

# MYTHCAT

DEBUNKING THE GLORY  
OF THE MIDCAT GAS PIPELINE BETWEEN FRANCE AND SPAIN



Les Amis  
de la Terre  
France



# TABLE OF CONTENTS

- 4 **INTRODUCTION**  
What is MidCat/STEP?
- 6 **MYTH 1**  
Gas contributes to the fight against climate change
- 7 **MYTH 2**  
Gas facilitates a good energy transition
- 8 **MYTH 3**  
Gas is a clean energy source
- 9 **MYTH 4**  
MidCat/STEP is necessary for the security of gas supply
- 10 **MYTH 5**  
MidCat/STEP is necessary for the diversification of gas supplies
- 11 **MYTH 6**  
STEP is a cheap and efficient investment
- 12 **MYTH 7**  
Gas prices will decline thanks to MidCat/STEP
- 13 **MYTH 8**  
MidCat/STEP is promoted by companies working for the “common interest”
- 14 **THE FACTS**
- 15 **OUR DEMANDS**
- 16 **REFERENCES**

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Friends of the Earth Europe is campaigning for what the climate emergency demands: a fair and urgent transition to a fossil fuel free energy sector in Europe by 2030. This means a just transition to a 100% renewable, nuclear-free, highly energy-efficient energy system, for the clean energy future that people want and need.



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# INTRODUCTION – WHAT IS MIDCAT/STEP?

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For more than a decade, Enagás (in Spain) and Teréga, ex-TIGF, (in France) have been promoting the construction of the Midi-Catalunya pipeline (better known as “MidCat”), a highly controversial gas infrastructure project between France and Spain, now opposed by a fast growing resistance on both side of the Pyrenees.

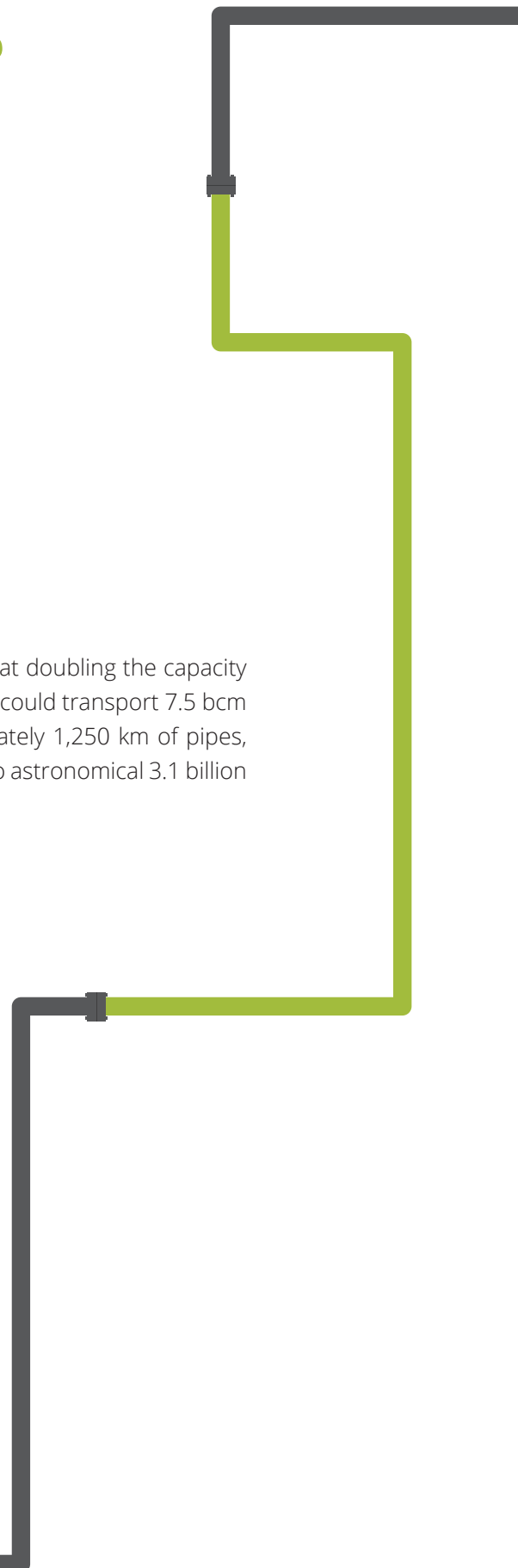
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## WHAT IS MIDCAT/STEP?

MidCat would be a new pipeline passing east of the Pyrenees and aiming at doubling the capacity of existing interconnections between France and Spain. The project, which could transport 7.5 bcm of gas each year in both directions, requires the installation of approximately 1,250 km of pipes, including 800 km in France and 450 km in Spain. The investment amounts to astronomical 3.1 billion euros for an infrastructure supposed to be built by 2020.<sup>1</sup>

While it is presented by Enagás and Teréga as a distinct project, STEP (which stands for “South Transit East Pyrenees”) is the first phase of the MidCat project: a 227 km long pipeline crossing the France-Spain border.<sup>2</sup>

The MidCat project however looks more and more like a Trojan horse with an ever expanding ambition, increasing in size regularly when new plans are updated at the European level: 25 km long in 2013<sup>3</sup>, 432 km long in 2015<sup>4</sup> and 577 km long in 2017 (split between MidCat and STEP)<sup>5</sup>.





Map 1: MidCat/STEP route (source: Pöyry)

MidCat and its subset, STEP, are both parts of the EU list of energy “Projects of Common Interest” (PCI List)<sup>6</sup>, a list designed by the European Commission and Member States to identify the priority energy infrastructure projects needed in Europe, allegedly for energy security and climate reasons. Having projects in this list is crucial for promoters like Enagás and Teréga, not only because they benefit from accelerated licensing procedures but also (and mostly) because they are eligible for significant public subsidies and can attract private investors more easily.<sup>7</sup>

The project has been strongly politicised and prioritised by the Spanish government and the European Commission is making progress thanks to the wait-and-see attitude of the French authorities. However, the project casts serious economic, environmental and climate doubts and is now strongly opposed by dozens of groups of concerned citizens, members of the European Parliament and environmental organisations at local, regional, national and Europe levels. This report aims at presenting these doubts, at debunking the myths developed by Enagás and Teréga to promote MidCat/STEP and at revealing the real interests behind it.

# MYTH1

## GAS CONTRIBUTES TO THE FIGHT AGAINST CLIMATE CHANGE

Natural gas is often presented as a clean fossil fuel, compatible with the climate commitments made by the EU when it ratified the Paris Agreement (95% decarbonisation of our economy by 2050 and temperature rise maintained “well below 2°C”).<sup>8</sup>

Gas companies heavily use this argument to justify the construction of new gas infrastructures and to legitimise a further use of natural gas: On its website, Teréga explains for instance that gas is a “light hydrocarbon, mostly made of methane which is colourless, odourless, non-corrosive and non-toxic”. Teréga adds that amongst all the fossil fuels, gas offers the best option to fight climate change, as it would allegedly “emit few CO<sub>2</sub>, three times less nitrogen oxide than coal and 150 times less sulphur dioxide than domestic fuel, which helps fighting against the greenhouse effect”.<sup>9</sup>

This is however a very biased vision of the contribution of gas to climate change. Gas might be indeed colourless and odourless but it is, most of all, an extremely powerful greenhouse gas, mostly made of methane. According to the latest IPCC's Assessment Report, methane has a global warming potential 86 times higher than CO<sub>2</sub> on a 20-year timescale.<sup>10</sup> It therefore does not require a lot of methane leaking voluntarily and/or accidentally to trigger major impacts on climate.

Unfortunately, methane is today by far the second biggest source of greenhouse gas emissions worldwide after CO<sub>2</sub> and these emissions are fast growing.<sup>11</sup> A peer-reviewed scientific study released in Nature in December 2017 and led by NASA scientists, observed a significant increase in methane emissions globally since 2006 with a rise of 25 teragrams each year<sup>12</sup> (the equivalent of the yearly consumption of the Netherlands, the fifth biggest gas consumer in Europe). The study answers a long-debated question on where these emissions come from as the gas industry has long been arguing that most of these emissions were coming from wetlands. However, the study shows that 60% (17 teragrams per year) of the increase is due to fossil fuels (most of which being gas). In some gas production sites in the US, up to 9% of the gas production is found leaking directly in the atmosphere.<sup>13</sup>

These methane emissions are a systemic problem of the fossil gas sector which is poorly acknowledged, partly because of inappropriate inventories of these emissions (up to 60% below reality in the US, according to a consensual number of the scientific community<sup>14</sup>) and partly because precise data on emissions are owned by the gas industry which does not disclose them.

## CONCLUSION

**The idea that gas is a clean fossil fuel is erroneous and unfounded. Fossil fuels are by far the biggest drivers of climate change and none of them – gas included – can pretend to fight climate change. They are the largest source of greenhouse gas emissions<sup>15</sup> and should not be seen as solutions to fight the problem they themselves created.**



# MYTH 2

## GAS FACILITATES A GOOD ENERGY TRANSITION

The industry likes portraying gas as a bridge fuel, cleaner than other fossil fuels, which could not only contribute to decreasing global CO<sub>2</sub> emissions but could also act as a backup fuel to complement the intermittency of renewable energy sources. This rhetoric, used to legitimise the use of gas for the decades to come and to justify the construction of new gas infrastructure, is at the heart of the communication of gas companies. Enagás and Teréga, the promoters of the MidCat/STEP interconnector between France and Spain, are no exception.<sup>16</sup>

However, if our leaders were serious when they decided in Paris to “hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels”<sup>17</sup>, there is no room for gas in Europe beyond 2030, which means a very fast phase-out of existing fossil fuel infrastructure (gas included) needs to be started as soon as possible. The 1.1°C of average temperature rise compared to the pre-industrial era was reached in 2016<sup>18</sup>, 17 of the 18 warmest years on record have occurred since the beginning of the 21st century, and global CO<sub>2</sub> emissions continue to rise<sup>19</sup>.

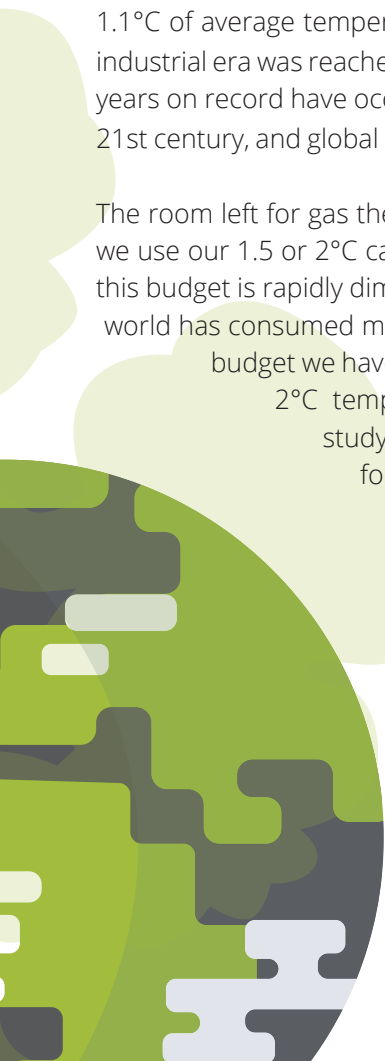
The room left for gas therefore entirely depends on how we use our 1.5 or 2°C carbon budget and, unfortunately, this budget is rapidly diminishing: In the last six years, the world has consumed more than a quarter of the carbon budget we have left before we reach an average 2°C temperature rise globally. A recent study published by the Tyndall Center for Climate Change Research shows that, in this context, the future of gas in Europe is

more than limited if we're serious about staying below 2°C: Based on the remaining carbon budget distributed amongst different regions of the World, Europe has a 2°C carbon budget which will be entirely used in just 6 to 9 years if we continue to emit CO<sub>2</sub> at current levels. The study shows that if Europe could suddenly switch its coal and oil consumption to gas, this would only add three more years of carbon emissions at best. Authors conclude that if the phase-out of all fossil fuels (gas included) is not completely achieved in Europe by 2035-2040, the battle to stay below 2°C will be lost.<sup>20</sup> It should be even quicker for 1.5°C.

Considering that gas pipelines like MidCat/STEP are designed to last at least 50 years<sup>21</sup>, sometimes more<sup>22</sup>, any new gas project built today will be constructed to be used way beyond the date by when we're supposed to have completely stopped consuming gas. Constructing MidCat/STEP now would at worst contribute to a new fossil fuel dependence that we cannot afford from a climate perspective and would at best quickly become stranded because of more energy efficiency policies further reducing gas demand, and because of the switch to renewable energy sources. Renewable energy sources are now indeed cheaper to produce than any fossil fuel and will be more and more preferred in the future.<sup>23</sup> As to energy efficiency, it is well known that it is the best solution for Europe to reduce its fossil fuel addiction, to address energy poverty and to increase energy security. Studies have shown that solely with ambitious energy saving policies, gas demand can be reduced by 70% in just 20 years in several parts of Europe.<sup>24</sup>

## CONCLUSION

**Gas is no better than other fossil fuels. Considering current levels of greenhouse gas emissions, there is not even a bridging role to play for gas. The only debate we should have today is how to completely phase out all fossil fuels, gas included.**



# MYTH 3

## GAS IS A CLEAN ENERGY SOURCE

Because it is “colourless” and “odourless”, gas is not perceived by the general public as negatively as coal and oil from an environmental perspective. This explains partly where the idea of “clean” gas comes from. Yet, the fact that you cannot see gas doesn't make it harmless. Past experiences and scientific analyses have repeatedly shown that, from extraction to end use, gas is at the source of significant environmental and health impacts.

### 1/ EXTRACTING GAS -

#### A LARGE-SCALE DESTRUCTIVE INDUSTRY

Enagás and Teréga state that the gas which could flow through MidCat/STEP could be coming from the US and Algeria. These two countries have an interesting point in common: The former is the leader of the shale gas boom while the latter is exploring its shale gas potential to compensate the decline of its conventional reserves. However, shale gas is so controversial that the technique used to extract it, ‘fracking’, has already been banned in many European countries (including France). The shale gas boom in the US, which started in the mid-2000's, has been associated with dramatic large-scale impacts on the environment and the health of local communities: Thousands of cases of groundwater contamination, pollution of air and rivers, overuse of water, poor treatment of wastewater and serious exposures to carcinogenic, radioactive, endocrine disrupting and/or highly hazardous pollutants have been documented by dozens of scientific peer-reviewed

studies in just less than a decade.<sup>25</sup> Gas symbolises the deeply destructive nature of the fossil fuel industry which gives little to no attention to environmental concerns.

### 2/ TRANSPORTING GAS -

#### A SWORD OF DAMOCLES FOR LOCAL COMMUNITIES

Impacts occurring during the transport of gas (as it could happen with Midcat/STEP) are much less known than those happening during the extraction. However, pipelines and compressor stations in particular are at the source of significant impacts<sup>26</sup>.

- Gas compressor stations release hundreds of tonnes of a variety of contaminants (incl. nitrogen oxides, carbon monoxide, volatile organic compounds, formaldehyde and particulate matter), putting these facilities amongst the largest sources of industrial air pollution.<sup>27</sup>
- Between 1986 and 2016, pipeline accidents (mostly ruptures) in the US have resulted in 548 deaths, more than 2,500 injuries, and over \$8.5 billion in damages.<sup>28</sup> US federal reports have noted a “continuing occurrence” of petroleum release incidents—including from natural gas pipeline ruptures—which have “the potential to cause mass casualties and environmental contamination.”

### GAS PIPELINES IN “LETHAL EFFECTS ZONE”

Legislations introduced in France to impose buffer zones (called “significant lethal effects”,



with “first lethal effects” and “irreversible effects”<sup>29</sup>) between gas infrastructure and inhabited or industrial areas reflect how hazardous gas pipelines can be. In the case of the Eridan pipeline, one French component of the MidCat project, the impact assessment done by GRT Gaz, another promoter of the project, acknowledged that a 35m wide “large band” buffer zone should be respected with residential areas<sup>30</sup>, while an 785m wide “irreversible effects” area should be respected in the case of a possible pipeline break.<sup>31</sup> This forced GRT Gaz to change the initial suggested route which was passing too close to a nuclear power plant to divert it more than 1,600m away from the plant. It confirms that gas infrastructures are everything but safe and clean as touted by the promoters of the MidCat/STEP project.



# MYTH 4

## MIDCAT/STEP IS NECESSARY FOR THE SECURITY OF GAS SUPPLY

Promoters of the MidCat/STEP pipeline argue prominently that the project would contribute to the improvement of energy security in Spain and France.<sup>32</sup> However, these countries already enjoy a high level of security of supply. Their dense and well-developed gas systems make them both very resilient to extreme supply disruption cases<sup>33</sup>:

- While France consumed 42.9 bcm of gas in 2017<sup>34</sup>, the country has the capacity to already import 118 bcm of gas each year thanks to its 7 import pipelines and its four LNG terminals. It allows a very diversified gas supply, with gas coming from the North Sea, Russia, the Netherlands, Maghreb, but also more generally from the whole international LNG market. With its 13 bcm of gas storage capacity, France has a flexible gas system and is already largely resilient in case of a crisis.<sup>35</sup>
- While Spain consumed 31 bcm of gas in 2017, the country has the capacity to already import almost 100 bcm of gas each year thanks to its 6 import pipelines (from Algeria, Morocco, Portugal and France)<sup>36</sup> and 6 operating LNG terminals<sup>37</sup> which are only used for Iberian gas consumption. The LNG terminals are massively underused (around 25% in 2016)<sup>38</sup> but it gets even worse when we add the Musel LNG terminal, the seventh one in Spain, completed in 2012 but never used since then because of low demand!<sup>39</sup>
- Two gas interconnections already exist between France and Spain (7 bcm/y from Spain to France and 5.5 bcm/y from France to Spain)<sup>40</sup> but are not fully used. During the last three years, they have been used at only 55% on average from France to Spain, and almost never from Spain to France.

Energy security therefore seems largely ensured: Analyses have already shown that Spain can manage a disruption of imports from their biggest gas supplier, Algeria, thanks to current pipelines between France and Spain and their LNG terminals, and that French gas demand could be covered in case of a gas disruption from Norway, Russia or North Africa<sup>41</sup>. As confirmed by the French energy regulator in 2016, the existing infrastructure therefore provides for a good and sufficient level of interconnection between the French and the Spanish market.<sup>42</sup> That's why it considers the MidCat project unnecessary, especially for the security of the French supply system.

The recently leaked cost-benefit analysis of STEP made by the consultancy Pöyry for the European Commission makes it even clearer that the project will not have any impact on the security of supply of both countries: Many stress tests have been carried out in the study, including disruption of supply from different countries (for quite unlikely long periods of winter months), peak demands and historical weathers. The conclusion is unambiguous: whilst the stress tests impact the European market, STEP changes neither the level of unserved energy nor the resulting system costs. The same applied for the N-1 indicator, used by the European Union to measure how national gas systems react if they suddenly undergo a disruption of gas from their biggest supplier: Pöyry concludes that "the N-1 indicator for Spain is already high and STEP does not provide a significant improvement because its capacity is limited. (...) STEP does not affect the N-1 for France, as there is no South to North firm capacity."<sup>43</sup>

## CONCLUSION

**France and Spain need neither the STEP nor the MidCat project to secure their gas supply, which is already very high.**

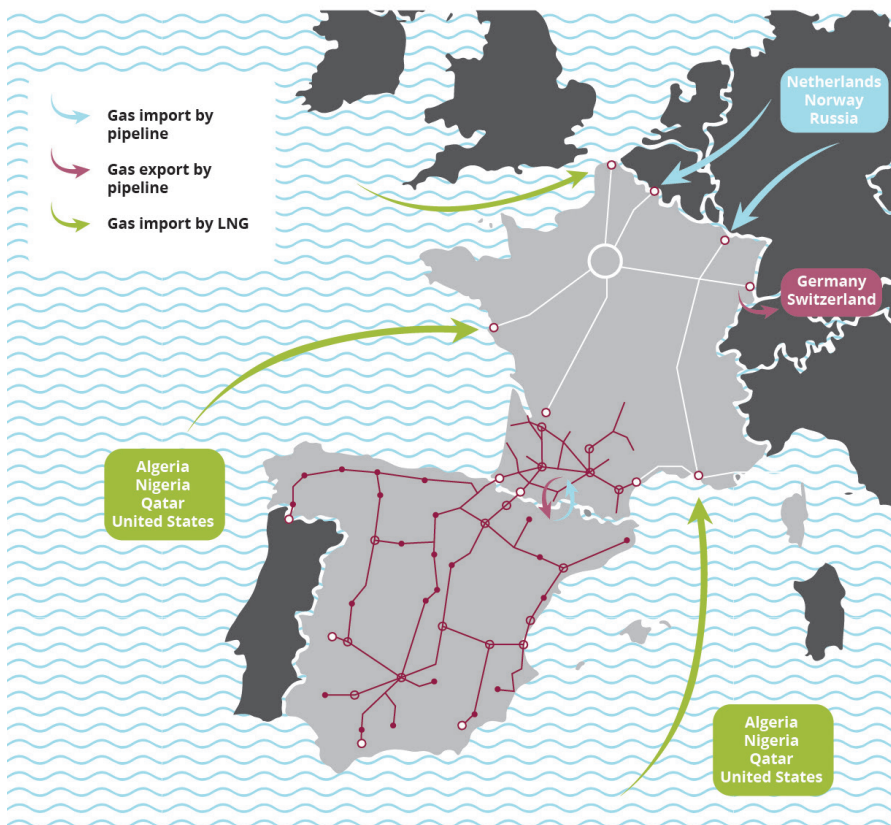
# MYTH5

## MIDCAT/STEP IS NECESSARY FOR THE DIVERSIFICATION OF GAS SUPPLIES

The development of gas infrastructures in Europe is supposed to help the EU achieve its energy policy and climate objectives. One of them is energy security. The main concern related to this is the diversification of gas supplies, in order to minimise current EU's over-dependence on Russia. From this perspective, the MidCat/STEP project is very controversial.

Enagás is promoting the idea that gas will flow from the South to the North, making Spain a hub for LNG import in Europe and a transit country for gas from Algeria. This would allegedly enhance Western Europe security of supply by transporting more gas from Algeria and LNG export-countries (Qatar, Nigeria, Trinidad-en-Tobago, the US,

Australia...) through Spain. However, this is unnecessary and unrealistic: France, Italy, the Netherlands, Belgium and the UK already have LNG terminals and can therefore benefit from the same diversification as the one in Spain. Moreover, all these terminals have large but vastly underused regasification capacities: The Dunkirk LNG terminal in France, for instance, was used at only around 5.15% of its capacity in 2017.<sup>44</sup> In this context, it doesn't make sense to import LNG through Spain and then transport it by pipeline to other countries of the region. Last but not least, the Pöyry study on STEP made for the European Commission reminds that current interconnections between France and Spain are not used from Spain to France and will not be further used if STEP is built.<sup>45</sup>



Map 2: Current and future gas providers for France (source: Teréga & Cheniere Energy)

Teréga, on the other hand, promotes MidCat/STEP as an opportunity to better connect the Iberian Peninsula to the rest of Europe and therefore to offer more diversified gas supplies from Norway, the Netherlands and Russia. However, this ambition seems very unrealistic or even totally counterproductive: Because it has triggered hundreds of earthquakes in just 30 years which resulted in 80,000 property damages, gas production in the Dutch Groningen basin will be completely phased out by 2030<sup>46</sup>. As to Norway, gas production is very likely to steeply decline soon according to many experts, as highlighted in the Pöyry study<sup>47</sup>. If any gas therefore had to be transported from France to Spain via the MidCat/STEP pipeline (which is very questionable, see myth 4), it would mostly come from Russia (see map from Teréga)<sup>48</sup>. However, this is raising many questions as the main driver of Europe's gas policy is the need to reduce Europe's dependence on gas from Russia.

## CONCLUSION

**Supporting a €3 billion gas project basically just to import Russian gas is unacceptable as it goes against Europe's own energy objectives for countries which have already achieved their diversification goals.**

# MYTH 6

## STEP IS A CHEAP AND EFFICIENT INVESTMENT

According to recent assessments, the STEP project would cost EUR 441 million: EUR 290 million on the French part and EUR 151 million on the Spanish side<sup>49</sup>. It is officially presented by its promoters (Enagás and Teréga) as a compromise solution to the much more expensive MidCat project (EUR 3.1 billion<sup>50</sup>, two third of which for constructions and system reinforcement on the French side)<sup>51</sup>. Evidence shows however that STEP, rather than downsizing MidCat, is a foot in the door to force the construction of MidCat whose costs currently scare some decision makers.

Since the capacities created with STEP are only interruptible, it means the pipeline will only be usable during low gas periods: However, it makes little sense to build it since (1) existing interconnectors between France and Spain with firm and therefore predictable capacity are currently largely underused; and (2) STEP's interruptible capacity means the pipeline will not be usable in case of high gas demand periods. This is the reason why the Pöyry study done for the European Commission concludes that "STEP has not been conceived to provide a specific level of capacity, rather it is considered as the first stage of a greater project, MidCat, which aims at providing a substantial increase in cross-border capacity between France and Spain".<sup>52</sup> Therefore, investing in the less expensive €441 million STEP project will not spare the EUR 3.1 billion investment for MidCat but will pave its way instead.

The question is now: Who will pay that much for this unnecessary project? Problematically, despite several open season procedures, almost no gas company or customer has shown an interest for using STEP and MidCat if it gets built<sup>53</sup>, further showing the uselessness of the project. The Pöyry study confirms that, according to EC's reference scenario, no capacity would be booked after 2030, making the project stranded after only a decade of existence<sup>54</sup>. If the market does not want to pay for it, the pipeline can only be developed with significant tax payers' money. The STEP project has already received EU subsidies for preliminary engineering studies and public participation: EUR 5.6 million in 2016<sup>55</sup> and EUR 1.7 million in 2017<sup>56</sup>. This money comes from the Connecting Europe Facility (CEF) mechanism, a EUR 5.85 billion EU funding programme for priority energy infrastructure - called 'Projects of Common Interest' - intended to speed up the projects and attract public and private investors. Up to now, the European Commission has provided an unwavering support for the project<sup>57</sup>, particularly from the European Commissioner for Energy, Miguel Arias Cañete, former Spanish minister for environment and linked to the fossil fuel industry<sup>58</sup>. There is a high risk that much bigger EU subsidies and significant loans from public banks (like the EIB) are granted in the close future for the construction of the pipeline.

## CONCLUSION

**STEP is not an affordable solution since it is either a first phase of the very expensive and unnecessary MidCat project or a future stranded asset.**

## GAS PRICES WILL DECLINE THANKS TO MIDCAT/STEP

Enagás and Teréga often argue that MidCat/STEP will contribute to a better integration of Spain and Portugal in the European gas system and will therefore contribute to lower gas bills for consumers. Such a statement is however deeply questionable.

The large investments made in gas infrastructure over the past decade have already granted most EU Member

States access to diversified supply gas sources via different routes and have resulted in highly interconnected markets and converging wholesale gas prices, especially in Western Europe. European Commission's own internal assessments show that wholesale gas prices are already converging. It is quite notable in France and Spain with a respective 29% and 18% drop of average gas prices between 2013 and 2015 – see table below<sup>59</sup>.

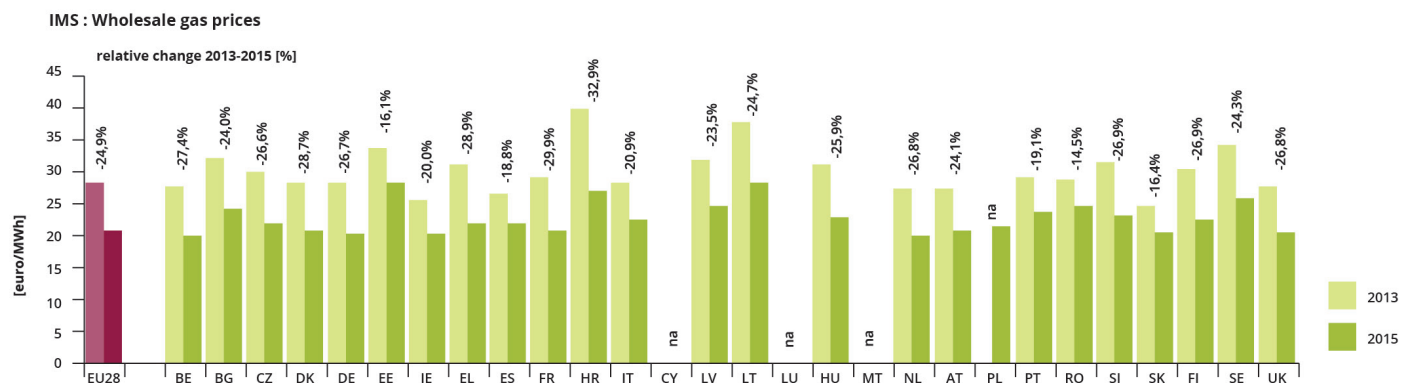


Table 1: Gas price convergence in Europe 2013-2015 (source: European Commission)

As rightly pointed out in a recent Trinomics study on the topic, "if wholesale prices are still not fully converging across the EU, this is due to contractual congestion and lack of liquid market places, rather than to insufficient physical transport or interconnection capacity".<sup>60</sup> MidCat/STEP does therefore not seem necessary to diminish gas prices. It could actually even have the opposite effect.

In the Pöyry study done on STEP for the European Commission, the consultants note that "it is not clear that additional capacity [i.e. STEP] would reduce price spreads today" in Spain and that "gas prices generally increase in France, as a consequence of STEP, due to the predominant direction of flow being North to South"<sup>61</sup>. The idea that MidCat/STEP would reduce the consumers' bill is therefore nothing more than misinformation.

Moreover, the way construction and maintenance costs are generally covered on the Spanish side questions whether STEP would not further increase the gas bill of Spanish consumers: In 2014, Spain faced a fallout of an enormous EUR 1bn gas 'tariff deficit' because the regulated income was insufficient to cover spending for deeply controversial gas projects, such the stranded Musel LNG terminal and the disastrous gas storage Castor project. It forced Spain to pass a new law and to incorporate the reimbursement of debts in the consumers' bill.<sup>62</sup> Considering the extremely dubious economic viability of the project, the risk seems therefore high for STEP to follow the same pattern and be eventually paid entirely and indirectly by the Spanish consumers.

## CONCLUSION

**Gas prices will not decline thanks to MidCat/STEP; the project will increase gas bills in France and may have the same effect on the Spanish side.**

# MYTH

## MIDCAT/STEP IS PROMOTED BY COMPANIES WORKING FOR THE “COMMON INTEREST”

Teréga and Enagás are acting as if they were responsible for building a project, decreed by the European Commission and Member States, and as if they didn't play any role in this decision. Both Teréga and Enagás argue that STEP is in the first place a response to European objectives in terms of security of supply, market liquidity and price competitiveness.<sup>63</sup> According to them, it is a “project of energy solidarity”.<sup>64</sup>

However, neither Teréga nor Enagás are run for the common good. Both are private companies, primarily driven by the need for profit making: Enagás used to be a public company but was privatised in the 1990's and is now 95% owned by investment funds and private banks.<sup>65</sup> Teréga, originally funded by Total, is now 40.5% owned by SNAM, the main gas transporter in Italy, 31.5% by GIC, the Singaporean sovereign fund, 18% by EDF and 10% by Predica, a subsidiary insurance company of the French bank Crédit Agricole.<sup>66</sup> Their business model is clearly to make profits.

To make profits from projects like MidCat/STEP which are likely to become stranded and therefore lose money, Teréga and Enagás are using a well-known technique: Privatising gains and socialising costs and losses. Enagás is a master of this method: Thanks to a new legislation voted in 2000, it was granted the role of technical manager of the Spanish gas system. This way, the private company could benefit from the public regulation of the gas market which ensures Enagás guaranteed prices and therefore profits. Thanks to the gas prices settled each year by the government, Enagás makes 85% of its revenues.<sup>67</sup> The company uses this monopolistic position in the country

to socialise the costs of new infrastructure, including the most unnecessary ones: The Musel LNG terminal built in 2012, mothballed since then and reimbursed through the consumers' bill and the ruinous Castor gas storage which triggered 220 earthquakes before being stopped<sup>68</sup> provide its most appalling illustrations.<sup>69</sup> Enagás also massively internationalises its activities and investments: It has stakes in several other European companies (like Swedegas in Sweden and now Desfa in Greece<sup>70</sup>) and invests in colossal projects like the Southern Gas Corridor (SGC) between Azerbaijan and Italy.

Enagás and Teréga are also particularly interested in benefiting from public subsidies (i.e. tax payers' money, again) to construct these new projects. Their highest chances to get some is if their planned projects are included in the European list of energy Projects of Common Interest (“PCI list”), which makes these supposed ‘priority’ energy projects eligible to receive significant public subsidies (from a EUR 5.85 billion funding programme) and major loans for the European Investment Bank (EIB): Teréga and Enagás have already received EUR 7.3 million from this honey pot for STEP and EUR 14 million for the SGC. This is an important reason why they invest in significant lobby efforts (notably via ENTSO-G, its umbrella organisation in Brussels) to influence the PCI list process, provide biased data inflating future gas demand in order to mislead the European Commission and wrongly justify an obscene number of new gas projects.<sup>71</sup> Energy security or France and Spain's ‘Common Interest’ are certainly not the main drivers leading these investments.

## CONCLUSION

**STEP/MidCat is not a project of energy solidarity as the operators claim, but a profit-oriented business, whose economic non-viability will have to be shouldered by the consumers.**



# THE FACTS

- 1 A new gas interconnection between France and Spain is at odds with the Paris Agreement;
- 2 Gas is a carbon intensive fossil fuel and does not deserve its climate friendly reputation nor its transition fuel designation;
- 3 A gas infrastructure like this one produces significant environmental and health impacts and does not deserve its clean and safe reputation;
- 4 France and Spain do not need MidCat/STEP to improve their energy security: Gas systems in both countries are already well-developed and extremely resilient;
- 5 MidCat/STEP is inconsistent with the EU's gas supply diversification objectives and would result in a further reliance on Russian gas;
- 6 STEP is not an affordable solution: It is a foot in the door to justify the ruinous EUR 3 billion MidCat project, a future stranded asset;
- 7 Gas prices will not decline thanks to this new pipeline; they could even increase if MidCat/STEP is built;
- 8 MidCat/STEP is not meant to serve the common good. It is a project promoted by two private companies seeking to obtain massive public subsidies and make profits while consumers will have to shoulder the project's economic non-viability.

This is for all these reasons that oppositions to the construction of MidCat/STEP have sprung on both side of the Pyrenees since 2011 with dozens of groups of concerned citizens, NGOs and members of the European Parliament now fighting against the project, contributing to public consultations, launching legal actions and putting pressure on decision makers at local, regional, national and European levels. This is also for some of these reasons that institutions like the French energy regulator is opposing to the project.

# OUR DEMANDS

- ▶ The French government should follow the opinion of its independent energy regulator and be sceptical about the added value of the project. It should refuse the construction of the project and communicate this position to the Spanish government and the European Commission;
- ▶ Considering the unfavourable independent cost-benefit analysis done for the European Commission and recently leaked:
  - The French and the Spanish regulators should refuse the investment requests of Teréga and Enagás;
  - The European Commission should request a similar analysis with the same methodology for all the other PCI gas projects;
- ▶ Since the projects don't fulfil the European Energy Union objectives regarding sustainability and security of supply, the Commission should remove the PCI status of the projects STEP and MidCat and should not provide any public funds in the meantime;
- ▶ Europe should go fossil free by 2030 to have a chance to keep its climate commitments



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