



Department for
Business, Energy
& Industrial Strategy

Mr Stephen Sanderson
Chief Executive
UK Oil & Gas
Hays House
Guildford
GU2 4HJ

Email: BPA@ukogplc.com

Rt Hon Kwasi Kwarteng MP
Secretary of State
Department for Business,
Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@beis.gov.uk
W www.gov.uk

Our ref: MCB2022/12932

22 June 2022

Dear Mr Sanderson,

Thank you for your letter received 30 May, regarding UK Oil and Gas PLC's (UKOG) hydrogen-ready energy storage project in Dorset.

Low carbon hydrogen will be vital for meeting our legally binding commitment to achieving net zero by 2050 and supporting the UK's energy independence.

As announced by the Prime Minister in the recent British Energy Security Strategy, we have doubled our hydrogen production ambition to up to 10GW of low carbon hydrogen production capacity by 2030, subject to affordability and value for money. At least half of this will come from electrolytic hydrogen, drawing on the scale up of UK offshore wind and other renewables and new nuclear.

Alongside raising our production ambition, we know that hydrogen network and storage infrastructure will be essential to the development of the hydrogen economy, providing the link between production and demand. In particular, hydrogen's ability to store energy for long periods of time and in large quantities is central to its strategic value to a fully decarbonised energy system and we envisage hydrogen storage being a key part of future network infrastructure. As such, I warmly welcome UKOG's project proposal.

In the British Energy Security Strategy, we committed to design new business models for hydrogen transport and storage (T&S) infrastructure by 2025, which we intend to provide investors and developers with the assurance they need to bring forward the T&S infrastructure that will be required to meet the Government's renewed ambitions in this area.

Later this year, we intend to publish either a call for evidence or a consultation which will seek stakeholders' views on hydrogen T&S infrastructure to support the design of the business models. I would encourage and welcome your engagement with this process.

It is also good to hear about the future inclusion of green hydrogen production and the Liquefied Natural Gas (LNG) import facility as part of the integrated Energy Hub. Meeting our world leading Net Zero targets will mean major shifts in the way we use natural gas, however we recognise that LNG will form a key component of our energy supply for years to come. It would be useful to receive further information on the scale and ambition for these elements of the project.

My officials would welcome the opportunity to meet to discuss these plans in further detail. Please let us know if this is of interest.

Thank you again for writing. I hope you will find this reply helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kwasi Kwarteng". The signature is written in a cursive style with a horizontal line above the second name.

RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy & Industrial Strategy