)	Tracks innovation in dispatchable clean-power sources.
● Open	Changes to Standard Rules Permits for Medium Combustion Plant & Specified Generators (Environment Agency)	Adds hydrogen as a fuel and updates emission rules for distributed clean-power generators.	9 Nov 2025 (11:59 pm)	Supports hydrogen-ready flexible generation.
● Open	Consultation on Streamlining Infrastructure Planning (DLUHC)	Reforms to speed up consenting of large-scale infrastructure (NSIPs), supporting Clean Power 2030 rollout.	27 Oct 2025 (11:59 pm)	Procedural, but pivotal for grid / energy project delivery.
● Open	Hydrogen Economic Regulatory Framework — 100 % Hydrogen Pipeline Networks (DESNZ)	Developing licensing & tariff rules under the Gas Act for dedicated hydrogen networks.	9 Sep 2025 (closed to new input, analysis under way)	Sets foundation for hydrogen transport & storage market.
● Open	Consultation on a Sustainable Regional Approach for Hydrogen (Northern Ireland)	NI policy on hydrogen production, storage, transport & use — regional business-model framework.	18 Dec 2025 (5:00 pm)	Aligns NI policy with UK hydrogen strategy.
● Open	Consultation on Climate Change Levy: Electrolytic Hydrogen and Energy Context	Reviews exemption of electrolysis electricity from the Climate Change Levy to cut costs for clean H <sub>2</sub> .	Active (closure TBC)	Fiscal lever to accelerate low-carbon hydrogen.
● Open (Northern Ireland)	Biomethane Modifications to Gas Conveyance Licences (UR NI)	Amends NI gas licences to allow biomethane injection and transport in pipelines.	22 Oct 2025 (5:00 pm)	Enables renewable gas connections in NI.

# DESNZ Updates

# NESO Updates: EMAC

18th September 2025

Lizzie Blaxland



# EMAC Update

## Agenda items:

1. RNP update
2. Balancing reforms
3. NESO business plan 1
4. Whole Energy Market Coordination Report

# NESO Updates: NESO Business Plan 1 feedback

Aaron Ludford

# NESO Updates: Hydrogen Strategic Planner Updates

Omar Ibrahim

# Agenda

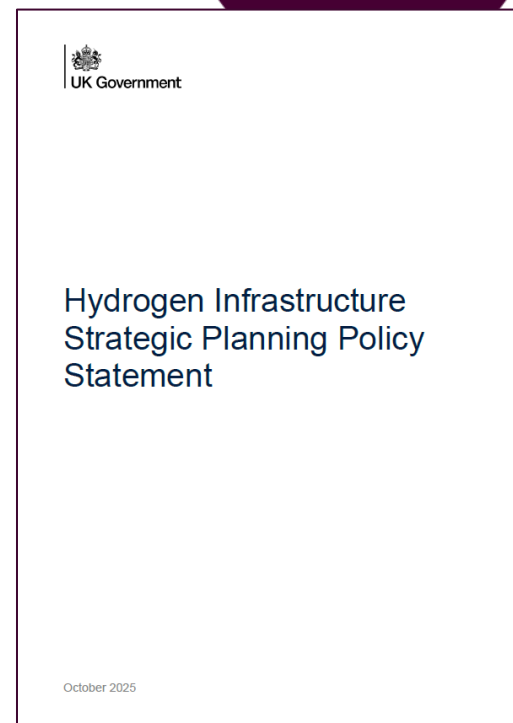
Overview

NESO and hydrogen

Policy statement

NESO's Hydrogen Strategic  
Planning

Q&A





# Overview

- DESNZ had **previously** stated an ambition is for NESO to formally take on strategic planning for hydrogen transport and storage (T&S) infrastructure **from 2026**. This Policy Statement sets out **a public view** on **how DESNZ expects NESO** to do this through its strategic energy plans (**SEPs**).
- DESNZ expects that it will have **due regard** to NESO's SEPs beginning with **the first business model allocations** that launch after publication of NESO's first strategic plan (SSEP) relating to hydrogen T&S in **late 2026**.
- This policy statement was developed by DESNZ **collaboratively** with Ofgem and NESO. It is worth noting that NESO's **own SEPs** products, like the CSNP and RESP methodologies, are being developed **in line** with this policy statement.



# NESO and hydrogen

- NESO's roles and responsibilities for **electricity** and **gas** had been consulted on when setting up NESO and in the development of its licences.
- NESO's roles for hydrogen are captured within its **GSP licence**.
- Hydrogen had not been discussed in detail during previous consultations but was in the **SSEP commission** and has featured in other documents.
- There is a **need** to set out that NESO can already **consider** hydrogen and what government thinks NESO's hydrogen strategic planning role should entail.

# Policy Statement

- Provides a **public signal** of DESNZ's policy aims for NESO's hydrogen strategic planning, giving a **formal direction** to NESO and Ofgem to enable them to move forward with respective responsibilities
- Does **not** signal a 'transfer of responsibility' for hydrogen strategic planning to NESO – NESO is already capable; DESNZ will still retain a key role in hydrogen strategic planning
- Discusses how NESO is **anticipated** to **strategically** plan hydrogen T&S infrastructure, including via the **SSEP, CSNP and RESPs**
- Discusses how DESNZ will consider NESO's strategic planning (policy, business models)
- Discusses **additional** NESO responsibilities for hydrogen beyond its strategic planning documents

# NESO's Hydrogen Strategic Planning

## Strategic Spatial Energy Plan (SSEP)

- Assesses **optimal locations, quantities and types of energy infrastructure** to meet forecast energy supply and demand across GB for 2030–2050.
- Covers: **hydrogen production (green and blue), transport, storage and hydrogen-to-power**; demand is an input.
- Hydrogen transport only **between regions** (core network level).
- To be published by end of 2026, 2029, 2032 etc.

## Centralised Strategic Network Plan (CSNP)

- Strategic assessment of network needs across a **25-year horizon**, which will identify and evaluate network options.
- Three proposed '**tiers**' of hydrogen network planning: **initial cluster networks; national-level networks; and potential expansion of regional networks**.
- H2 storage** expected to play an important role – detail TBC.
- To be published by end of 2027, 2030, 2033 etc., with annual updates in interim years.

## Regional Energy Strategic Plans (RESPs)

- Regional plans, which will model **supply** and **demand** and identify **system needs** and areas for **strategic network investment**.
- To be developed in collaboration with **local stakeholders**.
- First full RESPs expected to include H2 – TBC.
- Level of hydrogen involvement may **vary** between regions.
- Ofgem to include RESP conditions in NESO's licences soon.
- To be published by the end of 2027, 2030, 2033 etc.



# Q&A

# NESO Updates: Investment Strategy – Engagement

Anthony Belcher

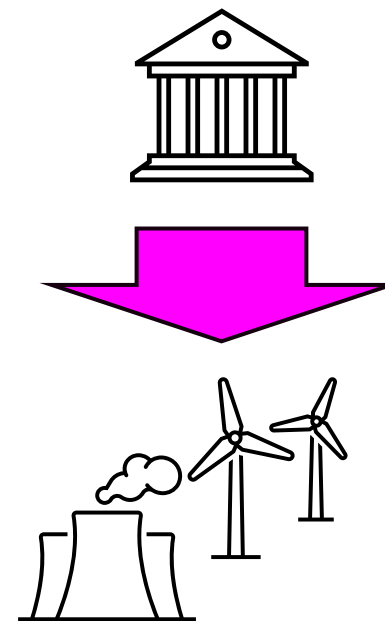
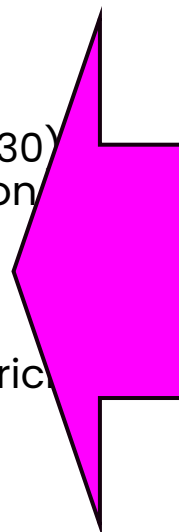
# Driving investment

UK energy goals will only be met through the continued deployment of capital by investors

£15bn by 2030 – Gas transmission and distribution networks

£80bn (£9bn before 2030) – electricity transmission network

£30bn per year in electricity generation assets



Energy policy

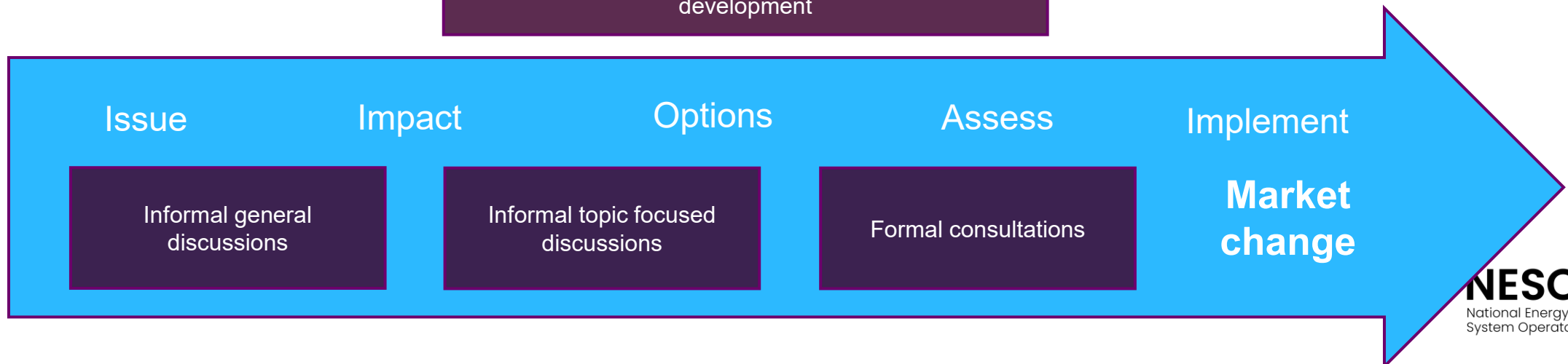
Rate environment

International environment

Market structure

Energy plans

# Investor engagement





# Current programme of work

Combination of building a base of knowledge and focused work

## Focused work

### Building the base

- Creating an investor network
- Developing financial models
- Reviewing the

- Security of supply
- CP30
- Innovation projects

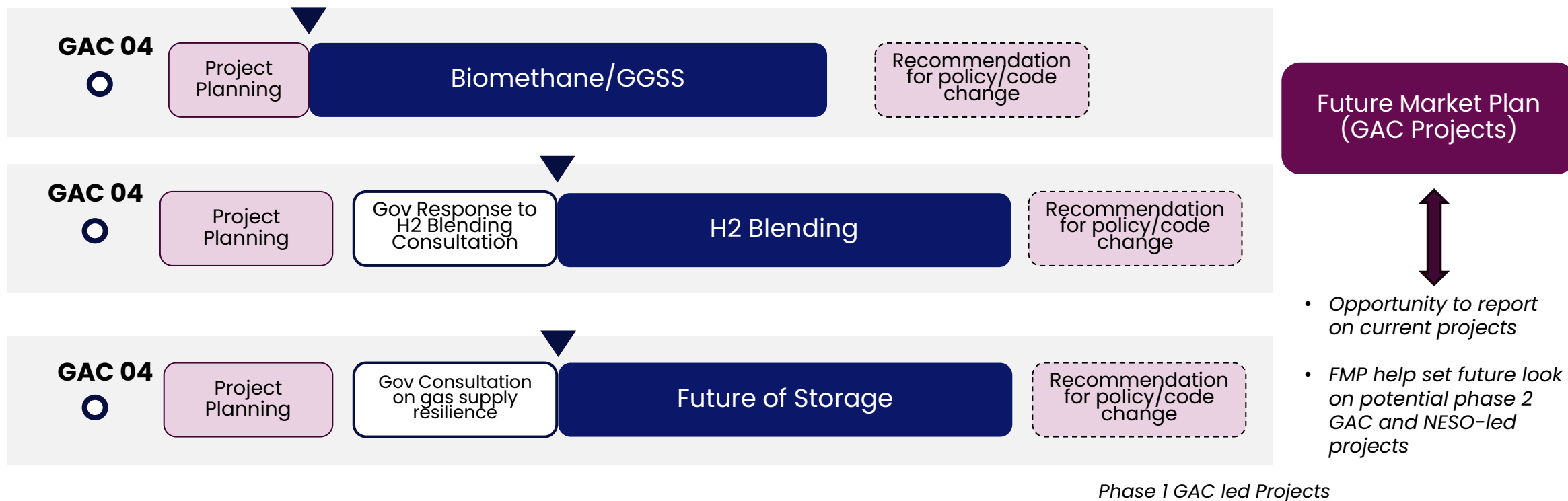
### Questions:

- What are the key current and forecast risk factors for investment?
- How can NESO help reduce these?
- What is the most optimal engagement approach for you?

# Sequencing GAC projects to maximise outcomes

# Sequencing initial phase 1 – GAC Projects

Based on feedback received at GAC 03.5, members have highlighted the importance of sequencing projects in line with key milestones and publications. We suggest reviewing start dates alongside these milestones.



Draft Project Initiation Documents (PID's) prepared for GAC leads and GAC project team to review, define and approve.

04 to 07 GAC  
(2025–2026)

# Proposed GAC Project branding for discussion

1



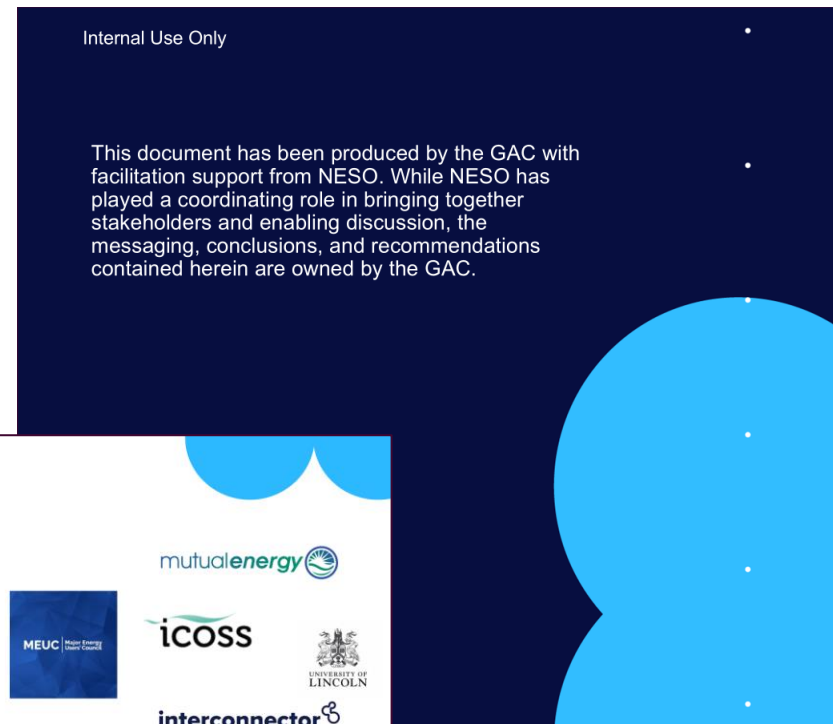
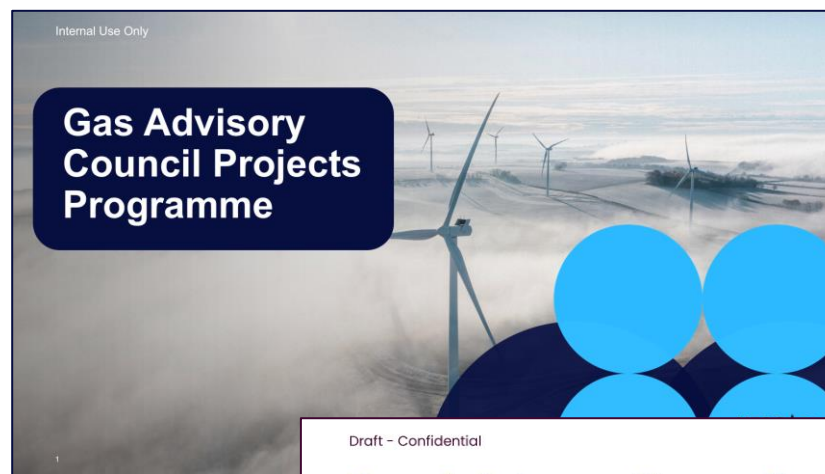
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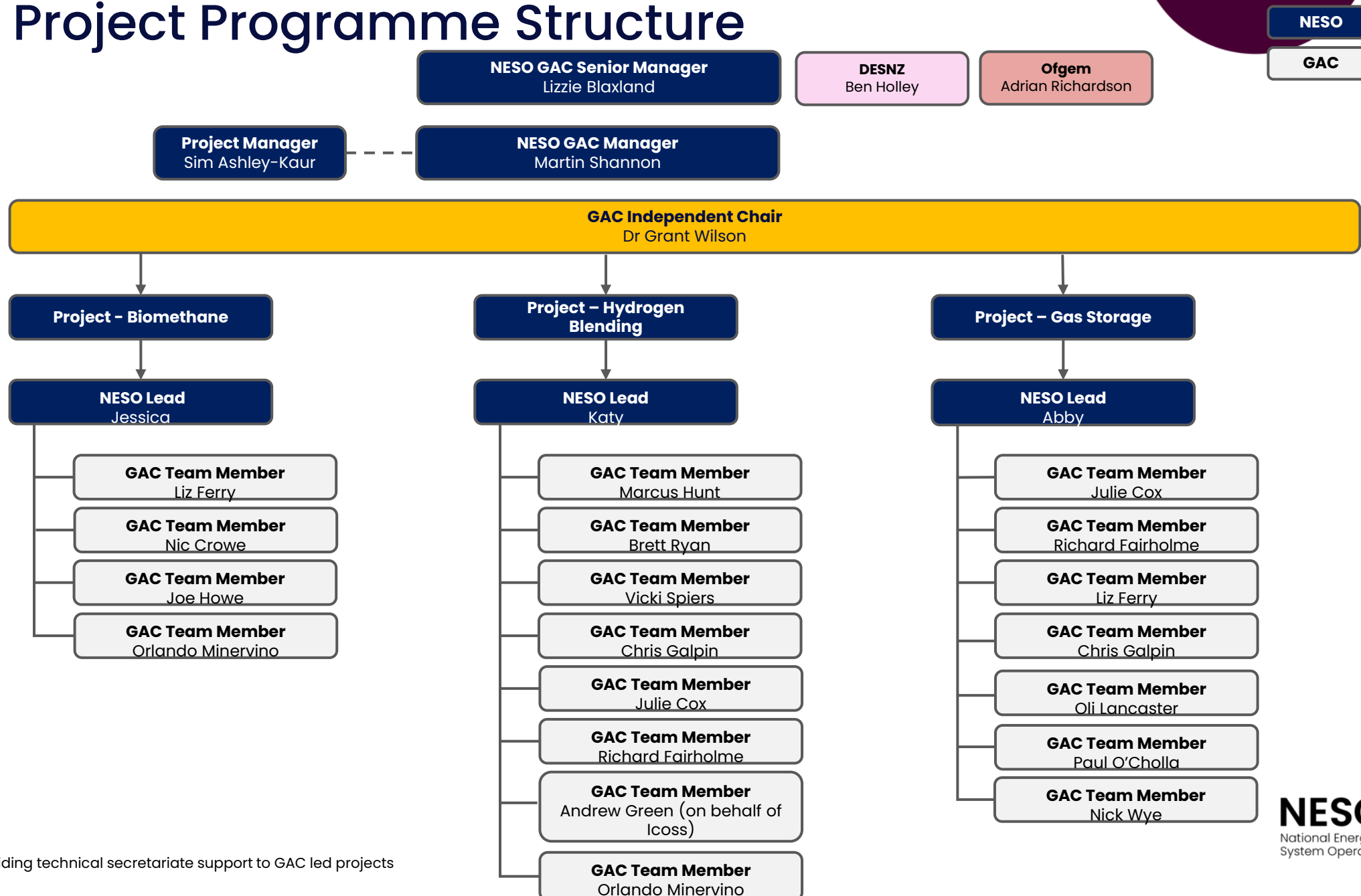
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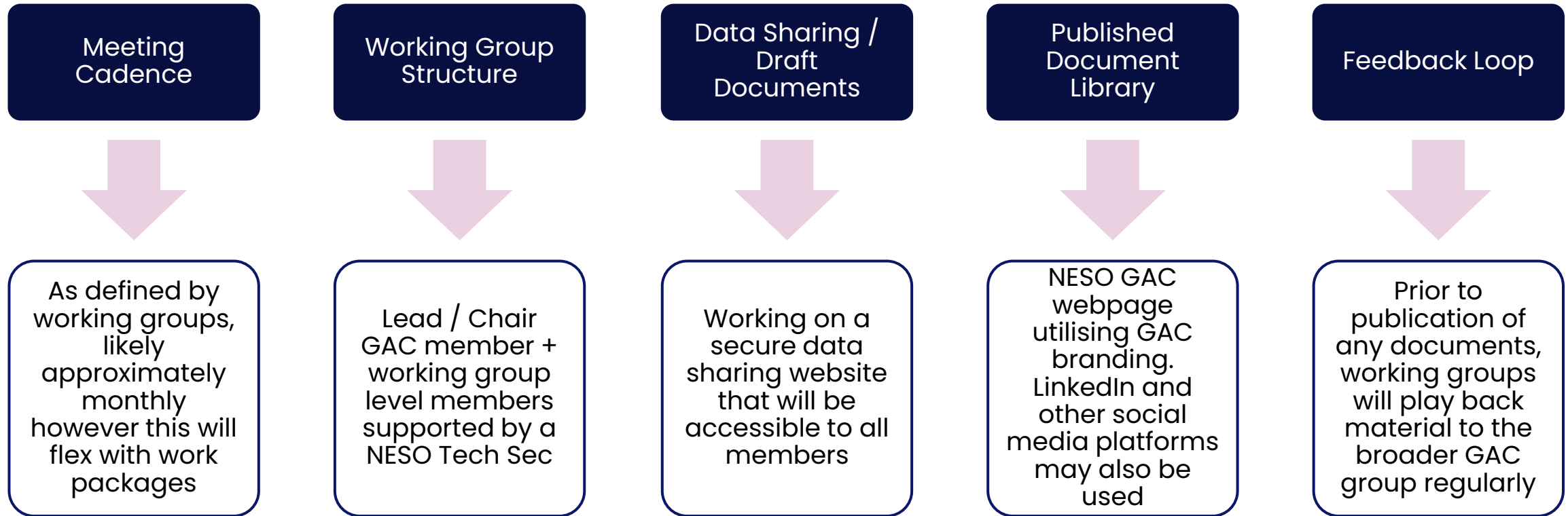
# Programme Governance

GAC Projects

# GAC Project Programme Structure



# Working Group Ways of Working



# Immediate next steps – draft

For successful project set up, sessions to be arranged to confirm the below

Next Step	Owner	Target Date	Outcome
Review and confirm role profiles within the project (GAC Lead, Working Group Members)	GAC	TBC	Agreed project roles with defined activities and outcomes
Define working groups and role ownership	GAC & NESO	TBC	Clear ownership and accountability captured in RACI for each project
Confirm scope, outcomes success criteria	GAC Lead & NESO	TBC	Review and agree draft Project Initiation Document's (PID) ready to move to project delivery



# Future Market Plan Overview

# Future Market Plan

- Share aims and early draft proposal for NESO's Future Market Plan (FMP)
- Identify concerns, feedback or overlap/comments and begin to discuss central challenges (TBC) as the focus points for the FMP
- Begin to define role of GAC and how group outputs can feed into the FMP, with NESO engaging with members on the future of gas market

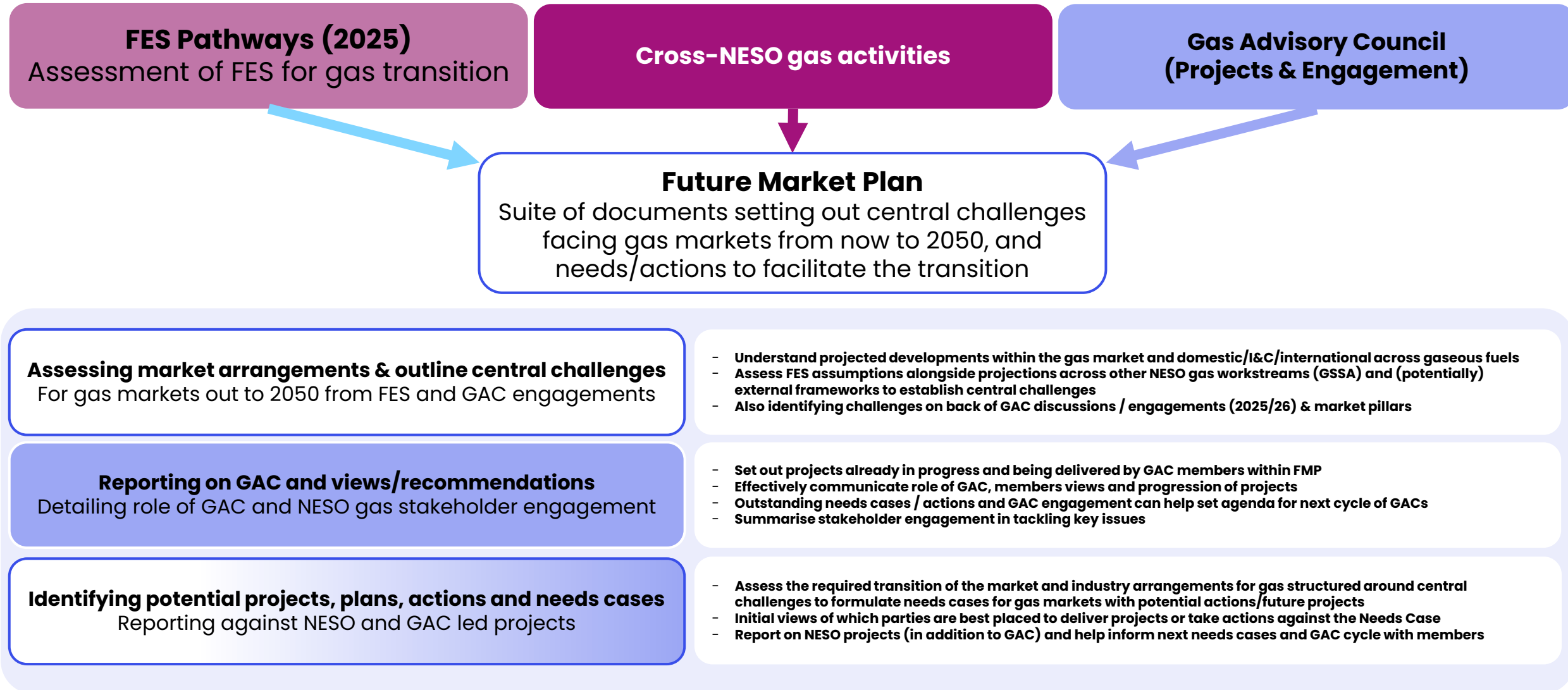
## **Future Market Plan on gas arrangements**

C7.2. The licensee must use reasonable endeavours to produce, in cooperation with Relevant Gas Market Participants, a Future Market Plan... which sets out actions, projects and plans to facilitate the transition of the gas market to a decarbonised energy system, and assesses the required transition of the market and industry arrangements for gas against potential future scenarios.

*Including:*

- Description of projects and plans that NESO / Gas Advisory Council (GAC) members intend to progress;
- Any initial view of which parties are best placed to deliver these projects and plans.

# NESO's Future Markets Plan – 1<sup>st</sup> Iteration



# Thank you