

Personalised for:
Yoana Cholteeva

21 October 2021

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Contents

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QatarEnergy lines up maiden hydrogen investment in the UK after partnering with Shell

QatarEnergy (QE) and Shell have signed an agreement to pursue joint investments in blue and green hydrogen projects in the UK, with the agreement penned on the sidelines of the UK Global Investment Summit on Tuesday – where UK Prime Minister Boris Johnson vowed to make the country the “Qatar of hydrogen”.

As part of their maiden hydrogen agreement, QE and Shell will target integrated and scalable opportunities in key sectors – namely in industry and transport “with a focus on the London metropolitan area”.

Commenting on the agreement, Stephen Harrison, managing director at sbh4 told Gas Matters Today: “[Shell] partnering with QE will give them a good position in a key UK market in the South East of England due to QE securing 25 years of LNG storage at the Grain LNG terminal on the Thames.”

“Mobility applications such as London Buses and fuel-cell powered trains to replace diesel locomotives will be major markets for pure blue hydrogen and heating for the densely populated south East and Greater London area will be a market for intermediate purity blue hydrogen,” Harrison said.

Shell is part of a consortium that will conduct a feasibility study for a proposed green hydrogen hub aimed at decarbonising the Thames Estuary, with the Uber Boat Thames Clipper fleet lined up as an anchor customer. The HOST (Hydrogen and Oxygen South Thames) project targets the decarbonisation of maritime transport and the wider energy system.

An industry expert told Gas Matters Today: “I wouldn't have expected Shell and QatarEnergy to do something in the UK, but it is another of the hydrogen announcements we were expecting to happen.”

“While it is good to see the announcement, it feels a bit out of the blue and we would need to see more detail to get an understanding of what they are actually considering,” the expert said.

When announcing its Net Zero strategy in February, Shell said it is aiming to become a leader in hydrogen with a view to capturing a “double-digit share” of the global hydrogen market.

As for QE, unlike many of its peers in the Middle East which have announced their ambition to become leading hydrogen producers, the firm has not made any announcements regarding domestic hydrogen projects. Instead, QE has focused on expanding its liquefaction capacity.

During the UK Global Investment Summit, UK Prime Minister Boris Johnson announced that 18 deals worth GBP 9.7 billion (USD 13.4 billion) “have been secured” with private sector players to

support the push to increase wind and hydrogen energy and carbon capture storage – which will be needed for blue hydrogen production.

Addressing delegates at the summit, the PM vowed to help make the UK the "Qatar of hydrogen" and stated that the country has a responsibility to help cut carbon emissions as "we were the first to knit the deadly tea cosy of CO₂" due to Britain's leading role in the industrial revolution.

Net Zero strategy

The deal between the two energy giants aligns with the UK government's Net Zero strategy which was published on Tuesday, with the plan envisioning natural gas and oil demand halving by 2037 while delivering 5 GW of hydrogen production capacity by 2030.

To support the budding green hydrogen economy, the UK government has pledged to provide to GBP 140 million to establish the Decarbonisation and Hydrogen Revenue Support (IDHRS) scheme, including up to GBP 100 million to award contracts of up to 250MW of electrolytic hydrogen production capacity in 2023 "with further allocation in 2024". - YC



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