S&P Global Platts Launches First Daily Hydrogen Assessments for the UK

Provides New Transparency into Value for Autothermal Reforming and Electrolysis Production Pathways

LONDON, April 1, 2021 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information, analytics and benchmark prices for the commodities and energy markets, today announced the launch of the first suite of hydrogen price assessments for the UK, effective April 1, 2021.

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Jeffrey McDonald, Hydrogen Pricing Specialist at S&P Global Platts, said:"We are pleased to strengthen our global suite of Hydrogen prices with new UK Hydrogen assessments, that are in response to requests from market participants to understand the cost of Hydrogen production in the UK. The UK has significant plans and investment aimed at accelerating Hydrogen production and consumption as part of its 2050 Net Zero carbon plan, and hydrogen continues to attract interest from investors, policymakers and energy market participants as a carrier for clean energy."

Platts UK hydrogen assessments will consider the daily cost of hydrogen production via three pathways: Autothermal Reforming (ATR) with Carbon Capture & Sequestration (CCS), Proton Exchange Membrane (PEM) Electrolysis and Alkaline Electrolysis. The calculated prices will reflect both the commodity production cost and the capital expenditure associated with building a hydrogen facility. Prices will be calculated in both GBP/kilogram and GBP/kilowatthour. Platts was the first price reporting agency to launch hydrogen assessments in December 2019 based on the value of hydrogen produced in United States and the Netherlands, and later expanded those to include Canada and Japan.

Decarbonization is at the heart of the UK's ambition to utilize hydrogen as both a fuel for industry with an already established gas infrastructure shifting to cleaner fuels, as well as an energy carrier able to accommodate growing volumes of offshore wind. The North Sea affords the UK both with energy for producing zero-carbon hydrogen along with an ample supply of deep-sea storage space for carbon dioxide emissions.

Amid this backdrop, there is a growing requirement from market participants for independent price references as the energy sector seeks to understand the economics of a clean-energy future.

"The sheer momentum around the UK's hydrogen developments includes both the technological capacity of the energy system to blend hydrogen into its existing gas and industrial networks, along with the drive around decarbonization. We are pleased to introduce new cost of production assessments evaluating hydrogen as a fuel through multiple production pathways," added McDonald.

The UK is already heavily investing in both low- and zero-carbon hydrogen, hoping to capitalize on its value as both a domestic and export fuel. Data compiled by S&P Global Platts Analytics indicated announcements in the UK for 26 low carbon hydrogen projects, costing about £6.54 billion ($8.97 billion), which are expected to come online in the next decade.

The UK government awarded £171 million ($238 million) in funding on March 17 for nine projects across five industrial clusters to accelerate its decarbonization strategy, centred on CCS and blue hydrogen, produced from fossil fuels with carbon capture technology.

Additional momentum is building around green hydrogen produced from renewable resources through electrolysis, including the 1.4 GW Gigastack project in the North Sea, which would be the world's biggest wind farm scheduled to start in the first half of 2022.

Opportunities also exist around hydrogen blending into the natural gas network. Both the government and the private sector are running studies with the potential to blend between 20% and 100% hydrogen into the network.

With these projects in the pipeline, industry stakeholders are still awaiting release of the UK's 5 GW national hydrogen strategy, which is expected in Q2 2021. The strategy would follow the government's 10-point climate change plan released in November, where it committed £500 million toward hydrogen projects.

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For further information: Americas: Kathleen Tanzy, + 1 917-331-4607, kathleen.tanzy@spglobal.com; Asia: Melissa Tan, + 65-6597-6241, Melissa.tan@spglobal.com; EMEA: Alex Brog +44 207 176 7645, alex.brog@spglobal.com

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