

Future Of Gas Stakeholder Workshop



September 2017

Purpose of the Workshop

- We launched the Future of Gas programme in November 2016.
- One of the core objectives is to understand our customers' and stakeholders' views on the future of gas.
- The purpose of this workshop, which was held on 8 September 2017, was to measure how successful this engagement has been thus far, and ensure that our forward work plan incorporates our customers' and stakeholders' views.
- The workshop was over-subscribed and we would like to thank those who participated. If you were unable to make the event, but would like the opportunity to discuss anything contained in this document, or discuss the programme in general please get in touch with [Robyn Jenkins](#) directly or via our [website](#).

Feedback on Progress

- The first session sought feedback on the progress we have made with specific reference to the documents we have published, our engagement activities and our website <http://futureofgas.uk/>



- We displayed a series of statements and workshop participants had the opportunity to provide feedback on each statement.
- The following slides include summaries of the feedback received against each statement.
- We have included (on slide 7) some subsequent reflections from the Future Of Gas team and some actions we have taken to address the feedback.

Feedback on Progress (1/3)

FUTURE OF GAS HAS ARTICULATED THE CHALLENGES FOR GAS AS THE UK MOVES TOWARDS 2050, WE HAVE LEFT NO GAPS



- National Grid are well placed to bring industry together in this space
- National Grid has not picked a single technology to enable a future for gas, it's good to see innovation being championed
- Could explore the link between future of gas and industrial growth
- Opportunity to set out the future of gas story and show that doing nothing is not an option
- Could use this programme to set out the challenges of electrification
- Is the dissemination of messages being tracked?
- The programme needs a more explicit 'air quality' focus.

Feedback on Progress (2/3)

NATIONAL GRID HAS ENGAGED IN A TIMELY MANNER AND THE APPROACH HAS BEEN THE MOST APPROPRIATE ONE FOR THE INDUSTRY



- Consensus that the engagement has been timely and appropriate
- Whilst engagement has been wide-reaching, how are National Grid defining 'the industry' and are parties outside of the gas industry engaged?
- Bilateral meetings have provided a great opportunity to discuss in detail
- Events and workshops have been good but maybe a little far apart
- How does this fit with other similar initiatives?
- Not clear what the engagement is for or what the end goal is
- Consider further collaboration with other networks
- Potential opportunity to engage more with policy makers

Feedback on Progress (3/3)

FUTUREOFGAS.UK IS BEING USED EFFECTIVELY AS AN INDUSTRY HUB



- Suggest this website should include more third party content
- Clarity of purpose – advocacy of gas or an information repository?
- Does the website reach the right audience?
- It is not updated often enough
- Should National Grid host this, or should an organisation such as the ENA host an industry hub on the subject?
- Ability to comment on content would be valuable
- National Grid analysis of content would add value
- The intent behind the website is positive and it is good to see National Grid doing something in this space.

Reflections

Since the workshop we have reviewed the feedback and the comments below are our initial reflections and some actions we have already taken.

FUTURE OF GAS HAS ARTICULATED THE CHALLENGES FOR GAS AS THE UK MOVES TOWARDS 2050, WE HAVE LEFT NO GAPS



- We are developing a series of blog posts to articulate some of the potential pathways for gas out to 2050.
- We are reviewing our forward work plan to incorporate the comments and recommendations.

NATIONAL GRID HAS ENGAGED IN A TIMELY MANNER AND THE APPROACH HAS BEEN THE MOST APPROPRIATE ONE FOR THE INDUSTRY



- We are reviewing our engagement plan to reflect stakeholder comments.
- Further workshops are planned for the end of October / beginning of November to explore the topic further and maintain momentum.
- We welcome the opportunity to meet with interested stakeholders, please get in touch through our website if you would like a meeting.

FUTUREOFGAS.UK IS BEING USED EFFECTIVELY AS AN INDUSTRY HUB



- The website now includes the ability to comment on documents
- We would love to include more third party content, please get in touch if you have something you would like to share.
- We monitor the number of times the website is viewed, and are investigating how we can track the reach of the messages.

Future Of Gas (FOG) Beliefs

- The second activity at the workshop was to capture customer and stakeholder thoughts on the FOG Beliefs.
- The FOG Beliefs are a series of statements we have developed through our stakeholder engagement, research into developments in this space (within the UK and wider global industry) and from feedback received on our documents to date.
- These beliefs form the foundation for the next phase of our Future of Gas programme and we will be using these to help in the formation of any policy recommendations we make and our winter conclusions document.
- The following slides state the FOG Belief (in white text) and a summary of the discussions at the workshop about each belief (below the statement in black text).

Challenge and Review FOG beliefs

Gas has an important long term role but as the pathways are uncertain, now is not the time to shut down optionality

- Strong agreement that gas has an important long term role
- Consensus that there is no one solution to meeting decarbonisation challenges, and optionality must be maintained
- Is there any independent or academic research to support the view that gas has a long term role?
- Who can work closely with the government to reinforce the need for optionality, should National Grid do this?
- Trialling options is critical
- Increase levels of interaction with lobbyists to emphasise this point outside of the gas industry
- National Grid need to be more nimble and flexible to meet customer and stakeholder needs

We need to decarbonise heat but nothing substantial will change for heat in the short term

- Agreement that heat is a long term challenge
- However the UK needs to be prepared for change and we are at a critical stage for influencing views on this challenge
- Thinking in the long term creates risk, UK needs to demonstrate some urgency and not underestimate the lead-time for new technology
- Some options to decarbonise heat are ready now e.g. biomethane; this progress should be emphasised
- Do not be seen as a blocker to heat innovation
- Does this challenge provide an opportunity to form a heat transformation group?
- National Grid should seek to understand consumer drivers as well as policy drivers

Challenge and Review FOG beliefs

Gas supports the wider UK economy as it represents good value for consumers and supports industrial processes

- There are strong links between the future of gas and the wider industrial strategy, this should be emphasised
- This statement sounds defensive, it should be more aspirational and articulate how the long term role for gas creates the future for wider industry, rather than just securing the gas industry
- In addition to a fuel for heating and industrial processes gas is hugely important in the creation of a vast array of product and its importance should be reiterated
- All future energy options involve cost, but they all need to be fully costed and tested for market and consumer acceptability
- Fuel poverty is a major issue and should be considered when thinking about future energy options
- Policy to support decarbonisation and industry is crucial

Decarbonising transport with gas is happening today so could be an early priority

- Consensus that gas has a key role in transport decarbonisation and this is already happening
- There are many benefits of using gas in transport, notably it improves air quality
- Rather than stating that decarbonising transport with gas could be an early priority, the statement needs to be that it should be an early priority
- The compressed natural gas (CNG) network for refuelling is small, National Grid should support the need for infrastructure in this area
- Using gas is complimentary to using electric vehicles, they are two different markets
- Is there enough collaboration with the transport sector? Is any vehicle manufacturer aware of the FOG programme?
- Does gas (or later hydrogen) have the potential to support decarbonisation of other modes of transport, could look beyond road transport and explore areas such as rail.

Challenge and Review FOG beliefs

Supply sources are going to change; we need to consider the market rules to ensure GB remains attractive

- Long term policy that features gas is key to keeping the GB market attractive
- Examining gas quality is a key step in ensuring the GB market remains attractive
- The charging regime and network access arrangements must support imports and new supply sources

System operability is going to become more and more challenging, making gas and electricity interactions more important

- Gas and electricity are not in competition when it comes to decarbonisation
- Thinking about our systems as an energy system is important, National Grid is a transporter of energy and could provide some joined up thinking in this
- National Grid has the unique position and advantage of being the system operator for gas and electricity

Whilst energy storage is growing in importance, the gas system itself remains a critical store

- Gas storage is everywhere, in addition to conventional storage the networks' linepack provides additional storage
- The amount of energy stored in gas is greater than electricity, gas can be used to store electricity
- The Wales and West Utilities study in Cornwall is a valuable evidence base for the importance of storage
- The message around gas as an energy store needs to be promoted

Challenge and Review FOG beliefs

Innovation in gas is imperative: Government, regulators and industry need to work together to investigate and facilitate different technologies, in particular CCS

- Innovation is imperative and should be supported evenly across all energy vectors
- RII0-2 must include sufficient funding for the networks to develop the evidence base for the future of gas and collaborate with other stakeholders across the energy system
- Technology development is required to enable consumers to use alternative heating and transport methods
- Consensus that CCS is required to achieve the decarbonisation targets
- The technology behind CCS is ready, it is being held back by the lack of policy and price signals

Hydrogen will play a role in the energy future, but how big a role remains uncertain

- Hydrogen has the potential to have a very big role in decarbonisation
- More upfront work is needed to look at the impacts of hydrogen, and this should include hydrogen blending as well as full hydrogen conversion
- Hydrogen solutions have the potential to be less disruptive for consumers than some of the other options
- There is a critical point where policy makers will have to make a decision on whether to pursue hydrogen, the industry needs to provide a solid evidence base to support that decision
- Hydrogen may not be the only long term option for the gas grid

Challenge and Review FOG beliefs

This slide covers the general comments made when stakeholders were asked whether these beliefs cover all aspects of the future of gas and, if National Grid were to only pursue one belief, which should it be.

Our beliefs provide a solid foundation to progress

- National Grid has an important national voice and a key role in the energy future
- The beliefs alone may not be enough; pro-active messaging and engagement with society is necessary
- These beliefs need to be coordinated with the other networks and the wider industry beliefs.

If we were to only do one thing, which would it be?

- The workshop attendees were split between two options – Hydrogen and the Whole System work
- The specific stakeholder suggestions were:
 - Investigate the plausibility of hydrogen and how to utilise the network assets
 - Work closely with government to understand their direction and influence policy
 - Ensure the energy system is futureproof
 - Maintain a fair and transparent process, collaborate and bring industry and government in on the journey,

Next Steps

- We are working through the feedback received on our engagement and the FOG Beliefs, and looking at what changes we should make to our plans as a result.
- We are looking for opportunities to collaborate with the networks and other stakeholders to share beliefs and priority areas.
- Members of the National Grid Future of Gas team will be attending the National Grid Future Energy Scenarios (FES) Workshops during October 2017.
- We will be holding further gas-specific workshops on the 30 October and 3 November to explore elements of FOG and the role of the NTS in more detail.
- We will be publishing a series of items on our website in the coming weeks; in particular we will be providing more information on the revised FOG sensitivities, introduced in our July progress update and in FES 2017.
- We are developing a series of policy recommendations which we will publish over this winter, as part of our final conclusions document.

If you would like to discuss anything contained in this document, or discuss the programme in general please get in touch with [Robyn Jenkins](#) directly or via our [website](#).