

## LETTER OF SUPPORT

National Gas Transmission RII0-GT3 Business Plan

Monday 3<sup>rd</sup> February 2025

Kistos Energy Storage Ltd is a key contributor in the UK energy market, specialising in innovative energy storage solutions that help drive the transition to a more sustainable and low-carbon energy system. As a leader in this space, Kistos is committed to advancing the integration of renewable energy and supporting the overall decarbonisation of the UK's energy landscape.

We are writing to express our full support for their RII0-GT3 Business Plan, with a particular emphasis on highlighting the country's ongoing need for gas to remain a fundamental component of the UK's energy mix as we all work towards its decarbonisation goals.

We recognise National Gas's crucial role in the future energy landscape for several key reasons:

1. **For UK industry:** National Gas ensure half a million businesses, over 30 power stations and over 23 million homes can access the energy they need, when they need it. It is crucial that we invest in gas transmission infrastructure to ensure the continued availability and reliability of the network, safeguarding Britain's social and economic prosperity. Continued investment in gas transmission infrastructure is critical to maintaining network resilience and safeguarding the nation's economic strength and social position.
2. **Difficulties with transitioning to other low-carbon alternatives:** For industries where electrification is not feasible or cost-effective, availability of gas will remain essential to support British industry, both availability of natural gas in the short-term and of alternative gases – like hydrogen or biomethane – in the longer-term, as we progress on our net zero journey.
3. **Supporting electrification and peak demand:** As the UK increasingly relies on intermittent renewable energy sources such as wind and solar, gas storage and gas fired power stations will play a critical role in meeting peak electricity demand. Even as annual gas consumption declines, peak gas demand is expected to remain more stable and resilient, underscoring the need for a robust and flexible gas network.

Gas storage and gas powered generation as a strategic resource supports the transition to a low-carbon energy system while maintaining stability, resilience and reliability for the UK. In terms of electricity generation, natural gas was responsible for about 34.7% of the UK's electricity production in 2023. (Reuters 23.10.24).

In fact, during peak times, natural gas meets up to 80% of the country's energy needs. This highlights how essential natural gas remains as a "back-up" source, able to adjust rapidly to changes in electricity generation.

Natural gas nevertheless plays a crucial role during times of high demand, especially in winter, because it can quickly provide energy when other sources, like wind and solar, are not sufficient.

As the UK continues to transition to more sustainable energy solutions, natural gas will remain a key part of the energy mix to ensure stability and security during periods of high demand.

It also encourages gas storage facilities to explore opportunities for investing in stored gas for on-site power generation. In doing so, these facilities can strengthen grid resilience, provide localised energy solutions, and enhance overall energy security, ensuring that gas storage operators remain engaged in investments that support national resilience.

By utilising gas for power generation, pressure on the electricity grid can be alleviated, promoting a more balanced and stable energy system. Moreover, this strategy supports the continued investment necessary for gas operators to comply with Regulations.

4. **Delivering balancing and reliability benefits:** Gas infrastructure will continue to provide essential services such as energy storage and balancing, ensuring reliability when renewable output is low. This capability supports the accelerated deployment of renewables by providing a stable energy supply during periods of high demand or low renewable generation.
5. **Cost-effective transition enabler:** Through repurposing, existing gas networks could facilitate a smoother transition to low-carbon alternatives like hydrogen, biomethane and carbon, capture, and storage. This adaptation is critical to maintaining energy security and resilience while facilitating the transition to a low-carbon energy system.

Although this Letter of Support is not legally binding, we express our interest in and support for National Gas's RIIO-GT3 Business Plan.

In conclusion, National Gas's RIIO-GT3 Business Plan represents a crucial step towards ensuring long-term energy security for the UK. Gas storage and supply are fundamental to maintaining a reliable and resilient energy system, especially as we navigate the transition to a low-carbon economy. By investing in robust infrastructure and enhancing storage capacity, National Gas not only addresses the immediate needs of consumers but also contributes to a sustainable, flexible energy future. Supporting this plan will enable the country to meet its energy demands, reduce vulnerability to supply disruptions, and accelerate the shift toward cleaner energy sources.

As we face increasing challenges in the global energy market, now more than ever, we need to secure reliable gas storage and supply to safeguard both our economy and everyday life. The RIIO-GT3 plan is a necessary investment in the future of energy in the UK, and its successful implementation will provide enduring benefits to consumers, businesses, and the environment.

Yours sincerely  
for and on behalf of  
Kistos Energy Storage Ltd



Peter Mann  
CEO