

Energy Bill Select Committee,
Houses of Parliament,
London.
SW1A 0AA

15 June 2023

RE: Securing the funding envelope for future hydrogen revenue support

Dear The Energy Bill Select Committee,

As the UK's leading hydrogen trade association, representing over 75 organisations across the hydrogen value chain, Hydrogen UK is writing to express our concerns with proposals to remove funding mechanisms including a hydrogen levy from the Energy Bill, and offer a meeting to discuss this further. A hydrogen levy as defined in the current version of the Energy Bill represents an investment in the UK's long-term energy security that will deliver a more efficient and affordable energy system, worth [£38bn of savings](#), and support thousands of UK jobs, supply chains, GVA and investor confidence. The infrequency of primary legislation means that we must keep all options on the table, including a hydrogen levy, in case we need them in the future.

[Analysis](#) shows that the sector can offer between £4.0 and 4.7 billion in cumulative GVA by 2030, with an associated 6,100-7,100 average annual employment. In addition, many accompanying industrial sectors, representing thousands of UK jobs, are reliant on hydrogen to secure their own net-zero future. Hydrogen has an important role to play in the future economy, with all major modelling showing use in industry, power, and transport to varying levels - the question that remains is whether the associated jobs, supply chains and GVA will be anchored in the UK, or overseas.

Opposing a hydrogen levy in the Energy Bill risks current and future jobs and growth that the UK is well-placed to secure thanks to its mature portfolio of projects. Recent reports suggesting that a hydrogen levy may be removed from the Energy Bill are placing a strain on investor confidence in hydrogen projects within the UK. We risk substantial investment loss in our future industries unless a hydrogen levy builds on the existing suite of options, to provide a secure funding envelope for hydrogen revenue support contracts.

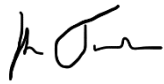
We propose that support for the hydrogen industry is backed by a suite of measures. These should be flexible instruments, reflecting the evolving nature of the hydrogen market, and we must keep all options on the table through primary legislation - including a hydrogen levy. Ideally, any levy would be determined through more detailed consultation, including the relevant market participants, to ensure an equitable and sensible combination of funding mechanisms are implemented.

This is an existential moment for the hydrogen industry in this country. The UK is on the precipice of launching a thriving hydrogen economy and could be a global leader in the sector. However, to do this, MPs must safeguard the funding mechanism for hydrogen in the Energy

Bill. Removing this mechanism of government support for hydrogen would undermine the future growth and jobs the industry is primed to deliver.

We would be please to meet with members of the committee to discuss the required government support for the hydrogen industry further.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Clare Jackson', with a stylized flourish at the end.

Clare Jackson
CEO, Hydrogen UK

