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PRESS RELEASE

17 March 2021

UK's drive to net zero leaps forward as HyNet North West awarded substantial funding.

Following a commitment of £72 million of funding, HyNet North West will transform the North West into the world's first low carbon industrial cluster, playing a critical role in the UK's transition to 'net zero' greenhouse gas emissions by 2050 and the global fight against climate change.

HyNet North West is essential for UK Government to deliver several objectives within its 10-point plan for a green industrial revolution, as well as the local net zero targets of Cheshire West & Chester in 2045, Liverpool City Region in 2040 and Greater Manchester in 2038.

The North West industrial cluster region stretches from Flintshire and Wrexham, through Cheshire, Liverpool City Region and Greater Manchester into Lancashire. It boasts the largest concentration of advanced manufacturing and chemical production in the UK and is home to a concentration of energy intensive users. The HyNet North West hydrogen and carbon capture and storage (CCS) project is being developed by a world-class consortium of regionally located partners, Progressive Energy, Cadent, CF Fertilisers, Eni UK, Essar, Hanson, INOVYN (part of the INEOS Group) and the University of Chester.

From 2025, HyNet North West will begin to convert natural gas into low carbon hydrogen at Stanlow Refinery, with carbon dioxide safely captured and stored offshore in the Liverpool Bay gas fields. A new pipeline network will transport the clean hydrogen to power industry, fuel buses, trains and heavy goods vehicles, to generate electricity, and to heat homes across North West England and North Wales.

HyNet North West will reduce regional carbon dioxide emissions by up to 10 million tonnes every year by 2030 – the equivalent of taking four million cars off the road. By then, HyNet North West alone will already be delivering 80% of the Government's new UK-wide target of 5GW of low carbon hydrogen¹ for power, transport, industry and homes.

The project will kick start a low carbon hydrogen economy, protecting and creating jobs, setting the region on course to be the world leader in clean energy innovation. In addition

¹ [The Ten Point Plan for a Green Industrial Revolution Building back better, supporting green jobs, and accelerating our path to net zero, November 2020.](#)

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to creating over 6,000 new, permanent jobs, HyNet North West will protect and retain jobs in existing high value manufacturing industries. Workers will develop fresh skill sets and train in exciting new sectors, fostering regional growth and inward investment. By kick-starting the UK's hydrogen economy, HyNet North West will help support up to 75,000 jobs across the country by 2035.

The £72m funding announced today comprises £33m from UK Research and Innovation (UKRI) through the Industrial Decarbonisation Challenge (IDC) fund, and £39m of consortium partner contribution. The funding will allow HyNet North West to accelerate to a Final Investment Decision (FID) in 2023 for the initial phase, and become operational in 2025. Further elements of the HyNet North West project will follow, resulting in the distribution of up to 30TWh / year of low carbon hydrogen being distributed by 2030 - enough to displace 45% of natural gas used across the region.

HyNet North West has been under development for four years with work so far including extensive engineering studies and demonstration projects. Environmental survey work, supported by funding from the Cheshire & Warrington Local Enterprise Partnership Growth Fund, has recently begun and consultation with stakeholders, including the general public, will begin later this year as the planning process to gain consent for development.

HyNet North West underpins a regional commitment to carbon neutrality with additional exciting opportunities being explored and advanced by Net Zero North West.

Business and Energy Secretary Kwasi Kwarteng said:

“We were the first major economy to put into law our target to end our contribution to climate change, and today we’re taking steps to be the first major economy to have its own low-carbon industrial sector.

“While reaching our climate targets will require extensive change across our economy, we must do so in a way that protects jobs, creates new industries and attracts inward investment - without pushing emissions and business abroad.

“Ahead of COP26, the UK is showing the world how we can cut emissions, create jobs and unleash private investment and economic growth. Today’s strategy builds on this winning formula as we transition low carbon and renewable energy sources, while supporting the competitiveness of Britain’s industrial base.

Project information

Further HyNet North West information can be found on [our website](#) and within HyNet North West’s [vision document](#).

Assets

Additional material such as **images, videos and quotes** from key regional stakeholders can be found in our [media information hub](#).

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Partner quotes

David Parkin, Director of Progressive Energy and HyNetNW Project Director said:

“We know we cannot reach net zero without decarbonising industry. HyNet North West is a game-changing project of strategic importance. It is uniquely developed to be low-cost and deliverable and will begin decarbonising the north west by 2025.

“Through the production of low carbon hydrogen and the capturing, and storing, of carbon dioxide, it offers a once-in-a-generation opportunity to create real change in how we produce and use our energy, establishing a cleaner world for future generations. It will unlock a low carbon future economy in North West England and North Wales, not only reducing emissions but also creating and safeguarding jobs. We are pleased to be working with Government on making the Green Industrial Revolution a reality.”

Steve Fraser, CEO Cadent, said:

“When we first unveiled the plan for HyNet North West just three-and-a-half years ago, we knew quickly we were onto something big. This is a once-in-a-generation moment to effect real change. Replacing fossil gas with hydrogen will achieve incredible carbon savings, create thousands of jobs and position the North West as a world-leader in this technology. Cadent and the whole HyNet consortium is determined to make that happen.”

David Hopkins, Managing Director, CF Fertilisers, said:

“CF applauds the government for their support of HyNet North West and the approval of this funding to advance this critical project. HyNet North West will ensure we take the first steps to a decarbonised future while creating excellent economic development opportunities for the local area. We look forward to continuing CF’s own journey to net zero carbon emissions in partnership with the HyNet North West consortium, the North West and the country.”

Phil Hemmens, Senior Vice President, Eni SpA said:

“We are delighted with today’s announcement which confirms UK support for HyNet North West. This is a great stimulus to ensure that we can play our part in the UK Net Zero targets and deliver value through the re-use of our Liverpool Bay infrastructure for CO2 storage. The project is fully consistent with Eni’s commitment to energy transition, decarbonisation and the circular economy.”

Prashant Ruia, Chairman, Essar Oil UK said:

“This is excellent news and another important milestone in the development of a transformational North West hydrogen economy. Essar is committed to playing its part in the decarbonisation of the region and the two hydrogen production plants to be built at Stanlow are absolutely fundamental to the Hynet project. Together with our plans for the manufacture of biofuels from waste, HyNet North West will be key to our ambition of being a long term provider of sustainable energy solutions for the UK.”

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Simon Willis, CEO Hanson UK, said:

“Cutting CO2 emissions is a key priority for us, and we are excited to be one of the first UK cement producers working on carbon capture and storage (CCS) as part of this collaborative feasibility study.

“We’ve taken big steps towards reducing carbon emissions through the use of alternative fuels and have set ourselves an ambitious target of achieving a 50 per cent reduction in CO2 emissions by 2030, based on 1990 levels, and net zero carbon by 2050.

“CCS at cement plants is a key part of this roadmap and the announced funding will allow work to start earlier. The project will be carried out at our Padeswood cement works in Mold, Flintshire, and we are looking forward to getting started as soon as possible.”

Geir Tuft, CEO INOVYN, said:

“HyNet North West is a great opportunity to be part of one of the UK’s most significant hydrogen and decarbonisation projects and INOVYN is delighted to play its role to deliver national scale hydrogen storage.”

Professor Eunice Simmons, Vice-Chancellor, University of Chester, said:

“Climate change has never been higher up the agenda with our students, staff and local communities. Net zero will require the provision of new skills, innovation and collaboration if we are to deliver and I am delighted to see the University of Chester being the academic partner of choice in the HyNet North West Consortium, having supported the HyNet North West proposition since its inception in 2016.”

About HyNet North West’s partners

About Progressive Energy Ltd

Progressive Energy are experts in project development and implementation with extensive experience of overcoming the technical and commercial challenges associated with bringing new technologies to market.

The team are passionate about tackling climate change by creating meaningful and deliverable projects. Progressive Energy translate innovative technologies, such as hydrogen and carbon capture, utilisation and storage (CCUS), into concepts and ideas all the way through to their deployment to make a material difference to climate change.

Progressive Energy originated and leads the development of the HyNet decarbonisation cluster.

www.progressive-energy.com

About Cadent Gas

Cadent is the UK’s largest gas distribution network with a 200-year legacy. We are in a unique position to build on strong foundations whilst encouraging the curiosity to think differently and the

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courage to embrace change. Day to day we continue to operate, maintain and innovate the UK's largest gas network, transporting gas safely and protecting people in an emergency. Our skilled engineers and specialists remain committed to the communities we serve, working day and night to ensure gas reaches 11 million homes from Cumbria to North London and the Welsh Borders to East Anglia, to keep your energy flowing.

Cadent manages the national gas emergency service free phone line on behalf of the gas industry - 0800 111 999 (all calls are recorded and may be monitored).

Cadent Gas Ltd is owned by a consortium of global investors.

www.cadentgas.com

About CF Fertilisers

CF Fertilisers UK Ltd is the only primary manufacturer of ammonia, nitric acid and ammonium nitrate in the UK and operates out of two sites: Ince in Cheshire and Billingham in Teesside and is the UK's leading fertiliser company making 1.5 million tonnes per year equivalent to 40% of the country's fertiliser needs.

All of our products carry carbon footprints certified by the Carbon Trust, and since 2010 we have reduced the carbon footprint of our UK operations by 40%. A subsidiary of CF Industries Holdings, Inc., Deerfield, Illinois in the US.

CF is the world's largest producer of ammonia today and is uniquely positioned, with the right asset base and technical knowhow, to meet the coming demand for clean hydrogen and ammonia fuel.

www.cffertilisers.co.uk

About Eni UK

Eni is an energy company operating in 66 countries worldwide and employing around 32,000 people. Eni's mission is inspired by the UN 2030 Agenda and these values are reflected in its business model, itself based on three pillars of long-term carbon neutrality, operational excellence and the creation of alliances for local development.

Decarbonisation is structurally embedded in Eni's overall strategy with the new target of Net Zero emissions at 2050.

Through several projects Eni UK is actively supporting the UK 10 Point Plan.

Eni is active in the UK as operator of the Liverpool Bay Area project in North Wales, for which it was recently awarded a CO2 appraisal and storage licence by the Oil and Gas Authority.

Eni is working in Carbon Capture projects in collaboration with partners on the HyNet North West project and Northern Endurance Partnership (NEP).

In December 2020 Eni entered the UK offshore wind market for electricity production through the acquisition of a 20% stake from Equinor and SSE Renewables of the Dogger Bank project, which, at full capacity, will be the world's largest wind project of its kind.

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www.eni.com

About Essar Oil UK

Essar Oil (UK) Limited is a leading UK-focused downstream energy company that owns and operates the Stanlow Refinery located on the south side of the Mersey Estuary near Liverpool. Stanlow produces 16% of UK road transport fuels and the refinery processes 10 million tonnes of crude and feedstocks annually.

Since acquiring Stanlow in 2011, Essar has invested \$1 billion in the Essar Oil UK business. The site's largest ever turnaround in 2018 saw the successful delivery of a project that increased annual throughput capacity from 68 million to 75 million barrels, as well as improving yields and driving revenues.

Essar is a major supplier in the North West and beyond with customers including most of the major retail brands operated by international oil companies and supermarkets, Manchester Airport, leading commercial airlines and the region's trains and buses. It is the lowest cost supplier into the North West and is highly competitive in supplying adjacent markets. Last year, the company acquired BP assets in the Midlands to further strengthen its logistics infrastructure network.

Essar is committed to playing a key role in the decarbonisation of the UK.

www.essaroil.co.uk

About Hanson UK

Hanson UK is a leading supplier of heavy building materials to the construction industry. It is split into four business lines – aggregates (crushed rock, sand and gravel), concrete, asphalt and contracting and cement – which together operate over 300 manufacturing sites and employ more than 3,500 people. For more information, visit: www.hanson.co.uk

Hanson UK is part of the HeidelbergCement Group, which has leading global positions in aggregates, asphalt, cement and concrete. The company employs 57,000 people at more than 3,000 sites across 60 countries. HeidelbergCement leads the cement sector in the area of climate protection, having been awarded a place on CDP's 2019 Climate Change A-list – one of only 179 companies worldwide to do so. It has committed to reduce net CO₂ emissions per tonne of cement by 30 per cent by 2025 (based on 1990 figures) and will realise its vision of carbon neutral concrete by 2050 at the latest.

www.hanson.co.uk

About INOVYN

Formed on 1 July 2015 and part of INEOS, INOVYN is a chlorvinyls producer that ranks among the top three worldwide. With a turnover above €3.5 billion, INOVYN has more than 4,300 employees and manufacturing, sales and marketing operations in ten countries across Europe.

INOVYN's portfolio consists of an extensive range of class-leading products arranged across Organic Chlorine Derivatives; Chlor Alkali; General Purpose Vinyls; Specialty Vinyls; Sulphur Chemicals; Salt; and Electrochemical and Vinyls Technologies. Annual production volumes are more than 40 million tonnes.

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www.inovyn.com

About the University of Chester

The University of Chester has 1,700 staff and delivers a transformative student experience to circa 15,000 students drawn from the United Kingdom well as international students from across Europe and countries including the United States, India, China, Nigeria, Turkey, Uganda, Pakistan, Ghana, Bangladesh, Qatar, Indonesia, Vietnam, Japan, Sri Lanka and Malaysia.

The University awards undergraduate and postgraduate degrees, as well as foundation degrees and apprenticeship degrees which blend conventional university study with learning at work. MPhil and PhD qualifications are an established and growing area of activity, with an emphasis on research that has practical benefits both economically and culturally, and the University provides knowledge transfer support across a variety of areas of expertise.

A strong business connection is well established with over 60 commercial businesses located across our sites as well as strong relationships with our rich and diverse industrial community enabling students to engage with industry throughout their studies and in turn benefiting business growth and impact across the region.

www.chester.ac.uk

Media contacts

Amy Bodey, Head of Communications, Progressive Energy: amy.bodey@progressive-energy.com | 07754 852979

Stephanie van Rosse, Media relations manager, Cadent: stephanie.van-rosse@cadentgas.com | 07767 337343

Debbie Baker, Public Affairs Director, CF Fertilisers: Debbie.Baker@cffertilisers.co.uk | 07725 781091

Cerys Percival, Communications, Eni Spa: Cerys.Percival@eni.com

Ian Cotton, Head of Communications and Community, Essar Oil (UK) Limited: ian.cotton@essaroil.co.uk | 0780 5854169

Steven Morton, Communications Manager, Hanson UK: steven.morton@hanson.biz

Janet Ward, UK Communications Manager, INOVYN: janet.ward@inovyn.com

Louise Wood, Head of Commercial Communications, University of Chester: communications@chester.ac.uk