

Green Industries Growth Accelerator (GIGA)
Carbon Capture, Utilisation and Storage (CCUS) and Hydrogen Supply Chains Team
Hydrogen and Industrial Carbon Capture (HICC) Directorate
Department for Energy Security and Net-zero
3-8 Whitehall Place,
London
SW1A 2EG

22 April 2024

To whom it may concern,

Response to: Green Industries Growth Accelerator: hydrogen and carbon capture, usage and storage supply chains issued 27/02/2024

Scottish Renewables (SR) is the voice of Scotland's renewable energy industry. Our vision is for Scotland to lead the world in renewable energy. We work to grow Scotland's renewable energy sector and sustain its position at the forefront of the global clean energy industry. We represent over 360 organisations that deliver investment, jobs, social benefit and reduce the carbon emissions which cause climate change.

SR welcomes the opportunity to provide the views of our members to the Green Industries Growth Accelerator (GIGA) consultation on policies to inform scheme design for the expansion of green manufacturing capacity in the UK. We have opted to provide our response within this letter.

Scotland has the potential to host significant hydrogen production due to abundant natural and renewable energy resources, with the possibility of distributing within the UK and to international markets. The UK Government requires to act at pace to promote the development of hydrogen in Scotland and establish itself as a key supplier to the UK and international markets.

The focus of the GIGA fund on supply chain is welcome, but it will be critical for the UK government to allocate the £1.1 billion fund effectively to maximise domestic hydrogen production capacity as This should include supporting the deployment of offshore wind farms in Scottish Waters which also offer significant potential to support the generation of hydrogen in Scotland. SR has three top areas of focus based on the UK Government's identified priorities within the hydrogen market:

1. A supply chain that supports hydrogen manufacturing – promoting a UK-based supply chain will ensure the UK's place as a key player in the hydrogen field and boost the UK's competitiveness on the global stage.
2. Hydrogen transport, distribution and storage, including pipeline and vessel/vehicle transport – as a significant amount of renewable energy and natural resources are based

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in Scotland, it will be essential to direct funds to find the best way to transport hydrogen to centres of demand.

3. End user markets – demand-side policy and strategy for green hydrogen should be developed and incentivised in areas such as long-duration storage, offshore wind curtailment, and UK transmission and export.

Regarding bottlenecks and potential blockers to the development of hydrogen, a supply chain that supports hydrogen manufacturing such as electrolyzers, associated technologies and infrastructure is the most critical area of focus. The UK Government should incentivise and de-risk investment in manufacturing facilities to support the development of hydrogen in Scotland in collaboration with UK Export Finance, the UK Infrastructure Bank and the Scottish National Investment Bank. In addition, a portion of the GIGA fund should be directed toward small and medium-sized suppliers to enhance the competitiveness, skills, capabilities and facilities of Scottish suppliers and serve as the backbone of the UK hydrogen economy. Many UK supply chain companies are struggling to invest in the facilities, skills, and equipment they need to scale up at home and expand abroad. Without support, a key opportunity of developing a domestic supply chain to facilitate hydrogen production will be missed and the UK runs the risk of losing our position as a leader in the sector. The SGN H100 project in Fife, Scotland, is already facing delays due to supply chain and procurement issues.¹

In addition to the list above, special attention must be paid to the monitoring and control of hydrogen, as well as the utilities and raw materials needed for production. Each area respectively will become more critical as the hydrogen economy develops, and early resourcing will ensure the pathway for hydrogen production is sustainable and resilient. A clear, holistic plan for the development of the hydrogen supply chain is needed to fully realise the potential of hydrogen production in the UK, along with a co-ordinated approach across UK Government and Scottish Government in design and delivery of the energy system. There should also be co-ordination to ensure that UK wide schemes such as GIGA and focused investment from devolved government can best complement each other to deliver on hydrogen ambitions.

Hydrogen production has the potential to drive forward the energy transition by bringing 300,000 jobs to Scotland and a £25 billion annual gross contribution.² Supporting a hydrogen economy and its supply chain will create green jobs, especially for the energy transition, as various skills can be built upon from the oil and gas industry. Ensuring that the policy environment and funding structures best support hydrogen development will be key in driving the production forward.

¹ “SGN delays Scotland’s hydrogen heating project,” Energy Live News, April 22, 2024, <https://www.energylivenews.com/2024/04/22/sgn-delays-scotlands-hydrogen-heating-project/>.

² Hydrogen Action Plan, Scottish Government, Dec 14 2022, <https://www.gov.scot/publications/hydrogen-action-plan/pages/4/>.

Regarding the CCUS Supply Chain, SR aligns our priorities with the CCUS Good Practice Guidance Document³ to incentivise and facilitate the development of the CCUS deployment programme.

SR welcomes to wide array of funding mechanisms to support the various aspects of building the hydrogen economy. While further support is needed to offset the cost of production and incentivise demand, the focus on supply chain for hydrogen and CCUS projects will aid in creating a wider hydrogen ecosystem to place Scotland and the UK at the front of hydrogen development.

Yours sincerely,



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³ CCUS Good Practice Guidance Document, UK Government Department of Energy Security and Net Zero, 20 December 2023, <https://www.gov.uk/government/publications/carbon-capture-usage-and-storage-a-vision-to-establish-a-competitive-market/carbon-capture-usage-and-storage-a-vision-to-establish-a-competitive-market#:~:text=The%20CCUS%20industry%2C%20through%20the,subsequent%20ramping%20up%20of%20the> e.