



The deployment of low carbon gas solutions will enable quicker and cheaper decarbonisation and make the best use of our existing infrastructure. We are committed to working with government and expert organisations in the decarbonised gas value chain to create a deliverable pathway to a net zero energy system.

About the Decarbonised Gas Alliance (DGA)

The DGA is a joint industry group representing 50 organisations who have come together to promote the use of decarbonised gases to meet the UK's target of net zero climate emissions.

Our aim is to articulate a shared view on how decarbonised gas of all types can help the UK reach net zero effectively by both retaining funding for existing projects whilst shaping the future of the decarbonised gas industry.

The DGA offers a unique perspective to decarbonised gas markets including green, blue and other 'colours' of hydrogen, gaseous fuels from biomass and plastics as well as biogases and synthetic gas.

The development of attractive market structures and business models will be critically important in stimulating and underpinning decarbonised gas demand and supply side investment opportunity. The DGA is ready to help shape that process.

Since inception in 2017, the Secretariat and Alliance members have:

- Completed 18 responses to date on strategic government consultations
- Commissioned detailed public opinion research 'Getting net zero done' to understand consumer attitudes in detail to understand how domestic heating, transport and industry could be decarbonised (using gas), and worked with an external agency to produce a detailed report for government on how the sector could be supported <https://www.dgalliance.org/wp-content/uploads/2020/05/DGA-Getting-Net-Zero-Done-final-May-2020.pdf>
- Provided advice to BEIS through their Hydrogen Advisory Council Working Groups, and Business Model Expert Groups on Hydrogen and CCUS as well as cooperating with the Hydrogen Task Force
- Ensured representative responses to key BEIS, Treasury, All Party Parliamentary Groups, Climate Change Committee and Select Committee consultations
- Played a leading role in the design of the Industrial Decarbonisation Challenge, which secured £170 million of funding from the Industrial Strategy Challenge Fund.

The DGAs Primary Goal

Today, we remain focused on being a unified voice to support the deployment of low carbon gas solutions that make best use of our existing infrastructure and enable quicker and cheaper decarbonisation. We are committed to working with government and expert organisations of all levels to create a deliverable pathway net zero emissions.

The DGAs key policy asks

Industry needs CCUS and hydrogen at scale. To do that we need:

1. **Infrastructure investment** - The Government should rapidly implement the CCUS Infrastructure Fund (CIF) as well as bring together existing funding pots to ensure that all of the major cluster decarbonisation projects are funded, and speed up the planning process for economic regulation of major CO₂ pipeline infrastructure.
2. **Private sector investment** - There should be Enhanced Capital Allowances for factories that replace natural gas burners with hydrogen ones, and equivalent mechanisms for facilities not making a profit should also be considered. The Industrial Carbon Contracts (ICC) framework should be developed

rapidly to support the deployment of decarbonised gas to provide a sufficiently reliable, “investible” framework to underpin the business case for commercial scale industrial deep decarbonisation deployment.

Transport needs support for biomethane and hydrogen. To do that we need:

1. **Infrastructure investment** - The Government should make infrastructure funding available for hydrogen and biomethane refuelling stations for transport (buses and trucks in particular), rail and port bunkering facilities for hydrogen or ammonia ships. In line with other groups, we believe that 100 hydrogen refuelling stations should be established by 2025.
2. **Incentivising take-up** - The Renewable Transport Fuel Obligation (RTFO) must be extended to hydrogen produced from all low carbon routes, or else an alternative mechanism for support of hydrogen in transport applications should be developed.
3. **Large-scale trials to encourage switchover** - Further support should be given to fleet operators to switch to biomethane or hydrogen. Large-scale trials are likely to reassure companies considering whether to switch.

Heating needs to be made hydrogen-ready. To do that we need:

1. **Boilers and pipes that are hydrogen ready** - The Government should now mandate that all new boilers should be hydrogen ready to give scope to a hybrid system. This will mean that when parts of the gas network are ready to switch to 100% hydrogen, buildings and appliances will be ready to access it. This is a low-regret policy as the additional cost of a hydrogen-ready boiler is minimal (around £50).
2. **Acceleration of trials and development** - Ofgem’s network innovation funding should be equalised between electricity and gas. While Electricity Network Innovation has £70 million a year available to them, the gas network’s innovation scheme is limited to £20 million a year.

To support all these objectives a **comprehensive commercial framework covering both hydrogen and CCS** is needed to support production. This would mirror the successful investment and cost-reduction framework for renewable electricity, which was started nearly two decades ago.

More widely in the economy, a robust carbon pricing mechanism with a wide coverage across the economy is required that provides the right long term signals to investors and consumers to encourage early decarbonisation.

Engagement with and understanding Consumers - All energy transition technologies will need the continued support of consumers and the wider public to succeed. To do that we need:

1. **Public opinion tracking and consumer research:** Carefully monitoring of public opinion, how people are feeling and what they want, need and are willing to tolerate will be vitally important if the Government is considering future wide-reaching policy interventions on any scale like the one we have seen with COVID-19.
2. **Net zero communication** - The Government should start to prepare the public for the reality of the changes required to meet net zero. A website, and a consistent presentation of facts and trade-offs, would be an obvious first step.
3. **Demand-side policies** to encourage uptake of low-carbon industrial products including mandates, product standards and public procurement mechanisms that create a favourable environment for procurement of these products, recognising that on a purely economic basis, low-carbon products may not be the cheapest option.

New market structures are required for decarbonised gas - To do that we need:

1. **Adaptation of the existing market structures and system operation rules** are necessary to enable transparent pricing structures for decarbonised gases to develop.
2. **A certification framework to ensure that the residual carbon content for different decarbonised gases is understood** - RED II is an EU objective that extends the existing Guarantees of Origin (GoOs) scheme to include decarbonised gases. It encourages investment and facilitates cross-border trade, which will drive competition and ultimately drive down prices, in the decarbonised gas market.

The DGA developed a Key Asks statement that was shared with Government in August 2019. It can be accessed [here](#).