



FROM THE LORD WILSON OF SEDGEFIELD  
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18<sup>th</sup> December 2025

Dear Lord Patel,

I am writing to you to provide more information on the Government's position on hydrogen and Combined Heat and Power (CHP), following our exchange in the House of Lords on Wednesday 19<sup>th</sup> November, regarding the promotion of the UK's hydrogen and fuel cell industry.

Hydrogen has a major role to play in both the Clean Energy Superpower Mission and Growth Mission as a low carbon energy source and frontier technology in the Modern Industrial Strategy.

The UK's hydrogen economy is developing at pace. In recent years we have made enormous progress, with real projects being delivered on the ground across the UK, allocation rounds moving to contract stage, and a world-class standard scheme.

We are working to publish a UK Hydrogen Strategy in due course, which will outline our vision for hydrogen. It will be grounded in evidence and set out clear priorities for collaboration with industry. It will also detail our plans to get on with the job of delivering these over the coming decade.

CHP technology produces electricity and useful heat simultaneously from the same fuel source. Unlike conventional power stations, which waste heat generated during electricity production, CHP captures and uses this heat, making it a highly efficient energy solution.

CHP systems can use various fuels, including natural gas, biomass, hydrogen, and biofuels, and can be adapted to include carbon capture technology. Investing in CHP can help businesses and the public sector reduce energy use and emissions, identify cost savings, attract sustainable investment, and improve their public image.

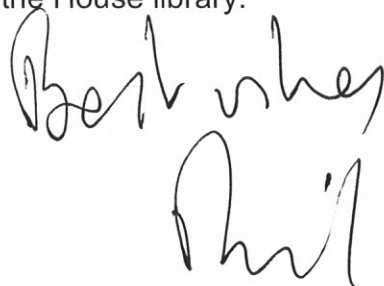
The Government supports CHP sites through the Combined Heat and Power Quality Assurance (CHPQA) programme, which manages voluntary reporting and accreditation for CHP schemes. This enables users to access benefits based on fuel use.

Established in 2001, the programme promotes good practice in CHP operation and the benefits of efficient cogeneration. Support for CHP, via the CHPQA programme, is forecast at £450 million for FY2024/2025.

While CHP is highly efficient, most systems supported by the CHPQA programme are fossil-fuelled, and the relative carbon savings from these systems are declining as the grid decarbonises.

Tax incentives encourage businesses to invest in energy efficiency and decarbonisation by providing relief where energy use and emissions reduction targets or quality standards are met. CHPQA is a tax policy, which remains under review by HM Treasury to ensure value for money for taxpayers.

I hope you find this letter helpful. I will also send a copy to those Peers who spoke to the question and place a copy in the House library.

A handwritten signature in black ink, appearing to read 'Lord Wilson' followed by a stylized flourish.

**LORD WILSON OF SEDGEFIELD**

Lord Patel  
House of Lords