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Date: 07 October 2024

Dear Cadent Gas Limited,

SIF Project Direction ref: Cadent/EMStor/SIFEPC/Rd3_Alpha

Cadent Gas Limited submitted Exploring Geological Hydrogen Storage Opportunities for the East Midlands (the Project) to be considered for funding through the Alpha Phase of round 3 of the Strategic Innovation Fund (SIF). As explained in greater detail below, this Project previously received SIF Funding and completed a Discovery Phase for round 3 of the SIF. In our¹ SIF Funding Decision issued on 07 October 2024, we selected the Project² for conditional funding for the round 3 Alpha Phase and as a result we are now issuing this SIF Project Direction to implement that decision.

Cadent Gas Limited must comply with the conditions contained in this SIF Project Direction as a condition of the Project receiving funding through the SIF. These conditions can be found in the Schedule to this document.

Progression through SIF Phases

The SIF consists of a multi-phase approach for Projects in order to mitigate the risk associated with innovations. The Discovery Phase focuses on feasibility, the Alpha Phase on experimental development, and the Beta Phase on deployment and demonstration.

The Project previously received SIF Funding for the round 3 Discovery Phase³ and submitted an Application for the Project to be considered for SIF Funding for the round 3

¹ The terms 'we', 'us', 'our' refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

² Unless otherwise specified, defined terms in this SIF Project Direction have the meaning given to them in Appendix 1 of the SIF Governance Document.

³ The Project Directions for round 3 of the Discovery Phase are available at: <https://www.ofgem.gov.uk/publications/strategic-innovation-fund-round-3-discovery-projects-approved-funding>

Alpha Phase of the SIF. As stated above, the Project has been selected by Ofgem to receive SIF Funding for the Alpha Phase of round 3.

Role of UK Research & Innovation (UKRI)

As per Chapter 1 of the SIF Governance Document⁴ the role of UKRI is to deliver the SIF in line with the SIF Governance Document - administering the funding programme, monitoring the delivery of Projects, collating data from Projects on benefits, making recommendations to Ofgem on operational matters, supporting third-party innovators and, where possible, successful Projects to become 'business as usual' activities. To support the success of the Projects and the SIF programme, we expect that the Funding Party and Project Partners collaborate with Ofgem and UKRI.

SIF Project Direction

Paragraph 5.14 of the SIF Governance Document states that a SIF Project Direction will:

- Set out the Project-specific conditions, to which the Funding Party is committing in accepting SIF Funding.⁵
- Require the Funding Party to undertake the Project in accordance with the commitments made in the Application. Where appropriate, the SIF Project Direction may therefore include extracts from the Application or refer to specific sections of the SIF Application.⁶
- Where applicable, set out conditions (such as Project stage gates) linked to milestones and deliverables, which Projects must meet.⁷
- Set out the SIF Approved Amount for the Project, that will form part of the calculation contained in the SIF Funding Direction issued by the Authority under chapter 7 of the SIF Governance Document.⁸
- Set out the Project budget that the Funding Party must report against and how variations in the Project budget will be reported.⁹
- Where applicable, set out special information sharing requirements applicable to the Project.¹⁰
- Set out the mechanism for the Funding Party receiving the SIF Approved Amount as set out in the SIF Funding Direction.¹¹

⁴ <https://www.ofgem.gov.uk/decision/updated-sif-governance-document>

⁵ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

⁶ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

⁷ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

⁸ 'SIF Funding Amount' detailed under Point 5 – 'Condition President' of this SIF Project Direction.

⁹ Annex 1 – Project Budget.

¹⁰ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

¹¹ 'SIF Funding Amount' detailed under Point 5 – 'Condition President' of this SIF Project Direction.

All SIF Project Direction requirements are detailed in the Schedule to this SIF Project Direction.

Decision

Provided the Funding Party complies with the SIF Governance Document and with the Schedule to this SIF Project Direction, the Project is deemed to be an Eligible SIF Project¹².

This SIF Project Direction constitutes notice pursuant to section 38A (Reasons for decisions) of the Gas Act 1986.

Marzia Zafar

Deputy Director, Decentralisation & Digitalisation

For and on behalf of the Authority

¹² The meaning 'Eligible SIF Project' is described in Chapter 2 of the SIF Governance Document.

Schedule to SIF Project Direction

1. PROJECT DETAILS

SIF Project Direction reference: Cadent/EMStor/SIFEPC/Rd3_Alpha

Application number: 10124573

Project title: Exploring Geological Hydrogen Storage Opportunities for the East Midlands

Innovation Challenge/Project Phase: Enabling Power to Gas to Provide System

Optimisation / Alpha Phase round 3

Project start date: 07 October 2024

Project end date: 30 May 2025

SIF Approved Amount for SIF Funding: £499,981

2. PREAMBLE

This SIF Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to Cadent Gas Limited (the "Funding Party") pursuant to the SIF Governance Document issued pursuant to Special Condition 9.13 of the Gas Transporter Licence (the "Licence"). It sets out the conditions to be complied with in relation to Exploring Geological Hydrogen Storage Opportunities for the East Midlands (the "Project") as a condition of it being funded under the SIF Funding Mechanism.¹³

Unless otherwise specified, defined terms in this SIF Project Direction have the meaning given to them in the Licence or Appendix 1 of the SIF Governance Document.

References to specific sections of the Funding Party's Application in this SIF Project Direction are, for ease of reference, made by referring to the section number in the Funding Party's Application.

3. PROJECT SPECIFIC CONDITIONS

In accepting funding for the Project, the Funding Party is subject to the following Project-specific condition(s):

Condition 1

The Funding Party must not spend any SIF Funding until contracts are signed with the Project Partners named in Table 1 for the purpose of completing the Project.

¹³ The SIF Funding Return Mechanism is defined in the SIF Governance Document.

Table 1. Project Partners

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|-------------------------------|
| University of Edinburgh |
| National Gas Transmission PLC |
| CENTRICA STORAGE LIMITED |
| UNIPER HYDROGEN UK LIMITED |
| British Geological Survey |
| STAR ENERGY GROUP PLC |

Condition 2

The Funding Party must report on the financial contributions made to the Project as set out in its Application. Any financial contributions made over and above that stated in its Application should also be reported and included within the Project costs template.

Condition 3

The Funding Party must make reasonable endeavours to participate in all meetings related to the Project that they are invited to by Ofgem, UKRI and DESNZ during the Alpha Phase.

Condition 4

Alpha phase will last for a period of 8 months from the date the Project Direction is issued, the Project will be allowed a flexible start date within the 8 month period. The Project must provide the monitoring officer with the start date and must complete within 6 months of the start date and cannot be completed after the 8 month period has ended.

4. COMPLIANCE

The Funding Party must comply with Special Condition 9.13 of the Gas Transporter Licence (the "Licence"), the SIF Governance Document and with this SIF Project Direction.

5. SIF APPROVED AMOUNT

The SIF Approved amount of £499,981 (as detailed under Section 1: Project details of this Project Direction) will be recovered by National Gas Transmission from GB customers and transferred to the Funding Party. The Funding Party is responsible for notifying National Gas Transmission of the bank account details to which transfers must be made, in addition to completing Annex 2 of this SIF Project Direction. If a Funding Party is required to return funding to National Gas Transmission, the reverse applies.

The Funding Party must provide bank account details to National Gas Transmission within two weeks of accepting this SIF Project Direction.

6. PROJECT BUDGET

The Project Budget is set out in Annex 1 of this SIF Project Direction.

The Funding Party must report on expenditure against each line under the category total in the Project Budget and explain any projected variance against each line as part of its detailed report which will be provided, in accordance with Chapter 7 of the SIF Governance Document. The Funding Party must report variations in the Project budget as outlined in Chapter 6 of the SIF Governance Document.

7. PROJECT IMPLEMENTATION

The Funding Party must undertake the Project in accordance with the commitments it has made in the Application and with the conditions of this SIF Project Direction. These include (but are not limited to) the following:

- (i) undertake the Project in accordance with its Application,
- (ii) complete the Project on or before the Project completion date as detailed under section 1 of the schedule of this SIF Project Direction, and
- (iii) disseminate the learning from the Project at least to the level described in chapter 3 of the SIF Governance Document. Dissemination of learning must be carried out whether the Project was concluded successfully or otherwise.

8. REPORTING

Ofgem and UKRI may issue guidance (and amend it from time to time) about the structure and content of the Project reporting required by Chapter 6 of the SIF Governance Document. The Funding Party must follow this guidance in preparing the reports.

As set out in chapter 6 of the SIF Governance Document, the Funding Party may be required to submit an end of Phase report to the UKRI monitoring officer for the round 3 Alpha Phase. An end of Phase report is required for the round 3 Alpha Phase if the Project is not planning on submitting an Application to the round 3 Beta Phase and, if the Funding Party submits an Application for the Project for the round 3 Beta Phase but is not successful. Within this report, the Funding Party must submit information related

to questions on Project delivery as detailed in chapter 6, table 6 of the SIF Governance Document.

9. MONITORING

The Funding Party must comply with any reasonable request for information by its monitoring officer at UKRI and related deadlines. Ofgem, with the support of UKRI, will together monitor Project delivery, impacts and benefits. Throughout the term of the Project, progress is monitored by UKRI through a monitoring officer. The monitoring officer is the first point of contact for official notifications, queries and correspondence with UKRI and the Authority, unless otherwise required by this SIF Project Direction.

As detailed in Chapter 6 of the SIF Governance Document, meetings with the monitoring officer will take place at regular intervals, as advised by Ofgem or the monitoring officer during the delivery of the Project, and at the end of each Project Phase.

10. EVALUATION

The Funding Party has acknowledged when it submitted its Application for this Project, that reporting information and data gathered during the Project's timescales (as detailed in Section 1 of this SIF Project Direction) will be used to evaluate Project performance. In addition, the Funding Party may be required to provide requested information outside of the Project timescales and, in particular, for the period from the Project end date to the end of the SIF Programme. Further data and reporting information may be requested (frequency and method based on requirement) outside of standard monitoring and reporting requirements as deemed necessary. Further data and information requirements must be complied with by the Funding Party and Project Partners.

11. DATA SHARING

As set out in Chapter 3 of the SIF Governance Document, the Funding Party must follow Data Best Practice Guidance with regards to all data gathered or created in the course of a Project. We expect the Funding Party to document any reasons, such as commercial sensitivities, for desensitising data. As defined by, and in accordance with, Data Best Practice Guidance, Funding Parties must have a data triage process. Where multiple Project Partners are collaborating on a Project, the consortium must adopt a consistent Open Triage Process for the data related to the Project. Ofgem may require that Project information and data is also shared with other specified parties, such as parties working on complementary innovation funding programmes (subject to redaction of sensitive data).

12. CYBER SECURITY

It is the responsibility of the Funding Party and all Project Partners to implement and maintain appropriate security measures to protect personal data in accordance with The GDPR (General Data Protection Regulation)¹⁴ and DPA (Data Protection Act) 2018¹⁵. Protection of computer systems from unauthorised access or being otherwise damaged or made inaccessible must be in place alongside effective working practices. These must be maintained in line with the Funding Party's IT Management Strategies and policies.

13. PROJECT MILESTONES

The Funding Party must provide an outline in its end of Project Phase meeting with its UKRI monitoring officer that verifies the Project milestones have been achieved or explains why they have not.

Project milestones are outlined below in Table 3, based upon details contained within Question 7 and Appendix Question 9 in the Funding Party's.

¹⁴ https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu_en

¹⁵ <https://www.legislation.gov.uk/ukpga/2018/12/contents/enacted>

Table 3. Project milestone¹⁶

| Reference | Project milestone | Deadline | Overall objectives and key tasks | SIF Funding Request |
|-------------|---|-------------|--|---------------------|
| Milestone 1 | Work package 1: Public perception, stakeholder consultation and feedback | 30 May 2025 | <p>Overall objective: This work package will begin to understand perceptions towards re-use of existing hydrocarbon fields as underground hydrogen storage by distributing a questionnaire to residents living near existing Star Energy Oil Assets via the Parish Councils whom Star Energy has existing relationships with. This research will inform and optimise the way that we communicate the proposed demonstrator project to stakeholders during the Beta Phase project which we hope will follow the Alpha application.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. October: Confirm target audience with Star Energy, agree incentivisation (yes/no/value), confirm aims and objectives. Survey development and ethical approval 2. November: Survey distribution and data collection 3. December: Data collection, data cleaning and analysis | £29,050.48 |

¹⁶ As outlined in in the Application or Project Plan appendix.

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| | | | <ol style="list-style-type: none"> 4. January: Data analysis and report writing 5. February: Report and dataset finalisation and circulation to team (Deliverable 1) 6. March: Meeting with professional communications team and development of a high-level combined research and communications plan (Deliverable 2) | |
| Milestone 2 | Work package 2: Geological Feasibility | 30 May 2025 | <p>Overall objective:</p> <p>Geochemical and microbial reactivity during hydrogen storage in porous reservoirs can induce processes such as mineral dissolution, precipitation, and microbial hydrogen consumption, which may alter reservoir properties, contaminate and, consume stored hydrogen, and compromise hydrogen storage efficiency and safety. In addition, cushion gas in hydrogen storage serves to maintain reservoir pressure, optimize hydrogen extraction, and prevent contamination or loss of hydrogen through displacement or mixing with other gases. This work package will evaluate these key geological risks for hydrogen storage in the Start Energy depleted hydrocarbon field, through the following three objectives:</p> <ol style="list-style-type: none"> 1. Assess the risk of geochemical reactions between stored hydrogen and reservoir rocks and fluids. 2. Evaluate the risk of microbial reactions consuming hydrogen and producing contaminants. | £153,050.00 |

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| | | | <p>3. Determine the necessary cushion gas requirements and optimal production profiles for hydrogen storage.</p> <p>Key tasks:</p> <ol style="list-style-type: none">1. Undertake geochemical experiments at the University of Edinburgh, using their high temperature and pressure hydrogen ready batch reaction vessels using reservoir rock and fluid samples with hydrogen under storage conditions to evaluate the risk of geochemical reactions either contaminating the produced hydrogen (e.g. H₂S) or impacting on the reservoir flow properties.2. Undertake microbial experiments at BGS, in their microbiology laboratory using reservoir fluid samples with hydrogen to evaluate the microbial community, identify hydrogen consuming microbes and evaluate the risk of microbial reactivity either contaminating the hydrogen (e.g. H₂S) or consuming the hydrogen in depleted oilfields.3. Undertake detailed reservoir modeling at Edinburgh University using data supplied by the site operators (Star Energy) to evaluate the cushion gas requirements and production profiles to ensure the required hydrogen demand can be supplied to meet the daily, contingency and 10-day maintenance periods. | |
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| | | | <p>4. Appraisal of saline aquifer targets as identified as alternative (but not priority) storage technology options during Discovery Phase (BGS). Undertake characterisation of aquifer regional variation in porosity and permeability. Characterisation of structures within aquifer in the East Midlands.</p> | |
| Milestone 3 | Work package 3: Well integrity evaluation | 30 May 2025 | <p>Overall objective: Evaluating the original integrity of the well cements in the existing legacy wells in the Star depleted hydrocarbon fields is essential to evaluate the risk of gas leakage, ensuring structural stability, and maintain safe and efficient storage conditions. This work package will evaluate the well integrity of the existing wells at the point of their construction based upon the well reports documenting that process and their suitability for hydrogen through the following three objectives:</p> <ol style="list-style-type: none"> 1. Assess the risk of geochemical reactions between the stored hydrogen and the well cements. 2. Assess the integrity of the existing wells within the field. 3. Evaluate the hydrogen readiness of the well and topside infrastructure to identify which assets can be repurposed for use for hydrogen storage, or if they need to be decommissioned/abandoned and renewed. | £157,300.00 |

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| | | <p>The completion of this work package will identify any concerns in the original well and field infrastructure however it will need to be followed by physical assessments (in Beta) to ascertain any changes in that condition since they were first installed.</p> <p>Key tasks:</p> <ol style="list-style-type: none">1. Undertake geochemical experiments at the University of Edinburgh, using their high temperature and pressure hydrogen ready batch reaction vessels using well cement samples with hydrogen under storage conditions to evaluate the risk of geochemical reactivity between the hydrogen and the well cement than may impact the integrity2. Star Energy and Edinburgh University will undertake a desktop evaluation of well schematics, end of well reports, well architectures and production histories to identify potential causes for concern in integrity.3. Undertake (along with Arup/Atkins) an inventory based red flag assessment of the hydrogen readiness of the existing wells to identify any areas of concern within the original well architecture. This will include a traffic light review of these assets with respect to the use for hydrogen, followed by recommendation of what would be required to allow H2 storage including a first order magnitude cost. | |
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| Milestone 4 | Work package 4: Planning pre-app | 30 May 2025 | <p>Overall objective:</p> <p>As with any land development, it will be necessary to secure planning permission for its construction. As a first of a kind piece of project, based on an already existing minerals developemnt site (hydrocarbon production facility) it will be necessary to engage with the current planning authority for the site in order to establish what they will require in any application in orer to consider it. This is done through a pre-planning application.</p> <p>Star will work with an experience planning agent to prepare the pre-application, submitting conceptual details of the proposed development and engaging with local planning officials in order to establish these high level requirements. In turn this will enable a generic set of principles to be established - a "planning roadmap" which can be followed for all sites seeking to secure the requisite approvals from a planning authority.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. Engage with the Local Authority by submitting a 'pre-application' request for assessment. This would cover the development works and future operational footprint for the conversion of the depleted hydrocarbon field for hydrogen storage. 2. Using the information supplied through the "pre-app process", tStar Energy will engage with local planning authorities to | £10,000.00 |
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| | | | determine the roadmap for the commissioning and FEED study of the storage site in the Beta phase | |
| Milestone 5 | Work package 5: Regulatory and permitting compliance | 30 May 2025 | <p>Overall objective:</p> <p>Permission to operate a future hydrogen storage facility will be required from the Environment Agency and the HSE as regulators (like all onshore facilities). Other entities may be required to be consulted, either for the operation of the site, or its development/conversion from its current state into one that might safely be used to store hydrogen and connect into a network. As a first of a kind developemnt it will be necessary to engage with all relevant regulators in order to establish what they will require in order to grant permission. This will be done through interaction and where necessary through prepermitting applications.</p> <p>Star will work with an experience permitting agent to open the necessary dialogues and through them submit all that is required in order to establish these requirements . In turn this will enable a generic set of principles to be established - a "regulatory roadmap" which can be followed for all sites seeking to secure the requisite approvals from regulators.</p> <p>Key tasks:</p> | £16,224.18 |

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| | | | <p>1. Star will work with an existing permit agent of theirs (Zetland) who will undertake a review of the existing regulations and permitting with regards to the transport and storage of hydrogen to identify all relevant regulations that apply and the permitting required (e.g. from the Environment Agency, HSE, etc.).</p> <p>2. Star Energy will engage with regulatory bodies through a pre-application request to determine the permit requirements which would be required to be made prior to any development or operations can take place.</p> <p>3. Using the information supplied through the “pre-app process”, Star Energy and their nominated consultant will determine the roadmap for gaining regulatory approval for a future storage site.</p> | |
| Milestone 6 | Work package 6: Risk Assessment | 30 May 2025 | <p>Overall objective:</p> <p>Following industry standard methodologies, (e.g. quantitative, qualitative, bowtie, or similar) the project will carry out a risk assessment for both the development and operation of a future hydrogen storage including (especially) safety and environmental considerations.</p> <p>This will take inputs from those work packages assessing stakeholder perceptions and technical and regulatory feasibility (WP1, 2, 3, 4 & 5) in order to ensure that the analysis is as reflective as possible of the actual scenarios the project will face and incorporate from this as well as the operational set-up of the</p> | £19,561.00 |

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| | | | <p>future facility (e.g. conceptual designs - pressure and temperature regime, equipment BOM, manning, etc.).</p> <p>From this a detailed mitigation strategy will be developed in order to inform the plan for Beta phase (and following). The bulk of this work will be carried out through one or more working sessions in order to ensure multi-disciplinary input from (all) EMStor partners.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. Review and incorporate the outcomes from WPs1-5 in order to identify the salient elements affecting potential risks in the development of, and operation of, a future hydrogen storage facility. 2. Identify ownership of each of the key risks and ascribe potential impacts and likelihoods of those risks to materialising. This will also explore any potential knock-on implications, e.g. cascade effects 3. Look at potential mitigation strategies for the identified risks; determining how they might be removed, or ameliorated. From this identify an action plan that summarises what should be done now (e.g. in Alpha); in the medium term (e.g. tested/determined during Beta) or in the longer term (e.g. development and/or operational considerations) 4. Confirm ownership of the identified mitigation actions within the forward plan | |
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| Milestone 7 | Work package 7: Business Case | 30 May 2025 | <p>Overall objective:</p> <p>This work package will look at the costs associated with repurposing the potential site for hydrogen storage, along with estimating OPEX and income to develop the business case.</p> <p>The work package will then look at whether the overall project is likely to be commercially feasible by examining how the costs of storage fit into the overall value chain for hydrogen, looking at the costs of production, transportation, customers' willingness to pay and the various means by which any value gap can be bridged by government subsidies.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. Cost of H2 adaptations to topside facilities. Star Energy will assess the topside facilities to identify exactly what adaptations and new plant will be required for hydrogen storage and determine a first order magnitude of cost. 2. Star Energy will develop a high level cost estimate for the development of the project, its operation and maintenance. This will use data from the other work packages & tasks alongside any information from the wider hydrogen storage industry. The project team will build on estimates already developed to calculate high | £ 36,666.20 |
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| | | | <p>level cost assumptions for development, operation and maintenance of the sotrage site. This will include stakeholder engagement with existing hydrogen storage projects (Figure 12) including RAG Underground sun storage, Uniper HyStored, Centrica Rough, Vattenfall HyBRIT etc.</p> <p>3. Commercial Business Case - Includes cost benefit analysis (CBA), benefits map and make-up of the final price for H2 storage services and how that price fits into the overall hydrogen value chain. This will include an external view of the costs of production, transportation and end customer's willingness to pay. This will also include a review of potential subsidies, tax incentives and funding opportunities within the UK, including the HSBM. The business case will be formatted such that it can be used in the Beta Application, using the Ofgem template. In addition, this work package will ensure that the Ofgem template for the CBA is completed, as well as the benefits map.</p> | |
| Milesone 8 | Work package 8: Project Consolidation, decison making and dissemination | 30 May 2025 | <p>Overall objective: This work package will bring under review of the findings of the project in a in-person session between all project partners. A decision will be taken on how to progress the project beyond Alpha Phase, through a Beta Application or otherwise. This work package also covers extensive dissemination activities.</p> | £23,465.28 |

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| | | | <p>Key tasks:</p> <ol style="list-style-type: none"> 1. An in-person workshop where all project findings are reviewed will be used to make a recommendation for Beta Phase (or alternative next steps) including scope, timeline, cost estimates and location. This will be documented and used in a slide deck to be used at the dissemination event. 2. In-person dissemination event to be held with invitees who attended the Discovery Launch as well as additional stakeholders from potential developers, Ofgem, DESNZ, the East Midlands Hydrogen (EMH) Consortium etc. 3. Show and Tell to Ofgem, UKRI and other Alpha Projects project teams 4. Online updates will be made via the EMH website, LinkedIN and via EMH Consortium Webinars | |
| Milestone 9 | Work package 9: Project Management | 30 May 2025 | <p>Overall objective: Management of the project, including weekly meetings, monthly 'all partner catch ups', financial management, liaison with Ofgem/Innovate UK, risk management and general management of deliverables. Time also included for strategic steering, co-ordinating with pipeline engineering team and feeding in any changes to customer or producer storage needs.</p> | £54,663.48 |

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| | | | <p>Key tasks:</p> <ol style="list-style-type: none">1. Contract agreement <p>Kick-off meeting</p> <p>Weekly meetings minuted and distributed with actions log</p> <ol style="list-style-type: none">2. All workshops or monthly 'all partner' workshops minuted and actions distributed3. Monthly risk review with all Work Package Leads - saved and actions recorded on the log4. Financial Management of the project5. Liaison with Ofgem/Innovate UK6. All partners managed against their deliverables.7. Regional Development Team time included for strategic oversight, co-ordination with pipeline engineering team and feeding in any changes to customer or producer storage needs. | |
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14. USE OF LOGO

The Funding Party and the Project Partners, External Funders and Project Supporters or subcontractors¹⁷ must not use the Innovate UK/UKRI and/or Ofgem logo for purposes associated with the Project in any circumstances.

As an alternative for use of both Ofgem and UKRI logos, all external Project communications must include the following standard form of wording:

- (i) "this project is funded by network users and consumers under the Strategic Innovation Fund, an Ofgem programme managed in partnership with UKRI."

For additional guidance, refer to the communications and media guidelines for competition winners, detailed as part of your delivery pack. These guidelines are designed to help with some suggestions and encourage you to take a proactive approach to communicating about your Project.

15. SHARING OF LESSONS LEARNED

The Funding Party is required to ensure that the sharing of lessons learned and the facilitation of knowledge transfer is conducted as effectively as possible, to ensure that all parties, and therefore all consumers including future consumers, can benefit from Projects.

As contained within Chapter 3 of the SIF Governance Document, we require the Funding Party to work collaboratively to maintain the ENA Smarter Networks Portal so that all reporting and dissemination of learnings on Projects (as required by chapter 6 of the SIF Governance Document) is available via the ENA Smarter Networks Portal.

16. COLLABORATION

The Funding Party must collaborate with third-party innovators as Project Partners, as well as work closely with other parties in the energy supply chain, as set out in Chapter 3 of the SIF Governance Document.

The Funding Party must collaborate with other parties and with UKRI to organise an annual conference in a format appropriate to enabling the building of consortiums and disseminating learning widely. The conference may be a single event for gas and electricity, or more than one event, as appropriate.

¹⁷ As detailed in the Application.

17. AMENDMENT OR REVOCATION

As set out in Chapter 7 of the SIF Governance Document, this SIF Project Direction may be amended or revoked under the following circumstances:

- (i) if the Funding Party considers that there has been a material change in circumstance that requires a change to the SIF Project Direction, and the Authority agrees; or
- (ii) to reflect amendments made to the Licence.

18. HALTING OF PROJECTS

This SIF Project Direction is subject to the provisions contained in Chapter 7 of the SIF Governance Document relating to the halting of Projects. By extension, this SIF Project Direction is subject to any decision by the Authority to halt the Project to which this SIF Project Direction relates and to any subsequent relevant SIF Funding Direction issued by the Authority pursuant to Special Condition 9.13 of the Gas Transporter Licence (the "Licence").

Further to the requirements in Chapter 7 of the SIF Governance Document, in the event the Authority decides to halt the Project, to which this SIF Project Direction relates, the Authority may issue a statement to the Funding Party clarifying the effect of that halting decision as regards to the status and legal force of the conditions contained in this SIF Project Direction.

NOW THEREFORE:

In accordance with the SIF Governance Document issued pursuant to Special Condition 9.13 of the Gas Transporter Licence (the "Licence") of the Licence the Authority hereby issues this SIF Project Direction to the Funding Party in relation to the Project.

This constitutes notice of reasons for the Authority's decision pursuant to section 38A (Reasons for decisions) of the Gas Act 1986.

Failure to comply with the conditions of this SIF Project Direction means that Ofgem may treat all or part of the SIF Approved Amount received by the Funding Party as SIF Disallowed Expenditure.

ANNEX 1: PROJECT BUDGET

| Cost Category | Total Project costs (£) |
|------------------------|-------------------------|
| Labour | £434,651 |
| Materials | £16,652 |
| Subcontracting | £129,960 |
| Travel and subsistence | £14,600 |
| Other costs | £1,500 |
| Total | £597,363 |

| Project Partner | Total project costs (£) | Project contribution (£) | Total SIF Funding requested (£) | Project contribution (%) |
|-------------------------------|-------------------------|--------------------------|---------------------------------|--------------------------|
| CADENT GAS LIMITED | £54,061.00 | £5,793.00 | £48,268.00 | |
| British Geological Survey | £72,640.00 | £7,262.00 | £65,378.00 | |
| CENTRICA STORAGE LIMITED | £13,080.00 | £13,079.00 | £1.00 | |
| National Gas Transmission PLC | £1,776.00 | £- | £1,776.00 | |
| STAR ENERGY GROUP PLC | £234,110.00 | £42,700.00 | £191,710.00 | |
| UNIPER HYDROGEN UK LIMITED | £40,420.00 | £10,420.00 | £30,000.00 | |
| University of Edinburgh | £181,276.00 | £18,128.00 | £163,148.00 | |
| Total | £597,363.00 | £97,382.00 | £499,981.00 | 19% |

ANNEX 2 TO SCHEDULE: TEMPLATE OF BANK ACCOUNT DETAILS TO BE PROVIDED TO EITHER NGT (BOX.GSOSETTLEMENTS@NATIONALGRID.COM) OR NG ESO (revenue.invoice@nationalgrideso.com)

Company name:

Primary Contact Details (only one contact permitted)

First Name:

Last Name:

Email address:

Mobile phone number:

Work phone number:

Address details

Address name:

Street address:

City:

State / region:

Post code:

PO box: (if applicable)

PO box post code: (if applicable)

Banking details

These should be evidenced in non-editable format. The evidence provided must show company name and bank details and it should be dated within the last 6 months.

Any of the below documents will suffice:

- Bank statement (scanned document)
- Void cheque
- Paying in slip
- Screenshot of online banking (showing a logged in account with bank account and sort code, with browser visible)