



XOSERVE

DELIVERING
DECARB

August 2026

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01 Notable news

National Gas publishes new Innovation Strategy

National Gas has published its new Innovation Strategy for RIIO-GT3, setting out five priorities for innovation over the next five years: energy security and network resilience, low-carbon transition, safety and integrity, digital and data, and business and customer.

The strategy identifies opportunities to improve gas quality measurement, reduce methane emissions and support transition technologies including hydrogen and carbon. It also proposes exploring a biomethane hub-and-spoke model, which could allow multiple producers to connect at a single location and share infrastructure, helping unlock larger volumes of biomethane onto the National Transmission System.

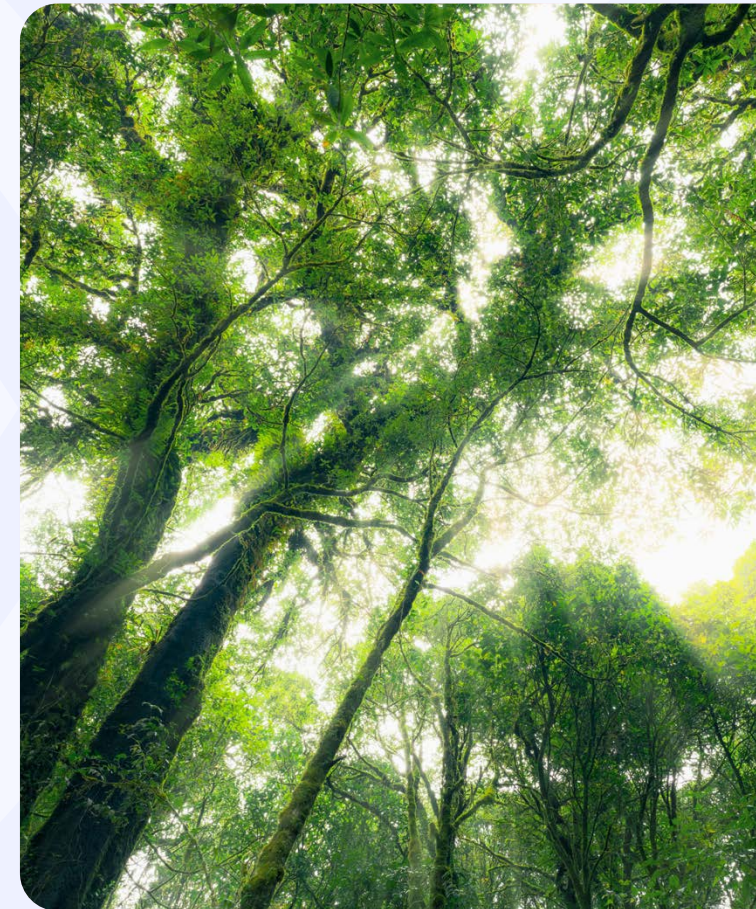
Read the full story [here](#).

Veolia trials UK first of its kind carbon capture technology

Veolia has successfully trialled a next-generation, non-amine carbon capture technology at its Sheffield Energy Recovery Facility, in partnership with C-Capture. The technology is capturing up to one tonne of CO₂ per day from flue gas. The two-year trial will assess its performance, safety, efficiency, and potential for large-scale deployment.

The project highlights the potential for modular carbon capture solutions at dispersed, hard-to-abate sites outside designated carbon clusters, while demonstrating the need for supporting infrastructure, regulation, and viable business models.

Read the full story [here](#).



01 Notable news

Evero's Ince plant selected for UK's first BECCS facility

Evero's Ince Biomass plant has been selected by the UK Government to enter negotiations to become the UK's first Bioenergy with Carbon Capture and Storage (BECCS) facility. The project aims to capture and permanently remove 217,000 tonnes of CO₂ annually, while continuing to generate clean energy and process 170,000 tonnes of waste wood each year.

Located within the HyNet cluster, the facility will use advanced carbon capture technology and connect to HyNet's CO₂ transport and storage infrastructure, with operations targeted for 2029.

Read the full story [here](#).

Liverpool Bay CCS reaches seabed lease milestone

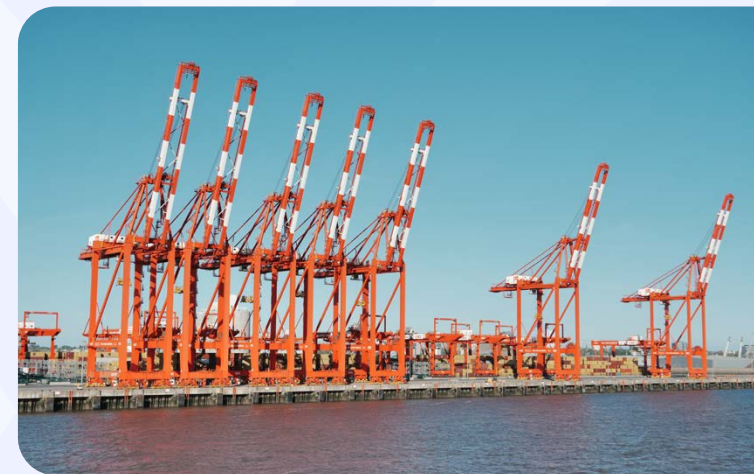
Liverpool Bay CCS has entered into a lease with The Crown Estate, marking a key step for the UK's first Carbon Capture and Storage (CCS) project to repurpose existing infrastructure. The HyNet project will reuse more than 75 miles of existing pipelines, three offshore structures and an onshore treatment plant to transport CO₂ from industrial emitters to depleted gas reservoirs beneath Liverpool Bay.

Phase 1 is expected to store 109 million tonnes of CO₂ over its lifetime, with initial capacity of 4.5Mtpa. First CO₂ injection is expected in 2028.

Read the full story [here](#).

Deeside carbon capture facility approved

Plans for the carbon capture phase of a £282 million waste-to-energy plant at Deeside Industrial Estate have been approved. The facility will capture and liquefy CO₂ produced during anaerobic digestion, with around 16,000 tonnes of CO₂ expected annually.



The captured carbon will initially be transported by Air Liquide for potential use in applications including refrigeration and arc welding. The wider facility will produce biomethane for local industrial users, while reducing landfill waste and increasing recycling, creating an example of how biomethane production and Carbon Capture, Utilisation and Storage (CCUS) can be integrated.

Read the full story [here](#).

01 Notable news

Funding for Shetland clean fuels hub

The Scottish Government has awarded £755,720 to Veri Energy to support the third phase of developing a clean fuels hub at Sullom Voe Terminal. The hub is expected to begin producing hydrogen and e-methanol by 2030, with capacity scaling thereafter.

The project aims to repurpose existing oil and gas infrastructure, retrain workers, and establish Shetland as a centre for clean fuel manufacturing. The e-methanol could also supply a proposed sustainable aviation fuel plant at Grangemouth, supporting wider industrial decarbonisation and Scotland's energy transition.

Read the full story [here](#).

Highland Council approves 15MW green hydrogen facility

The Highland Council has granted planning permission for Protium's 15MW Cromarty Green Hydrogen Production Facility, the first stage of the Highland Hydrogen Hub near Alness. The project is Scotland's only green hydrogen project supported through the UK Government's Hydrogen Allocation Round 1 Contract for Difference.

Using locally generated renewable electricity, the facility will produce hydrogen for regional transport, industry and off-grid applications. Protium expects the project to create around thirty permanent jobs and apprenticeships, alongside construction opportunities and wider investment in the local supply chain.

Read the full story [here](#).



02 Spotlight on...the Future of Low Carbon Gases

July saw the publication of NESO's first [Gas Market Roadmap \(GMR\)](#), alongside a dedicated biomethane positioning paper '[Exploring the Role of Biomethane in the Energy System to 2050](#)', and an [independent hydrogen backbone study](#) carried out by AFRY.

Together, the three publications give the fullest picture yet of how NESO is thinking about the future shape of low carbon gases in Great Britain. The message is one of a whole system approach where decisions on biomethane, hydrogen and CCUS increasingly depend on each other, and on sectors outside the energy system entirely.

The biomethane paper states that scaling up production requires collaboration across agriculture, waste, and environmental sectors to agree where the risks and trade-offs of increased feedstock production, critical to scaling up Biomethane, are acceptable.

Read together, the publications suggest NESO's priority is less about ranking the gases against each other and more about establishing where each molecule and technology delivers the greatest system-wide value.

On Biomethane

Of the three areas covered, biomethane is where NESO's analysis is most detailed. The positioning paper clarifies that estimates of long-term potential vary considerably depending on the source. NESO's own FES 2025 pathways go up to 64TWh by 2050, while the external study behind the paper puts technical potential as high as 108TWh, and a separate study commissioned by the Green Gas Taskforce gives estimates as high as 120-150TWh.

Despite the variance in potential, NESO identifies around 30 TWh a year as achievable without material trade-offs for the sectors supplying the feedstock. Above that level, growth depends on factors outside the

energy sector's direct control such as: how much grassland is freed up by reduced livestock numbers, whether biomethane crops end up competing with food production, and how digestate and methane leakage are managed at scale.

Furthermore, both the GMR and the biomethane paper flag propanation as a specific constraint on scaling. Because biomethane has a lower calorific value than natural gas, small quantities of propane are currently added before injection to ensure customers are billed fairly. Both publications note this adds cost and could act as a barrier to further growth, and both point to alternative routes to fair billing that would reduce or remove the need for propanation. This is an area Xoserve has been actively working on, and one where its ongoing work on non-propanated biomethane is directly relevant to the barriers NESO has identified.

02 Spotlight on...the new PM and what the industry needs from him

On Hydrogen and CCUS

The GMR's own treatment of hydrogen and CCUS is less detailed than its biomethane analysis as both are framed mainly in terms of location with hydrogen production concentrating around industrial clusters, and CCUS supporting more localised and lasting gas demand around sites such as cement and lime production.

The AFRY hydrogen backbone study adds to this picture. Commissioned to assess whether a national hydrogen pipeline network is economically justified, the study finds around a 1% saving in total system costs (roughly £6bn), plus a further £0.92bn in societal CO₂ savings. The most important factor determining that value, according to the study, is the level of industrial hydrogen demand, sufficient industrial demand justifies large-scale electrolysis using Scottish renewable electricity, displacing more carbon-intensive blue hydrogen production elsewhere in the country.

However, it also points out the need for parallel development of supply, demand, and infrastructure as none of them can lead or lag too much.

On Curtailment

The GMR's discussion of gas and power interactions highlights the growing need for flexible, dispatchable capacity to manage periods when renewable generation is low. The AFRY study quantifies the other side of that problem: periods when renewable generation, particularly Scottish wind, exceeds what the electricity network can absorb, resulting in curtailment. The backbone study estimates that connecting Scottish renewables to hydrogen production via electrolysis could reduce curtailment by around 520 TWh, effectively turning surplus renewable electricity into a transportable fuel rather than lost generation.

The overall picture

Taken together, the three publications suggest NESO sees low carbon gases less as competing options and more as tools to be sequenced and located according to where demand and infrastructure line up. Biomethane has the clearest near-term ceiling and value case, hydrogen's value depends heavily on where industrial demand and clusters develop, and CCUS, while also being seen as a localised solution, is the area NESO isn't yet ready to model in the same depth on the gas market side.

Across the GMR publication, NESO references its Ten-Year Outlook, which is yet to be published. The Outlook will provide a nearer-term, policy-based view of gas supply and demand to 2036, distinct from the net zero pathways used in this month's analysis. Until it is published, these publications are best read as NESO's view of the future of our market.

We'll cover the Outlook in a future edition once it's published.

03 Policy milestones

The path to a decarbonised energy system continues to be shaped by steady policy and regulatory developments. Here we highlight the latest funding allocations, evidence publications, and consultation outcomes impacting the sector's transition.

Gas system in transition: security of supply, Interim Response

DESNZ has [published](#) its Gas System in Transition: Security of Supply Interim Response, outlining measures to maintain gas security as domestic production declines. These include exploring support for gas storage, interconnectors and LNG capacity, while considering how existing infrastructure could support the transition to hydrogen and biomethane.

An updated assessment of hydrogen BECCS technologies

DESNZ has [published](#) a report assessing the potential for hydrogen production with bioenergy and carbon capture and storage (H2BECCS) to contribute to the UK's net zero goals. The report examines five H2BECCS pathways, including biomass gasification and biomethane reforming with CCS, assessing their costs, deployment potential and technical barriers. It highlights H2BECCS's potential to produce low-carbon hydrogen while delivering greenhouse gas removals, but identifies challenges around integrating distributed biomethane production with centralised hydrogen and CCS infrastructure.

Environmental impacts of alternative fuels

The Environment Agency has [published](#) research examining the potential environmental and human health impacts of ten alternative fuels, including e-methane, biomethane, e-diesel and green ammonia.

The study finds that impacts will vary depending on production methods, with common risks including water demand, particulate emissions, fugitive air emissions and water contamination. It also highlights gaps in available evidence as these technologies scale up.



03 Policy milestones



Updated CO₂ transport and storage price control model

Ofgem has [published](#) a decision modifying the CO₂ Transport and Storage Price Control Financial Model, Handbook and Guidance. The changes address model functionality issues, correct calculation errors and remove legacy elements no longer supported by licence provisions. Updates also cover the treatment of the Early Development Activities Use-It-Or-Lose-It allowance and allocation of System Readiness and Availability (SRV) costs between regulatory phases, alongside revisions to supporting guidance.

Modifications to the Biomethane Connections UIOLI governance

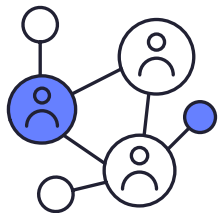
Ofgem has [published](#) modifications to the Biomethane Connections Use-It-Or-Lose-It governance document, allowing unused funding to be reallocated between gas distribution networks within the same corporate group. The change aims to provide greater flexibility, ensure funding follows demand and support eligible biomethane connection projects, while maintaining the overall funding available under the mechanism.

03 Policy milestones

Upcoming opportunities to influence energy policymaking

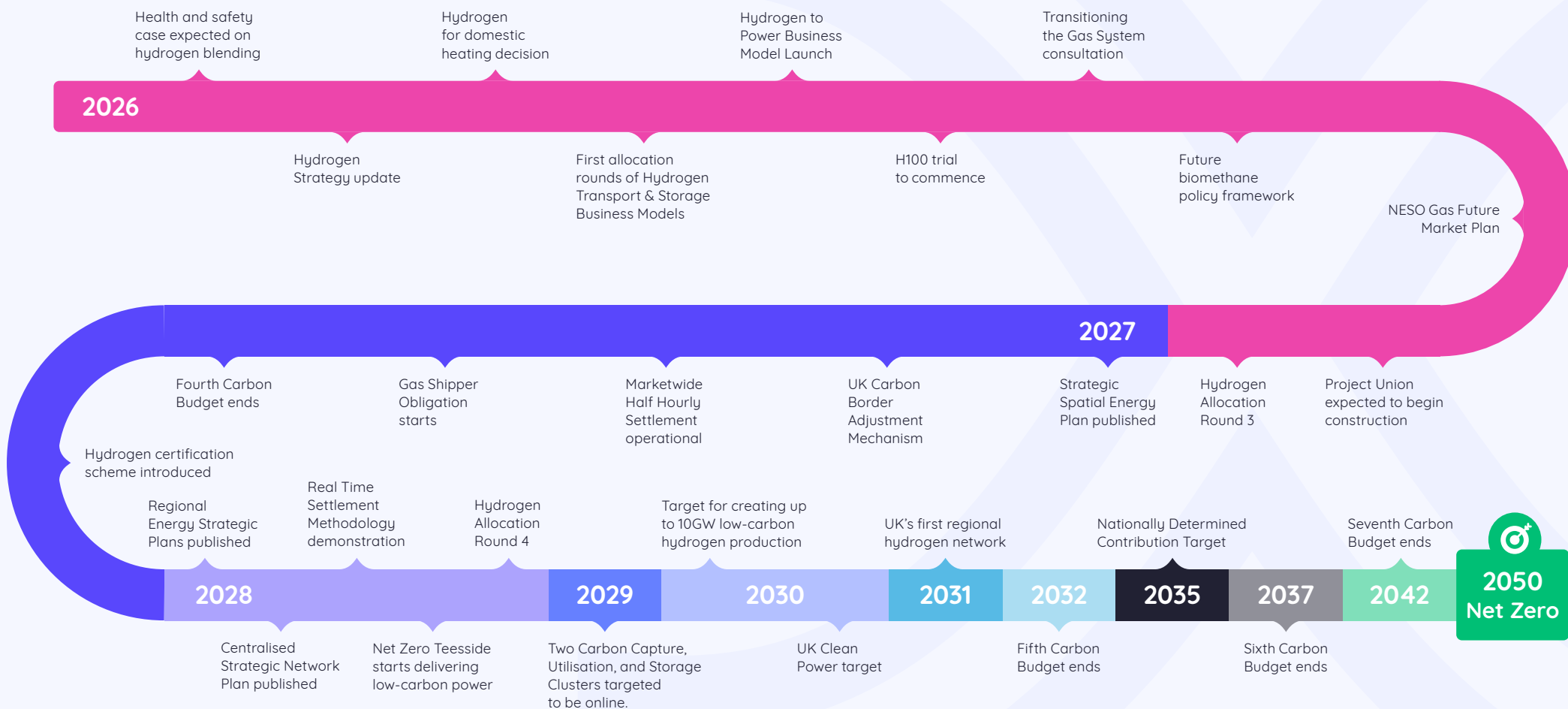
An Ofgem consultation is closing soon, offering stakeholders a chance to provide expert input on key aspects of the decarbonisation transition:

1. **Data domain coordinator: role guidance** – [Ofgem](#) is seeking views on the proposed requirements for domain coordinators, setting out three baseline requirements and three outputs in the consultation. Responses can be submitted until 8 September.



03 Policy milestones

Key Government energy policy/regulatory milestones:



04 Things to look out for



September's DeliveringDecarb edition will keep you informed of any new announcements, consultations or research on the potential future role and benefits of biomethane, hydrogen, gas blending and CCUS. For now, here are some upcoming publications to keep an eye on in the near term:

Expected in the coming months:

- NESO's 10 Year Forecast
- UK Government's updated hydrogen strategy
- Gas Shipper Obligation consultation response
- Hydrogen blending into the GB gas transmission network response
- Consultation on hydrogen for home heating
- Hydrogen transport and storage market framework consultation response
- Future framework for biomethane production
- Transitioning the Gas System call for evidence
- Network investment and cost recovery call for evidence

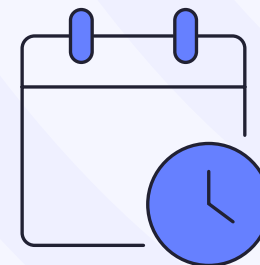
If you can't wait until next month's edition of DeliveringDecarb, be sure to [follow Xoserve on LinkedIn](#) for comments and key takeaways as they happen.

05 Dates for your diary

Here are some upcoming dates in September when you can meet the Decarbonisation Team. We'd love to see you there.

GDNs Monthly Decarb Meeting	 Online Monday 7 September
Hydrogen Information Sharing Group	 Online Friday 11 September
Green Gas Implementation Forum meetings (shippers, IGTS, meters)	 Online Friday 18 September
BIEE Energy Policy Conference	 Thursday 24 September

To join our quarterly Green Gas Implementation Forums or enquire about our meetings above, please email decarbonisation@xoserve.com.



06 Keeping in touch

If you've found any of the topics in this month's newsletter particularly interesting, please get in touch or share your comments on [LinkedIn](#), tagging @Xoserve.

You can also delve deeper into decarbonisation with our [Decarb Discussions podcast](#), which covers topics from different industry perspectives. To get involved and have your voice heard on our podcast channel, please get in touch.

To help you stay ahead of the curve, we've created the Decarbonisation Knowledge Centre, for the latest news, exciting new projects, and important policy updates. We're confident you'll find a wealth of valuable resources on decarbonisation.

If you'd like to suggest any ideas, please contact: decarbonisation@xoserve.com



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