



Department for
Energy Security
& Net Zero

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Department for
Business & Trade

Sarah Jones MP
Minister of State
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Dear Mr Sanderson,

Thank you for your letter of 16 October to the Department for Business & Trade, regarding UK Energy Storage's Hydrogen Storage Projects in Dorset and East Yorkshire. Your correspondence has been passed to this Department and I am responding as this matter falls under my Ministerial portfolio.

I was pleased to read your correspondence. As you know, hydrogen will be a key sector for the UK and play a key role in the mission to make the UK a Clean Energy Superpower. The Government has taken steps to support the hydrogen sector, which include the confirmation of £2.3 billion in revenue funding for the eleven green hydrogen projects in the first hydrogen allocation round. The Government has also announced the National Wealth Fund (NWF), which builds on the success of the former UK Infrastructure Bank. It will have a broader mandate, extending beyond infrastructure to support delivery of the wider industrial strategy in areas where there is an undersupply in private finance. At least £5.8 billion of the NWF's capital will focus on the sectors announced in the manifesto: green hydrogen, carbon capture, ports, gigafactories and green steel.

As you are also aware, storage developers face a number of market barriers. These include high costs, long lead-times and uncertainty around when demand for storage will emerge. This is why, by 2025, the Government is committed to the design of a new business model for hydrogen storage infrastructure to enable private sector investment and remove market barriers. The Energy Act 2023 provides the legislative framework that will underpin the delivery of the hydrogen transport and storage business models. We are continuing to proceed at pace to design the model and intend to resume collaboration with industry after publishing a market engagement plan as it progresses towards the final business model design.

Very best wishes,

SARAH JONES MP
Minister of State for Industry
Department for Energy Security & Net Zero and
the Department for Business and Trade