



Hydrogen Business Models Team

Department for Business, Energy & Industrial
Strategy

By email: Hydrogen.BusinessModels@beis.gov.uk

Uniper UK Limited
Compton House
2300 The Crescent
Birmingham Business Park
Birmingham B37 7YE
www.uniper.energy

Registered in
England and Wales
Company No 2796628

Registered Office:
Compton House
2300 The Crescent
Birmingham Business Park
Birmingham B37 7YE

Response to Hydrogen Business Model and Net Zero Hydrogen Fund: Market Engagement on Electrolytic Allocation

May 6, 2022

Uniper

Uniper is a leading international energy company, has around 11,500 employees, and operates in more than 40 countries. The company plans for its power generation business in Europe to be carbon-neutral by 2035. Uniper's roughly 33 GW of installed generation capacity make it one of the world's largest electricity producers. The company's core activities include power generation in Europe and Russia as well as global energy trading and a broad gas portfolio, which makes Uniper one of Europe's leading gas companies. In addition, Uniper is a reliable partner for communities, municipal utilities, and industrial enterprises for planning and implementing innovative, lower-carbon solutions on their decarbonization journey. Uniper is a hydrogen pioneer, is active worldwide along the entire hydrogen value chain, and is conducting projects to make hydrogen a mainstay of the energy supply.

The company is based in Düsseldorf and is one of Germany's largest publicly listed energy supply companies. Together with its main shareholder Fortum, Uniper is also Europe's third-largest producer of zero-carbon energy.

In the UK, Uniper operates a flexible generation portfolio of seven power stations capable of powering around six million homes, and a fast-cycle gas storage facility.

Response to Hydrogen Market Engagement Questions

1. Do you agree with the proposed eligibility criteria for the first 2022 HBM/ NZHF electrolytic allocation round? Yes/ No/ Don't know. If not, please explain why.

Yes. In subsequent allocation rounds a two year delivery period from contract award to COD for larger projects is likely to be too short.

2. Do you agree with the proposed evaluation criteria for the first 2022 HBM/ NZHF electrolytic allocation round? Yes/ No/ Don't know. If not, please explain why.

Yes. However, as additionality is not required by the Low Carbon Hydrogen Standard the 5% scoring criteria for this component could be removed.



3. Do you agree with the proposed portfolio factors? Yes/ No/ Don't know. If not, please explain why.

Yes. The approach to portfolio factors needs to be transparent. Applicants should have more information on whether the location or nature of the project is more desirable over others. If there is a preference for certain locations or regions, or recognition that low carbon hydrogen is more achievable in particular region, this should be clear to applicants to avoid wasting resource.

4. Do you agree with our high-level approach to agreeing a HBM and CAPEX offer? Yes/ No/ Don't know. If not, please explain why.

Yes. The approach to agreeing a HBM and CAPEX offer should be the same for all projects applying in Strand 3. This should be on a negotiated basis until such time as a standardised competitive allocation process, such as an auction, can be introduced.

5. Do you think up to 20% CAPEX co-funding alongside HBM support is sufficient to enable electrolytic projects to take FID? Yes/ No/ Don't know. Please explain your answer.

Don't know. Each project will be different. Although CAPEX support will help a business case this will be underpinned by the HBM. The main criteria in allocating the support should be achieving the lowest LCOH in combination between CAPEX support and the HBM. It may be better to allow projects the flexibility to submit what they individually require and for the allocation process to determine the best overall outcome within the government's affordability envelope and wider objectives.

6. For agreeing the HBM offer, would you be in favour of having different pathways or negotiation approaches for projects? Yes/ No/ Don't know. If so, do you have any suggestions on how those pathways or approaches might look?

No. The approach to agreeing a HBM and CAPEX offer should be the same for all projects applying in Strand 3. This should be on a negotiated basis until such time as a standardised competitive allocation process, such as an auction, can be introduced.

7. Do you have any suggestions on what approaches could be used to differentiate projects and determine which pathway a shortlisted project goes into? What criteria would you use (e.g. MW)? What threshold would you use (e.g. 40MW)?

The overall process at the outset should be the same for all projects. It may become apparent that some shortlisted projects may be delivered in a short timescale or at a better value threshold for consumers and could be considered for a more streamlined pathway.