



Industrial Decarbonisation Policy News – December 2022

Please find a round-up of December's key policy developments across the UK and devolved administrations below. To sign-up to this newsletter, please email us at policy@idric.org.

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UK Government

£73 million in new funding allocated for clean transport technologies

Department for Business, Energy and Industrial Strategy

2nd December 2022

BEIS have revealed a number of projects to benefit from a total of £73 million in funding to support the development of clean transport technologies. Innovations supported by the fund included the development of hydrogen-powered HGVs, heavy tractors able to run on agriculturally derived methane, and efficient electric motor manufacturing.

More information [here](#).

UK and US announce new energy partnership

Prime Minister's Office

7th December 2022

The UK and US will work together to increase energy security and drive down prices, as part of an initiative announced by the Prime Minister and US President Biden. Under the new 'UK-US Energy Security and Affordability Partnership', the UK and US will drive work to reduce global dependence on Russian energy exports, stabilise energy markets and step up collaboration on energy efficiency, nuclear and renewables.

More information [here](#).

UK Government grants permission for Cumbria coal mine

Department for Levelling Up, Housing and Communities

7th December 2022

Levelling up Secretary Michael Gove has granted planning permission to a new coal mine at Whitehaven in Cumbria. This decision to open the first coal mine after the last operating deep coal mine closed in 2015 caused widespread criticism, including from the Climate Change Committee, former COP26 President Alok Sharma, and US President Biden. The Planning Inspectorate expect the mine to have an 'overall neutral effect on climate change' and the government argued the mine will help reduce coal imports. There are doubts as to how the new mine will supply UK steel producers given its high sulphur content and the industry's commitment to decarbonisation.

More information [here](#).

Chancellor hosts roundtable with oil and gas heads

HM Treasury

9th December 2022



The Chancellor Jeremy Hunt heard directly from oil and gas companies in a Fiscal Forum meeting in Edinburgh. The group discussed energy security, the Energy Profits Levy and support for consumers.

More information [here](#).

£102 million government backing for nuclear and hydrogen innovation in the UK

Department for Business, Energy and Industrial Strategy

13th December 2022

UK government announces new funding for nuclear and hydrogen technologies. The government further commits to the future of nuclear power by investing £77 million to support nuclear fuel production and next generation advanced nuclear reactors in the UK. A further £25 million funding announced for innovative technologies that will generate clean hydrogen from biomass and waste. The government also seeks views on proposals to make domestic gas boilers more efficient and be hydrogen-ready from 2026, to prepare for any future transition to using low-carbon hydrogen for heating.

More information [here](#).

Hydrogen production business model finalised

Department for Business, Energy and Industrial Strategy

13th December 2022

The Heads of Terms for the Low Carbon Hydrogen Agreement sets out the government's proposal for the final hydrogen production business model design. It will form the basis of the Low Carbon Hydrogen Agreement, the business model contract between the government appointed counterparty and a low carbon hydrogen producer.

More information [here](#).

Hydrogen BECCS Innovation Programme Phase 2 Launched

Department for Business, Energy and Industrial Strategy

13th December 2022

Phase 2 of the Hydrogen BECCS innovation Programme is now open for projects that were successful in phase 1, which focused on prototype development. Phase 2 will provide a total of £25 million to support the demonstration of phase 1 prototypes.

More information [here](#).

Consultation on improving boiler standards and efficiency launched

Department for Business, Energy and Industrial Strategy

13th December 2022

The consultation seeks views on a range of topics, including:



- Proposals to improve boiler and heating system efficiency through improvements to minimum standards.
- Proposals to mandate that from 2026 all newly installed gas boilers are 'hydrogen-ready'.
- The potential role of gas boiler-electric heat pump hybrids in heat decarbonisation in the 2020s and 2030s.

More information [here](#).

BEIS publish Hydrogen Strategy update to the market: December 2022

Department for Business, Energy and Industrial Strategy

13th December 2022

The update summarises UK government action to advance the hydrogen economy since the last update in July 2022

More information [here](#).

BEIS publish research into hydrogen infrastructure requirements up to 2035

Department for Business, Energy and Industrial Strategy

13th December 2022

The report investigated potential requirements and costs of hydrogen transport and storage up to 2035, potential barriers, and existing commercial arrangements between industries that could be used to inform commercial configurations.

More information [here](#).

Industrial Hydrogen Accelerator Programme: successful projects announced

Department for Business, Energy and Industrial Strategy

13th December

The Industrial Hydrogen Accelerator (IHA) competition supports projects generating evidence on end-to-end industrial fuel switching to hydrogen. The successful projects from stream 1, demonstration projects and stream 2A, feasibility studies have been announced.

More information [here](#).

UK Parliament

Lords debate on energy security

House of Lords

5th December 2022



During a Lords' Debate on Energy Security, Lord Callanan, BEIS Minister (Con) told the house that nuclear is the only carbon-free option that will meet the UK's needs, but Government has a very advanced hydrogen strategy and will shortly be rolling out a business model. Speaking on the grid, Lord Callanan said that clearly new connections must be made and that this is something the Government are proceeding with, but that it will take many years to bring to fruition.

More information [here](#).

Scotland

Scottish Government seek to attract Net Zero investment

Scottish Government

1st December 2022

The Scottish Government have established the First Minister's Investor Panel, an expert panel of investors and asset managers that will advise on how Scotland can create the right conditions to attract global capital investment in Net Zero, including offshore wind, hydrogen and clean transport. The first meeting of the panel will be held on the 12th December.

More information [here](#).

Scottish Government publish finalised Hydrogen Action Plan

Scottish Government

14th December 2022

Roughly one year after the publication of the draft plan in November 2021, the Scottish Government have published the final Hydrogen Action Plan. The Plan sets out the Scottish Government's strategy to support the Scottish hydrogen sector achieve 5 GW of renewable and low-carbon hydrogen by 2030. It also reaffirms an ambition to produce 25 GW by 2045, with a hydrogen economy potentially supporting more than 300,000 jobs.

Building on the 2021 draft, additions to the final plan include an overview of the expected hierarchy of hydrogen use in Scotland, as well as an Export Chapter which outlines the actions that the Scottish Government will take to position Scotland as a leading exporter of hydrogen, contributing between £5-25 billion per year by 2045. This includes a number of actions to boost innovation in hydrogen.

More information [here](#).

Wales

Consultation launched on Just Transition to Net Zero Wales

Climate Change & Energy Efficiency Division



6th December 2022

The Welsh Government seeks evidence to inform the development of Wales' decarbonisation pathway to Net Zero. The consultation will also provide an initial step towards potentially developing a Just Transition Framework for Wales and recognises the importance of ensuring a just transition particularly for regions with heavy industry. The consultation seeks research and evidence to identify best practice for implementing a just transition, including the impacts and opportunities across emission sector pathways and the infrastructure and support needed to ensure a just transition.

More information [here](#).

Development Bank of Wales to launch new decarbonisation fund

Economy, Trade and Rural Affairs Committee

7th December 2022

Vaughan Gething MS (Minister for Economy) stated that through Business Wales, the Welsh Government are aiming to launch their decarbonisation business fund in the new year, and confirmed that Development Bank of Wales are also expecting to launch a new fund.

More information [here](#).

Other News

First UK power station with CCS receives planning permission

Department for Business, Energy and Industrial Strategy

7th December 2022

Keadby 3 power station backed by SSE Thermal and Equinor becomes the first UK carbon capture power station to win planning permission. The power station which could open as early as 2027 would have a generating capacity of up to 910 megawatt (MW). Burning natural gas, the power station is expected to capture at least 1.5 MT of CO₂ a year, which represents at least 15% of the UK government's 2030 target.

More info [here](#).

EU agree on carbon border adjustment mechanism (CBAM)

13th December 2022

EU negotiators have reportedly come to an agreement on terms to establish the world's first CBAM – a carbon tariff which will apply a carbon price on imports to match the carbon price faced by EU manufacturers. Key sectors included in the agreement include iron and steel, cement, aluminium, fertilisers, and energy (including hydrogen).

More information [here](#).



Calls for evidence and consultations

- Design of the Energy Company Obligation (ECO): 2023-2026 – closes at 11:45pm 23rd December. [Link](#) to consultation.
- Improving boiler standards and efficiency – closes at 11:45pm 21st March 2023. [Link](#) to consultation.
- Just Transition to Net Zero Wales – closes on 15th March 2023. [Link](#) to consultation.

If you have any suggestions for policy engagement or additions to our policy news section, please let us know by emailing us at policy@idric.org.