

# INDUSTRIAL ENERGY QUARTERLY

*Your update on the Industrial Energy directorate*



Department for  
Business, Energy  
& Industrial Strategy



## INDUSTRIAL DECARBONISATION STRATEGY

UK's first industrial net zero strategy has been published

Building on the Prime Minister's 10 Point Plan, which emphasised the importance of a low carbon future for the country, I am pleased to tell you that we published the Industrial Decarbonisation Strategy on 17 March, marking another significant net zero milestone being reached.



The strategy is the UK's first net zero strategy for industry, and the first document of its kind to be published by a major economy. It sets out how industry can decarbonise in line with net zero, while remaining competitive and without pushing emissions abroad. Included within the strategy are a number of policy priorities for the next decade, as well as ambitions and expectations such as reducing emissions in industry by around two thirds by 2035, and at least 90% by 2050 compared to 2018 levels.

We also recently agreed a transformational North Sea Transition Deal that will deliver significant net benefit to both the UK economy and to the environment. The deal will support up to 40,000 high-quality direct and indirect supply chain jobs, and deliver new business and trade opportunities to support the oil and gas sector's transition to a low carbon future.

We will continue to collaborate with and support industry in order to achieve our net zero ambitions, and I very much look forward to working with you as we place the country at the forefront of global efforts in creating a low carbon future.

**Rt Hon Anne-Marie Trevelyan MP - Minister of State for Business, Energy and Clean Growth**

[View the Industrial Decarbonisation Strategy](#)

## £171 MILLION TO SUPPORT NINE CLUSTER PROJECTS

Projects across the UK have been awarded £171m in funding as part of the second phase of the Industrial Decarbonisation Challenge (IDC), representing another significant step towards the government's net zero ambitions.

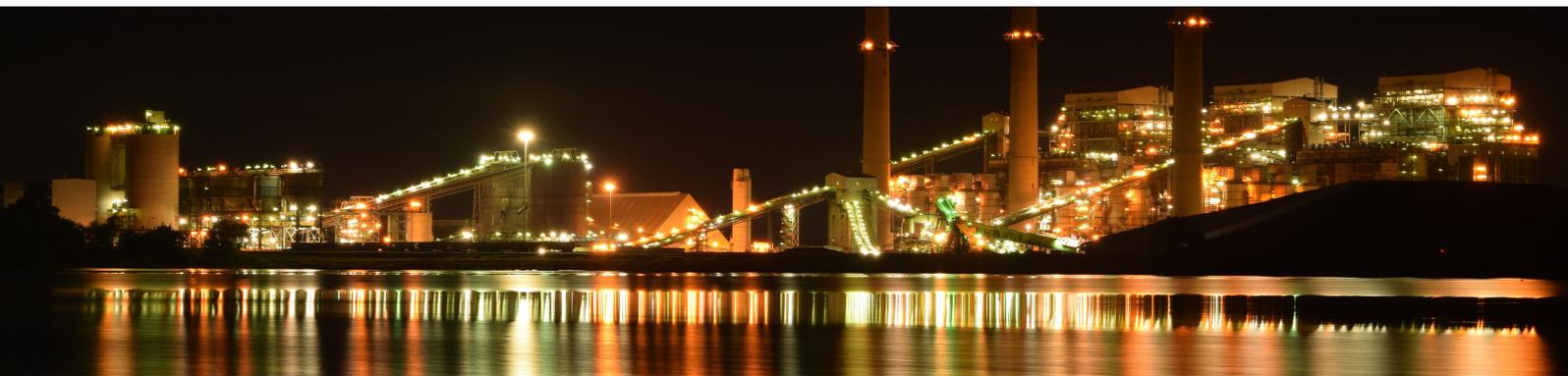
This takes total government funding through the IDC to £210m and allows nine deployment projects in five industrial clusters to be supported. Projects in Humberside, the North West, Teesside, Scotland and South Wales will all receive government support to deploy low-carbon technologies.

The funding, which is administered by UKRI, will support the deployment of projects that can help to decarbonise industrial clusters, as well as planning and research activity.

For more information about the nine successful projects you can view the [press release announcing the funding](#)



# INDUSTRIAL ENERGY UPDATES



## HYDROGEN

Work continues to develop the UK's first hydrogen strategy which we will publish in Q2 2021. This will bring together the UK hydrogen story, showcasing activity to date, set out the key steps needed in the 2020s to deliver our 5GW ambition for low carbon hydrogen production by 2030 and set the context for scale-up towards net zero. This will provide a clear long-term signal to investors that we are committed to building a UK hydrogen economy. Our ambition for hydrogen will be supported by a package of measures including the £240m Net Zero Hydrogen Fund (NZHF). We will be engaging with industry on the design of the NZHF in the coming months, and plan to publish a consultation on this alongside the Hydrogen Strategy.

## INDUSTRY CARBON CAPTURE (ICC) AND HYDROGEN BUSINESS MODELS

Published in December 2020, [Carbon Capture, Usage and Storage: an update on business models](#) provides detail on our proposed business models for power and industrial carbon capture (ICC), and the transport and storage of CO<sub>2</sub>. There is also an assessment of models to deploy low carbon hydrogen. We will issue a further update on the ICC business model in Q2 this year, when we also aim to consult on hydrogen business models. Both are critical to delivering our Ten Point Plan ambitions to capture and store 10MtCO<sub>2</sub>/yr and 5GW ambition for low carbon hydrogen capacity by 2030. A consultation on sequencing the deployment of clusters closed on 10 March and we are grateful for industry feedback which will inform work now underway.

## UK EMISSIONS TRADING SCHEME

The UK Emissions Trading Scheme (UK ETS) launched on 1 January. We are determined that it will be progressive and ambitious, demonstrated by a 5% cap reduction from day one. Auctions will start on 19 May, and registration for trading accounts opens on 6 April, operator accounts on 4 May and Kyoto Protocol accounts in late May. We are grateful for your input on the UK ETS to date and consultation will continue as we develop the scheme. This has started with a [Call for Evidence on Free Allocation](#), with a response deadline of 23 April. For more information on the scheme read about [Participating in the UK Emissions Trading Scheme](#) on gov.uk.

## INDUSTRIAL ENERGY TRANSFORMATION FUND

Owing to the number of applications generated by the Industrial Energy Transformation Fund (IETF) Phase 1: Summer 2020 competition, we are holding another Phase 1 competition. The Spring 2021 competition window opened on 8 March and will run until 14 July. It is worth up to £40 million, runs along similar lines to last year and is open for energy efficiency deployment projects and feasibility and engineering studies. The team will be attending trade association events in the coming weeks supporting businesses interested in applying. With Innovate UK, our IETF delivery partner, we are also running fortnightly stakeholder clinics at 10am on Tuesdays. Thirty-nine applications from the Summer 2020 competition, totalling £31 million, have been approved, subject to due diligence checks, and details will be published shortly.

# SPRING IE STAKEHOLDER FORUM A SUCCESS

*Industrial Energy Stakeholder Forum once again provides great engagement and opportunities to update industry follow the government's latest net zero publication*

The latest instalment of our Industrial Energy Stakeholder Forum took place at the end of March, with stakeholders and government officials once again gathering virtually together to discuss the latest updates and our net zero plans for the future.

The event was hosted by Stef Murphy and Paro Konar - Industrial Energy Directors at BEIS, and included a first ministerial update on BEIS priorities from Minister Trevelyan since becoming Minister for Business, Energy and Clean Growth. Unsurprisingly, there was a large focus on the most recent government publication relating to industrial energy, with a presentation on the Industrial Decarbonisation Strategy led by Sonia Krylova. There was also a presentation on a Case for Change by Catherine Barber – Deputy Director for IETF, which explored increasing diversity within the industrial sector, that was welcomed by a number of stakeholders in attendance.

Further updates on the UK Emissions Trading Scheme, as well as the Net Zero Hydrogen Fund, business models and the current IETF competition window were also provided, with stakeholders taking part in a positive and engaging Q&A session to round off another successful event.

You can view the Stakeholder Forum by clicking on the video below (external link)



## FORWARD LOOK...

There's a lot happening in the IE Directorate policy area in the coming months.

The UK ETS free allocation call for evidence will be closing shortly in preparation for the launch of the first UK ETS auctions on 19 May. The current IETF Phase 1: Spring 2021 competition is open until 14 July with Phase 2 being launched soon afterwards. The winners of the Phase 1 competition from last year should also be announced very soon.

Lots of work is underway to develop a number of strategies and consultations that will soon be published, including the Hydrogen Strategy and consultations on Low Carbon Hydrogen Standards, Net Zero Hydrogen Fund (NZHF) and Hydrogen Business Models.

Your feedback will be important in helping us develop these key policies and funds, that are crucial to helping industry decarbonise and meet the Net Zero target.

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## SEEKING VIEWS

We would like to hear your thoughts on what government can do to support industrial decarbonisation and ensure we build back better and greener.

To get in touch on this or any views on the event and this newsletter please send to:

[IEstakeholderengagement@beis.gov.uk](mailto:IEstakeholderengagement@beis.gov.uk)

