



Department for Energy Security & Net Zero

Lord Callanan
Parliamentary Under Secretary of
State for Energy Efficiency and
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Mr Andrew Boff AM
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Dear Andrew,

Thank you for your letter dated 14 December. I have been asked to respond on behalf of the Secretary of State.

Low carbon hydrogen will be critical to supporting the UK's energy security and achieving net zero by 2050 and presents significant economic opportunities for our industrial heartlands and across the UK.

We welcome the suggested hydrogen demand from industrial sites in East London which you set out in your letter. Hydrogen is a leading option to decarbonise industrial processes that are harder or more expensive to electrify. By 2030, UK industry could use an additional 10-20TWh of hydrogen as an industrial fuel. Industry is uniquely positioned to use hydrogen given much of the demand is in the industrial clusters, where sites can share transport and storage infrastructure, speeding up rollout and lowering costs.

It is our intention that the use of hydrogen is guided by market forces, and the UK's regulatory and policy framework is designed to support end users to switch to hydrogen when commercial conditions are right. We continue to build evidence and develop policy to support the use of hydrogen across the economy.

In December 2023 we announced eleven major new hydrogen projects across the UK, representing the largest number of commercial scale green hydrogen production projects announced at once anywhere in Europe.

The new projects – stretching from the South West of England to the Highlands of Scotland – will invest over £400 million up front over the next three years, in a major boost to the UK's green economy. We have opened a second round of funding to provide up to an extra 875MW of production capacity, which will help further cement our energy security.

Our Hydrogen Production Delivery Roadmap sets out proposals for annual allocation rounds from 2025 to 2030, helping to provide certainty for industry. The Roadmap sets out how we intend to deliver our ambition of up to 10GW of low carbon hydrogen production capacity by 2030.

To link up production and demand, we have announced plans for the first allocation rounds of the hydrogen transport and storage business models in 2024. These will support up to two storage projects and regional pipelines – a major step forward in the delivery of critical hydrogen infrastructure. We will continue to consider how transport and storage infrastructure can best support the use of hydrogen across the UK where it is a viable decarbonisation option.

Thank you again for writing to highlight your concerns. I trust you will find this information helpful.

A handwritten signature in blue ink, appearing to read 'Martin Callanan', with a stylized flourish at the end.

Lord Callanan